



### **Exhibit VIII.B.3.a. - Municipality, Region and State Economic Benefit Impact Studies**

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*A major goal of the Act is to enhance the financial condition of localities in the State that have suffered from economic hardships. Submit as Exhibit VIII.B.3.a. economic impact studies completed by an independent expert showing the proposed Gaming Facility's overall economic incremental benefit to the Region, the State, and 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 businesses.*

Please see the attached Economic Impact Study for Exhibit VIII.B.3.a prepared by Global Gaming & Hospitality, LLC, Morowitz Gaming Advisors, LLC and Leisure Dynamics Research, LLC

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Tioga Downs Works For The Southern Tier

CONFIDENTIAL

# Exhibit VIII.B.3.a – Economic Impact

**Located in:**

**Nichols, New York**

**Prepared For:**

**Tioga Downs Racetrack, LLC**

**Prepared By:**

**Global Gaming & Hospitality, LLC**

**&**

**Morowitz Gaming Advisors, LLC**

**&**

**Leisure Dynamics Research, LLC**

**June 22, 2015**



**Exhibit VIII.B.3.a – Economic Impact**

**TABLE OF CONTENTS**

**I. INTRODUCTION ..... 2**

**II. ECONOMIC AND DEMOGRAPHIC DATA ..... 5**

    Population ..... 5

    Employment Data ..... 6

**III. CONSTRUCTION/DEVELOPMENT IMPACTS ..... 8**

    Construction Budget ..... 8

    Methodology ..... 9

    Total Output - Construction ..... 11

    Total Jobs (Man-Years) - Construction ..... 11

    Total Labor Income - Construction ..... 12

**IV. OPERATIONAL IMPACTS ..... 14**

    Revenue, Staffing and Cost Estimates, 2019 ..... 15

    Total Output, 2019 ..... 17

    Total Jobs (FTE), 2019 ..... 19

    Total Labor Income, 2019 ..... 20

    Off-Site Benefits ..... 21

    Fiscal Benefits ..... 21

**V. REGIONAL BUSINESS SUPPORT ..... 23**

**VI. CONCLUSION ..... 25**

**Scope of Exhibit VIII.B.3.a:** Submit economic impact studies by an independent expert showing the proposed Gaming Facility's overall economic incremental benefit to the Region, the State and 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 businesses.

## I. INTRODUCTION

The Applicant, Tioga Downs Racetrack, LLC ("Tioga") is proposing the transformation of Tioga Downs, currently a harness racetrack and slot facility located in the town of Nichols in Tioga County, New York, into a full-scale casino resort. This analysis, prepared by Leisure Dynamics Research, Morowitz Gaming Advisors and Global Gaming and Hospitality (collectively "GGH"), assesses the economic impact of construction and operations of this full-scale casino resort facility, based on gaming, hotel and ancillary revenue and expense projections prepared by GGH for American Racing and Entertainment, LLC, along with input from the Tioga Downs development team and executives, its project architects (Climans Green Liang Architects, or "CGL") and other development consultants.

The expanded casino is expected to offer 1,000 slots and 50 gaming tables, including a 12-table poker room. Attached to the casino and parking garage will be a 161-room hotel, as well as a broad array of food and beverage venues (including two destination restaurants), meeting and entertainment facilities, an event center and a spa. The property has already recently developed a parking garage in anticipation of expanding its operations, sufficient to accommodate a significant increase in visitation. The Applicant has also committed to redeveloping a golf course clubhouse in Nichols as an ancillary, off-site amenity for resort customers, as well as to be enjoyed by area residents and regional tourists that are golfers. The casino resort fronts the homestretch of the Tioga Downs racetrack, which currently (as well as in the future) offers approximately 100 days of live harness racing per year. The racetrack area is also the site of numerous non-racing events throughout the year, including a live concert series during the summer featuring major national headline acts.

The Applicant intends to commence development once a license is awarded (presumably by the end of 2015) with the expansion project completion occurring over roughly 21 months from award of a license, including some planned off-site construction, as consistent with the terms of the State Gaming Commission's Request for Applications ("RFA"). Elements of the expansion master plan development will be completed in stages, with casino conversion and expansion expected during the first six months, event center and restaurants at approximately one year and hotel development completed at approximately 15 months. Final amenity development, i.e. outdoor pool development and construction of a golf course clubhouse, are expected to be finished by the end of fall 2017. In total, Tioga Downs is a \$194.7 million project. This includes prior investments of \$62.9 million (including the recently completed \$15.7 million parking garage constructed in anticipation of expansion to a full scale casino resort) and \$131.8 in new developments (\$107.3 million in development costs and \$24.5 million in licensing related costs). We consider the parking garage as part of the expansion development, thus creating a development expense, net of the license fees, application fees and financing commissions of

\$122 million; the components summing to this figure are used to determine the economic impacts of construction.

For the purpose of the ongoing/operational economic impacts we examine GGH's projection of casino resort revenues, expenses and FTE employment levels in 2019, at which time a stabilized operation can be anticipated. GGH considers 2019 to reflect the first stabilized year for which the full initial expansion development will be operational, noting that expanded casino operations should be in effect for all of 2017 and 2018, allowing time to expand the existing player database, enhance marketing programs and optimize staffing levels to fit demand patterns. We note, based on the GGH staffing model and financial pro forma, that impacts in 2018 closely approximate the 2019 figures, just as the year-to-year change post-2019 is not substantial.

The economic impact assessment defines several regions for analysis, as requested for this RFA submission. The first region is the host municipality and surrounding municipalities. For the purpose of application of economic multipliers for this assessment, we define this narrowest level of geography as being Tioga County. The second, broader region, encompasses the counties that identify as New York's Southern Region, which includes (along with Tioga County) Broome County, Chemung County, Chenango County, Delaware County, Schuyler County, Steuben County and Tompkins County.<sup>1</sup> This region varies somewhat from the Gaming Commission's definition of Region 5; The Commission's Region 5 includes some counties further to the north and west than we foresee may be impacted from a Tioga County development; our definition, taken from the website of Empire State Development, considers only the proximate counties to Tioga County. The final region of impact required for analysis is New York statewide. This analysis measures, for each of the three defined regions (Tioga County, Southern Region and NY State) the net change in total spending, household incomes and full-time equivalent job creation from casino resort construction and of ongoing operations. The construction impacts and the operating impacts are considered separately, as time-frames do not overlap and the methodology differs. Construction is a one-time impact to the three defined regions, with impacts ceasing to exist (or trickling off) once construction is complete. In contrast, operations are measured in terms of annual, ongoing benefits to the regions.

GGH employs IMPLAN's Input-Output/Social Accounting Matrix Model ("I-O/SAM") to determine the economic impact for each of the defined regions and phases.<sup>2</sup> The Input-Output economic model depicts how the total output of each industry in an economy depends on inter-industry demands and final demands by putting transactions in a matrix framework. In other words, a tourism project like a casino resort has significant effects on other industries in its trade area. The I-O/SAM model measures those effects by using a series of multipliers. These

<sup>1</sup> Empire State Development website, <http://esd.ny.gov/RegionalOverviews/SouthernTier/InsideRegion.html>.

<sup>2</sup> IMPLAN, which stands for "Impact Analysis for PLANning," was developed by the USDA Forest Service. The Minnesota Implan Group (MIG) began work on the IMPLAN database in 1987 at the University of Minnesota. The MIG was formed as a private entity to develop and maintain IMPLAN data and software.

multipliers consider all aspects of the Input-Output framework, including what Inputs and Outputs will come from the Subject region. We base initial expenditures on interviews with local purveyors, chambers of commerce, business alliances, trade union representative, etc., as well as Tioga Downs' representatives that are forging such partnerships and training efforts, in order to estimate breakdowns of the amount of labor, goods, materials and services that can be sourced locally, regionally, statewide or imported.

This report is divided into five main sections. The first is this introduction and the second provides background economic and demographic data for Tioga County and the Southern Region. The third section provides an assessment of the economic impacts of construction for each of the different geographical levels based on the projected development cost and timeline. The fourth section provides an assessment of economic impacts resulting from operations at each of the geographical levels, based on the low, high and base revenue projections made by GGH. The final section provides narrative on how the casino resort will complement and support local and regional businesses rather than act as a competitive diversion.

## II. ECONOMIC AND DEMOGRAPHIC DATA

The following section provides an overview of the economic and demographic characteristics of Tioga County, New York, along with an aggregation for the eight counties comprised of the Southern Region. These figures are also compared to New York State as a whole.

### Population

According to U.S. Census estimates, the state of New York had a total population of 19.75 million in 2014, representing approximately 6.2 percent of the nation's population (319 million).<sup>3</sup> Tioga County had a 2014 population Census estimate of 49,870.<sup>4</sup> The Southern Region had a population of 652,560, with Broome County being the most populous of the eight, with nearly 200,000 residents.<sup>5</sup> The Southern Region therefore accounts for approximately 3.3 percent of the statewide population.

Due in part to a slowing regional economy with a lack of job opportunities, counties in the Southern Region have been experiencing a decline in population since the start of the decade. Of the eight counties in the region, only Tompkins and Schuyler posted population growth between 2010 and 2014, with Tioga showing a 2.5 percent decline. Overall, the population of the eight-county Southern Region declined between 2010 and 2014 by approximately 5,350 residents, or 0.8 percent. Assuming 2010-2014 average annual growth rates remain constant through 2019, the population of Tioga County could fall to 48,344, with the eight-county region falling to approximately 646,000.

The following table demonstrates the 2010 Census population figures and 2014 Census estimates for Tioga County, the Southern Region and New York statewide. The table also provides average annual growth rates from 2010 through 2014, along with 2019 population projections for each region based on the Census 2010-2014 annual growth rates, under the assumption of constant growth rates for the balance of the decade.

Figure 1: Population Data

Location	2010 Population	2014 Population Estimate	Average Annual Growth 2010-2014	2018 Population Projection
Tioga County	51,125	49,870	-0.62%	48,344
Southern Region	657,910	652,560	-0.20%	645,934
New York	19,378,102	19,746,227	0.47%	20,216,233

Source: 2010 figures, 2014 estimates and growth rates are from U.S. Census; 2019 estimates are calculated by GGH based on 2010-2014 average annual growth rates.

<sup>3</sup> Source: U.S. Census, <http://quickfacts.census.gov/qfd/states/36000.html>

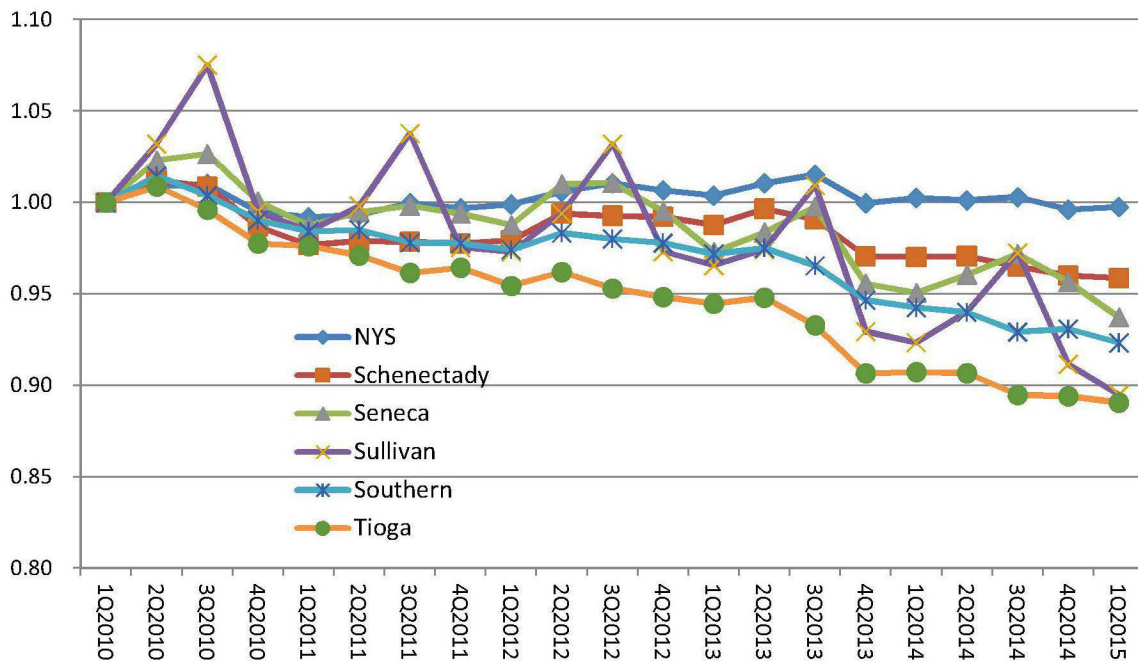
<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

**Employment Data**

We assume 2017 will be the year that all elements of Phase 1 casino resort development are completed and that 2019 will be the first year of stabilized operations of all of the resort amenities. Prior to the recession (from 2002 through 2008), the annualized unemployment rate in Tioga County ranged from 4.3 percent to 5.6 percent, with a relatively flat scale of its labor force, approximately 26,000 to 26,500 as an annual average.<sup>6</sup> The recession apparently hit hard in December 2008, when the monthly rate spiked from 5.8 percent to 7.0 percent; the rate did not dip back below 7.0 percent until May 2013, following a peak of 9.5 percent in January 2010. The decline in the unemployment rate coincided with a considerable drop-off in the size of the labor force, which fell to 23,763 for 1Q2015, the lowest in more than 25 years.<sup>7</sup> Since 2010 Tioga County has lost more than 10 percent of its labor force, attributable to the lack of job opportunities in the region. In contrast, two of the three counties for which the Gaming Commission Location Board recommended license awards (Schenectady and Seneca) have retained approximately 95 percent of their 2010 labor forces (the labor force statewide has remained flat). The third county, Sullivan County, had a comparable drop-off to Tioga, but has historically had an exceptionally cyclical labor force, as demonstrated in the following chart.

Figure 2: Quarterly Labor Force Scale at the County, Region and Statewide Level, 1Q2010-1Q2015, Indexed at 1Q2010 = 1.0



Source: U.S. Bureau of Labor Statistics. NYS = New York State. Southern = Southern Region, aggregated by GGH.

<sup>6</sup> U.S. Bureau of Labor Statistics, [www.bls.gov](http://www.bls.gov).

<sup>7</sup> Ibid. BLS data was available for months dating back to January 1990. The size of the Tioga County labor force in 1990 was comparable to the pre-recession level, between 26,000 and 27,000.



Historically the unemployment rate in the Southern Region was slightly higher than that of Tioga County, however the gap for the past several years has narrowed to only +/- 0.2 percent. We assume that the economy will continue to improve slightly in the region from an unemployment rate perspective as the country further emerges from the recession, but that the size of the labor force may continue to fall based on continued trend. We estimate that the unemployment rates at both the county and regional levels will stabilize at approximately 5.7 percent, or approximately the high end of the pre-recession range. The labor force changes are projected to be comparable in magnitude of the percentage changes from 2011 to 2014. The following table demonstrates the trends for the past five calendar years, the average for the last 12 months and the 2019 projections (baseline, without the casino resort) for the county and region in terms of labor force size, unemployment level and unemployment rate.

Figure 3: County and Regional Labor Force Data

Year	Labor Force	Unemployment Level	Unemployment Rate
<b>Tioga County</b>			
2010	26,567	2,120	8.0%
2011	25,836	1,988	7.7%
2012	25,467	2,015	7.9%
2013	24,896	1,790	7.2%
2014	24,034	1,466	6.1%
LTM Avg (through March 2015)	23,922	1,403	5.9%
Projected 2019 Baseline	22,357	1,270	5.7%
<b>Southern Region</b>			
2010	323,264	27,002	8.4%
2011	316,534	25,611	8.1%
2012	315,744	26,070	8.3%
2013	311,201	22,945	7.4%
2014	301,805	18,465	6.1%
LTM Avg (through March 2015)	300,251	17,742	5.9%
Projected 2019 Baseline	287,761	16,400	5.7%

Source: U.S. Bureau of Labor Statistics. Southern Region figures aggregated by GGH.

Unemployment rates for the county and region closely mirror the statewide trend, though the statewide unemployment rate since the start of the decade has on average been approximately 0.5 percent higher than Tioga County’s. Additional discussion of the county and regional labor market is provided in Exhibit VIII.B.3.b of this RFA submission.

### III. CONSTRUCTION/DEVELOPMENT IMPACTS

This section evaluates the overall economic benefits to the region and the state as a result of construction of the proposed casino resort at Tioga Downs. The benefits are calculated for three geographical levels:

- I. The Tioga County area;
- II. The combined Southern Region; and
- III. New York statewide.

The analysis measures total spending, jobs, earnings and fiscal benefits at each level. Naturally, as the geographic areas get larger when we move from the County level to Regional level to State level, the impacts will also be larger, as purchases from outside of a narrowly defined region may be within a more broadly defined region.

#### Construction Budget

The initial expansion construction and development budget for the Tioga Downs casino resort, including licenses, fees and a recently-completed parking garage is projected at approximately \$147.6 million. Based on discussions with construction and electrical worker union representatives, along with the Tioga Downs team and its architects, we estimate the breakdown of this spending to be as follows in Figure 4, with approximately \$95 million being the sum spent in New York on labor, materials and business services (approximately 40 percent of that being in Tioga County and 94 percent in the Southern Region). The balance (approximately \$52.7 million) is reserved for contingency, or would be spent out of state (i.e. on gaming FF&E), on licenses, fees, or other items that are not goods or services. There are no alternative scenarios to reflect different gaming demand projections.

Figure 4: Projected Development Budget for Tioga Downs Casino Resort

	Total	Of which:			
		County	Region	NY State	Other/NA
Hard Construction:					
Building Construction	\$75,193,000	\$30,077,200	\$71,433,350	\$75,193,000	\$0
Infield Events Center	\$125,000	\$50,000	\$118,750	\$125,000	\$0
Outdoor Pool and Water Slide	\$1,500,000	\$600,000	\$1,425,000	\$1,500,000	\$0
Site work	\$10,000,000	\$4,000,000	\$9,500,000	\$10,000,000	\$0
<b>Construction Sub-total</b>	<b>\$86,818,000</b>	<b>\$34,727,200</b>	<b>\$82,477,100</b>	<b>\$86,818,000</b>	<b>\$0</b>
Soft Costs:					
Professional Fees and Expenses	\$4,960,000	\$783,761	\$783,761	\$998,206	\$3,961,794
Signage	\$250,000	\$0	\$0	\$250,000	\$0
FF&E	\$4,475,000	\$1,342,500	\$3,580,000	\$4,027,500	\$447,500
OS&E	\$2,530,000	\$1,138,500	\$2,024,000	\$2,277,000	\$253,000
Gaming FF&E	\$22,000,000	\$0	\$0	\$0	\$22,000,000
Reimbursements	\$3,000,000	\$0	\$0	\$0	\$3,000,000
Contingencies*	\$2,000,000	\$0	\$0	\$0	\$2,000,000
<b>Soft cost subtotal</b>	<b>\$39,215,000</b>	<b>\$3,264,761</b>	<b>\$6,387,761</b>	<b>\$7,552,706</b>	<b>\$31,662,294</b>
Fees and Pre-opening expenses:					
Licenses and fees*	\$21,000,000	\$0	\$0	\$0	\$21,000,000
Permits	\$40,000	\$0	\$0	\$0	\$40,000
Pre-opening expenses	\$500,000	\$250,000	\$500,000	\$500,000	\$0
<b>Fee and Pre-opening Sub-total:</b>	<b>\$21,540,000</b>	<b>\$250,000</b>	<b>\$500,000</b>	<b>\$500,000</b>	<b>\$21,040,000</b>
<b>Grand total (n.i. financing costs)</b>	<b>\$147,573,000</b>	<b>\$38,241,961</b>	<b>\$89,364,861</b>	<b>\$94,870,706</b>	<b>\$52,702,294</b>

\*We do not calculate the economic impacts of monies received by the State or the State Gaming Commission for the one-time license fee expense, thus these dollars are classified as not applicable (N/A) for the impact assessment. Contingencies by definition are dollars that may not be spent and therefore are also not included in our impact modeling. County, Region and Statewide shares estimated by GGH are based on discussions with trade representatives regarding availability of labor and materials.

**Methodology**

The economic impact of the casino resort will be felt in two phases. The first phase is the construction impact, analyzed in this section of the report. These impacts are temporal in that they only are experienced during the construction phase of the project, with some ripple effects in the local economy for a short period after construction is completed. Ripple effects are essentially a multiplier effect, meaning that money earned by construction employees and materials suppliers will then be re-spent in the local economy, further benefiting other

businesses in the region, as well as the benefits resulting from the incremental spending ability of those businesses, and so on. The second phase, discussed later in this report, will result from casino resort operations and will be presented as an annual, ongoing impact. We base the construction estimates on information provided by the project architects as well as from the Tioga Downs Racetrack, LLC team executives.

For each geographical distinction GGH utilized IMPLAN's I/O-SAM model to calculate the effects on Total Output, Wages, Number of Jobs generated, Indirect Business Taxes generated and Overall Tax Revenues generated. Throughout the Economic Impact Analysis, GGH refers to three effects: the Direct Effect, the Indirect Effect and the Induced Effect. These are used to describe the types of output generated by the Project and these terms are best defined in the context in which they are used. The effect on Employment offers a very clear example.

#### Direct Effect on Employment

In this context Direct Effect refers to jobs created by construction expenditures in the study region. As an example, the projected \$95 million spent in New York will require construction workers, laborers and skilled professionals during the course of development. Anyone receiving pay directly for the purpose of development would be considered as direct labor, measured in terms of man-years of employment (we netted out an estimate for out-of-state professionals to arrive at the \$95 million estimate, i.e. some of the architectural and design services spending, as there would be no local benefit from that). The purpose of measuring in this metric is that they are not ongoing jobs; once the skill is no longer needed the work for that individual is complete. The IMPLAN software estimates the labor income and employment totals for the direct effects based on the sectors defined for overall spending (i.e. IMPLAN determines a direct labor income value and an FTE value from an input value of \$87 million for hard construction costs, based on the sector "construction of new non-residential and healthcare"; similarly, jobs stem from inputs for professional services and equipment/supplies purchases).

#### Indirect Effect on Employment

An Indirect Effect is caused by inter-industry transactions. Manufacturing industries, as well as those providing inputs for construction goods and services, are the beneficiaries of indirect spending. As a result, demands of the Project for other industries' goods and services create jobs in other industrial sectors. This is the Indirect Effect on Employment.

#### Induced Effect on Employment

Induced Effect is the factor-institution interactions of labor and capital. Simply put, when Project laborers (and indirect employees) receive their paychecks, they go out and spend money. They visit a variety of different retail establishments, restaurants and other businesses and buy products. That consumption therefore can create demand for another set of jobs at retail stores and service establishments. In addition, those new workers hired by merchants to service the Project's employees in turn spend their money at other area merchants, creating more jobs. This is the Induced Effect on Employment.

The impacts of construction are provided in the following section. In order to ensure a conservative analysis, investments in construction activities are anticipated to remain within the defined regions at the same proportion as similar investments have historically remained within the region as calculated by IMPLAN. Additionally, given that we anticipate the vast majority of construction labor will come from the local market, we make no incremental assumption regarding the need for worker hotel rooms or incremental regional food and beverage expenditures (the food and beverage spending, if included in this analysis, would show incremental spending at the county level, but would likely show a negligible impact at the Regional level due to substitution effects).

**Total Output - Construction**

Total output measures the value of goods and services that go into the construction of the casino resort, together with the induced and indirect impacts in the economy. The direct impact from construction related activities and local procurement of FF&E are as presented as the total in the preceding table, \$36 million at the County level, increasing to \$84 million at the Region level and \$88 million statewide. The indirect outputs resulting from development are estimated at \$4 million at the County level, increasing to \$19 million at the Region level and \$26 million statewide. The generation of direct and indirect employment increases household incomes, resulting in increased consumption. The increase in consumption, or induced output, is estimated at \$3.6 million at the County level, increasing to \$20 million at the Region level and \$26 million statewide. Overall, we project that a total of approximately \$43 million in economic output would be generated at the County level, increasing to \$123 million at the Region level and \$141 million statewide during the construction phase. The following table demonstrates these benefits, by impacted sector, in 2015 dollars.

Figure 5: Total Output Economic Impact from Tioga Downs Casino Resort Construction, in 2015 Dollars

	Tioga County	Southern Region	NY State
Direct Effect	\$35,718,857	\$83,642,126	\$88,300,421
Indirect Effect	\$3,991,293	\$19,113,775	\$26,273,287
Induced Effect	\$3,561,235	\$19,957,798	\$26,096,302
Total Effect	\$43,271,385	\$122,713,698	\$140,670,010

Source: GGH projections based on IMPLAN multipliers.

**Total Jobs (Man-Years) - Construction**

Figure 6 demonstrates the number of man-years of employment that could be generated as a result of development of the casino resort at Tioga Downs. The Direct Impact of construction is expected to generate 585 man-years of employment statewide. GGH estimates that 260 of these man-years will reflect employment of Tioga County residents and 561 man-years will reflect Southern Region residents. An additional 163 man-years of employment are projected to be generated statewide through indirect impacts and 199 man-years statewide through induced impacts. In total, the construction phase is projected to create 947 man-years of employment statewide. At the County level there would be 314 man-years of labor attributable

to construction (approximately one-third of the total), increasing to 852 man-years of labor coming from all of the Southern Region (approximately 90 percent of the statewide total).

Figure 6: Total Employment Impact from Tioga Downs Casino Resort Construction, in Man-Years

	Tioga County	Southern Region	NY State
Direct Effect	260	561	585
Indirect Effect	27	134	163
Induced Effect	28	158	199
Total Effect	314	852	947

Source: GGH projections based on IMPLAN multipliers.

It is potentially misleading to relate this employment to the unemployment rate in the county, region or state in order to demonstrate potential changes in unemployment rates. The construction industry in the region suffered during the economic downturn and is currently facing a high unemployment rate (approximately 20 percent) according to a representative from the IBEW Local 139.<sup>8</sup> Nevertheless, construction and related work is generally done on a project by project basis, such that the regional projection of 852 man-years of construction labor demand will reflect a mix of new, temporary job opportunities for those that are currently unemployed and new opportunities for those that are currently active in the industry and wishing to sustain their employment.

**Total Labor Income - Construction**

The total labor income that will be generated during the construction phase is demonstrated below in Figure 7. As a result of the creation of the direct jobs, \$30.7 million in labor income is projected to accrue to New York State residents, including \$10.4 million to Tioga County residents and \$29.2 million for Southern Region residents. Indirect wages in other sectors are projected to total \$9.1 million statewide, including \$1.2 million to Tioga County residents and \$6.3 million for Southern Region residents. The incremental regional consumption attributable to these earnings is projected to create an induced impact of total \$8.2 million statewide, including \$0.9 million to Tioga County residents and \$6.3 million for Southern Region residents. In total, New York residents are projected to attain \$48.2 million in incremental earnings as attributable to the expansion of Tioga Downs into a casino resort. Tioga County residents are projected to attain \$12.5 million in incremental earnings, while Southern Region residents in aggregate (including Tioga County residents), are projected to attain \$41.8 million in incremental earnings.

<sup>8</sup> GGH interview with IBEW Local 139 representative Ernest Hartman, 15 May 2015



Figure 7: Total Labor Income Impact from Tioga Downs Casino Resort Construction, in 2015 Dollars

	Tioga County	Southern Region	NY State
Direct Effect	\$10,393,302	\$29,202,561	\$30,749,541
Indirect Effect	\$1,173,533	\$6,345,780	\$9,137,094
Induced Effect	\$927,933	\$6,274,540	\$8,312,251
Total Effect	\$12,494,768	\$41,822,881	\$48,198,886

Source: GGH projections based on IMPLAN multipliers.

#### IV. OPERATIONAL IMPACTS

Based on GGH's demand projections, pro forma models and staffing estimates for the low, high and Base case scenarios, for gaming and racing as well as for ancillary resort amenities, we estimate the economic impacts from ongoing operations. GGH modeled the first year of stabilized operations to be 2019. The methodology utilized for analyzing the operational impacts is comparable to that implemented to analyze the construction impacts, but some of the terminology changes, as we no longer consider a one-time impact, we are instead considering annual, ongoing benefits. Specifically, we now consider full-time equivalent units of labor rather than man-years needed. Moreover, spending and earnings are ongoing benefits rather than a depiction of what a one-time infusion will be to the economy. We note that Tioga Downs is an existing gaming and entertainment venue, such that economic impacts from operations will continue through and past 2019, such that while 2019 may be the first year of stabilized operations, impacts of comparable scale may be expected in 2018 and 2020, increasing thereafter assuming no additional proximate competition (the project is master planned for additional development, which could significantly increase the annual impacts; these are not considered in the following ongoing impact analysis, as we consider the benefits of just a single stabilized year as being typical of the impact of the announced development project).

We also note that since Tioga Downs is an existing gaming venue, there are already approximately 555 employees at the property (including those working specifically for American Racing & Entertainment and third-party vendor employees such as those working for horsemen or the ice cream vendor). From an FTE standpoint, given the seasonal and part-time aspect of some jobs, it is more accurate to state an employment level of approximately 310 people, including the American Racing and Entertainment employees and the third party vendors on site. The jobs and earnings projections presented below for the property as a casino resort are inclusive of those that are already employed (i.e. not just the incremental employment). However, as part of this RFA submission, we are tasked with identifying potential changes to the unemployment rate, housing demand and schools. For those issues the projection of net incremental labor is the more relevant metric.

A key point to note here is that there are many different ways to define inputs for an I/O-SAM model, particularly with respect to how to deal with gaming revenues and disbursements to governments, as well as classifications for racing-related activities. A common methodology used with the I-O SAM model is to define the net revenues, employee earnings and FTE employment for the casino resort facility as the Direct Spending, Jobs and Earnings, including patron spending on casino gaming (casino win), food and beverages, the hotel and retail/miscellaneous. An alternative methodology is to track all expenditures of the property, including gaming and racing taxes, though this methodology would require assumptions regarding how the tax dollars are utilized. Our



model tracks the net revenues and employment data as the Direct Impacts, with adjustments made for the Jobs and Earnings impacts based on the estimates of county of residence of the employees. The indirect impacts are calculated through the IMPLAN software based on the expenditures of the casino resort, notably excluding the taxes paid locally or to the State. Monies collected by horsemen in the form of purses and breeder expenses are considered as casino resort spending in the agriculture/farming industry.

We therefore note that there are multiple methodologies that can be utilized to determine what impacts are from operations, thus it is necessary to explain what methodology was used in this analysis, as well as what is (or is not) included in our model as Direct Effects for comparative purposes.

**Revenue, Staffing and Cost Estimates, 2019**

The following table provides the estimated breakdown of gaming revenues and non-gaming activity patron expenditures in 2019 for the low, high and Base projection models. A variance of approximately +11.2 percent/ -12.4 percent for gaming revenues was projected for the high/low scenario relative to the projection base case. This variance is based on a single competitive model, where competing resort facilities are located at the sites recommended in 2014 by the Location Board, as well as at existing Native American facilities and racinos in New York (along with Mohegan Sun at Pocono Downs and Mount Airy in northeastern Pennsylvania). The variance reflects uncertainty regarding qualitative differences in operator/management quality of the yet-to-be-developed casino resorts, ultimately impacting capture rates of the different market segments and regions. The net resort revenues are defined in our report as the Direct Output from operations.

Figure 8: Tioga Downs Casino Resort Revenue Projection, 2019

	Low	Base	High
<b>Gaming Revenues</b>	<b>\$93,973,273</b>	<b>\$107,247,136</b>	<b>\$119,299,043</b>
<b>Racing Revenues</b>	<b>\$1,314,932</b>	<b>\$1,500,668</b>	<b>\$1,669,305</b>
<i>Non-Gaming Revenues</i>			
Food and Beverage	\$9,239,270	\$11,261,083	\$13,443,615
Hotel	\$6,902,415	\$7,620,266	\$7,962,877
Entertainment	\$1,396,322	\$1,602,424	\$1,845,092
Retail, Golf & Other	\$3,447,780	\$4,148,099	\$4,874,698
<b>Total Non-Gaming</b>	<b>\$20,985,787</b>	<b>\$24,631,873</b>	<b>\$28,126,282</b>
<b>Gross Resort Revenues</b>	<b>\$116,273,991</b>	<b>\$133,379,677</b>	<b>\$149,094,630</b>

Source: GGH gaming market assessment

Based on these levels of demand, GGH projected the overall and full time equivalent (“FTE”) casino staffing needs and labor expenses for casino resort staff (including track-side employees and third-party vendors but not racing participants, i.e. jockeys and trainers). In this analysis GGH further estimates gratuity income for casino dealers, F&B and hotel workers based on projected dealer staffing, F&B revenues and hotel demand. FTE Labor demand is assumed to have a small variance from the most likely projection of 776 FTE jobs (+/- 31 FTE) for the high and low revenue models, but there would be a slightly greater variance in terms of incomes, attributable to gratuity income. The total headcount working at the casino resort is projected to be in the range of 1077 to 1,163 in 2019. In the base case gratuity income is estimated at \$7.0 million, for total employee income of \$28.6 million (not including labor burden).<sup>9</sup> The high/low range for employee income is projected to be \$27.4 million to \$30.0 million. These earnings are used in our IMPLAN model to determine the induced impacts from operations.

Figure 9: Tioga Downs Casino Resort Labor Projection, 2019

	Wages	Gratuity Income	Total Income	Jobs (FTE)	Employees
Casino Labor	\$7,629,487	\$4,934,765	\$12,564,252	318	453
Racing Labor	\$474,553		\$474,553	14	18
F&B Labor	\$3,765,905	\$1,970,690	\$5,736,595	171	245
Hotel Labor	\$1,294,516	\$135,999	\$1,430,515	46	64
Retail/Golf/Other Labor	\$968,835		\$968,835	23	30
Admin and Facilities Labor	\$5,048,989		\$5,048,989	113	131
Vendor Labor	\$2,378,000		\$2,378,000	91	173
<b>Total (Base Case)</b>	<b>\$21,560,285</b>	<b>\$7,041,454</b>	<b>\$28,601,739</b>	<b>776</b>	<b>1,117</b>
<b>Total (Low Case)</b>	<b>\$20,941,721</b>	<b>\$6,416,515</b>	<b>\$27,358,236</b>	<b>748</b>	<b>1,077</b>
<b>Total (High Case)</b>	<b>\$22,152,953</b>	<b>\$7,814,070</b>	<b>\$29,967,023</b>	<b>807</b>	<b>1,163</b>

Sources: GGH gaming market assessment for Wages and Jobs FTE. GGH estimates casino gratuity income at \$15 per hour per FTE table game dealer. GGH estimates F&B gratuity at 17.5 percent of F&B revenue. GGH estimates Hotel gratuity at \$2.50 per occupied room.

The casino resort will need to purchase goods and services from the local, regional and statewide economy in order to operate. We recognize that there will be concerted efforts to purchase goods and services from local vendors and from vendors statewide to support the farming and agriculture communities, as well as the arts communities, and have adjusted our expenditure breakdown estimates accordingly. The following table provides an estimate of the breakdown of annual non-labor expenditures that will be made by the casino resort, based on the 2019 revenue projection for the base case and GGH pro forma projections. Purses and other horsemen distributions are included

<sup>9</sup> Some of the Vendor wages may come in the form of gratuities rather than salary, i.e. valet incomes. The projected earnings for that sector is all-inclusive of wages and gratuity rather than separated.

here as operating expenses. These costs serve as the inputs to the IMPLAN model to determine the indirect impacts from operations.

Figure 10: Tioga Downs Casino Resort Spending Projection, 2019

Direct Spending	Total Spending	Of which:		
		Spent in Tioga County	Spent in Southern Region	Spent in NY
Cost of Goods Sold	\$6,197,110	\$3,098,555	\$5,577,399	\$5,887,255
Racing Expenses	\$2,389,799	\$2,389,799	\$2,389,799	\$2,389,799
Business Services	\$1,904,146	\$1,346,433	\$1,904,146	\$1,904,146
Advertising	\$1,381,157	\$276,231	\$1,104,926	\$1,139,455
Supplies	\$1,040,663	\$956,591	\$975,393	\$975,393
Utilities	\$1,362,924	\$1,362,924	\$1,362,924	\$1,362,924
Insurance	\$431,766	\$431,766	\$431,766	\$431,766
<b>Total – Base Case</b>	<b>\$14,707,565</b>	<b>\$9,862,300</b>	<b>\$13,746,353</b>	<b>\$14,090,738</b>
<b>Total – Low Case</b>	<b>\$12,972,006</b>	<b>\$8,795,567</b>	<b>\$12,153,213</b>	<b>\$12,443,248</b>
<b>Total – High Case</b>	<b>\$16,458,441</b>	<b>\$10,919,340</b>	<b>\$15,350,655</b>	<b>\$15,753,019</b>

Total Spending estimates are based on pro forma prepared by GGH. Racing expenses do not include State share of purses. Regional shares of casino resort expenditures are estimated by GGH based on assumptions regarding local partnerships for procurement of goods and services.

The following section examines the overall economic impact of operations resulting from the multiplier process. This analysis considers the total output, jobs and earnings that will be generated locally, regionally and statewide, on an annual, recurring basis.

**Total Output, 2019**

Total output measures the total spending attributable to the operation of the casino resort facility within a defined region, including the net expenditures by patrons at the casino resort, the resort’s purchases of goods and services and the indirect and induced impacts stemming from the increased spending power of employees and vendors, i.e. the recipients of money from the casino resort operation. The IMPLAN multipliers are applied to labor earnings based on presumed residence (54 percent residing in Tioga County, 74 percent in Southern Region and 76 percent in New York, based on the current staffing), along with casino resort purchases (with estimates of percentages purchased locally, regionally and statewide). As provided in Figure 8, the direct spending is projected to total \$123 million in the Base case, with a high/low range of \$108 million to \$137 million, in 2019 dollars. In the following table we provide impact estimates in current, 2015 dollars, based on an assumed 1 percent annual inflation rate through 2019 in the revenue models (resulting in direct impacts of \$118 million in the Base case, with a high/low range of \$103 million to \$132 million, in 2015 dollars). We notably exclude from the impact model the potential government spending that will result from the gaming and racing taxes. While these clearly would provide benefits to the state, it

is possible that these government expenditures would occur some other way, through some other taxing source.

The indirect outputs resulting from operation vary by scenario and by geographic region. Indirect outputs for the County are projected to range from \$6.0 million to \$7.0 million. Indirect outputs for the Southern Region are projected to range from \$8.0 million to \$9.4 million. Indirect outputs statewide are projected to range from \$8.5 million to \$10.2 million. The variance is largely attributable to spending on goods and services such as advertising, F&B and retail goods, as well as the fact that multipliers increase as geographies expand.

Increased consumption attributable to the direct and indirect outputs is projected to induce between \$5 million and \$6 million of output at the County level. This increases to a range of \$13 million to \$14 million at the Southern Region level and \$16 million to \$18 million at the statewide level. Overall, we project that approximately \$130 million in annual economic output will accrue to Tioga County once the casino resort in Nichols reaches a level of stabilized operation (assumed to be 2019) in 2015 dollars, +/- 11.1 to 12.1 percent. This impact increases to \$141 million at the regional level (+/- 10.8 to 11.6 percent) and \$145 million at the statewide level (+/- 10.7 to 11.6 percent).

Figure 11: Total Annual Output Economic Impact from Tioga Downs Casino Resort Operations, in 2015 Dollars

	Low	Base	High
County			
Direct	\$103,341,621	\$118,262,872	\$131,882,895
Indirect	\$5,953,871	\$6,495,193	\$7,006,104
Induced	\$5,229,232	\$5,542,472	\$5,864,212
<b>Total</b>	<b>\$114,524,724</b>	<b>\$130,300,537</b>	<b>\$144,753,211</b>
Region			
Direct	\$103,341,621	\$118,262,872	\$131,882,895
Indirect	\$7,995,473	\$8,646,928	\$9,379,933
Induced	\$12,932,835	\$13,643,397	\$14,415,255
<b>Total</b>	<b>\$124,269,929</b>	<b>\$140,553,197</b>	<b>\$155,678,083</b>
State			
Direct	\$103,341,621	\$118,262,872	\$131,882,895
Indirect	\$8,499,394	\$9,354,429	\$10,169,846
Induced	\$16,345,954	\$17,319,425	\$18,329,709
<b>Total</b>	<b>\$128,186,969</b>	<b>\$144,936,726</b>	<b>\$160,382,450</b>

Projections based on GGH financial pro forma for 2019 and IMPLAN multipliers.

Over the course of the first 10 years of casino resort operation (2016-2025), we project the total economic impact (Output) from operations will be \$1.41 billion in the Base case, with a high/low range of \$1.24 billion to \$1.55 billion, in current (2015) dollars.

**Total Jobs (FTE), 2019**

Figure 12 demonstrates the total employment (Full-Time Equivalent, or “FTE”) that could be generated as a result of the operation of the Tioga Downs Casino Resort in Nichols. The Direct Impact of operation reflects the staffing level of the resort that is estimated to reside in each defined area (i.e. in the county, region or state). Based on GGH’s staffing models, we project the FTE employment at the resort to be between 748 and 807 jobs, with a base case estimate of 776. This represents an increase of approximately 438 to 497 FTE’s from the current Tioga Downs operation (the Base case represents a 150 percent increase from the current status). The projected total employment headcount in 2019 ranges from 1,077 to 1,163, with a most likely case of 1,117; compared to a current staffing level of approximately 555, the Base case reflects approximately a 100 percent increase.

Based on the current staffing residential breakdown we estimate that 419 of the 776 FTE’s in 2019 will reside in Tioga County, 574 in the Southern Region and 590 in New York. Additionally, at the County level we project between 118 and 140 FTE jobs will be generated through indirect and induced impacts. This range increases to between 207 and 238 at the regional level and 230 to 271 at the statewide level. In total, we project the operation of the casino resort in Nichols will support FTE employment for approximately 549 jobs in Tioga County, 796 overall in the Southern Region and 841 jobs statewide, +/- 4 to 5 percent.

Figure 12: Total Annual Employment Impact from Tioga Downs Casino Resort Operations

	Low	Base	High
County			
Direct	404	419	436
Indirect	78	87	95
Induced	40	43	45
<b>Total</b>	<b>523</b>	<b>549</b>	<b>576</b>
Region			
Direct	554	574	597
Indirect	105	115	125
Induced	102	107	113
<b>Total</b>	<b>760</b>	<b>796</b>	<b>836</b>
State			
Direct	569	590	614
Indirect	124	139	153
Induced	106	112	118
<b>Total</b>	<b>798</b>	<b>841</b>	<b>885</b>

Projections based on GGH staffing model and pro forma for 2019, as well as IMPLAN multipliers.

### Total Labor Income, 2019

The net total labor income that could be generated annually as a result of casino resort operations is demonstrated in Figure 13. Direct incomes reflect casino workers' earnings, taking into consideration the Tioga Downs' current employee residence data. As a result of the creation of the net new direct jobs, \$28.6 million is projected to be collected by area residents in the form of wages, salaries and gratuities in 2019. Of this total, \$15.4 million would accrue to Tioga County residents, \$21.2 million to Southern Region residents and \$21.7 million to New Yorkers overall (in 2015 dollars the direct earnings in the Base case equate to \$28.0 million, of which \$14.8 million would accrue to Tioga County residents, \$20.3 million to Southern Region residents and \$20.9 million to New Yorkers overall). Indirect wages in other sectors are projected to total \$4.0 million at the County level, increasing to \$4.9 million regionally and \$6.1 million statewide in 2015 dollars, while incremental regional consumption attributable to these direct and indirect earnings are projected to create an induced impact of \$1.4 to \$1.5 million at the County level, \$4.1 to \$4.5 million at the Region level and \$6.4 to \$7.2 million statewide. As a result, the casino resort is projected to be able to sustain growth in total Tioga County labor income of \$19 to \$21 million, with incomes at the Southern Region level increasing by \$28 to \$31 million and increasing by \$32 to \$36 million at the statewide level.

Figure 13: Total Annual Labor Income Impact from Tioga Downs Casino Resort Operations, in 2015 Dollars

	Low	Base	High
<b>County</b>			
Direct	\$14,196,993	\$14,842,283	\$15,550,769
Indirect	\$3,550,741	\$3,950,655	\$4,319,514
Induced	\$1,363,418	\$1,445,041	\$1,528,889
<b>Total</b>	<b>\$19,111,152</b>	<b>\$20,237,979</b>	<b>\$21,399,172</b>
<b>Region</b>			
Direct	\$19,455,138	\$20,339,425	\$21,310,313
Indirect	\$4,439,106	\$4,856,207	\$5,300,126
Induced	\$4,062,097	\$4,285,296	\$4,527,746
<b>Total</b>	<b>\$27,956,341</b>	<b>\$29,480,928</b>	<b>\$31,138,185</b>
<b>State</b>			
Direct	\$19,980,953	\$20,889,139	\$21,886,267
Indirect	\$5,468,962	\$6,066,218	\$6,624,986
Induced	\$6,377,364	\$6,757,223	\$7,151,434
<b>Total</b>	<b>\$31,827,279</b>	<b>\$33,712,580</b>	<b>\$35,662,687</b>

Projections based on GGH staffing model and pro forma for 2019, as well as IMPLAN multipliers.

Over the course of the first 10 years of casino resort operation (2016-2025), we project the total statewide earnings impact from operations will be \$325 million in the Base case, with a high/low range of \$307 million to \$344 million, in current (2015) dollars.

There will also be broad fiscal benefits to the town, county and state as a result of the casino resort operations. These impacts are presented separately in Exhibit VIII.B.4 of this license application.

### Off-Site Benefits

In the GGH gaming market analysis we did not estimate the off-site spending by resort patrons, but based on the total indirect spending attributable to the casino operations at the local, regional and statewide levels, this off-site spending by patrons could be significant. As noted above, the projected indirect spending attributable to the casino resort in Tioga County totals \$6 to \$7 million annually, increasing to \$8 to \$10 million statewide. If we consider the estimated casino visitation of approximately 1.5 million visitors per year, the potential direct spending by casino resort patrons off site could well exceed \$15 million if the average off-site expenditure was \$10 per visitor (i.e. on an off-site hotel room, gas, off-site restaurant). Induced and indirect spending could put the total impact of off-site spending at over \$20 million. This demonstrates that the impact of patrons coming to the area and spending off-site can be at least as beneficial to the area as the casino operational spending and employee spending.

However, we discount these incremental benefits due to the regional drawing radius of the casino, taking into consideration the location of competitive facilities in the market. It is possible that Tioga County may experience increased business volume as a result of the casino resort operations, but much of these expenditures would be diverted from other regional businesses (i.e. a restaurant in Binghamton instead of in Tioga County). We therefore conservatively omit these potential benefits from our calculations.

### Fiscal Benefits

The final sources of ongoing direct impacts are the fiscal impacts from operations. These include the distribution of gaming and racing taxes to local, regional and statewide governments, as well as sales taxes, hotel occupancy taxes and property and school taxes (income taxes are considered separately, in Exhibit VIII.B.4). In the Base Case GGH projects \$32.0 million in casino gaming taxes and fees, as well as approximately \$6.5 million to the State Lottery and Racing and Wagering entities in 2019 from racing activities. Property and school taxes are collectively projected to total \$1.3 million annually, while sales and occupancy taxes are collectively projected to total approximately \$2.0 million.<sup>10</sup> As a point of relative comparison, the 2014 totals were \$21.3 million in casino gaming taxes (not including the distribution to the State for the marketing fee, operator share or administrative fee), with racing distributions totaling

<sup>10</sup> This assumes that goods and services provided complimentary are subject to use tax. These items are frequently exempted in gaming states, in which case the sales and use tax could decline to approximately \$832,000 at the statewide level and \$432,000 at the county/regional level in the Base case.

\$4.8 million, state and local sales tax \$1.4 million (assuming goods and services provided as comps are taxable) and property and school taxes approximately \$0.6 million each. For the purpose of this analysis we did not do comparative projections of the performance of Tioga Downs in 2019 if it were not to be awarded a casino resort license, thus this analysis simply demonstrates what Tioga Downs’ ongoing annual benefits would be as a casino resort – not what the incremental impact would be relative to remaining a racino.

By legislation, the State gaming tax is divided as follows:

- 80 percent applied statewide for school aid and/or real property tax relief;
- 10 percent split between the host municipality (Nichols) and host county (Tioga County); and
- 10 percent will go to surrounding counties in the region (presumably the balance of Region 5) for education assistance and/or real property tax relief. For the purpose of calculations below we assume, given a slightly different defined geography between Region 5 and the Southern Region, 8 percent would accrue to Southern Region counties other than Tioga (Wayne County being the beneficiary not in Southern Region).

Fiscal impacts from the racing distributions are assumed to be all at the statewide level. The following table therefore provides an estimate of the direct fiscal impacts, by market segment.

Figure 14: Tioga Downs Casino Resort Direct Fiscal Impact, 2019

Fiscal Impact	Total Spending	Of which:		
		Spent in Tioga County	Spent in Southern Region	Spent in NY
Casino Gaming Tax	\$31,464,025	\$3,146,403	\$5,663,525	\$31,464,025
Gaming License Fees	\$525,000			\$525,000
Racing Taxes and Fees	\$6,501,527			\$6,501,527
Sales and Use Tax	\$1,657,637	\$828,819	\$828,819	\$1,657,637
Occupancy Tax	\$298,834	\$298,834	\$298,834	\$298,834
School Tax	\$632,510	\$632,510	\$632,510	\$632,510
Property Tax	\$708,172	\$708,172	\$708,172	\$708,172
<b>Total – Base Case</b>	<b>\$41,787,705</b>	<b>\$5,614,737</b>	<b>\$8,131,859</b>	<b>\$41,787,705</b>
<b>Total – Low</b>	<b>\$36,716,309</b>	<b>\$5,068,091</b>	<b>\$7,265,056</b>	<b>\$36,716,309</b>
<b>Total- High</b>	<b>\$46,357,221</b>	<b>\$6,099,664</b>	<b>\$8,905,034</b>	<b>\$46,357,221</b>

Sales and Use taxes are applied to Hotel, F&B, Retail and Entertainment sales at a rate of 4 percent at the County level and an additional 4 percent at the State level, for a total rate of 8 percent. We assume goods and services provided complimentary will be subject to use tax at the market rate.



## V. REGIONAL BUSINESS SUPPORT

As a demonstration of its continued commitment to the Southern Tier Region, Tioga Downs has developed two initiatives, the Tioga Downs Regional Community Foundation and the Tioga Downs Regional Small Business Revolving Loan Fund. Tioga Downs will contribute \$1.5 million dollars to this program annually. In addition, the owner of American Racing & Entertainment has pledged support to the local school district in order to mitigate the current budget crisis and stabilize the tax rate which will ultimately help both the business and resident communities. Following is a description of each program:

### **Tioga Downs Regional Community Foundation**

Tioga Downs will provide \$1 million per year to fund the Tioga Downs Foundation, commencing prior to the end of its first full year of operations as a gaming facility. The Tioga Downs Foundation will, in turn, provide grants to not-for-profit organizations, qualified individuals in need of assistance and special municipal and public projects that benefit the community. Organizations and individuals seeking grant money will be able to submit an application to the Tioga Downs Regional Community Foundation, which will then be reviewed and qualified by an administrator employed by the foundation. Once qualified, applications will be reviewed by a board consisting of Tioga Downs' representatives and members of the Southern Tier community, who will make the ultimate decision as to the particular grant.

### **Tioga Downs Regional Small Business Revolving Loan Fund**

Tioga Downs will establish the Tioga Downs Regional Small Business Revolving Loan Fund to provide low cost loans to qualified business in Broome, Chemung, Steuben and Tioga counties. The purpose of this program is to provide assistance to small businesses located in the Southern Tier, which will enable such businesses to create and retain jobs. The program will be funded through an annual \$500,000 contribution by Tioga Downs and will be managed by an experienced, third-party administrator. The administrator will work with a loan committee - comprised in part by representatives from each of the four eligible counties - to select small business projects to receive a loan from the fund. As the small businesses receiving funds repay their loans, the size of the fund will grow beyond that of the contributions made by Tioga Downs. These funds will be utilized to make additional small business loans.

### **Personal Contribution to the Tioga Central School District**

To meet the local Tioga Central School District Budget Crisis of 2015-16, Tioga Downs Owner, Chairman and CEO Jeffrey Gural has committed to make a personal contribution to the school district of \$294,500 for each of the next two budget cycles. The school

district was originally facing a budget cut of \$902,000 that would have eliminated all non-mandated programs for students, or face a 30% tax levy increase. This significant personal donation, contingent upon the school district tax payers supporting a revised budget calling for a 17% tax increase, is pledged for school years 2015-16 and 2016-17, allowing for the continuation of extra-curricular sports and clubs, from football and softball to Science Olympiad and the Math Counts programs. It is designed to help the school district bridge a short term budget gap, and provide the time necessary to achieve long-term fiscal stability without any negative impact to the students. If Tioga Downs is granted a Full Gaming License, Mr. Gural will offer the same conditional donation for the ensuing three (3) school years 2017-18, 2018-19 & 2019-2020.

It is through these local tie-ins that we envision Tioga Downs will be generating new revenues for New York businesses rather than taking revenues away from them.

## VI. CONCLUSION

The transformation of Tioga Downs into a casino resort would have a significant economic impact on a region in dire need of new job opportunities, business growth and fiscal stimulus. Tioga Downs Racetrack, LLC intends to spend \$148 million to transform the existing Tioga Downs property into a casino resort destination, including costs associated with the bid. This expenditure will create a \$141 million economic impact within the state of New York as a result of spending on construction materials, labor, professional services and supplies, supporting 947 man-years of employment during the construction phase. As an existing gaming venue, the transformation into a full-scale casino can be expedited, providing an opportunity for the gaming floor to be fully operational within 6 months of license award with other major components coming online within one year of the license award. The full initial build-out could be complete within 21 months of the license award.

The cumulative impact over the first 10 years of operation is projected to be \$1.41 billion statewide in the Base case forecast, in 2015 dollars (+/- \$160 million for a high/low case). This will support the full-time equivalent employment of approximately 776 employees at the property. Based on historical operations, approximately three-quarters of this direct employment would be New York residents. The overall FTE employment impact forecast New Yorkers, including direct, indirect and induced impacts is projected to be 841 jobs, +/- 44 for the high and low cases. The cumulative New York household earnings growth attributable to these jobs during the first 10 years of operation is projected to total approximately \$325 million, in 2015 dollars (+/- \$19 million).

The County, Region and State will also be benefitting from a variety of taxes attributable to operations, as well as resulting from contributions made by American Racing and Entertainment and its CEO, Jeff Gural to support local businesses and area schools. Direct taxes from gaming operations are projected to total \$42 million annually statewide, including gaming taxes, sales taxes, occupancy taxes, racing taxes, property taxes and schools tax. Tioga County would receive nearly \$6 million of this total. The Tioga Central School District will also be receiving \$294,500 during each of the next two budget cycles to help close a school budget shortfall, threatening school programs, clubs and sports. Additionally Mr. Gural will be providing \$1 million annually to fund a loan program to provide grants for non-profits, as well as \$500,000 annually to provide loans to area small businesses. These non-profits and small businesses will be able to provide additional employment and earnings opportunities to area residents, beyond the casino resort environment. Given the historical migration out of the region due to the lack of job opportunities, these stimuli are critically needed by the community and region.