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Memorandum

To: Joseph D'Amato (Montreign Operating Company, LLC)
From: John Neill and Jocelyn Torio
Date: September 24, 2015
Re: Economic Findings Related to Update to Application
cc: Patrick Madamba, Jr. and Christian J. Fisher (Fox Rothschild LLP)
Chris Robbins and Nanette Bourne (AKRF)

This memorandum presents AKRF's amendments and updates to the information presented in Montreign Operating Company, LLC's ("Montreign") Application with respect to economic and fiscal impacts, organized by Application attachments for which AKRF provided analyses and supporting materials in the Application, and for which AKRF was assigned to provide responses based on an updated development program for the Project Site.

VIII.B.3.A AND B – STUDIES AND REPORTS – ECONOMIC IMPACT STUDIES

As described in the Application, the development of the "Project Site" included a mix of gaming and non-gaming amenities, i.e.: (i) Montreign Resort Casino; (ii) an Indoor Waterpark Lodge; (iii) an Entertainment Village; (iv) the redesigned and improved Monster Golf Course and clubhouse; and (v) infrastructure improvements. All of these components remain as part of the development program for the Project Site. However, the program for the gaming and some non-gaming amenities to be developed at the Project Site have been updated, as follows:

(i) **Montreign Resort Casino** – The updated Montreign Resort Casino will provide a significantly higher level of amenities as compared to the Montreign Resort Casino analyzed in the Application. Montreign increased the targeted rating for the facility from 4-Star and 4-Diamond to 5-Star and 5-Diamond standards. It converted the facility to an all-suite style hotel format with a total of 332 luxury rooms, increased the size of the 305 standard guest rooms from approximately 425 square feet to approximately 600 square feet, includes 12 penthouse level suites and, on a new third level VIP floor, 8 large garden suites and 7 townhouse villas. The VIP floor will also feature: (i) a private reception area, hotel check-in, bar and lounge; (ii) private VIP gaming salons; and (iii) indoor adult and family pools. The gaming areas have been increased from approximately 80,000 to 90,000 square feet and will feature 102 multi-game tables, 14 to 16 poker tables, and 2,150 state-of-the-art slot machines. Additionally, the food and beverage offerings, and meeting and entertainment space throughout the facility were reprogrammed to reflect the upscale shift in the property, including

expanding and relocating the M Centre multi-function event center and adding a fine dining Asian restaurant.

(ii) **Indoor Waterpark Lodge** – The overall size of the facility in the initial phase has been reduced from approximately 400,000 to 325,000 square feet, the number of family style suites reduced from 400 to 300, the indoor water park reduced from 80,000 to 75,000 square feet, the conference and banquet center reduced from 40,000 to 25,000, the outdoor waterpark reduced from 40,000 to 25,000 square feet, and parking spaces reduced from 1,000 to 800. There is no change from that presented in the Application to the 25,000 square foot arcade and two 5,000 square foot restaurants as well as the lodge reception, concierge and business areas. Additionally, the outdoor amenities will continue to include the revamped Concord Ski Hill with a learn-to-ski school, a modern snow tubing facility, a “mountain coaster” or alpine slide, zip-lines and a ropes/team-building course.

(iii) **Entertainment Village** – The Entertainment Village development intention is to phase a build out of approximately 150,000 to 200,000 square feet, as compared to the single-phase build-out of 217,000 square feet assumed in the Application. The initial phase for the updated program will be 50,000 square feet with an initial development cost of \$25 million. The updated Entertainment Village will feature specialty retail, a local market, a recreational area that can be used for skating, ice hockey, basketball and tennis, certain family oriented amusement rides, a variety of food and beverage outlets, and a comedy club.

(iv) **Monster Golf Course and Clubhouse** – There are presently no programing changes associated with the redesign and improvements to the Monster Golf Course and clubhouse.

(v) **Infrastructure Improvements** – Apart from cost estimates, there are no changes associated with the infrastructure improvements that would be provided by the Applicant. Since the submission of the Application, information has become available that enabled the Applicant to make more precise estimates on the cost associated with infrastructure improvements. For purposes of this economic analysis the updated infrastructure costs are estimated to be \$82.5 million, as compared to \$51.65 million estimated for the Application.

Overall, the updated development program for the Project Site will serve to enhance the financial conditions of the Town of Thompson, the surrounding municipalities within Sullivan County, and the region to an extent equal to or greater than the economic benefits estimated for the development as reported in the Application. As detailed below, the economic benefits of construction activities associated with the updated development program for the Project Site will be greater than those estimated for the development of the Project Site described in the Application. The development cost associated with the updated Montreign Resort Casino is substantially greater than the cost of the Montreign Resort Casino as advanced in the Application. Direct employment from construction of the updated development program (including both on-site construction jobs and jobs resulting from construction soft costs such as architecture, engineering, and legal costs) is estimated at 3,857 person-years of employment in New York State, of which 3,766 person-years are anticipated on-site. In comparison, construction of the development program as analyzed for the Application generated fewer employees: 3,086 person-years of direct employment in New York State, of which 3,029 jobs were in Region One. The direct employee compensation during the construction period of the updated development program is estimated at \$233.59 million in New York State, including \$222.04 million in Region One. This is \$49.74 million more in total employee compensation in New York State (including \$45.31 million more in Region One) as compared to the Montreign Resort Casino analyzed for the Application. While the initial program phase and associated development costs for the Indoor Waterpark Lodge and Entertainment Village are less than those advanced in the Application, given the substantial increase in construction costs associated with the Montreign Resort Casino, overall, the Project Site development program’s construction cost is now higher than estimated for the Application. Therefore, the economic benefits associated with construction—including direct and indirect jobs, wages and salaries, and total economic output—are now projected to be higher than reported in the Application.

During operations, the short-term economic benefits of the updated development program for the Project Site (i.e., those benefits realized from operations within 30 months) are expected to be comparable to those projected in the Application, and the economic benefits of the updated development program will be greater in the long term (i.e., at full build-out of the Project Site). The updated Montreign Resort Casino will generate more jobs—approximately 1,425 full-time equivalent (FTE) jobs as compared to the 1,250 FTE jobs projected in the Application. The planned improvements and labor demands of the updated Montreign Resort Casino will serve to offset the losses in jobs associated with the phased approach to the Indoor Waterpark Lodge and Entertainment Village, such that even though there will be an approximate 210 net reduction in the numbers of full- and part-time jobs during the initial phase of operations for the updated development program as a whole for the Project Site, the wages and salaries associated with the jobs for the updated program will be greater. In other words, there will be a slight reduction in total jobs at the Project Site during the first phase, but the jobs will be of a higher quality (using total wages and salaries as the benchmark for job quality). Furthermore, when the Project Site is fully built-out, the total numbers of jobs and wages and salaries will both be higher than that projected for the development of the Project Site described in the Application.

The following details the differences in economic benefits that support the above summary findings.

CONSTRUCTION EFFECTS

Based on revised construction cost information provided by the Applicant, construction of the updated development program for the Project Site would result in more employment, higher employee compensation, and higher output compared to the development program analyzed in the Application (See Appendix A, “Economic and Benefits Analysis of the Updated Montreign Resort Casino program”).

- Construction of the updated Montreign Resort Casino is anticipated to generate 3,120 direct person-years of employment in New York State, which is 1,042 more direct person-years of employment in New York State than the estimate reported in the Application.
- Including indirect and induced employment, construction activities associated with the updated Montreign Resort Casino would create an estimated 4,699 person-years of employment in New York State, a 43 percent increase compared with the total employment generated from construction of the Montreign Resort Casino as reported in the Application.
- Total employee compensation for labor associated with construction of the updated Montreign Resort Casino is estimated to be \$289.64 million in New York State, which is 44 percent higher than the Montreign Resort Casino as reported in the Application.
- Total economic output associated with construction of the updated Montreign Resort Casino is estimated to be \$937.03 million in New York State, which is approximately 36 percent higher than the total output generated from construction of the Montreign Resort Casino as reported in the Application.

The following details the analysis conducted to reach this summary finding.

Similar to the analysis provided for the Application, the construction employment estimates performed for the updated development program for the Project Site are based on revised program description and construction cost estimates provided by the Applicant to AKRF, and IMPLAN input-output modeling performed by AKRF.

Updated Montreign Resort Casino

Specific to the updated Montreign Resort Casino portion of the development at the Project Site, the updated construction cost appropriate for the economic benefits analysis is \$573.09 million in New York State, of which \$547.97 million is assumed to occur in Region One. As a result of the direct expenditures, direct employment from construction of the Montreign Resort Casino (including both on-site construction jobs and jobs resulting from construction soft costs such as architecture, engineering, and legal costs) is

estimated at 3,120 person-years of employment in New York State, of which 3,029 person-years are anticipated on-site. In comparison, construction of the Montreign Resort Casino as analyzed for the Application generated less direct employment: 2,078 person-years of employment in New York State, of which 2,021 were anticipated on-site.

The direct employee compensation during the construction period of the updated Montreign Resort Casino is estimated at \$178.83 million in Region One and \$190.38 million in New York State. This is \$65.69 million more in total employee compensation in New York State (including \$61.26 million more in Region One) as compared to the Montreign Resort Casino analyzed for the Application.

When new direct jobs are introduced to an area, those jobs lead to the creation of additional indirect and induced jobs. Indirect employment resulting from construction expenditures includes jobs in industries that provide goods and services to the contractors, and induced employment includes jobs generated by new economic demand from households spending salaries earned through the direct and indirect jobs. Based on the IMPLAN model's economic multipliers for Region One sectors, construction of the updated Montreign Resort Casino would generate an additional 468 person-years of indirect employment and 699 person-years of induced employment within the region, bringing the total number of jobs from construction to 4,196 person-years. In the larger New York State economy, the model estimates that construction would generate 4,699 person-years of direct, indirect and induced employment. In comparison, construction of the Montreign Resort Casino as analyzed for the Application generated fewer employees: 3,278 person-years of direct, indirect, and induced employment in New York State, of which 2,903 jobs were in Region One (See Appendix A, "Economic and Benefits Analysis of the Updated Montreign Resort Casino program").

Total direct, indirect, and induced employee compensation in Region One resulting from construction of the updated Montreign Resort Casino is estimated at \$241.47 million. In the broader New York State economy, total direct, indirect, and induced employee compensation from construction of the updated Montreign Resort Casino is estimated at \$289.64 million. This is \$87.90 million more in total employee compensation in New York State (including \$75.67 million more in Region One) as compared to the Montreign Resort Casino analyzed for the Application.

Updated Development Program for the Project Site (including other non-gaming amenities)

The updated construction cost for the development program at the Project Site is \$893.5 million in New York State. In comparison, the construction cost for the development program in the Application was \$714.49 million.¹ As a result of the direct expenditures, direct employment from construction of the updated development program (including both on-site construction jobs and jobs resulting from construction soft costs such as architecture, engineering, and legal costs) is estimated at 3,857 person-years of employment in New York State, of which 3,766 person-years are anticipated on-site. In comparison, construction of the development program for the Project Site as analyzed for the Application generated fewer employees: 3,086 person-years of direct employment in New York State, of which 3,029 jobs were in Region One. Including direct, indirect, and induced employment, the updated development program for the Project Site would result in an estimated 5,865 person-years of employment in New York State, including 5,266 person-years of employment in Region One. In comparison, construction of the development program as analyzed for the Application generated 4,870 person-years of employment in New York State, including 4,364 person years of employment in Region One.

The direct employee compensation during the construction period of the updated development program for the Project Site is estimated at \$233.59 million in New York State, including \$222.04 million in

¹ This \$714.49 million includes items not analyzed. The cost of fixtures, furniture, and equipment (\$95.52 million) was excluded from the analysis conducted in the Application as it was assumed that these would be imported to New York State and not constructed on the site. In addition, it was estimated that \$3.93 million of soft costs would be from outside of New York State. The total amount that was analyzed for the Application was \$615.04 million in New York State, including \$599.54 million in Region One.

Region One. This is \$49.74 million more in direct employee compensation in New York State (including \$45.31 million more in Region One) as compared to the development program analyzed for the Application. Including direct, indirect, and induced employee compensation, the updated development program would result in an estimated \$359.79 million in employee compensation in New York State, including \$302.69 million in Region One. This is higher than the \$297.74 million in direct, indirect and induced employee compensation to New York State and \$249.56 million in employee compensation that was estimated in the Application.

Over the estimated 30-month construction build out, construction of the updated development program for the Project Site would generate an average of 2,626 full-time equivalent direct, indirect, and induced jobs in New York State, of which 2,363 full-time equivalent direct, indirect, and induced jobs would be in Region One. In comparison, construction of the development program as analyzed for the Application generated fewer full-time equivalent jobs: 2,335 jobs in New York State, of which 2,100 jobs were predicted to be within in Region One.

Indirect and induced effects to Sullivan County were estimated for the updated development program for the Project Site. Construction of the development program would support an estimated 95 indirect and induced person-years of employment in Sullivan County. Including the 3,766 person-years of direct employment associated with hard and soft costs, construction of the updated development program would support approximately 3,861 person-years of employment within Sullivan County. Over the estimated 30-month construction build out, construction would generate an average of 1,726 full-time equivalent direct, indirect, and induced jobs in Sullivan County, which is approximately 233 more jobs than estimated for the development program as advanced in the Application.

ANNUAL OPERATIONS

Annual operations of the updated facilities at the Project Site is expected to result in more employment in the long-term (i.e., upon full build-out of the updated development program for the Project Site), higher employee compensation in the long-term, and higher economic output in the long-term as compared to the development program analyzed in the Application.

- Upon completion, the updated Montreign Resort Casino is anticipated to support approximately 1,484 direct permanent full- and part-time employees on-site for annual operations, 175 more direct employees than reported in the Application (a 13 percent increase).
- Including direct, indirect, and induced employment, the updated Montreign Resort Casino is anticipated to generate a total of 2,331 jobs within New York State, 417 more direct, indirect, and induced employees than reported in the Application (a 22 percent increase).
- Total employee compensation for the updated Montreign Resort Casino is estimated to be \$79.16 million annually in New York State, 22 percent higher than the employee compensation generated from annual operations as reported in the Application.
- Total economic output generated by the updated Montreign Resort Casino is estimated to be \$410.20 million annually in New York State, 60 percent higher than the total output reported in the Application.

During operations, the short-term economic benefits of the updated development program for the Project Site (i.e., those benefits realized from operations within 30 months) are expected to be comparable to those projected in the Application, and the economic benefits of the updated development program will be greater in the long term (i.e., at full build-out of the development program). As discussed above, the updated Montreign Resort Casino will generate more direct full- and part-time jobs—approximately 1,484 full- and part-time jobs as compared to the 1,309 full- and part-time jobs projected in the Application. Including the Indoor Waterpark Lodge, Entertainment Village, and the Golf Course, there would be an estimated 1,950 full- and part-time jobs at the initial phase of operations. While this is a decrease from the 2,160 jobs estimated in the Application, in the long-term build-out of the Project Site,

there would be an increase in the number of jobs at the Project Site under the updated development program, with 2,224 full- and part-time jobs, compared to 2,160 full- and part-time jobs estimated in the Application.

Employee compensation with the updated development program for the Project Site will be comparable in the short-term compared with the program analyzed in the Application. With the updated program, the direct employee compensation is estimated at \$68.35 million. This is 0.2 percent lower than the direct employee compensation estimated in the Application (\$68.46 million). Upon full build out of the Project Site under the updated development program, direct employee compensation is estimated at \$76.41 million, which is 12 percent higher than the direct employee compensation that was estimated in the Application.

Operating expenditures for the facilities at the Project Site with the updated development program will be higher in the long-term compared to the development program analyzed in the Application. In the short-term, the operating expenditures are estimated to be \$188.70 million, which is lower than the operating expenditures analyzed in the Application (\$198.10 million). However, in the long-term, operating expenditures for the facilities will be \$217.72 million, which is 10 percent higher than analyzed in the Application.

VIII.B.4 – PROJECTED TAX REVENUES TO STATE

Similar to the program analyzed in the Application, the updated development program for the Project Site would generate significant tax revenues for the Town of Thompson, Sullivan County, and New York State through gaming taxes and fees, retail sales tax, hotel occupancy tax, corporate profit tax, and personal income tax. Overall, the annual direct tax revenues generated by the updated development program are expected to be greater than the annual direct tax revenues generated by the development program as reported in the Application. Year 2017 estimates for the updated development program are approximately \$106.8 million in direct tax revenues to the Town, County, and State, as compared to approximately \$105.2 million in direct tax revenues as estimated for the development program in the Application. In the long-term, when the Project Site is fully built out under the updated development program, the positive increment in direct tax revenues would be even greater.

- On-site activities at the updated Montreign Resort Casino are estimated to directly generate approximately \$97.81 million in non-property tax revenues for New York State, and \$2.90 million for Sullivan County in 2017. By 2021, these figures would increase to approximately \$131.57 million for New York State, and \$3.91 million for Sullivan County.
- Compared to the Montreign Resort Casino facility analyzed for the Application, in the updated Montreign Resort Casino would generate approximately \$5.36 million more in direct tax revenues for New York State (a 5.8 percent increase) and \$0.38 million more in direct tax revenues for Sullivan County (a 15.1 percent increase).
- Even when accounting for the reduced program elements associated with the updated Indoor Waterpark Lodge and Entertainment Village in the short-term (i.e., based on operations at the Project Site under the updated development program operations within 30 months), the total direct tax revenues to New York State would be greater with the updated development program. The updated development program would generate approximately \$3.39 million more direct tax revenues to the State as compared to the development program presented in the Application.
- In the short-term, the estimated \$3.39 million increase in direct tax revenues for New York State would be partially offset by an estimated \$1.81 million reduction in Direct Sullivan County tax revenues. However, total direct tax revenues generated by the updated development program for the Project Site would still be approximately \$1.58 million higher than the total direct tax revenues estimated for the development program in the Application.

- In the long-term, when the Project Site under the updated development program is fully developed, the direct tax revenues associated with the Indoor Waterpark Resort and Entertainment Village would be comparable to those projected for these elements in the Application, meaning that the updated development program for the Project Site would have even greater incremental direct tax revenues than the \$1.58 million predicted in the short-term comparison to the development program in the Application.

VIII.B.7.A – EMPLOYEES

Overall, as discussed above, the updated development program for the Project Site is expected to provide slightly fewer direct jobs in the short-term compared to the development program advanced in the Application, but will provide more jobs in the long-term.

- The updated development program is expected to result in a greater amount of employment and wages and salaries generated by construction activities in the short-term (defined in this memorandum as the next 30 months) and in the long-term (defined as the full build-out of the Project Site under the updated development program).
- In terms of jobs generated by the Project Site's operations, the updated development program is expected to result in a slight reduction in full- and part-time employment in the short-term, but a greater amount of wages and salaries over the same short-term period.
- In the long-term, the updated development program would generate more full- and part-time jobs and greater wages and salaries as compared to the development program advanced in the Application.

The following details the analysis conducted to reach this summary finding.

Similar to the analysis provided for the Application, the operational period (permanent) employment estimates for the updated development program for the Project Site are based on revised program description and direct (on-site) employment estimates provided by the Applicant. Based on the direct employment estimates and non-labor operational expenses provided by the Applicant, AKRF projected indirect employment using IMPLAN input-output modeling.

Updated Montreign Resort Casino

The updated Montreign Resort Casino would have an estimated 1,484 full- and part-time permanent employees on-site in 2017, which is 175 more employees than the Montreign Resort Casino analyzed for the Application. Based on the IMPLAN model's economic multipliers, operations of the updated Montreign Resort Casino would generate an estimated 2,331 full-and part-time direct, indirect, and induced employees in New York State, of which 2,231 jobs would be in Sullivan County and 2,290 jobs would be in Region One. In comparison, operations of the Montreign Resort Casino analyzed for the Application would generate fewer jobs: an estimated 1,914 full- and part-time jobs in New York State, of which 1,851 jobs would be in Sullivan County and 1,885 jobs would be in Region One.

Indirect and induced effects to the Host Municipality were estimated based on the Town's current share of employment in Sullivan County. Including the 1,484 direct full-and part-time jobs, there would be an estimated 1,740 full- and part-time jobs generated in the Town of Thompson from the updated Montreign Resort Casino, as compared to 1,492 full- and part-time jobs in the Town of Thompson from Montreign Resort Casino advanced in the Application.

The direct employee compensation during annual operations in 2017 from the updated Montreign Resort Casino is estimated at \$57.66 million, which is \$10.30 million more than the Montreign Resort Casino analyzed for the Application. Based on the IMPLAN model's economic multipliers, total direct, indirect, and induced employee compensation is estimated at \$74.08 million in Sullivan County, \$76.03 million in Region One, and \$79.16 million in New York State. Employee compensation that will be generated by the updated Montreign Resort Casino is higher than the Montreign Resort Casino analyzed in the

Application: \$61.63 million in Sullivan County, \$62.81 million in Region One, and \$65.05 million in New York State.

Indirect and induced effects to the Town of Thompson were estimated based on the Town's current share of employment in Sullivan County. Including the \$57.66 million of employee compensation generated on-site, there would be an estimated \$63.30 million in direct, indirect, and induced employee compensation in the Town of Thompson from the updated Montreign Resort Casino. This is \$11.11 million higher than the \$52.19 million in direct, indirect, and induced employee compensation estimated in the Application.

Updated Development Program for the Project Site (including other non-gaming amenities)

As discussed above, during operations, the short-term economic benefits of the updated development program for the Project Site (i.e., those benefits realized from operations within 30 months) are expected to be comparable to those projected in the Application, and the economic benefits of the updated development program will be greater in the long term (i.e., at full build-out of the Project Site). The facilities at the Project Site would have an estimated 1,950 direct full- and part-time jobs at the initial phase of operations. While this is a decrease from the 2,160 direct jobs estimated in the Application, in the long-term build-out of the Project Site, there would be an increase in the number of jobs at the Project Site under the updated development program, with 2,224 direct full- and part-time jobs, compared to 2,160 full- and part-time jobs estimated in the Application.

Employee compensation with the updated development program will be comparable in the short-term compared with the program analyzed in the Application. With the updated program, the direct employee compensation is estimated at \$68.35 million. This is 0.2 percent lower than the direct employee compensation estimated in the Application (\$68.46 million). Upon full build out of the Project Site under the updated development program, direct employee compensation is estimated at \$76.41 million, which is 12 percent higher than the direct employee compensation that was estimated in the Application.

VIII.C.21 – CONSTRUCTION PERIOD EMPLOYMENT

Attachment VIII.C.21.-1 of the Application provided a table for the “no competition scenario” (the “preferred scenario” that was ultimately selected by the New York Gaming Facility Location Board that detailed—by trade and calendar quarter—the number of construction hours, the average daily number of full time equivalent (“FTE’s”) workers expected to work on the project, the average monthly compensation and benefits per FTE, and the average monthly total labor cost per FTE (compensation plus benefits).

As detailed in Attachment VIII.C.21.-1, union construction trade workers, such as engineers, carpenters, masons, ironworkers, roofers, glaziers, painters, plumbers, fitters, sheet metal workers, electricians and other skilled laborers, were projected to account for approximately 2.6 million work hours during the three (3) year Project Site construction period. With the increased overall construction costs associated with the updated development program for the Project Site, the projected work hours is now expected to exceed the 2.6-million-work-hour estimate advanced in the Application. Similarly, the average FTEs during the three-year construction period will continue to exceed 400 per day, and over \$150 million in salaries is expected to be paid, estimated benefit costs are expected to exceed \$74 million, and total compensation benefits are expected to exceed \$223 million.

IX.A.4 – HOUSING

As detailed above for Exhibit VIII.B.7.a, as compared to the job projections in the Application, in the short term the updated development program for the Project Site would have a slightly reduced overall level of operational (permanent) employment demand, with fewer jobs in the service sector and more jobs available in the management and professional sectors. Therefore, as was found for the housing analysis in

the Application, there is expected to be enough capacity within the local and regional labor markets to absorb the new employment demand.² The existing housing supply in the Town of Thompson and nearby municipalities is expected to satisfy the demand for housing generated by employment growth from the updated development program and the corresponding modest in-migration of new households. Similar to the findings in the Application, the updated development program is expected to generate demand for approximately 60 or fewer households within Thompson, and a nominal amount of in-migrating households to five other nearby municipalities: Bethel, Fallsburgh, Forestburgh, Liberty, and Mamakating. Even when accounting for the long-term increase in total employment associated with the updated development program, the labor demand is not expected to generate substantial in-migration of worker/residents at a scale that would increase rents, housing prices or development costs in the Town of Thompson and nearby municipalities.

IX.A.5 – SCHOOL POPULATION

The analysis of the school population generated by the development program for the Project Site presented in Attachment IX.A.5.-1 of the Application found that the development program will not have a negative impact on the school districts serving the Town of Thompson and neighboring municipalities. The same conclusion is reached with respect to the updated development program. Similar to the findings in the Application, the updated development program is projected to result in marginal increases in school population within five potentially-affected school districts: Ellenville Community School District (CSD); Fallsburg CSD; Monticello CSD; Pine Bush CSD; and Port Jervis CSD. All five school districts have experienced a decline in school population between 2005 and 2012 (overall the decline was 1,483 students). Given that the greatest number of schoolchildren projected by in the Application was 45 for all five districts combined, and given that the updated development program would generate a comparable number of in-migrating households as compared to the development program analyzed for the Application (as per IX.A.4, above), there is sufficient capacity in the public school systems serving the Town of Thompson and nearby municipalities to accommodate new school-aged children associated with the in-migrating households under both the short-term and longer-term labor demand scenarios for the updated development program.

² The only labor “gap” identified in AKRF’s analysis for the Application was for service employees within the local area (within 20-minute drive time); services are the one sector with a slight reduction in labor demand with the updated development program for the Project Site, while there is expected to be an increases in demand for labor in management and professional services sectors (where there is a projected surplus in labor supply within the local area). Therefore there is expected to be a slightly reduced influence for in-migrating labor pool with the updated development program.

A. INTRODUCTION

The updated Montreign Resort Casino would provide a higher level of amenities compared to the project analyzed in the FGEIS/FEIS and compared to the project analyzed in response to New York Gaming Facility Location Board's Request for Applications to develop and operate a gaming facility in New York State ("the Application"). The updated Montreign Resort Casino will provide a significantly higher level of amenities as compared to the Montreign Resort Casino analyzed in the Application. Montreign increased the targeted rating for the facility from 4-Star and 4-Diamond to 5-Star and 5-Diamond standards. It converted the facility to an all-suite style hotel format with a total of 332 luxury rooms, increased the size of the 305 standard guest rooms from approximately 425 square feet to approximately 600 square feet, includes 12 penthouse level suites and, on a new third level VIP floor, 8 large garden suites and 7 townhouse villas. The VIP floor will also feature: (i) a private reception area, hotel check-in, bar and lounge; (ii) private VIP gaming salons; and (iii) indoor adult and family pools. The gaming areas have been increased from approximately 80,000 to 90,000 square feet and will feature 102 multi-game tables, 14 to 16 poker tables, and 2,150 state-of-the-art slot machines. Additionally, the food and beverage offerings, and meeting and entertainment space throughout the facility were reprogrammed to reflect the upscale shift in the property, including expanding and relocating the M Centre multi-function event center and adding a fine dining Asian restaurant. This Appendix discusses the potential impacts of the updated Montreign Resort Casino in terms of estimated direct and indirect employment, employee compensation, economic output¹, and tax revenues generated during both the construction and operation periods of the updated Montreign Resort Casino.

PRINCIPAL CONCLUSIONS

The updated Montreign Resort Casino would result in substantial economic and fiscal benefits to the Town of Thompson, Sullivan County, Region One, and New York State.

CONSTRUCTION EFFECTS

Construction of the updated Montreign Resort Casino would result in more employment, higher employee compensation, and higher output compared to the Montreign Resort Casino analyzed in the Application.

¹ Total economic output or demand is the total effect on the local economy, including the sum of the cost of goods and services used to produce a product and the associated payments to workers, taxes, and profits.

Economic Findings Related to Update to Application

- Construction of the updated Montreign Resort Casino is anticipated to generate 3,120 direct person-years of employment¹ in New York State, 1,042 more jobs in New York State compared with the Montreign Resort Casino analyzed in the Application (a 50 percent increase).
- Including indirect and induced employment, the updated Montreign Resort Casino would create an estimated 4,699 person-years of employment in New York State, a 43 percent increase compared with the total employment generated from construction of the Montreign Resort Casino analyzed in the Application.
- Total employee compensation is estimated at \$289.64 million in New York State, which is 44 percent higher than the Montreign Resort Casino analyzed in the Application.
- Total economic output is estimated at \$937.03 million in New York State, which is approximately 36 percent higher than the total output generated from construction of the Montreign Resort Casino analyzed in the Application.

ANNUAL OPERATIONS

Annual operations of the updated Montreign Resort Casino would result in more employment, higher employee compensation, and higher output compared to the Montreign Resort Casino analyzed in the Application.

- Upon completion, the updated Montreign Resort Casino is anticipated to support approximately 1,484 direct permanent full- and part-time employees on-site for annual operations, 175 more direct employees than the Montreign Resort Casino analyzed in the Application (a 13 percent increase).
- Including direct, indirect, and induced employment, the updated Montreign Resort Casino is anticipated to generate a total of 2,331 jobs within New York State, 417 more direct, indirect, and induced employees than the Montreign Resort Casino analyzed in the Application (a 22 percent increase).
- Total employee compensation for the updated Montreign Resort Casino is estimated at \$79.16 million annually in New York State, 22 percent higher than the employee compensation generated from annual operations of the Montreign Resort Casino analyzed in the Application.
- Total economic output is estimated at \$410.20 million annually in New York State, 60 percent higher than the total output generated from annual operations of the Montreign Resort Casino analyzed in the Application.

TAX REVENUES

Similar to the Montreign Resort Casino program analyzed in the Application, the updated Montreign Resort Casino would generate significant tax revenues for the Town of Thompson, Sullivan County, and New York State through gaming taxes and fees, retail sales tax, hotel occupancy tax, corporate profit tax, and personal income tax.

- On-site activities at the updated Montreign Resort Casino are estimated to directly generate approximately \$97.81 million in non-property tax revenues for New York State, and \$2.90 million for Sullivan County in 2017.

¹ A person-year is the equivalent of one person working full-time for a year.

- By 2021, these figures would increase to approximately \$131.57 million for New York State, and \$3.91 million for Sullivan County.
- Compared to the Montreign Resort Casino analyzed in the Application, in 2017 the updated Montreign Resort Casino would generate approximately \$5.36 million more in direct tax revenues for New York State (a 5.8 percent increase) and \$0.38 million more in direct tax revenues for Sullivan County (a 15.1 percent increase).
- The updated Montreign Resort Casino would also generate indirect tax revenues for Sullivan County and New York State, as well as Payment in Lieu of Tax (PILOT) revenues to the Town of Thompson and Sullivan County, as specified in an existing PILOT agreement that would remain unchanged from what was specified in the Application.

B. METHODOLOGY

The principal economic model used to estimate the effect on the economy of constructing and operating the updated Montreign Resort Casino was IMPLAN (IMPact Analysis for PLANning), which was originally developed by the U.S. Department of Agriculture Forest Service in 1979 and was subsequently privatized by the Minnesota IMPLAN Group (MIG). The model uses the most recent economic data (2013) from sources such as the U.S. Bureau of Economic Analysis, the U.S. Bureau of Labor Statistics, and the U.S. Census Bureau to predict effects on the local economy from direct changes in spending. The operations analysis was modeled in Sullivan County, Region One, and New York State. The IMPLAN model contains data for Sullivan County on 536 economic sectors, showing how each sector affects every other sector as a result of a change in the quantity of its product or service. A similar IMPLAN model for Region One and New York State were used to trace the effects on Region One and the State economy. Region One includes the following seven counties: Columbia, Delaware, Dutchess, Greene, Orange, Sullivan, and Ulster. Using these models and the specific characteristics of the updated Montreign Resort Casino, the total effect has been projected for Sullivan County, Region One, and New York State. Indirect and induced effects to the Town of Thompson were estimated based on the Town's current share of Sullivan County employment (34.3 percent).¹

The construction analysis was modeled on Region One and New York State. Because the study area for an economic benefits analysis should include the place of residence of most of the labor force, the construction analysis was not modeled for Sullivan County. Sullivan County has a relatively small construction labor pool, estimated at 695 workers in the construction sector, including 212 workers who work in building construction, 433 specialty trade contractors, and 51 heavy and civil engineering construction workers.² Indirect and induced effects to Sullivan County were estimated based on Sullivan County's current share of employment in Region One for each affected industry Sector using data from New York State Department of Labor.

The construction analysis assumes a 2.5-year construction schedule. All dollar amounts in the construction section are in today's dollars (constant 2015 dollars). In future years, the actual dollar amounts are expected to increase with inflation.

¹ ESRI Business Analyst's Business Summary Report, queried May 2015.

² 2013 Quarterly Census of Employment and Wages, collected from New York State Department of Labor's website in May 2015.

Economic Findings Related to Update to Application

The operations analyses are based on the first full year of operations for the updated Montreign Resort Casino, which is 2017.

MEASURES OF ECONOMIC IMPACT

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

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

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

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

C. PROBABLE IMPACTS OF THE PROPOSED PROJECT

ECONOMIC IMPACTS

This section presents economic impacts resulting from the construction period and from annual operations of the updated Montreign Resort Casino.

VALUE OF CONSTRUCTION

Based on preliminary estimates, the total cost for developing the updated Montreign Resort Casino is estimated at \$626.47 million in 2015 dollars. This cost includes hard and soft costs, but excludes financing and the value of land. For the economic benefits analysis, the cost of fixtures, furniture, and equipment (FFE) (\$100.16 million) are excluded as it is assumed that these are imported and not constructed on the Project Site. It is likely that some portion of FFE would be purchased and/or constructed on the Project Site, and in this respect the analysis understates potential benefits.

Physical improvements to the Project Site are assumed to be \$496.32 million (see **Table 1**). Soft costs, including legal, engineering, and architecture, are estimated at \$30.00 million. For this analysis, it is assumed that 65 percent of the soft costs are architecture and engineering costs and 35 percent are legal costs. Also, it is assumed that 100 percent of legal costs and 75 percent of architecture and engineering costs would occur in New York State but outside the Region One. Of the \$30.00 million of soft costs, \$25.12 million are estimated in New York State. In addition, infrastructure costs are assumed to be \$51.65 million. Including the physical improvements to

the Project Site, soft costs, and infrastructure costs, the construction cost appropriate for this analysis is \$573.09 million in New York State, of which \$547.97 million is in Region One.

Table 1
Construction Costs:
Updated Montreign Resort Casino

IMPLAN Sector	Description of Industry Sector	Construction Costs (Millions of 2015 dollars)	
		Region One	New York State
57	Construction of new commercial structures, including farm structures	\$496.32	\$496.32
58	Construction of other new nonresidential structures	\$51.65	\$51.65
447	Legal services	See below	\$10.50
449	Architectural, engineering, and related services	See below	\$14.62
Total Construction Cost		\$547.97	\$573.09
Notes:			
¹ The cost of fixtures, furniture, and equipment (\$100.16 million) are excluded from the construction cost as it is assumed that these are imported to New York State and are not constructed on the site.			
² Approximately 65 percent of soft costs are assumed to be Architecture and Engineering costs. Approximately 25 percent of architecture and engineering costs are assumed to be out New York State. In addition, approximately 35 percent of soft costs are assumed to be Legal services. Approximately 100 percent of the legal costs are assumed to be spent at New York State firms.			
Source: Construction costs provided by the Applicant.			

In comparison, the \$573.09 million construction cost for the updated Montreign Resort Casino is 40 percent higher than the \$409.56 million construction cost analyzed in the Application (see Table 2).

Table 2
Construction Costs:
Montreign Resort Casino as Presented in Application

IMPLAN Sector	Description of Industry Sector	Construction Costs (Millions of 2014 dollars)	
		Region One	New York State
34	Construction of new nonresidential commercial structures	\$285.83	\$285.83
36	Construction of other new nonresidential structures	\$108.23	\$108.23
367	Legal services	See below	\$3.72
369	Architectural, engineering, and related services	See below	\$11.78
Total Construction Cost		\$394.06	\$409.56
Notes:			
¹ The cost of FFE (\$80 million) are excluded from the construction cost as it is assumed that these are imported to New York State and not constructed on the site.			
² Approximately 25 percent of soft costs (or \$3.93 million) are assumed to be out New York State. The estimated total construction cost for Montreign Resort with FFE and out-of-state soft costs is \$493.49 million.			
Source: Construction costs provided by the Applicant.			

ECONOMIC BENEFITS FROM CONSTRUCTION

Employment

The construction cost appropriate for the economic benefits analysis is \$573.09 million in New York State, of which \$547.97 million is assumed to occur in Region One. As a result of the direct expenditures, direct employment from construction of the updated Montreign Resort Casino (including both on-site construction jobs and jobs resulting from construction soft costs such as architecture, engineering, and legal costs) is estimated at 3,120 person-years of employment in New York State, of which 3,029 person-years are anticipated on-site.

When new direct jobs are introduced to an area, those jobs lead to the creation of additional indirect and induced jobs. Indirect employment resulting from construction expenditures includes jobs in industries that provide goods and services to the contractors, and induced employment includes jobs generated by new economic demand from households spending salaries earned through the direct and indirect jobs. Based on the IMPLAN model's economic multipliers for Region One sectors, construction of the updated Montreign Resort Casino would generate an additional 468 person-years of indirect employment and 699 person-years of induced employment within the region, bringing the total number of jobs from construction to 4,196 person-years (see **Table 3**). In the larger New York State economy, the model estimates that construction would generate 4,699 person-years of direct, indirect and induced employment. In comparison, construction of the Montreign Resort Casino analyzed in the Application would generate fewer employees: 3,278 person-years of direct, indirect, and induced employment in New York State, of which 2,903 jobs would be in Region One (see **Table 4**).

Over the estimated 2.5-year construction build out, construction of the updated Montreign Resort Casino would generate an average of 1,880 full-time equivalent direct, indirect, and induced jobs in New York State, of which 1,678 full-time equivalent direct, indirect, and induced jobs would be in Region One.

Indirect and induced effects to Sullivan County were estimated based on the County's current share of employment in Region One for each affected industry sector. Based on this data, construction of the updated Montreign Resort Casino would support 75 indirect and induced person-years of employment in Sullivan County. Including the 3,029 person-years of direct employment associated with hard and soft costs, construction of the updated Montreign Resort Casino would support approximately 3,104 person-years of employment within Sullivan County. Over the estimated 2.5-year construction build out, construction would generate an average of 1,242 full-time equivalent direct, indirect, and induced jobs in Sullivan County.

Employee Compensation

The direct employee compensation during the construction period of the updated Montreign Resort Casino is estimated at \$178.83 million in Region One and \$190.38 million in New York State (see **Table 3**). Total direct, indirect, and induced employee compensation in the Region One resulting from construction of the updated Montreign Resort Casino is estimated at \$241.47 million. In the broader New York State economy, total direct, indirect, and induced employee compensation from construction of the updated Montreign Resort Casino is estimated at \$289.64 million. This is \$87.90 million more in total employee compensation compared to the Montreign Resort Casino analyzed in the Application.

Table 3
Economic Benefits from Construction:
Updated Montreign Resort Casino

	Sullivan County ³	Region One	New York State
Employment (Person-years)¹			
Direct (jobs associated with hard & soft costs)	3,029	3,029	3,120
Indirect (jobs in support industries)	27	468	701
Induced (jobs from household spending)	48	699	878
Total	3,104	4,196	4,699
Employee Compensation (Millions of 2015 dollars)			
Direct (earnings associated with hard & soft costs)	\$178.83	\$178.83	\$190.38
Indirect (earnings in support industries)	\$1.55	\$27.07	\$48.64
Induced (earnings from household spending)	\$2.54	\$35.57	\$50.62
Total	\$182.92	\$241.47	\$289.64
Total Economic Output or Demand² (Millions of 2015 dollars)			
Direct (output associated with hard & soft costs)	\$547.97	\$547.97	\$573.09
Indirect (output from support industries)	\$6.57	\$108.39	\$175.57
Induced (output from household spending)	\$10.45	\$143.91	\$188.37
Total	\$564.99	\$800.27	\$937.03
Notes: Numbers may not add precisely to totals due to rounding.			
¹ A person-year is the equivalent of one person working full-time for a year.			
² Total economic output or demand is the total effect on the local economy, including the sum of the cost of goods and services used to produce a product and the associated payments to workers, taxes, and profits.			
³ Indirect and induced economic benefits in Sullivan County were estimated based on Sullivan County's current share of employment in Region One for each affected industry sector.			
Sources: The characteristics and construction cost of the proposed development, the IMPLAN economic modeling system, and New York State Department of Labor.			

Within Sullivan County, indirect and induced employee compensation generated by construction of the updated Montreign Resort Casino is estimated to be \$4.09 million. Including the \$178.83 million of employee compensation associated with hard and soft costs, construction of the updated Montreign Resort Casino would create approximately \$182.92 million in employee compensation within Sullivan County.

Total Effect on the Local Economy

As shown in **Table 3**, the direct economic output, which corresponds to the construction cost analyzed in this economic benefits analysis, is \$573.09 million in New York State, of which \$547.97 million is expected to occur in Region One. Based on the IMPLAN models for Region One and New York State, the total economic output that would result from construction of the updated Montreign Resort Casino is estimated at \$937.03 million in New York State, of which \$800.27 million would occur in Region One. Total economic output generated from construction of the updated Montreign Resort Casino in New York State is estimated to be \$247.99 million more than the output generated from construction of the Montreign Resort Casino analyzed in the Application.

The total effect on the Sullivan County economy from construction of the updated Montreign Resort Casino is estimated at \$564.99 million.

Table 4
Economic Benefits from Construction:
Montreign Resort Casino as Presented in Application

	Sullivan County ³	Region One	New York State
Employment (Person-years)¹			
Direct (jobs associated with hard & soft costs)	2,021	2,021	2,078
Indirect (jobs in support industries)	19	333	507
Induced (jobs from household spending)	31	549	693
Total	2,071	2,903	3,278
Employee Compensation (Millions of 2014 dollars)			
Direct (earnings associated with hard & soft costs)	\$117.57	\$117.57	\$124.69
Indirect (earnings in support industries)	\$1.11	\$19.93	\$36.85
Induced (earnings from household spending)	\$1.57	\$28.30	\$40.20
Total	\$120.25	\$165.80	\$201.74
Total Economic Output or Demand² (Millions of 2014 dollars)			
Direct (output associated with hard & soft costs)	\$394.06	\$394.06	\$409.56
Indirect (output from support industries)	\$4.47	\$79.68	\$132.00
Induced (output from household spending)	\$6.47	\$111.38	\$147.48
Total	\$405.00	\$585.12	\$689.04
Notes: Numbers may not add precisely to totals due to rounding.			
¹ A person-year is the equivalent of one person working full-time for a year.			
² Total economic output or demand is the total effect on the local economy, including the sum of the cost of goods and services used to produce a product and the associated payments to workers, taxes, and profits.			
³ Indirect and induced economic benefits in Sullivan County were estimated based on Sullivan County's current share of employment in Region One for each affected industry sector.			
Sources: The characteristics and construction cost of the proposed development, the IMPLAN economic modeling system, and New York State Department of Labor.			

ECONOMIC IMPACTS FROM ANNUAL OPERATIONS

The total effect of annual operations of the updated Montreign Resort Casino has been projected for the Host Municipality, Sullivan County, Region One, and New York State using the IMPLAN model and specific operating data. The total operating costs for 2017 are estimated at \$164.51 million, which includes \$57.66 million for payroll and \$106.85 million for non-payroll expenses related to the hotel, food and beverage, entertainment, and the casino (see **Table 5**).

Table 5
Operating Assumptions for the Updated Montreign Resort Casino (2017)

	Assumptions
Direct Full- and Part-Time Employees	1,484
Direct Employee Compensation	\$57.66 million
Non-Payroll Operating Costs	\$106.85 million
Total Operating Costs	\$164.51 million
Sources: Data was provided by the Applicant.	

Operating costs for the updated Montreign Resort Casino are 36 percent higher than the \$120.82 million in operating costs of the Montreign Resort Casino analyzed in the Application (see **Table 6**).

Table 6

**Operating Assumptions
for Montreign Resort Casino as Presented in the Application (2017)**

	Assumptions
Direct Full- and Part-Time Employees	1,309
Direct Employee Compensation	\$47.36 million
Non-Payroll Operating Costs	\$73.46 million
Total Operating Costs	\$120.82 million
Sources: Data was provided by the Applicant.	

Employment

The updated Montreign Resort Casino would have 1,484 full- and part-time employees on-site in 2017, 175 more employees than the Montreign Resort Casino analyzed in the Application. Based on the IMPLAN model's economic multipliers, operations of the updated Montreign Resort Casino would generate an estimated 2,331 full- and part-time direct, indirect, and induced employees in New York State, of which 2,231 jobs would be in Sullivan County and 2,290 jobs would be in Region One (see **Table 7**). In comparison, operations of the Montreign Resort Casino analyzed in the Application would generate fewer jobs: an estimated 1,914 full- and part-time jobs in New York State, of which 1,851 jobs would be in Sullivan County and 1,885 jobs would be in Region One (see **Table 8**).

Table 7

**Economic Benefits from Annual Operations
Updated Montreign Resort Casino (2017)**

	Host Municipality	Sullivan County	Region One	New York State
Employment (Permanent Full- and Part-Time Jobs)				
Direct (on-site)	1,484	1,484	1,484	1,484
Indirect (jobs in support industries)	167	486	500	519
Induced (jobs from household spending)	89	261	306	328
Total	1,740	2,231	2,290	2,331
Employee Compensation (Millions)				
Direct (on-site)	\$57.66	\$57.66	\$57.66	\$57.66
Indirect (earnings in support industries)	\$2.94	\$8.56	\$8.99	\$10.56
Induced (earnings from household spending)	\$2.70	\$7.86	\$9.38	\$10.94
Total	\$63.30	\$74.08	\$76.03	\$79.16
Total Economic Output or Demand¹ (Millions)				
Direct (on-site)	\$273.47	\$273.47	\$273.47	\$273.47
Indirect (output from support industries)	\$28.41	\$82.74	\$84.68	\$88.93
Induced (output from household spending)	\$12.76	\$37.18	\$43.42	\$47.80
Total	\$314.64	\$393.39	\$401.57	\$410.20
Notes:				
¹ The total effect on the local economy, including the sum of the cost of goods and services used to produce a product and the associated payments to workers, taxes, and profits.				
Sources: The characteristics and construction cost of the proposed development and the IMPLAN economic modeling system.				

Table 8

**Economic Benefits from Annual Operations
Montreign Resort Casino as Presented in the Application (2017)**

	Host Municipality	Sullivan County	Region One	New York State
Employment (Permanent Full- and Part-Time Jobs)				
Direct (on-site)	1,309	1,309	1,309	1,309
Indirect (jobs in support industries)	107	315	320	333
Induced (jobs from household spending)	77	226	255	273
Total	1,492	1,851	1,885	1,914
Employee Compensation (\$Millions)				
Direct (on-site)	\$47.36	\$47.36	\$47.36	\$47.36
Indirect (earnings in support industries)	\$2.55	\$7.52	\$7.70	\$8.64
Induced (earnings from household spending)	\$2.28	\$6.74	\$7.75	\$9.05
Total	\$52.19	\$61.63	\$62.81	\$65.05
Total Economic Output or Demand¹ (\$Millions)				
Direct (on-site)	\$166.22	\$166.22	\$166.22	\$166.22
Indirect (output from support industries)	\$15.89	\$46.93	\$47.87	\$50.34
Induced (output from household spending)	\$10.80	\$31.91	\$35.96	\$39.37
Total	\$192.91	\$245.06	\$250.05	\$255.93
Notes:				
¹ The total effect on the local economy, including the sum of the cost of goods and services used to produce a product and the associated payments to workers, taxes, and profits.				
Sources: The characteristics and construction cost of the proposed development and the IMPLAN economic modeling system.				

Indirect and induced effects to the Host Municipality were estimated based on the Town's current share of employment in Sullivan County. Including the 1,484 direct full-and part-time jobs, there would be an estimated 1,740 full- and part-time jobs generated in the Town of Thompson from the updated Montreign Resort Casino.

Employee Compensation

The direct employee compensation during annual operations in 2017 from the updated Montreign Resort Casino is estimated at \$57.66 million (see **Table 7**), \$10.30 million more than the Montreign Resort Casino analyzed in the Application. Based on the IMPLAN model's economic multipliers, total direct, indirect, and induced employee compensation is estimated at \$74.08 million in Sullivan County, \$76.03 million in Region One, and \$79.16 million in New York State. Employee compensation that would be generated by the updated Montreign Resort Casino is higher than the Montreign Resort Casino analyzed in the Application: \$61.63 million in Sullivan County, \$62.81 million in Region One, and \$65.05 million in New York State (see **Table 8**).

Indirect and induced effects to the Town of Thompson were estimated based on the Town's current share of employment in Sullivan County. Including the \$57.66 million of employee compensation generated on-site, there would be an estimated \$63.30 million in direct, indirect, and induced employee compensation in the Town of Thompson from the updated Montreign Resort Casino.

Total Effect on the Local Economy

The non-payroll operating expenses for the updated Montreign Resort Casino in 2017 were estimated at \$106.85 million, which is 45 percent higher than the non-payroll operating expenses (\$73.46 million) for the Montreign Resort Casino analyzed in the Application. Based on the IMPLAN models for Sullivan County, Region One, and New York State, the total economic activity that would result from annual operations of the updated Montreign Resort Casino is estimated at \$410.20 million in New York State, of which \$393.39 million would occur in Sullivan County and \$401.57 million would occur in Region One. The direct, indirect, and induced economic output in the State from annual operations of the updated Montreign Resort Casino is \$154.27 million more than the total economic output estimated for the Montreign Resort Casino analyzed in the Application (a 60 percent increase).

The total effect on the Town of Thompson's economy from annual operations of the updated Montreign Resort Casino is estimated at \$314.64 million.

TAX REVENUES

Similar to the Montreign Resort Casino analyzed in the Application, the updated Montreign Resort Casino would generate significant tax revenues for the Town of Thompson, Sullivan County, and New York State through gaming taxes and fees, retail sales tax, hotel occupancy tax, corporate profit tax, and personal income tax. This section describes tax revenues directly generated by the updated Montreign Resort Casino, comparing them to revenues estimated for the Montreign Resort Casino analyzed in the Application, provides a breakdown of direct tax revenues by source, estimates indirect tax revenues generated by the updated Montreign Resort Casino, and summarizes the Payment in Lieu of Taxes (PILOT) agreement that is currently in place for the updated Montreign Resort Casino.

DIRECT TAX REVENUE FROM ON-SITE ACTIVITY

As shown in **Table 9**, based on current tax rates and regulations, in 2017 on-site activities at the updated Montreign Resort Casino are estimated to directly generate approximately \$97.81 million in non-property tax revenues for New York State, and \$2.90 million for Sullivan County. By 2021, these figures would increase to approximately \$131.57 million for New York State, and \$3.91 million for Sullivan County. The direct tax revenues include gaming taxes and fees from the table games and slot machines, sales taxes from on-site retail and entertainment venues, hotel taxes from the on-site hotel, corporate profit taxes, and personal income taxes from employees of the updated Montreign Resort Casino. Direct tax revenues are described in further detail below.

Compared to the Montreign Resort Casino analyzed in the Application, in 2017 the updated Montreign Resort Casino would generate approximately \$5.36 million more in direct tax revenues for New York State (a 5.8 percent increase) and \$0.38 million more in direct tax revenues for Sullivan County (a 15.1 percent increase). **Table 9** summarizes non-property annual tax revenues from the Montreign Resort Casino analyzed in the Application.

It is important to note that **Table 9** does not show the distribution of annual gaming tax revenues collected by State of New York to the Town of Thompson as Host Municipality, to Sullivan County, or to surrounding counties in the region. Based on the Upstate Gaming Act's allocation formula, under the updated Montreign Resort Casino, the Town of Thompson would receive approximately \$4.64 million of the \$97.81 million from gaming tax revenues in 2017. Sullivan

Economic Findings Related to Update to Application

County would receive the same amount in gaming tax revenues in addition to the Sullivan County revenues indicated in **Table 9**. In addition, **Table 9** does not include annual payment of a Payment in Lieu of Taxes (PILOT), as specified in the October 21, 2013 PILOT Agreement between the Sullivan County Industrial Development Agency and EPT Concord II, LLC. The PILOT pertains to the project site in its entirety and would remain unchanged from what was specified in the Application.

Table 9
Summary of Direct Non-Property Annual Tax Revenues (\$Millions)

Jurisdiction	2017	2018	2019	2020	2021
Updated Montreign Resort Casino					
New York State	\$97.81	\$108.01	\$118.04	\$125.04	\$131.57
Sullivan County	\$2.90	\$3.54	\$3.73	\$3.82	\$3.91
Montreign Resort Casino as Presented in the Application					
New York State	\$92.45	\$101.96	\$109.30	\$117.11	\$122.70
Sullivan County	\$2.52	\$2.73	\$2.91	\$2.99	\$3.06
Notes:					
(1) This table does not include annual PILOT payments to Sullivan County or the Town of Thompson, as PILOT payments are based on the Adelaar property in its entirety and are unaffected by the Proposed Project.					
(2) This table reports all gaming revenue in the New York State row. It does not show the distribution of annual gaming tax revenues collected by the State of New York to the Town of Thompson as Host Municipality, to Sullivan County, and to surrounding counties in the region.					
Sources: The characteristics of the proposed development and applicable tax rates and legislation. See subsequent tables for detail.					

Table 10 shows annual tax revenues generated by the updated Montreign Resort Casino broken out by type of tax, and **Table 11** presents the same information from the Application.

Gaming Taxes

As with the Application, the most significant portion of tax revenues generated by the updated Montreign Resort Casino would be from gaming taxes, which are equal to 39 percent of gross gaming revenue from slot machines, 10 percent of gross gaming revenue from table games, and a \$500 annual fee for each slot machine and each gaming table.

In 2017, gaming tax revenues under the updated Montreign Resort Casino would be approximately \$4.86 million higher than analyzed in the Application, and by 2021, gaming tax revenues would be \$7.60 million higher than previously analyzed.

Table 10
Breakdown of Direct Non-Property Annual Tax Revenues:
Updated Montreign Resort Casino

Jurisdiction	2017	2018	2019	2020	2021
New York State Tax Revenues (\$Millions)					
Gaming Privilege Taxes and Table & Device Fees	\$92.88	\$102.61	\$110.48	\$114.86	\$118.27
Corporate Profit Taxes	\$0.00	\$0.00	\$1.81	\$4.24	\$7.20
Retail Sales & Use Taxes	\$1.01	\$1.18	\$1.25	\$1.30	\$1.33
Lodging/Bed Taxes	\$0.83	\$1.03	\$1.09	\$1.11	\$1.13
Personal Income Taxes	\$3.10	\$3.19	\$3.40	\$3.53	\$3.63
Total New York State	\$97.81	\$108.01	\$118.04	\$125.04	\$131.57
Sullivan County Tax Revenues (\$Millions)					
Retail Sales & Use Taxes	\$1.01	\$1.18	\$1.25	\$1.30	\$1.33
Lodging/Bed Taxes	\$1.86	\$2.33	\$2.45	\$2.49	\$2.54
Entertainment/Ticket Taxes	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03
Total Sullivan County	\$2.89	\$3.54	\$3.73	\$3.82	\$3.91
Notes:					
(1)	This table reports all gaming revenue as revenue to New York State. It does not show the distribution of annual gaming tax revenues collected by the State of New York to the Town of Thompson as Host Municipality, to Sullivan County, and to surrounding counties in the region.				
(2)	Totals may not sum due to rounding.				
Sources: The characteristics of the proposed development and applicable tax rates and legislation.					

Table 11
Breakdown of Direct Non-Property Annual Tax Revenues:
Montreign Resort Casino as Presented in the Application

Jurisdiction	2017	2018	2019	2020	2021
New York State Tax Revenues (\$Millions)					
Gaming Privilege Taxes and Table & Device Fees	\$88.02	\$97.24	\$103.39	\$107.48	\$110.67
Corporate Profit Taxes	\$0.00	\$0.00	\$0.93	\$4.47	\$6.74
Sales & Use Taxes	\$0.99	\$1.09	\$1.16	\$1.20	\$1.24
Lodging/Bed Taxes	\$0.67	\$0.72	\$0.76	\$0.78	\$0.79
Personal Income Taxes	\$2.77	\$2.92	\$3.05	\$3.17	\$3.26
Total New York State	\$92.45	\$101.96	\$109.30	\$117.11	\$122.70
Sullivan County Tax Revenues (\$Millions)					
Retail Sales & Use Taxes	\$0.99	\$1.09	\$1.16	\$1.20	\$1.24
Lodging/Bed Taxes	\$1.50	\$1.61	\$1.72	\$1.75	\$1.79
Entertainment/Ticket Taxes	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03
Total Sullivan County	\$2.52	\$2.73	\$2.91	\$2.99	\$3.06
Notes:					
(1) This table reports all gaming revenue as revenue to New York State. It does not show the distribution of annual gaming tax revenues collected by the State of New York to the Town of Thompson as Host Municipality, to Sullivan County, and to surrounding counties in the region.					
(2) Totals may not sum due to rounding.					
Sources: The characteristics of the proposed development and applicable tax rates and legislation.					

Sales & Use Taxes

As with the Application, retail uses included in the updated Montreign Resort Casino would generate sales taxes for Sullivan County and New York State. Sales tax in Sullivan County is eight percent, with four percent going to the County and four percent going to New York State. Based on projected revenues from the project sponsor, in 2017 the retail stores and food and beverage establishments in the updated Montreign Resort Casino would produce approximately \$1.98 million in sales tax, split evenly between Sullivan County and New York State. By 2021, retail sales tax would increase to approximately \$2.48 million, split evenly between the County and State.

Compared to the Montreign Resort Casino analyzed in the Application, the updated Montreign Resort Casino would generate approximately \$0.04 million more in sales tax revenue in 2017 and \$0.18 million more in 2021.

Lodging/Bed Taxes

Sullivan County collects a 9.0 percent tax on hotel room charges, and New York State collects a 4.0 percent hotel tax. Based on projected hotel revenues from the project sponsor, in 2017 the updated Montreign Resort Casino would generate approximately \$1.5 million in hotel taxes for

Sullivan County and \$0.67 million for New York State. By 2021, hotel taxes would increase to \$1.79 million and \$0.79 million for Sullivan County and New York State, respectively.

In 2017, the hotel taxes generated by the updated Montreign Resort Casino would be approximately 25 percent higher than those generated by the Montreign Resort Casino analyzed in the Application, and in 2021, updated Montreign Resort Casino hotel taxes would be about 42 percent higher than reported for the Montreign Resort Casino analyzed in the Application.

Entertainment/Ticket Taxes

Entertainment venues in the updated Montreign Resort Casino would produce approximately \$0.03 million in annual taxes for Sullivan County from 2017 through 2021. Entertainment taxes for the updated Montreign Resort Casino are the same as reported in the Application.

Personal Income Taxes

Operation of the updated Montreign Resort Casino would require approximately 175 additional staff and \$8.2 million in additional wages compared to the Montreign Resort Casino analyzed in the Application. In 2017, the updated Montreign Resort Casino would generate approximately \$3.10 million in personal income taxes for New York State, an increase of approximately 11.9 percent over the Application. By 2021, personal income taxes directly generated by the updated Montreign Resort Casino would increase to \$3.63 million.

INDIRECT NON-PROPERTY TAX REVENUES FROM OFF-SITE ACTIVITY

The indirect and induced economic activity resulting from the updated Montreign Resort Casino would also generate tax revenues for local municipalities and the State of New York. Non-property tax revenues were estimated for indirect and induced activity, including: New York State income tax; corporate profit tax; sales tax on retail, hotels, and eating and drinking establishments; and taxes on entertainment and places of amusement. This analysis was based off of the indirect and induced output that was generated by the IMPLAN input-output modelling for the updated Montreign Resort Casino. Based on current tax rates and regulations, in 2017 off-site activities stemming from the updated Montreign Resort Casino are estimated to indirectly generate approximately \$1.69 million for New York State and \$0.77 million for Sullivan County. By 2021, these figures would increase to approximately \$2.22 million for New York State and \$0.94 million for Sullivan County.

PILOT PAYMENTS

As indicated in the Application, the Adelaar project will utilize Sullivan County Industrial Development Agency financing, resulting in an exemption from general ad valorem property taxes and the annual payment of a Payment in Lieu of Taxes (PILOT), as specified in the October 21, 2013 PILOT Agreement between the Sullivan County Industrial Development Agency and EPT Concord II, LLC. Under the Agreement, improvements will be exempt from general ad valorem taxes through 2024; however land improvements will be subject to additional property taxes.

The updated Montreign Resort Casino does not affect the PILOT Agreement or the annual PILOT payments to Sullivan County and the Town of Thompson described in the Application. In 2017, the total PILOT amount (reflecting the entire Adelaar property, including the updated Montreign Resort Casino) will be approximately \$2.30 million. Of this, approximately \$488,600 will go to Sullivan County taxing districts, with the remainder going to Town of Thompson

Economic Findings Related to Update to Application

highway, general, and joint funds (\$405,600), the Kiamesha Lake Sewer District (\$73,300), the EB Crawford Memorial Library (\$21,000), and the Monticello School District (\$1.3 million).

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