

**Impacts of Wilmot Casino on
Primary Impact Area**
Emphasis on Socioeconomic & Public
Safety

June, 2014

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Town of Tyre, Seneca County

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SUMMARY

CGR was engaged by the Town of Tyre to assess the impact of the proposed Wilmot Resort and Casino on the community. The study encompasses the impact on the local labor market, the incidence and cost of problem gambling, the consequences for the cost of public services, particularly public safety and local public education.

In each of these areas, CGR presented recommendations on mitigation. These recommendations contributed to the dialogue among the Town of Tyre, Seneca County and Wilmorite, Inc. through its affiliate Whitetail 414, LLC*.

CGR also studied the “host community agreements” negotiated in the State of Massachusetts between casino developers and local governments. Analysis of these agreements informed the negotiation between Tyre and the developers.

Finally, CGR reviewed the final Host Community Agreement (HCA) negotiated between the developers and the Town of Tyre and determined that the HCA addressed the issues raised both in a report developed by Cornell Cooperative Extension for the Town of Tyre and a draft of this report.

*References to “Wilmorite” in this report refer to Wilmorite, Inc. through its affiliate Whitetail 414, LLC for itself and on behalf of a project entity that will pursue the Gaming License.

Acknowledgements

CGR is grateful to a number of local law enforcement agencies who provided information on the impact on service demand of gaming facilities within their jurisdictions. We also received the assistance of many Seneca County officials.

Wilmorite provided CGR with confidential access to the consulting studies that formed the basis of their facility planning and financial forecasts.

Staff Team

Paul Bishop, Senior Associate at CGR, conducted the assessment of public safety impacts. Rachel Rhodes, Research Assistant, supported the project in a variety ways.

TABLE OF CONTENTS

Summary	i
Table of Contents.....	iii
Introduction.....	1
Social Impacts	1
Economic & Market Analysis	1
Community Services Analysis	1
Host Community Agreements: Analysis of Class III Proposals in Massachusetts with Application to Wilmot Casino & Resort.....	2
Social Impacts of Gambling	2
Gambling in the United States.....	2
Gambling in New York State	3
Gambling Addiction	5
Prevalence of Problem and Pathological Gambling	6
Proximity's Influence on Problem Gambling.....	7
Implications for Town of Tyre	8
Prevalence of Problem and Pathological Gambling in Primary Market.....	9
Impact of Proximity	9
Costs of Problem and Pathological Gambling	10
Estimating Cost	10
Mental Health	11
Families	12
Youth Development Survey: 12th Graders in Seneca County.....	13
Mitigation: Social Impacts	13
Youth Development Survey: 9th Graders in Seneca County.....	13
Economic & Market Analysis	14
Economic Profile: Region 5	14
Economic Impact of Wilmot Casino and Resort	17
Total Gaming Revenue	17
Construction Impact.....	18
Ongoing Facility Employment	19
Summary: Direct Economic Impact of Casino	19
Workforce Commitments	19
Local Employment.....	19
Wage Rates.....	20
Promoting Indirect Employment Through Local Procurement	21

Catalytic Impact of Wilmot Casino and Resort on Local Economy	21
Competitive Impact of Casino on Local Economy	22
Public Safety Impacts	23
Fire Service	23
Magee Fire Company	23
Neighboring Fire Departments	24
Seneca County Fire Service	26
Projected Impact of Wilmorite Casino on Fire Service	26
Mitigation: Fire Protection	27
Law Enforcement.....	28
Seneca County Sheriff's Office	28
Current Demand on SCSO	29
Estimate of Current Staffing Adequacy	30
Projected Impact of the Wilmorite Casino to Law Enforcement	32
Mitigation: Law Enforcement.....	33
Emergency Medical Services	33
North Seneca Ambulance	33
Projected Impact on EMS	34
Mitigation: Emergency Medical Services	35
Emergency Communications.....	35
Seneca County Emergency Communications	35
Projected Impact of the Casino on the Dispatch Operation.....	36
Mitigation: Emergency Communications	36
Impact on Seneca County schools	36
Population Growth Minimal.....	36
Schools Have Excess Capacity.....	37
Comparison: Host Community Agreements in Massachusetts.....	38
NYS v. Massachusetts	38
The Gaming Tax	38
Host Community Agreements.....	39
Payments as share of gross gaming revenue	40
Summary	40
Massachusetts Host Community Agreement Summary.....	41
Review of Final Host Community Agreement	42
Cornell University Report.....	42
CGR Report.....	42

HCA Response 42

 Public Safety 42

 Problem Gambling 43

INTRODUCTION

The Wilmorite Corporation is in the process of competing for a license to operate a full service casino in Seneca County. As a consequence of a constitutional amendment passed by the voters of New York in November 2013, four licenses are being made available by selected regions across the state.

Wilmorite has identified a site in the Town of Tyre in Seneca County and is seeking local approval and support for its application to the Casino Siting Commission. Concerned about the implications of siting a major facility in a lightly populated, rural portion of the state, the Town of Tyre solicited proposals to review the Wilmorite application and support the Town's negotiations with Wilmorite over a host community agreement. As a member of a partnership led by Barton & Loguidice, CGR was selected to support analysis of the economic and social impacts of the proposed development.

Social Impacts

Explicit in CGR's contract with the Town of Tyre is an assessment of the extent and cost of social impacts on Seneca County.

Economic & Market Analysis

Wilmorite engaged its own consultant, Maxim Strategy Group (MSG), to complete both a Market Analysis and an Economic Impact Analysis of the project. As the analysis has already been completed, CGR's role is limited to reviewing and commenting on the validity of the assumptions and analyses as they pertain to the development of the casino and its impact on the Town of Tyre.

Community Services Analysis

Rather than engaging a separate consultant and in the interest of efficiency, Wilmorite has asked that CGR and Barton & Loguidice perform the community services impact assessment. In this instance, B&L will be responsible for assessing the cost of the casino development on the built environment and CGR is responsible for the impact on other services. The following are CGR's responsibilities:

- Public Safety
 - Fire
 - EMS
 - Police
 - Justice

Host Community Agreements: Analysis of Class III Proposals in Massachusetts with Application to Wilmot Casino & Resort



Finally, CGR conducted an analysis of the “host community agreements” negotiated between prospective casino host sites and casino developers. Under Massachusetts’ Expanded Gaming Act of 2011, the Commonwealth is in the process of approving three destination gaming facilities. Each site must be approved by a referendum held in the host community. Each developer

negotiated a set of payments with the host community and surrounding communities in advance of the referendum.

The license for Region A will be awarded by September. In Region B, the license will be awarded in June. The Region C license will be awarded in February, 2015.

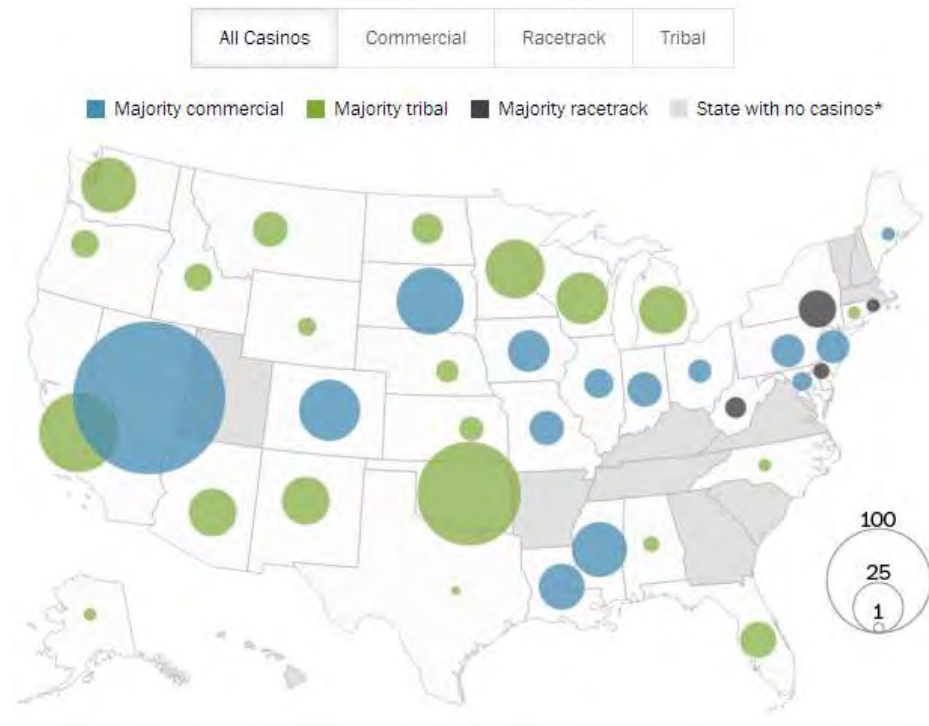
SOCIAL IMPACTS OF GAMBLING

Gambling in the United States

For most Americans, gambling is a benign form of recreation that spans the purchase of an occasional lottery ticket or a game of “penny stakes” poker with friends to a vacation to a prominent gambling destination like Las Vegas or Atlantic City.

Attitudes toward gambling are reflected in the prevalence of state-sponsored lotteries. Following a few early scandals, by 1860 every state but Delaware, Missouri and Kentucky had outlawed lotteries. Perspectives had shifted considerably a century later. The first state in the modern era to establish a lottery was New Hampshire in 1964. Now 44 states now sponsor a lottery of some form.

The *Washington Post* observes that casino-like gambling is now permitted in 40 states (if you include newcomer Massachusetts),* up from only two a few decades ago.



Gambling in New York State

Constitutionally banned in New York State, casino gambling was first introduced to state residents as a consequence of the Indian Gaming Regulatory Act of 1988 (IGRA). As partial settlement for land claims, the State of New York negotiated compacts with the Oneida, St. Regis Mohawk, and Seneca nations, permitting the establishment of what was termed “Class III” gaming under the IGRA. The constitutional prohibition was deemed not to apply as the casinos are sited on land considered sovereign Indian territory.

Slot-like video machines—Video Lottery Terminals or “VLTs”—and electronic versions of table games were legalized in 2002 and now are available at nine racetracks throughout the state. The Resorts World Casino in Queens also offers patrons access to VLTs.

Given the flow of NYS residents to other states to gamble, the state’s political leaders have long considered seeking a reversal of the

* *Washington Post*, *Casinos hold sway in 39 states, up from just two a few decades ago*, 12/2/13. <http://www.washingtonpost.com/blogs/govbeat/wp/2013/12/02/casinos-hold-sway-in-39-states-up-from-just-two-a-few-decades-ago/>

constitutional ban on Class III gaming within the state. The Upstate New York Gaming Economic Development Act (“The Gaming Act”) established procedures for establishing commercial gaming in New York, following a statewide referendum in November 2013 that supported the required constitutional change.

The NYS Gaming Commission established a procedure for soliciting proposals from developers, dividing the state into three eligible regions (NYC being ineligible in this first round). At least one casino will be granted a license in each region, with one region allowed two.

The proposed Wilmot Casino & Resort is part of Region 5 (labeled Eastern Southern Tier in the map below) which is defined by the Gaming Act as areas that traditionally are included in the Finger Lakes Economic Development Region and the Southern Tier Economic Development Region. It includes all of Broome, Tioga and Tompkins counties and substantial portions of Chemung, Schuyler, Seneca and Wayne counties. The northern portion of the region is sandwiched between the regions awarded exclusively to the Seneca Nation to the west and the Oneida Nation to the east.



Gambling Addiction

According to the National Council on Problem Gambling about 85% of U.S. adults have gambled at least once in their lives. Between 60% and 70% have gambled within the last year.* Of those who have gambled within the past year, about 95% of them have done so without any major negative consequences. However, while for most people gambling is a social and exciting pastime, for others it can develop into a habit as addicting and dangerous as alcoholism or substance abuse.

Gambling is a diagnosable addiction. The Diagnostic and Statistical Manual (DSM-IV) of the American Psychiatric Association provides ten criteria for the diagnosis of a gambling addiction that typically is broken into two levels: problem gambling (3-4 criteria met) and pathological gambling (5 or more criteria met). The criteria are:

- Preoccupation;
- Tolerance (betting more money to feel the same excitement);
- Withdrawal;
- Loss of Control;
- Escape (gambled as a way of escaping personal problems);
- Chasing (losing money one day, return another to “get even”);
- Lying;
- Illegal Acts;
- Risked Relationships; and,
- Bailout.

The consequences of gambling addiction have been extensively studied, although the complexity of the pathology makes precise measurement of the impacts, thus prediction of the consequences of adding new venues, very difficult. A recent meta-analysis of the literature by the Canadian Consortium for Gambling Research[†] considered the results of 492 studies, classifying each by the quality of its methodology and the nature of its conclusions. In their summary, the authors observe the following:

One of the main negative impacts of gambling introduction is an increase in problem gambling and its related indices (e.g., bankruptcy, divorce, suicide, treatment numbers). The bulk of the impacts tend to be social/nonmonetary in nature because only the minority of problem gamblers seek or receive treatment, and only a

* National Council on Problem Gambling, “How widespread is gambling in the U.S.?” <http://goo.gl/PjQO6k>.

[†] Williams, R.J., Rehm, J., & Stevens, R.M.G. (2011). *The Social and Economic Impacts of Gambling*. Final Report prepared for the Canadian Consortium for Gambling Research. March 11, 2011. <http://goo.gl/3MxFFb>

minority typically have police/child welfare/employment involvement.

Prevalence of Problem and Pathological Gambling

Determining the prevalence of problem and pathological gambling can be challenging as the data is gathered via surveys and survey methodology can vary by location and/or researcher. Studies have confirmed that prevalence varies by a range of socioeconomic and geographic factors, explaining some of variation observed across various measures of prevalence.

Shaffer, Hall, and Vander Bilt, in a 1997 gambling prevalence study,^{*} aggregated 120 surveys conducted by various states and provinces in the United States and Canada (including New York). The authors sought to stabilize their prevalence rates by conducting a multi-method estimator analysis. Sixteen estimation methods were used to calculate a mean prevalence rate for adults, adolescents, college students, and a treatment population (those in treatment for gambling problems). The averages derived from this analysis were similar to the widely accepted rates of 2-3% for problem and 1% for pathological gambling among adults as noted by the National Council on Problem Gambling

Problem and Pathological Gambling Prevalence in the U.S. and Canada (1997)				
	<i>Problem Gambling</i>		<i>Pathological Gambling</i>	
	%	95% CI	%	95% CI
Adult Mean (PY)	2.4%	1.95-3.65	1.0%	.90-1.38
Adolescent Mean (PY)	14.0%	8.99-20.66	5.3%	3.17-8.37
College Mean (LT)	7.3%	4.43-14.12	4.6%	3.44-5.90
Treatment Group (LT)	14.1%	8.94-21.07	13.4%	10.70-17.75
*PY refers to past year rates, while LT refers to lifetime rates. For college and treatment groups, only lifetime data were available.				

^{*} Shaffer, H.J., Hall, M.N., and Vander Bilt, J. "Estimating the prevalence of disordered gambling behavior in the United States and Canada: a meta-analysis." Boston: Presidents and Fellows of Harvard College. 1997, <http://goo.gl/GfpZ11>.

In 2006, the New York State Office of Alcoholism and Substance Abuse Services (OASAS) conducted a statewide survey to collect information on the prevalence of gambling among adults.*

The study reported that

Approximately 5 percent of adults experienced problem gambling in the past year and may be in need treatment services. Among these 600,000 plus adults: 42 percent typically purchased state lottery tickets at least once per week; 14 percent typically bet on sports events once a week or more; 12 percent typically played cards at least once per week; and 10 percent typically bet money on games of skill once a week or more. While half of adults experiencing problem gambling had gambled at a casino in the past year, only 5 percent did so on a weekly basis. Adults experiencing problem gambling had first engaged in gambling at a younger age (19 years old on average) compared to all adults who have gambled in the past year (age 23 on average).

Proximity's Influence on Problem Gambling

Most studies conducted on the proximity of gambling opportunities suggest that an accessible gambling opportunity increases the prevalence of problem and pathological gambling in the area immediately surrounding it. The two most comprehensive studies on gambling proximity, authored by Dean Gerstein and John Welte respectively, both finding that the prevalence of problem gambling was influenced by proximity.

In 1998, Gerstein worked with National Opinion Research Center (NORC) data to determine the largest impacts of gambling on behavior and communities in the U.S. Through the analysis of nearly 2,500 telephone surveys, 530 interviews, and a 100-community database, Gerstein and NORC found that problem and pathological gambling prevalence rates among adults increased by more than half among residents in a 50 mile radius of a gambling opportunity.†

* NYS OASAS, "Gambling Behaviors and Problem Gambling among Adults in New York State: Initial Findings from the 2006 OASAS Household Survey," <http://goo.gl/3haxMW>.

† National Opinion Research Center at the University of Chicago, "Gambling Impact and Behavior Study; Report to National Gambling Impact Study Commission," (1999) <http://govinfo.library.unt.edu/ngisc/reports/gibstdy.pdf>.

University at Buffalo’s Professor John Welte led a study of factors influencing the rate of gambling pathology. Through a telephone survey of over 4,000 households nationwide (with a very robust response rate of 50%), Welte found that residents within 10 miles of a gambling opportunity were just over twice as likely to be a problem or pathological gambler—in their figures, 3.1% of the general population exhibited characteristics of problem or pathological gambling while that figure jumped to 7.2% for individuals living within 10 miles of a casino.*

Welte, *et al*, observe the following, however:

It is important to place these results in perspective. Individual traits have a stronger relationship to gambling pathology than geographic factors. For example, in another analysis of this same survey, we found a strong relationship between individual problem gambling and alcohol abuse or dependence . . . An individual’s substance involvement tells us more about his likelihood of gambling pathology than any geographic factor.

Implications for Town of Tyre

CGR was engaged by the Town of Tyre to employ national studies to assess the consequences of the proposed Wilmot Casino and Resort on local residents. To facilitate this analysis, Wilmorite give CGR access to its proprietary and confidential market assessment, conducted for the firm by the Maxim Strategy Group (MSG). CGR’s analysis of both the socioeconomic impacts and the cost of public services is based on MSG’s estimates of the number and residence of visitors to the proposed casino.

MSG estimates visitation with a commonly-used “gravity” model that assumes that the share of the population patronizing a particular gaming venue depends on distance

Population over 21	
Market Segments	2017est
Primary (30 min drive)	135,027
Eastern Rochester	418,013
Western Rochester	270,870
Western Syracuse	210,992
Eastern Syracuse	254,248
Secondary SW	47,431
Ithaca	124,513
Eastern Buffalo	100,562
Buffalo	794,552
Utica / Rome	236,004
Watertown	95,199
Tertiary SE	66,580
Tioga Downs Primary	114,845
Binghamton	169,409
North Central PA	78,036
Total	3,116,281

Source: Applied Geographic Solutions via Maxim Strategy Group

* Welte, J.W., W.F. Wieczorek, G.M. Barnes, M.-C.O. Tidwell and J.H. Hoffman, “The Relationship of Ecological and Geographic Factors to Gambling Behavior,” *Journal of Gambling Studies* (2004), pg 405-423.

to that venue and the size of the venue (i.e. the number and variety of games and devices by venue). The market is divided by travel time to the site.

Prevalence of Problem and Pathological Gambling in Primary Market

The primary local market for a casino in the Town of Tyre is defined by Maxim Strategy Group (MSG) as the area within 30 minutes driving distance immediately surrounding the proposed casino. Other potential markets were defined within a two hour drive. In 2013, the adult population of the primary market was approximately 135,000. The following table shows national prevalence rates as calculated by Shaffer, Hall, and Vander Bilt applied to the population of the primary market.

Shaffer <i>et al</i> National Prevalence Rates Applied to Primary Market					
<i>Problem Gambling</i>			<i>Pathological Gambling</i>		
Point Estimate	<i>Lower Bound</i>	<i>Upper Bound</i>	Point Estimate	<i>Lower Bound</i>	<i>Lower Bound</i>
1,011	829	1,552	427	383	587
<i>Range calculated from 95% confidence interval</i>					

Impact of Proximity

The estimate above is the predicted incidence of problem gambling already present in the primary market. There is ample evidence that proximity increases the rate of problem gambling, just as proximity increases the rate of gambling in the general population.

MSG's market study for Wilmore predicts that both propensity to gamble and frequency of visits will rise in the primary market after the casino is built. "Propensity" will rise from 32% to 41%, i.e. about 13,000 residents will choose to visit a gaming venue that do not do so now. Visit frequency is predicted to rise from 8.9 visits per year per person to 12.8 visits per year per person. Total visits to any gaming venue from the primary market area, estimated at about 380,000 now, are expected to rise to about 708,000, an increase of 85%.

If *overall* rates of gambling increase with proximity, it is not surprising that studies of the prevalence of problem gambling also note the role of proximity. Let's be clear: We are working with rough estimates. The most recent data we have on the impact of proximity and problem gambling come from UB's Welte. If we were to proportionally apply Welte's findings (3.1% to 7.2% is a multiple of 2.3), then the number of problem and pathological gamblers would increase as follows:

Wette Proximity Results Applied to Primary Market						
	<i>Problem Gambling</i>			<i>Pathological Gambling</i>		
	Point Estimate	<i>Lower Bound</i>	<i>Upper Bound</i>	Point Estimate	<i>Lower Bound</i>	<i>Upper Bound</i>
With Wilmot Casino	3,056	2,507	4,693	1,291	1,157	1,774
Increase due to Wilmot Casino	2,045	1,678	3,141	864	774	1,187
Seneca County	409	336	628	173	155	238
<i>Range calculated from 95% confidence interval from Shaffer et al prevalence</i>						

Costs of Problem and Pathological Gambling

Estimating Cost

Although many studies describe the monetary consequences of an increase in problem and pathological gambling, few studies attempt numeric estimates. The National Gambling Impact Study Commission did so, however, through its contract with the National Opinion Research Center at the University of Chicago (NORC). NORC estimated that society can expect an annual cost of about \$1,000 per problem gambler and almost \$1,700 per pathological gambler (in 2014 dollars).

Assuming that these estimates are roughly correct (and they are certainly speculative), these impacts will make themselves felt in many different social spheres. Although we would anticipate that the mental health infrastructure would feel the strain of problem gambling, often these individuals (like most addicts) do not present themselves for treatment.

Gambling that has gotten out of control often catalyzes other events in the lives of individuals, such as divorce or bankruptcy. These problems may not be directly connected to the gambling addiction and are likely to affect the schools and the region's social service agencies.

Should a casino be constructed in Tyre, problem and pathological gamblers would cost the primary market area about \$3.5 million annually. Assuming that Seneca County experiences these problems in proportion to its share of the primary market adult population, the annual cost for Seneca County could be about \$700,000, although this estimate is subject to considerable variation given the limited research available. Costs would be spread across all levels of government and private social welfare agencies.

NORC Cost of Problem Gambling Applied to Wilmot Casino (\$M)						
	<i>Problem Gambling</i>			<i>Pathological Gambling</i>		
	Point Estimate	<i>Lower Bound</i>	<i>Upper Bound</i>	Point Estimate	<i>Lower Bound</i>	<i>Upper Bound</i>
Primary Market	\$2.05	\$1.68	\$3.14	\$1.47	\$1.32	\$2.02
Seneca County	\$0.41	\$0.34	\$0.63	\$0.29	\$0.26	\$0.40
<i>Range calculated from 95% confidence interval from Shaffer et al prevalence</i>						

Mental Health

About one-fifth of the primary market falls within Seneca County, and Seneca County's Mental Health Department will experience the cost of any increased need for mental health treatment resulting from problem or pathological gambling. Currently, the Mental Health Department serves residents with mental health disorders, alcohol/drug problems, and developmental disabilities. Using national prevalence data, it is estimated that in 2012 there were almost 7,100 residents with a mental health disorder, just under 3,500 with alcohol/drug problems, and 350 with developmental disabilities. Problem gambling often occurs in conjunction with mental illness, depression, and substance abuse. According to OASAS, about 13% of adults who experience a substance abuse disorder also experience problem gambling, and 28% of problem gamblers also experience a substance abuse disorder.

One of the characteristics of gambling as a diagnosed condition is that gamblers often do not seek help or professional treatment. Only 7-12% of pathological gamblers were found to have ever sought professional help or attended a Gamblers Anonymous meeting in a 2006 national survey.* Also, 36-39% of respondents who reported having lifetime symptoms of pathological gambling reported no symptoms in the past year. This indicates that about a third of those experiencing pathological gambling "self-recover" or cease gambling behavior with no professional help. Proportions were found to be similar for problem gamblers.

A casino located on the thruway would likely double the prevalence of problem and pathological gambling in Seneca County, an increase of an estimated 409 problem gamblers and 173 pathological gamblers from current levels (again, this is only a rough estimate). Based on the cited survey, from 29 to 49 of the problem gamblers will seek treatment and 12 to 21 of the pathological gamblers will seek treatment at some point, not

* Slutske, Wendy S., "Natural Recovery and Treatment-Seeking in Pathological Gambling: Results of Two U.S. National Surveys," *American Journal of Psychiatry* Vol. 163, No.2 (2006), <http://goo.gl/w2YftU>.

necessarily within a particular year. The population in need of prevention and treatment services could therefore potentially increase by 41 to 70 people. However, some of these cases may overlap with current mental health or substance abuse cases, rendering the actual number of potential new cases lower.

Families

The impact of gambling on families is twofold, influencing both the rate of divorce and risk of gambling among adolescents. Gambling has been shown to increase rates of divorce, with 54% of pathological gamblers identifying as divorces compared to 18% non-gamblers.* Children from broken homes often have lower academic and occupation achievement, and are sometimes at risk for additional negative behaviors such as substance abuse and gambling.

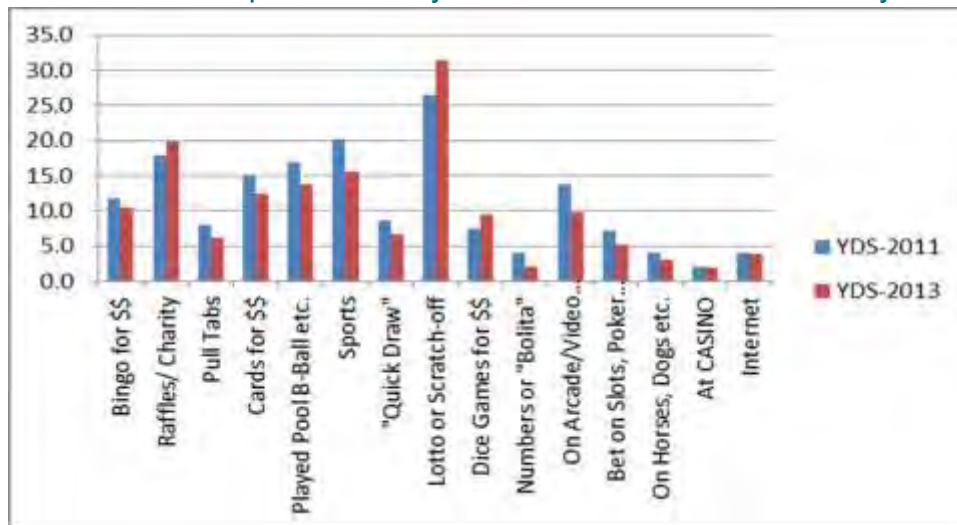
Several studies report that adolescents are vulnerable to gambling addiction, recognizing that this addiction can develop with lottery tickets[†], Internet gambling, or private games of poker or dice. NORC found that just under 20% of adolescents were problem or pathological gamblers, compared to about 3% of the adult population. Similarly, the OASAS study reported that students in grades 7-12 in New York State are at about four times the risk of problem gambling as the adult population. Shaffer *et al* report that the incidence of problem gambling among adolescents is about six times that of adults. Individuals of college age are reported by Shaffer *et al* to be about three times that of older adults. This compares to about 5% of the adult population. An increase in social gambling among parents may increase the number of youth at risk for problem gambling within the region surrounding a casino.

Scott LeVigne, Seneca County Mental Health Director, reports that the prevalence of gambling among Seneca County youth is higher than that of statewide youth. As noted in the charts below, nearly a third of 9th graders reported playing Lotto in 2013. Over 5% of 12th graders reported gambling at a casino.

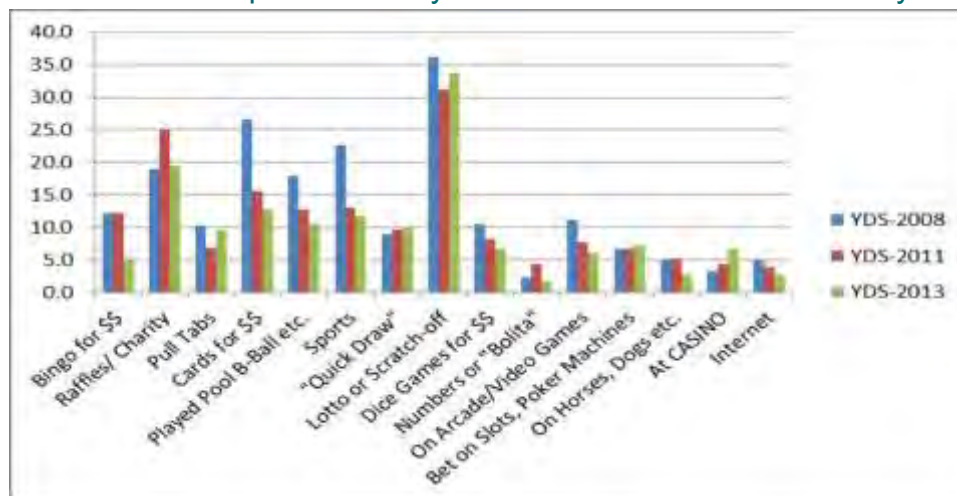
* NORC, p.49.

[†] Although NYS Lottery rules prohibit minors from purchasing lottery tickets, this is not widely enforced at the point of sale. If there is a winning ticket to be cashed in the child simply needs to find a willing accomplice over the age of 18.

Youth Development Survey: 9th Graders in Seneca County



Youth Development Survey: 12th Graders in Seneca County



Mitigation: Social Impacts

The Seneca County Mental Health Department has developed a community services plan to address gambling addiction pro-actively and to develop staffing sufficient to react to problems as presented in the community. Of the estimated \$700,000 in social impact, we suggest that \$150,000 be allocated to the Mental Health Department.

As noted above and in the literature, the social impacts of gambling are typically indirect and are likely to increase cost across a range of social service agencies. We recommend that the \$550,000 remaining of the estimated cost be divided between the United Way of Seneca County and a dedicated Seneca County fund at the Rochester Area Community

Foundation to support community services addressing addiction and other social dysfunction created by the new gambling venue.

In response to a draft of this report, Wilmorite notes that the state \$500 per machine fee (earmarked for problem gambling) plus funds allocated to addiction counseling under the auspices of the Seneca County Mental Health Department would total more than the \$700,000 figure estimated above. Our concern is that the funds collected by the State of New York for problem gambling may not trickle down to meet local needs.

Both of these fees should increase over time to reflect changes in the price level (e.g. the Consumer Price Index All Urban Consumer, All Items) or the level of activity at the casino. One alternative would be to establish the “social impact” reimbursement at a fixed percentage of the casino’s gaming revenue. The estimated impact is approximately 0.3% of the estimated gross gaming revenue. We suggest that the parties agree to a fixed payment of \$700,000 per year for the first three years (divided as noted above), adjusted in Year 4 and following to 0.3% of gross gaming revenue received in the prior year. The allocation between Seneca County Mental Health and the United Way of Seneca County would remain roughly constant at approximately 21% to the Mental Health Department and the remainder to the United Way, although the two agencies would be free to negotiate a different distribution.

ECONOMIC & MARKET ANALYSIS

The introduction of commercial gaming to New York State is expressly for economic development purposes and is intended both to increase incomes of NYS residents, specifically in the target regions, and to support state and local government through gaming tax revenues.

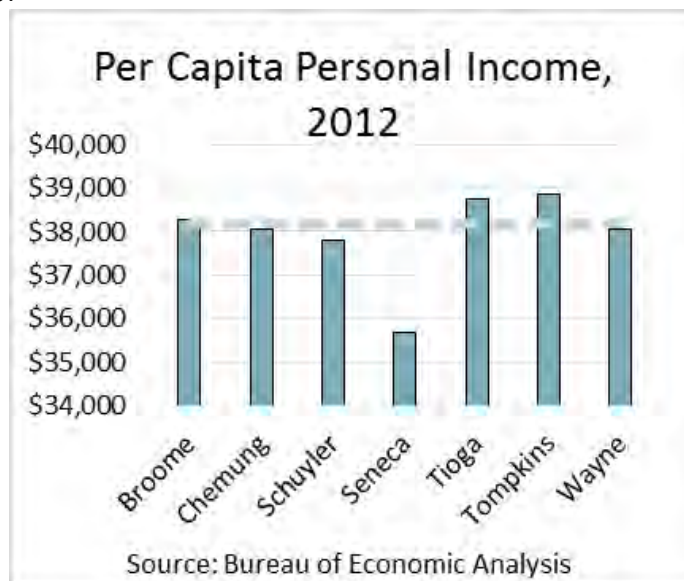
The legislation establishing the procedure for selecting commercial operators focused on regions with economic need.

Economic Profile: Region 5

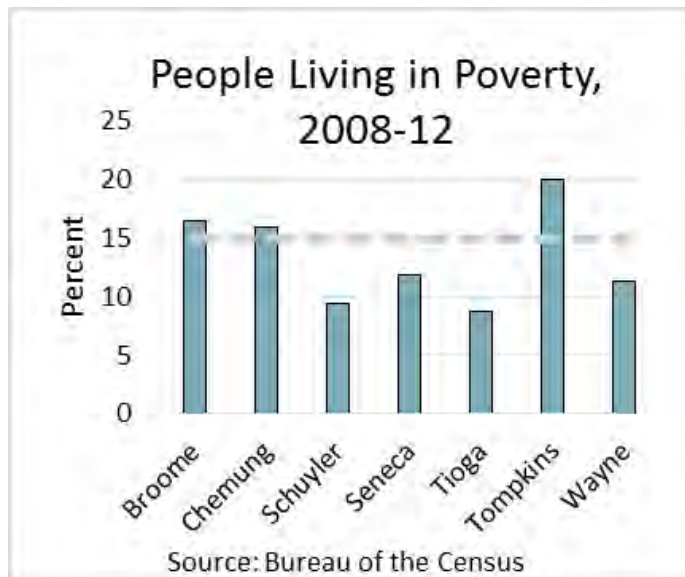
Region 5 is defined by the Gaming Act as areas that traditionally are included in the Finger Lakes Economic Development Region and the Southern Tier Economic Development Region. It includes all of Broome, Tioga and Tompkins counties and substantial portions of Chemung, Schuyler, Seneca and Wayne counties.

The socioeconomic characteristics of the region are fairly uniform when viewed by county.

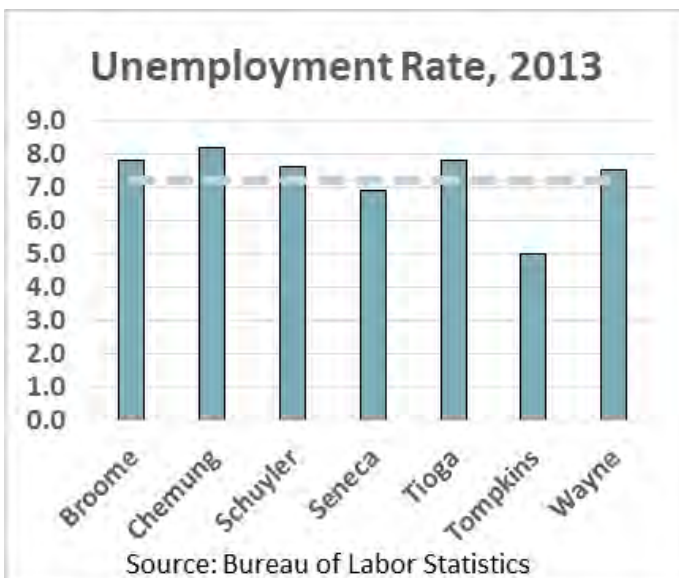
- Per capita personal income in the region was \$38,173 in 2012, about 72% of the statewide average. Seneca County had the lowest per capita income at about \$36,000 with Tompkins and Tioga the highest at about \$39,000.



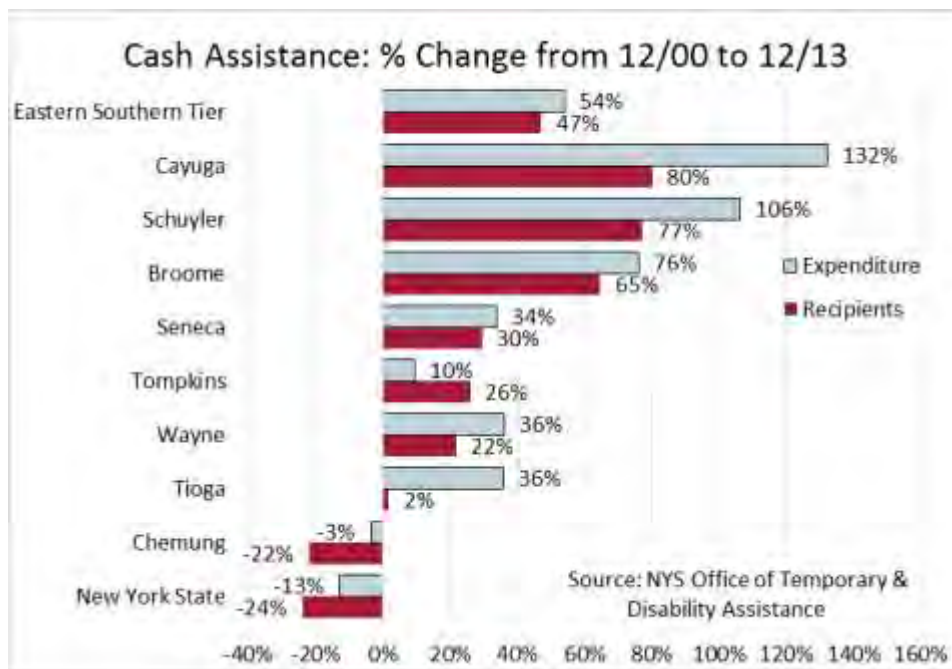
- About 15% of the region's population had income below the federal poverty line. The highest poverty rate is in Tompkins County (20%) and the lowest is in Tioga County (9%).



- The unemployment rate in the region averaged 7.2% in 2013 (less than the statewide average of 7.7%) with the highest rate in Chemung and the lowest—by a surprising margin—in Tompkins County.



The number of individuals receiving cash assistance and the corresponding expenditure both grew in the region from 2000 to 2013, contrary to statewide experience. Led by New York City, the State of New York saw the number of recipients fall 24% and inflation-adjusted expenditure decline 13%. Region 5 saw the number of recipients increase 20% and total expenditure go up an inflation-adjusted 8%. Schuyler County’s recipient count increased the most, 77%, followed by Seneca, Tompkins and Wayne.



Economic Impact of Wilmot Casino and Resort

When a major development, such as the Wilmot Casino and Resort, is contemplated, there are three questions to be answered:

- What will be the economic impact of the new initiative itself?
 - Will the local employment picture improve, i.e. will the number of jobs available locally increase and will these jobs be available to local residents?
 - What will be the character of local job creation, e.g. what salaries will be paid by the direct and spillover employment?
 - How will the new initiative affect the ability of the locality to address local needs through taxation?
- Will the initiative have “catalytic” impact?
 - Will the presence of the new economic activity spur the expansion of other business firms, established or expanded to cater to either the needs of the core business or the needs of consumers attracted by the core business?
 - What will be the nature of these spillover activities?
- Will the new activity serve as a competitive threat to existing firms?
 - What types of businesses might the new activity displace?
 - What will be the consequences of this displacement for the well-being of local residents?

On Wilmorite’s behalf, the Maxim Strategy Group (MSG) developed an economic impact analysis of the proposed casino and resort.

Total Gaming Revenue

Key to all of the analysis is MSG’s estimate of total revenue both from the gaming facility and activities at the resort—\$306 million in gaming revenue and \$47 million in nongaming revenue in Year 3. Although Wilmorite provided MSG’s report, CGR is not privy to the underlying assumptions from which these revenues were derived.

Without reviewing the underlying assumptions (a complex calculation of gambling prevalence and frequency contingent on socioeconomic, geographic and competitive factors), we only note that MSG is projecting strong results for the Wilmot Casino and Resort, predicting that its first year revenue in 2017, when compared with current estimates, would be second only to Seneca Niagara and ahead of Turning Stone.



The size of anticipated gaming tax payments to the Town of Tyre and Seneca County—10% of the total—are a significant inducement to these communities to support the development, as intended. The NYS Legislature is well aware of the controversy surrounding casino development and the fact that casinos bring both positive and negative community impacts. Sharing the gaming tax revenue is compensation for the risk of negative impacts. Nonetheless, the estimate of payments made to the town and county is directly related to the estimate of total gaming revenue. To the extent that this estimate is high, gaming tax revenue will fall short of the forecast. Moreover, the NYS Legislature has the power to change the rate at which it shares gaming tax revenue with local government, thus reducing payments to Tyre and Seneca County by legislative fiat.

Construction Impact

MSG estimates that job creation from the construction phase will total about 1,400 direct and 3,000 indirect statewide and 460 direct and 634 indirect in Seneca County. Although we may accept the aggregate number given the cost and complexity of the construction process, the share forecast for Seneca County is implausible. The U.S. Census Bureau estimates that just under 1,000 Seneca County residents report being employed in the construction trades. Although it is conceivable that nearly half of the total would be employed by the casino project, the developer will have to establish and enforce a strong preference for local residents to achieve this total. Similarly, the estimated 643 indirect employment is unlikely and only partially responsive to efforts on the part of the developer. It is far more likely that a larger share of both direct

construction employment and the spillover employment stimulated by the project will be felt outside Seneca County.

Ongoing Facility Employment

MSG estimates that the facility will employ 1,600 directly at the facility with average earnings of \$48,100, \$37,000 without MSG's assumed 30% benefits rate. We accept the total employment estimate but question the reported earnings. CGR analyzed average salaries paid in the gambling industry nationwide using the U.S. Department of Labor's Occupational Employment Statistics database for May 2013. The average salary of all occupations in the gambling industry (NAICS 713200), weighted by the share of each occupation in the total 128,000 positions described by detailed occupation in the report was about \$26,000 (without benefits), 70% of the average reported by MSG.

MSG also estimates that nearly 1,000 of these jobs will go to Seneca County residents. This, too, is possible but implausible, as the total workforce in Seneca County is 16,000. Total unemployment is 1,100 (as of the beginning of 2014, per the NYS Department of Labor).

The report goes on to assert that indirect job creation in Seneca County will total 531. While the multiplier—the relationship between direct and indirect job creation—is reasonable, the report estimates that these jobs will pay an average salary of \$43,800 (\$36,000 without benefits), higher than the county median of about \$27,000 (per the U.S. Census).

Summary: Direct Economic Impact of Casino

CGR does not question whether the proposed casino will have a positive impact on the local labor market, but whether the local market has the capacity to absorb the magnitude of the impact predicted. Particularly if the casino owners accept and faithfully implement workforce and procurement guidelines, the local economic impact will be sizeable, providing employment for both individuals and local business firms.

Workforce Commitments

Local Employment

We recommend that the developer agree to take specific steps to give preferential treatment to local residents for employment. These procedures should apply to direct, on site employment during construction both with the general contractors and subcontracts. In addition, the developer should agree to a series of steps that ensure preferential treatment be granted to local residents for ongoing facility employment.

Wage Rates

The salaries predicted by Maxim are unlikely to materialize. Nonetheless, the casino can commit to setting wages at the high end of the national market for these occupations in this industry. The table below shows the wage rates paid to the 20 most common occupations employed by the gaming sector and the wages paid at the 75th and 90th percentiles (i.e. the 75th percentile wage rate is higher than 75% of all workers in that occupation). The welfare of workers and the region would be substantially enhanced if these wages were paid, yet the Casino's cost would be within the range paid by similar firms throughout the nation. As these data are gathered and reported by the U.S. Department of Labor's Bureau of Labor Statistics on an annual basis, compliance with these wage scales is easily achieved and monitored.

Occupational Employment and Wages, May 2013

		Hourly Wage	
		75th percentile	90th percentile
OCC_CODE	Occupational Titles: Twenty largest occupations in gambling industry		
	http://www.bls.gov/oes/		
39-3011	Gaming Dealers	\$11.89	\$18.50
41-2011	Cashiers	\$10.64	\$12.74
35-3031	Waiters and Waitresses	\$9.74	\$12.87
33-9032	Security Guards	\$14.10	\$17.79
41-2012	Gaming Change Persons and Booth Cashiers	\$13.20	\$16.18
39-1011	Gaming Supervisors	\$26.58	\$30.75
37-2011	Janitors and Cleaners, Except Maids and Housekeeping Cleaners	\$12.09	\$14.26
35-3011	Bartenders	\$10.25	\$13.68
43-3041	Gaming Cage Workers	\$14.08	\$17.10
39-3019	Gaming Service Workers, All Other	\$13.96	\$18.95
39-3012	Gaming and Sports Book Writers and Runners	\$12.65	\$18.37
33-9031	Gaming Surveillance Officers and Gaming Investigators	\$16.66	\$21.56
35-9011	Dining Room and Cafeteria Attendants and Bartender Helpers	\$9.86	\$11.55
39-3091	Amusement and Recreation Attendants	\$9.95	\$12.72
37-2012	Maids and Housekeeping Cleaners	\$11.84	\$13.90
39-1012	Slot Supervisors	\$18.79	\$23.01
49-9091	Coin, Vending, and Amusement Machine Servicers and Repairers	\$17.86	\$21.54
49-9071	Maintenance and Repair Workers, General	\$20.06	\$25.13
43-3031	Bookkeeping, Accounting, and Auditing Clerks	\$17.93	\$21.99
53-6021	Parking Lot Attendants	\$10.85	\$14.54

Promoting Indirect Employment Through Local Procurement

Spillover employment can be enhanced by a focused and sustained effort to purchase materials and services from local vendors. Once again, we recommend that the Casino commit to taking specific steps to achieve this objective.

Catalytic Impact of Wilmot Casino and Resort on Local Economy

Historically, casinos have not spurred local economic growth. Casino patrons typically come to the location solely to participate in the games of chance and complementary dining and entertainment offered by the facility. This is not to say that they could not play such a role. A concerted effort to lure casino patrons to lengthen their stay in the Finger Lakes with visits to local wineries and other attractions could be effective. This is not an outcome that will occur without focused effort on the part of local tourism development agencies.

There will be demand for lodging, assuming that the casino attracts visitors from outside a two hour drive, which is likely. In response, Wilmorite plans to build a 200 room hotel on site. In public commitments, Wilmorite has indicated its expectation that a larger facility could be justified but that the spillover lodging demand will be left to non-casino lodging establishments, either existing or new.

CGR's review of the *pro forma* suggests that spillover lodging demand is possible, but unlikely in the early years of the casino. If, in fact, MSG's forecast for the Wilmot casino is too optimistic, the 200 room facility could pose a competitive threat to existing lodging in the region. MSG cites Smith Travel Research data on the local lodging market, noting that the current facilities are operating at 70% occupancy. Given the seasonality of the tourism marketplace, these facilities are likely operating at or near capacity on weekends in the peak tourist season. If the casino meets MSG expectations for growth, spillover demand to other facilities is likely in future years.

The large increase in vehicular traffic at the Thruway exit will also create an opportunity for incidental business development, e.g. auto services and some food service. These impacts will be modest, however.

Competitive Impact of Casino on Local Economy

As noted above, if the casino fails to meet estimated visitation, the casino hotel could pose a competitive threat to other lodging facilities, although this competitive impact would be dispersed across the region and would include lodging at other Thruway exits from Rochester to Syracuse. We recommend that the 200 room limitation be codified in the Host Community Agreement.

The same concern applies to the food service offered at the casino. The casino business model relies on retaining customers on site by offering a range of dining options intended to address the diverse interests of patrons. Pricing, too, is usually competitive and is intended to serve both to anchor patrons and to attract some additional gaming patrons who might gamble as a complementary activity to dinner. The extent to which the casino markets its dining establishments to local residents will depend on the success it is experiencing with its core gaming clientele.

Tyre's restaurants are convenience establishments aimed at local residents and are likely to retain most of their customers. On the other hand, some of Seneca Falls' more upscale dining venues may find casino dining to be a competitive alternative for local residents, particularly soon after the casino opens.

PUBLIC SAFETY IMPACTS

Fire Service

Magee Fire Company

The Magee Fire Department provides service to the entire town of Tyre. The fire department is entirely staffed by volunteers. There are 28 active members that respond to between 200 and 250 calls per year. There are also numerous support and auxiliary members that assist the department with administrative tasks, fundraising and non-operational support. Members that are interior qualified have completed Firefighter I training, SCBA proficiency and annual physicals. Other active members are trained to assist around the fireground, operate pumps, and general support fire suppression activities. The department also provides first response to all EMS events in the town. The two apparatus generally used for EMS responses are equipped with AEDs. All EMTs in the department are given their own medical equipment to use on calls.

MFD is funded by the Town of Tyre through a Fire Protection District contract. MFD received \$100,250 from the town in 2013. In 2012 and 2011, MFD received \$98,280 from the town. MFD reports that the town contribution accounts for about 85 percent of its operating budget. The remaining operating budget comes from donations, a gun raffle and a weekly bingo game on Saturday nights. The latter is the largest source of funds outside of the real property tax. The real property tax for the fire protection district represents 22 percent of the town's property tax revenue. MFD reported that their only current debt relates to their latest fire engine and it will be retired in two years. Detailed financial information (including budgets and fund balance) was not available at time of the report.

MFD Membership	
Active	28
Interior Qualified	11
Scene Support and Pump	17
EMT	6
CPR/First Aid	21
Source: Magee Fire Dept.	

MFD operates out of two fire stations. The primary station has all the apparatus except the tanker. This station is located at 1807 New York Route 318 about 0.6 miles south of the proposed casino location. All of the stations are unmanned on a routine basis with firefighters responding from their homes or businesses to the station and then going to the call. MFD owns all of their fire stations, including a building that is used only for storage.

MFD operates four apparatus and participates in an extensive mutual aid system that is described below. The apparatus are stocked with

appropriate hand tools, nozzles, fire hose, SCBAs and lights. Each firefighter is issued a full set of turnout gear and the gear is replaced on a rotating basis. The department has a four gas multiple meter and a thermal imaging device.

Type	Year	Pump (gal)	Water (gal)	Other
Brush/Utility Truck	2011		160	Brush skid Unit
Engine	2009	1250	750	Hydraulic rescue tools, airbags, light tower, ground ladders
Engine/ Tanker	1997	1500	1500	Ground ladders, hand tools, large diameter hose
Tanker	2005	500	2000	2500 gallon portable pond

Source: Magee Fire Dept.

MFD's primary reason for response is EMS related with an average of 5.9 responses per month, accounting for 35% of their calls. Reported fire events and motor vehicle crashes account for 4.8 and 4.0 calls per month respectively. The number of responses has fluctuated around 200 per year for the last decade according to department records.

	2012	2013	2014 (thru April)	28 month total	Monthly Avg.
Fire	54	60	21	135	4.8
EMS	71	76	19	166	5.9
MVC's	51	40	20	111	4.0
MUTUAL AID	47	13	0	60	2.1
Total:	223	189	60	472	16.9

Source: MFD

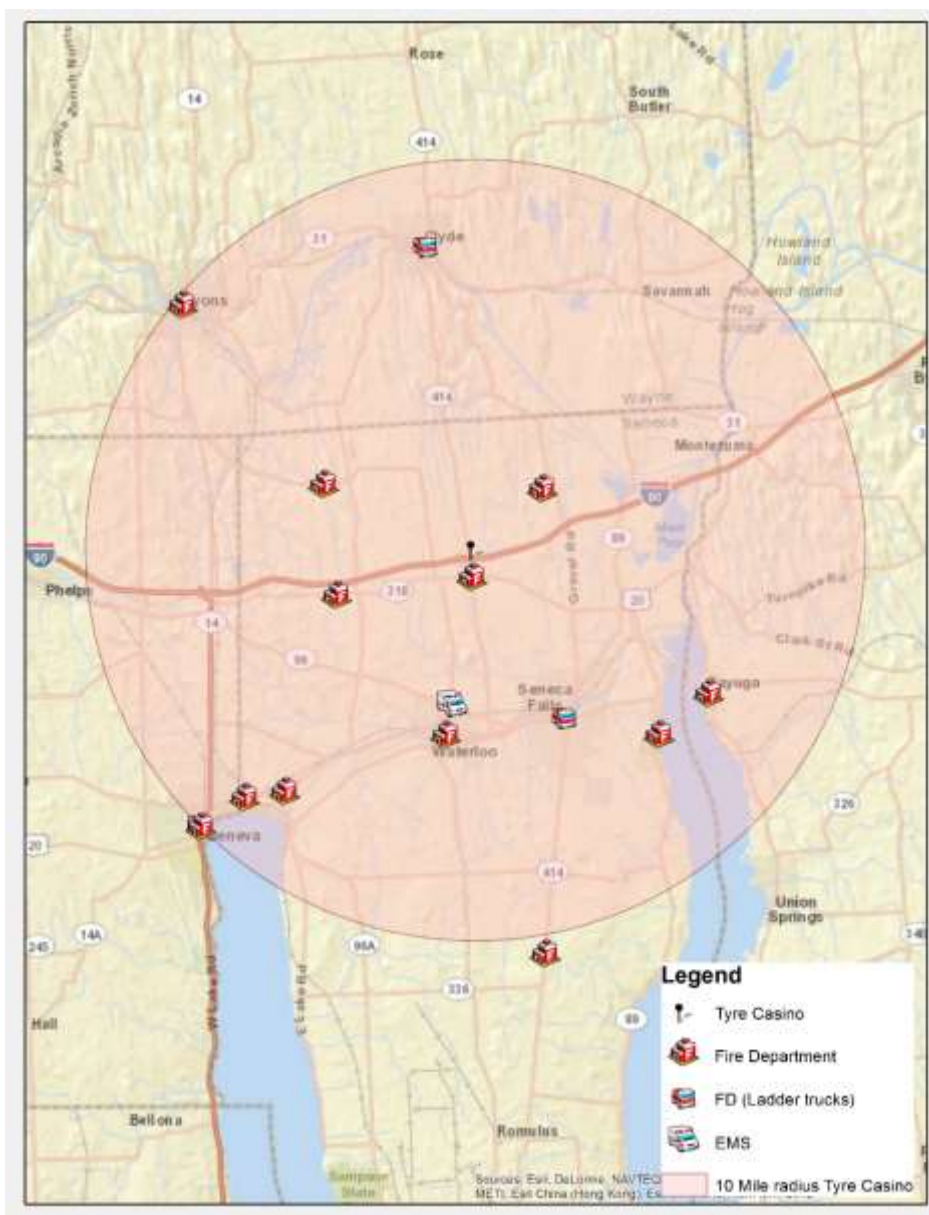
Only a small portion of Tyre has fire hydrants. The fire hydrants are concentrated along Routes 414 and 318. When a fire occurs in other areas, a tanker relay system is established with assistance from Seneca County Emergency Management.

Neighboring Fire Departments

MFD would be the department responsible for responding to incidents at the proposed casino. However, any large incident would require assistance from neighboring fire departments under a mutual aid agreement. The nearest ladder truck is stationed in Seneca Falls and is about 6 road miles away from the location of the proposed casino. The only neighboring department with paid staff is based in the City of Geneva, about 12 road miles away from the location.

Other Departments in 10 mile Radius of Casino Site

		Engines	Ladder	Rescue	Tanker	Other
Waterloo Vol Fire Company	Seneca	2	0	1	1	1
Seneca Falls	Seneca	3	1	0	0	2
Junius # 1	Seneca	n/a	0	n/a	n/a	n/a
Clyde-Savannah	Wayne	3	1	1	0	1
Cayuga Fire Department	Cayuga	1	0	0	1	1
Border City Fire Department	Seneca	2	0	2	1	2
Fayette Fire Dept.	Seneca	2	0	0	1	0
Geneva Fire Department	Ontario	4	1	1	0	1
Lyons Fire Department	Wayne	3	1	1	0	1
Savannah Fire Department	Wayne	1	0	1	1	2
Total		21	4	7	5	11



Seneca County Fire Service

The Seneca County Emergency Services Department is a small department within county government that is tasked with emergency planning and coordination for Fire and Emergency Medical Services. The Department has a full time staff of two (Director and Deputy Director) and a 2014 budget of \$161,000. There are 6 volunteer deputy coordinators that assist the full time staff in conducting the program. The Department has also been awarded several grants to fund equipment for hazardous materials response and firefighter emergency rehabilitation.

The Department oversees the operation of a Hazardous Materials response team capable of conducting a Level A response. The Department also has a dedicated firefighter emergency rehabilitation trailer that is used by a trained team at larger events.

The Department is responsible for the operation of a fire training facility. The fire training facility includes a 3 story burn building with class A combustibles, a vehicle extrication training area, and a classroom. There is also a multiple use building that allows for mask confidence exercises, bail out simulation, and other essential firematic training.

The Emergency Services Department has had recent experience with large scale events with wide use of mutual aid. In March 2014, the Village of Ovid had a fire that destroyed an entire village block. The response involved more than 41 tankers providing sufficient water to keep large scale operations underway for many hours. In July 2011, there was an accident involving a tour bus on the NYS Thruway that required the transport of more than 30 patients to several area hospitals using dozens of ambulances. The Emergency Services Department was responsible for coordinating the response for both of these events.

The Department does not expect much change to the overall operations of fire or EMS operations. However, there would need to be changes in mutual aid plans to account for a new large structure in the community. If Magee chooses to purchase a new ladder truck, they would be able to train to use the equipment at the fire training grounds.

Projected Impact of Wilmorite Casino on Fire Service

A new casino built to current fire codes with the appropriately engineered water supply has an extremely low probability of a catastrophic fire. However, the location will generate additional fire responses for false alarms, small fires, medical emergencies and motor vehicle accidents.

The Turning Stone Resort had 26 automatic fire alarms and 8 other fire responses in 2013. There were 62 motor vehicle collisions (MVCs) reported to the police, but it is unknown how many required a fire department response. Considering the smaller scale of the proposed casino, we project that there will be about 23 new fire responses (one third less than Turning Stone) to the site and 15 responses for MVCs (assuming that only one quarter of MVCs reported to police require a fire response.) Magee Fire would not need to respond to this site for EMS events. This would increase the call volume for MFD by 38 calls per year or about 18 percent.

It is recommended (and expected) that the casino management and security staff work with MFD to reduce the likelihood and frequency of false alarms through a response protocol that allows security staff a brief period of time to identify the need for a fire response on probable false alarm trips. The exact response protocol would need to be developed over time.

Wilmorite has indicated that they will have on site personnel certified as EMTs and available to respond to medical emergencies. These personnel should be equipped with Basic Life Support equipment as specified under NYS Department of Health policy. Once properly equipped, these personnel will have similar training, equipment and general capabilities as MFD. Therefore, there would not be a need for an EMS only response from MFD to events at the casino.

MFD would still need to respond to MVCs and actual fires at the location. As part of the development, an extensive risk assessment of potential events (such as large fires and chemical leaks) will need to be undertaken and shared with MFD. Based on these potential events, MFD will need to develop preplanned responses and conduct drills according to those plans. It will be important for MFD, Seneca County Emergency Management and other responding departments to become familiar with the lay out of the complex and to be allowed to conduct drills on the complex on a regular basis.

Mitigation: Fire Protection

Magee Fire Department has well maintained and modern equipment. However, a higher call volume will increase the wear on the equipment. In order to assist MFD in keeping appropriate equipment, it would be advisable to ensure that a dedicated capital equipment fund is established to limit the need to borrow when apparatus, turnout gear or SCBA need to be replaced, particularly if the casino property is taken off the tax rolls through a tax agreement.

To ensure that MFD is adequately supported, we recommend that the Casino provide financial support equal to one-quarter of total MFD expenditure for the first five years, adjusted to the casino's share of total call volume after this period of expanded responsibility.

Although the likelihood of a catastrophic fire is minimal, the casino's fire and casualty insurer would prefer that MFD to acquire a fire truck equipped with 100 foot aerial, rather than relying on the ladder truck in Seneca Falls, six miles distant. An apparatus of this type can cost between \$750,000 and \$900,000. In the case of MFD, an expansion of the fire station would be necessary to allow for the vehicle to be parked. A multiple function quint or dedicated ladder truck would require MFD to conduct extensive training for at least six members of the department in order to safely operate the apparatus. This training would need to occur on a regular basis to ensure proficiency when an emergency happens.

The purchase of such equipment would benefit only the Wilmot Casino and Resort but would impose a maintenance and training obligation on Magee Fire for the life of the equipment. If the Wilmot Casino and Resort requests that MFD acquire this apparatus, all costs of acquisition, housing, maintenance and staff training should be billed directly to the casino for the life of the apparatus.

Law Enforcement

Seneca County Sheriff's Office

The Seneca County Sheriff's Office (SCSO) is the primary law enforcement agency for the Town of Tyre and most of Seneca County. The SCSO provides road patrol, investigations, corrections, building security and serves civil papers. The focus for this report will be the road patrol and investigative functions.

SCSO has 18 full time employees assigned primarily to road patrol. These are augmented by several part time staff and investigators when significant events occur, but this is an unusual practice. The road patrol is staffed by a minimum of 3 deputies on patrol with an occasional 4th deputy when scheduling allows. In addition to patrolling the county, a deputy must also staff the check point at the county office building during normal business hours. The investigative unit is staffed by one lieutenant and five investigator deputies.

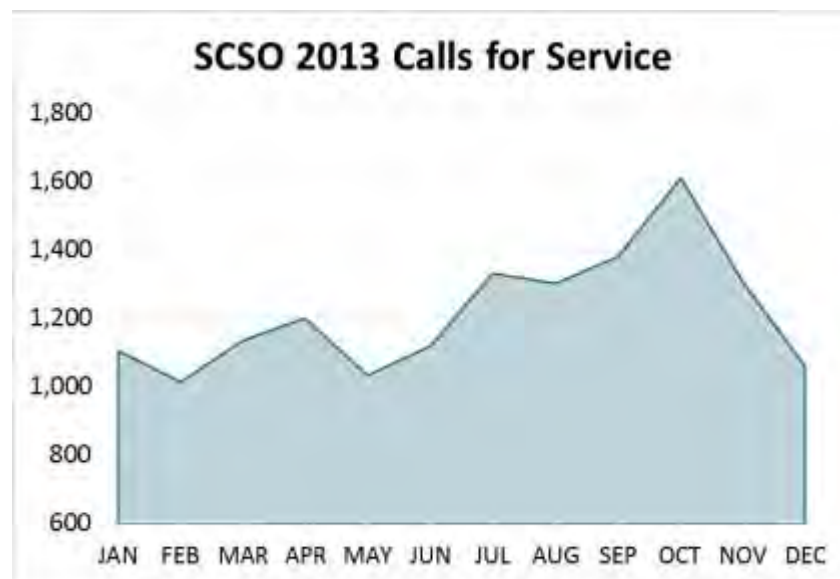
SCSO Road Patrol Staffing	
Sheriff	1
Undersheriff	1
Chief Deputy	1
Road Lieutenant	1
Road Sergeant	5
Road Deputy	12
Part Time Deputy	3
Lieut. Inv.	1
Investigators	5
Source: Interviews	

In addition to traditional road patrol duties, the SCSO has two canine officers, a SCUBA unit, an emergency response team, hostage negotiator, and a command post. There is also a navigation unit that patrols both Seneca and Cayuga Lake using part time employees and sworn staff during the summer months on weekends. The department has five members that are trained to conduct accident reconstructions including one who is certified by the state. SCSO conducts almost all of its own crime scene technician work with only unusual circumstances referred to the NYSP.

SCSO assigns a patrol vehicle to each of the road deputies. The patrol vehicles are equipped with radios, patrol rifles, shotguns, lap top computers, scanners, and printers. Two of the vehicles are equipped with license plate readers. The department operated its vehicles for nearly 700,000 miles in 2013. There are also several reserve vehicles for use by part time staff and unmarked vehicles for use by administrative staff and investigators.

Current Demand on SCSO

The department patrols all of Seneca County outside the Village of Waterloo and the Town of Seneca Falls. There is a monthly average of 1215 law enforcement activities. This includes calls for service, directed patrols and traffic stops. October is the busiest month for the agency with 11 % of events with July, August and September with 9 % each.



The SCSO was not able to provide data related to demand for service based on day of week or time of day. In most rural law enforcement agencies, the demand for service peaks in the mid- afternoon to early evening hours and demand is at its lowest in the early morning hours. As

a result of the tourism in Seneca County, demand is likely higher Friday through Sunday, especially during the summer and early fall. Other than the addition of a navigation (waterways) patrol on the weekend, the department does not typically add additional staff for these higher demand periods.

In the current circumstance, the Sheriff indicated that he feels that he would like to add an additional road patrol deputy at all times to provide better service to the community. This addition would require 5 full time deputies at an estimated cost of \$70,000 each for salary and benefits. There has been an additional pressure for additional staff because of a recent decision requiring a dedicated deputy at the county office building during normal business hours.

Estimate of Current Staffing Adequacy

The International Association of Chiefs of Police (IACP) has developed a Relief Factor Formula to estimate the number of road patrol personnel needed to appropriately handle the demands for service on a law enforcement agency. The formula considers the number of calls for service and other police activities, the average length of a call, the portion of time on proactive patrol, and the amount of time officers are unable to work in a road patrol position.

The reported SCSO police activities (calls for service and traffic tickets issued) for 2013 was 14,581. The average time on a call was not available. Industry standards place the average time between 25 and 45 minutes. 40 minutes was used for SCSO because of the large geographic coverage area and resulting long drives to calls. It is estimated that SCSO spends one third of their time on specific response activities (911 call, traffic citations and directed patrols) and two thirds on proactive patrolling and other tasks. It is estimated that deputies have 280 hours each year when they are unable to work on road patrol for training, court appearances, vacation, holidays, personal time and sick time. The SCSO also staffs a static post at the county office building with road patrol staff to provide building security.

IACP Relief Factor Analysis		
Category	Value	Explanation
Calls for service including traffic citations	14581	2013 Police Events including traffic citations issued
Total Calls including Backup	16039	10 percent of calls will have a back up officer assigned
Annual Time on Calls (in hours)	10693	Time a unit spends per event -40 minutes multiplied by annual calls
Patrol Factor	3	Assumes officers spend 1/3 of their time on a call for service and 2/3 patrolling
Time on Tasks	32078	Annual Calls multiplied by patrol factor - The hours deputies need to work for demand
Time on static post	2340	Post at County Office Building - 45 hours per week, 52 weeks
Time on Tasks and Static Post	34418	Total time on post, patrol or on calls
Patrol Shift Hours	8	Length of shift
Annual Patrol Hours	2920	Length of shift multiplied by 365
Patrol Elements	11.8	Time on task divided by patrol hours
Scheduled Hours	2080	Based on Union Agreement
Average Time not available for patrol	280	Estimated time full time deputies not available to work (vacation, sick, holiday, training, court)
Annual Hours Available to work	1800	Scheduled Hours minus Average Leave Taken
Officers Needed per Patrol Element (Availability Factor)	1.6	Patrol hours divided by number of hours officers work annually
Projected Road Patrol Staff	19.1	IACP Projection of Number of officers needed to meet demand for services
Current Road Patrol Staff (Ptl and Sgt)	17.0	Current officers holding rank of deputy or sergeant
Current Staffing Deficit	2.1	Current number of staff below projected number

Based on the current demands for the SCSO and the current staffing, the SCSO is estimated to be about two staff members below the amount typically required to adequately handle demands. This deficit can be compensated for with part time officers and the use of overtime, but a long term solution might include additional full time staff. This deficit is unrelated to the development of the Wilmot Casino and Resort, but would be exacerbated by the casino.

Projected Impact of the Wilmorite Casino to Law Enforcement

It is assumed that the Wilmot Casino and Resort will have security staff with capabilities similar to those at casinos of similar size. This staff will be able to handle many concerns related to the operation of the casino and will limit the need for law enforcement response.

Law enforcement response data was available for three comparison locations: Turning Stone Casino (Oneida Center), Vernon Downs Racino (Oneida County) and Batavia Downs in Genesee County. The data is for law enforcement response to the facility and does not include the roadways immediately surrounding the facility. Net win data (the total wagered less the winnings, also called “gross gaming revenue”) is available from the other 3 locations and that figure is used as a proxy for attendance at the location. The average number of law enforcement responses per \$1 million in net win was in a similar range for the three locations and is used to create the estimate for the proposed casino. Estimated net win for the Wilmot casino was obtained from Wilmorite.

Projected Law Enforcement Events at Wilmot Casino			
	2013 Net Win	2013 Law Enforcement Events	Events per million
Batavia Downs	\$47.1	67	1.4
Turning Stone	\$214.6	378	1.8
Vernon Downs	\$48.6	93	1.9
TOTAL	\$310.2	538	1.7
Wilmot Casino Forecast	\$265.2	460	1.7
Source: NYS Gaming Commission, Wilmorite, County 911 Centers			

Based on the estimated net win and the ratio of law enforcement events to casino activity, we project 460 new law enforcement events at the casino.

In addition, there will be additional incidents on the roadways in the area. According to TIS, there were 276 accidents in the most recent three year time period in the area near the casino. As a worst case scenario, we project that there will be a doubling of accidents in the area because of the increase in traffic volume. This would result in about 90 more law enforcement events per year. Also, the above figures do not include the issuance of traffic citations. For SCSO, traffic citations occur at an approximate 1 to 3 ratio of other law enforcement events, or 173 per year.

Therefore, we project a net total of new law enforcement events to the community as a result of the casino of about 723 events or roughly two events per day. The addition of this call volume to the community would

increase the demand on the SCSO by just under one FTE. Using this same analysis, the SCSO is currently understaffed by about two FTE of deputies. The Sheriff believes that the presence of the casino will trigger a modification in his staffing pattern and would need an additional full time car on patrol to handle the increased volume.

When calls for service at Turning Stone were analyzed for their distribution, 53 percent of calls occurred between 9:00 pm and 4:00 am. Additionally, 69 percent of calls occurred on Friday, Saturday and Sunday. This indicates that increased staffing by the SCSO could be targeted toward weekend evenings when the volume for calls at the casino would likely be at its peak.

{Increase of DWI from the casino}

Mitigation: Law Enforcement

Wilmot Casino and Resort to contribute the cost of one sheriff's deputy, paid at the rate of the mean salary and benefits across the department.

{DWI reduction program by casino staff}

Emergency Medical Services

North Seneca Ambulance

Tyre receives its emergency medical services from the North Seneca Ambulance, Inc (NSA). NSA is a private non-profit corporation that serves the Seneca County north of Route 336. NSA is staffed by 12 full time staff members, 4 part time staff members, and 12 volunteers. NSA typically staffs two advanced life support ambulances from 9 am to 9 pm and one from 9 pm to 9 am. They report doing 3,529 calls in 2013 and average between 8 and 11 calls per day. NSA is dispatched by the Seneca County 911 Center. Their operations base is about 4 miles from the proposed casino location.

NSA provided call data from October 1, 2013 to May 5, 2014. The busiest time of day is between 8:00 am and 9:59 pm with 78 percent of calls occurring during those 14 hours. There is no noticeable variation between days of the week.

NSA transports 41 percent of their patients with using personnel with advanced life support (ALS) training and 43 percent with basic life support (BLS) training. 15 percent of their patients are not transported. NSA bills for service for all calls with patient contact. They report an approximate 88 percent collection rate for patients that are transported. Patients are billed according to a rate schedule, but NSA is required to accept smaller amounts from their two largest payers – Medicare and

Medicaid. Patients that are not transported by ambulance are also billed \$100 for the service. NSA only is paid by about 40 percent of the non-transport patients.

NSA owns four ambulances that are all equipped with advanced life support equipment. The estimated replacement cost of one of these vehicles is \$175,000 with all appropriate equipment. The fleet has one 2013 ambulance, two 2010 ambulances and one from 2006. Their plan is to replace one ambulance every 3 years. In addition to maintaining their ambulance fleet, NSA has 5 cardiac monitors that are approaching the end of their service life and will need to be replaced in the next several years at a cost of \$25,000 each.

NSA receives no support from any of the municipalities it serves and is dependent on billings from patient care and some grants for specific items. NSA did not share their financial statements but the IRS 990 forms are publically available and key information is summarized below.

Projected Impact on EMS

The increased volume of people in their service area will increase the number of calls for NSA. There was no available data for EMS response to the comparable casino projects because they are served by private EMS companies that chose not to share specific data. The ambulance service that provides response to Turning Stone Casino stated that they respond Sunday through Thursday, they usually respond to Turning Stone once a day. There is no regular time and there is no regular call type. On Fridays and Saturdays they usually respond once during the day and usually twice a night. The day calls are irregular (they come at any time and are for any medical condition). The night calls come between 10 pm and 3 am. They are usually for alcohol related emergencies. Calls are consistent throughout the year, no one month stands out.

Based on this anecdotal information and the fact that the proposed casino is of comparable size to Turning Stone, we can extrapolate that NSA would see an increase of about 570 calls per year. This does include roadways near the casino. This would constitute a 16 percent increase in calls for the ambulance.

NSA would likely need to add additional staff on weekend evenings and overnights, but would probably be able to handle the rest of the calls in the course of their normal call volume. Since NSA bills for service, the additional call volume would likely cover the costs of the additional service. However, this project increase in calls would also lead to about 85 additional non-transport for Wilmot Casino customers. These customers would be billed from NSA.

NSA would interact regularly with Wilmorite EMS staff and it would be mutually beneficial for there to be joint training on a regular basis. To improve the experience of joint training, it would be appropriate to establish a fund to support the training including potentially the purchase of simulator manikins that would enable all parties to work towards better patient outcomes.

Mitigation: Emergency Medical Services

Given the low collection rate from individual citizens for calls that do not result in a transport, we recommend that the Wilmot Casino and Resort commit to paying NSA's standard fee for non-transport directly and guarantee reimbursement for transports when the insurance claim is denied.

It is CGR's understanding that an additional helicopter landing zone is not needed at this time.

Emergency Communications

Seneca County Emergency Communications

Emergency Communications in Seneca County is handled by a single Public Safety Answering Point (PSAP) for 911 calls and a consolidated dispatching center for all police, fire and EMS agencies operating in the county. The department is an independent operation in the county and the department head reports directly to the county manager.

There are 18 employees in the department. The traditional staffing schedule has four employees on duty from 7:00 am to 11:00 pm and 3 employees from 11:00 pm to 7:00 am. The call center received 102,291 calls in 2013 which generated 29,134 requests for service from one of the agencies. The dispatch center staff also supported 11,451 traffic stops for law enforcement agencies in the county. The call volume was about 10 percent higher than 2012.

The county has just entered into contract to install a new UHF-Digital radio system that will significantly improve the coverage and capability for all public safety resources in the county. The system will involve numerous upgrades for the radio system infrastructure and new portable radios. The computer aided dispatch program used by the department is 13 years old and is no longer fully supported by the vendor. The department is actively seeking funding for the estimated \$450,000 to \$600,000 project to install a modern computer dispatch system.

Projected Impact of the Casino on the Dispatch Operation

The increase in visitors to the community will increase the number of calls to the 911 Center and the number of events for public safety services. The center currently has capacity to handle the estimated increases. However, it might be necessary to staff a fourth position for a few hours after 11:00 pm if there is a large volume of calls in that time period. This would need to be analyzed after the casino began operations.

Large buildings can impact the performance of radio systems. The size of the casino may limit the performance of the radio system inside the building unless appropriate support systems are included during construction.

Mitigation: Emergency Communications

During construction of the casino, Wilmorite should install radio system hardware that would improve the function of the county radio system inside the complex. It is likely that this hardware could also be used by security personnel to support their communications.

Wilmorite should also consider using radio frequencies that would allow for easy interoperability between their security departments and local public safety agencies.

IMPACT ON SENECA COUNTY SCHOOLS

Community impact assessment must include consideration of local public schools, which are the most expensive local expense for taxpayers. In this case, the proposed casino can be expected to have a very small impact on the total population, thus its impact on local schools can also be expected to be small.

Population Growth Minimal

We note, first, that the developer has committed to paying wages that are at least 75% of the median for the occupation nationally. Hourly wages for the top ten casino occupations currently range from \$10 per hour for wait staff to \$27 per hour for gaming supervisors, with most positions earning in the \$12-14 per hour range. While these will be attractive to many local residents seeking employment, these salaries are not high enough to spur family relocation. Moreover, the casino's location on the NYS Thruway

midway between Rochester and Syracuse guarantees access to a substantial labor market, also limiting the need for relocation.

Finally, the Town of Tyre has very little land zoned for residential purposes. If the community maintains its commitment to preserving its rural character, there is little capacity for new housing development within the town.

Schools Have Excess Capacity

Even if a modest increase in population were to occur, the net fiscal impact on local public schools would probably be fiscally neutral. First, all of the districts have experienced a loss in enrollment in recent years, thus have excess physical capacity. A small increase in enrollment is likely to be dispersed across grades and schools, thus allowing their integration into existing classrooms through a slight increase in class size.

New residential construction would add to the tax base. Added enrollment would increase total state aid. Altogether, a small amount of growth may actually improve the fiscal condition of local schools.

The state aid figures below are only averages, of course, and do not reflect the myriad factors that influence aid per student. The actual impact on school cost would depend on the ages and other characteristics of new students, the value of the new homes built to accommodate the increase in population and factors specific to the individual school district.

Total Student Enrollment	2003	2013	% Change	State Aid Per Pupil (2011-12)
Romulus Central School District	622	395	-36%	\$15,353
Seneca Falls Central School District	1,536	1,247	-19%	\$12,397
South Seneca Central School District	1,040	747	-28%	\$8,492
Waterloo Central School District	1,988	1,711	-14%	\$11,676
Seneca County Total	5,186	4,100	-21%	\$11,480

COMPARISON: HOST COMMUNITY AGREEMENTS IN MASSACHUSETTS

This section of our report summarizes the casino operators competing for a Class III license in Massachusetts.* Each of the developers is required to negotiate an agreement with the host community that articulates what the casino developer will support financially both during the construction phase and during operation.

NYS v. Massachusetts

There are a number of important differences between the approaches to taxing Class III casinos adopted by New York State and the Commonwealth of Massachusetts.

The Gaming Tax

Massachusetts casinos will pay a tax equal to 25% of the “net win” or, as expressed in statute, the gross gaming revenue (GGR).

- The statute splits up the gaming tax revenue across a number of funds.
- Of the total collected, 6.25% goes to a “community mitigation fund.” This is equivalent to 1.625% of GGR.
 - Local governments must apply to the Gaming Commission to secure a portion of these funds. CGR was informed that the Gaming Commission has yet to establish guidelines for the use of this money. Nonetheless, it anticipates that most of this money will be used for unexpected costs. As the host communities are empowered to negotiate with the developer, these “unanticipated impacts” are more likely to occur outside the host communities.†

* The Class I, II and III distinctions come from the federal Indian Gaming Regulatory Act of 1988. Confusingly, Massachusetts created its own categories. What is generally termed “Class III” is a “Category 1” in Massachusetts.

† Section 61. (a) There shall be established and set up on the books of the commonwealth a separate fund to be known as the Community Mitigation Fund. The fund shall consist of monies transferred under section 59 and all other monies credited or transferred to the fund from any other fund or source.

(b) The commission shall administer the fund and, without further appropriation, shall expend monies in the fund to assist the host community and surrounding communities in offsetting costs related to the construction and operation of a gaming establishment including, but not limited to, communities and water and sewer districts in the vicinity of a gaming establishment, local and regional education, transportation, infrastructure, housing, environmental issues and public safety, including the office of the county district attorney, police, fire and emergency services. The commission may, at its

New York has a “two tier” gaming tax arrangement: Slot revenue is taxed at 37% and table games taxed at 10% GGR. The balance of revenue between the two, not just total GGR, will determine tax liability.

- For Wilmot, Maxim estimates that this will net to about 30% of GGR, thus slightly higher than the Massachusetts uniform tax on Class III facilities.
- Unlike Massachusetts, local government is awarded a specific share of the total tax revenue. The local share—10% of the total gaming tax—is split evenly between the county and the municipality. As the total tax is about 30% of GGR, the local governments split 3%. Counties are much less important in Massachusetts than they are in New York.

Statutory Gaming Tax	Total	State	Localities
Massachusetts	25%	23.075%, split among a range of state purpose funds	1.625%--but state controlled
New York (depends on share of slots/table games)	~30%	~27%	~3% (split b/n county & municipality)

Host Community Agreements

As the host communities do not receive a share of the state tax, these agreements define their total financial benefit. The HCAs often allocate funds to “surrounding communities” or have separate agreements.

The Massachusetts HCAs combine

- What we’ve been calling “direct” or “mitigation” payments—payments for direct costs imposed on the host community,
- Community impact payments that are presented without any connection to specific costs imposed, and

discretion, distribute funds to a governmental entity or district other than a single municipality in order to implement a mitigation measure that affects more than 1 municipality; provided, however, that such entity or district shall submit a written request for funding in the same manner as a municipality would be required to submit such a request under subsection (c).

(c) Parties requesting appropriations from the fund shall submit a written request for funding to the commission before February 1 of each year. The commission may hold a public hearing in the region of a gaming establishment to provide parties with the opportunity to provide further information about their request for funds and shall distribute funds to requesting parties based on demonstrated need. See

<https://malegislature.gov/Laws/GeneralLaws/PartI/TitleII/Chapter23K/Section61>.

- PILOT payments.

Some of the agreements “line out” a range of quite specific expenditures and others are rather vague, simply laying out total sums.

Payments as share of gross gaming revenue

The HCAs specify payments to the Massachusetts municipalities both during the construction period and after the casinos are operating. Every agreement is a bit different. They vary by timing and the basis of the payments. All seem to have price escalators built in—some are tied to an index; most simply increase every year at a constant rate. Most are tied directly to gross gaming revenue, although not all. For purposes of comparison, CGR has converted the base to estimated GGR.

Note that the agreements combine mitigation, PILOT payments and general impact fees. The largest share of the payment is generally the PILOT. A few conclusions:

- The average payment during construction—again, PILOT plus impact fee—is about 1% of expected GGR per year and ranges from 0.2% to 1.2%. Using the average for Massachusetts’ Class III casinos, this annual “prepayment” would total about \$2.3 million per year for the Wilmot casino if the average for Massachusetts were applied.
- The combination PILOT plus impact payments in Massachusetts average 3.6% of GGR across all Class 3 proposals. This would be \$9.6 million for Wilmot. This compares to just under \$8 million under NYS law, assuming that the “community mitigation fee” does not flow to the host community.
- The Massachusetts “community mitigation fund” receives 1.625% of GGR annually, which would be about \$4.3 million from the Wilmot Casino. Massachusetts host communities do not appear to expect to spend from this fund.

Summary

The Massachusetts communities receive an annual payment between the time that the casino receives approval and the date it opens. Adjusted for the size of the Wilmot casino, the average is about \$2.3 million.

The average local tax/fee during operation is about 3.6% of GGR in Massachusetts v. 3.0% in New York. The difference comes to about \$1.7 million per year for the Wilmot casino.

Massachusetts Host Community Agreement Summary

	City of Revere, MA	City of Springfield, MA	City of Everett, MA	City of West Springfield, MA	Town of Milford, MA	Town of Tyre, NY
Operator	Mohegan Sun	MGM	Wynn Resorts	Hard Rock	Foxwoods	Wilmot
Type (per NYS)	Class III	Class III	Class III	Class III	Class III	Class III
Gross Gaming Revenue/Net Win (\$m)	\$1,000	\$480	\$804	\$456	\$1,000	\$265
Total prepayments	\$33.0	\$15.1	\$30.0	\$4.4	\$33.2	n/a
<i>Construction Period (years)</i>	4	3	3	4	4	n/a
<i>Annual prepayment (\$m)</i>	\$8.3	\$5.0	\$10.0	\$1.1	\$8.3	\$2.3 (from MA avg)
<i>Annual prepayment as % of GGR</i>	0.8%	1.0%	1.2%	0.2%	0.8%	0.9% (avg)
Community Mitigation Fund (CMF): 1.625% of GGR (\$m)	\$16.3	\$7.8	\$13.1	\$7.4	\$16.3	\$4.3 (MA %)
Annual Impact Fee + PILOT	\$25.0	\$26.1	\$25.0	\$25.0	\$35.0	\$9.6 (MA avg)
<i>Impact Payments/PILOT as % GGR</i>	2.5%	5.4%	3.1%	5.5%	3.5%	3.6% (MA avg)
Total: Impact fee, PILOT, CMF	\$41.3	\$33.9	\$38.1	\$32.4	\$51.3	\$14.0 (MA avg)
Total Local as % of GGR	4.1%	7.1%	4.7%	7.1%	5.1%	5.3% (MA avg)

REVIEW OF FINAL HOST COMMUNITY AGREEMENT

Cornell University Report

Cornell University provided the Town of Tyre with a summary of a major Canadian compilation of casino impact studies*, identifying areas of concern. The negative impacts identified in the study include a possible impact on crime and, most notably, the consequences of problem and compulsive gambling on the community.

CGR Report

A draft of this report was provided to the Town of Tyre, its consultant team (Bond, Schoeneck & King PLLC; Barton & Loguidice, D.P.C., and The Bonadio Group), other public officials and to Wilmorite and its counsel (Harris Beach). The findings and recommendations became part of the process of considering the developer's application and are reflected in the Host Community Agreement (HCA).

HCA Response

The HCA includes several obligations guaranteeing the base level impact of the casino on the local economy, including a limitation on the total number of hotel rooms and pay standards for casino employees.

Public Safety

The Host Community Agreement has addressed public safety aspects of the impact quite thoroughly, both through a commitment to pay the full cost of fire service and guarantee payment for emergency medical services provided to casino patrons. Moreover, the HCA commits the casino to support one additional sheriff's deputy as long as the casino is in operation. In the event that the casino's insurance requires access to a ladder truck within a five mile radius, the HCA notes that this cost will be fully borne by the casino.

* Canadian Consortium for Gambling Research, *The Social and Economic Impacts of Gambling*, March 2011.

Problem Gambling

The developer has also agreed to fund two additional positions in the Seneca County Mental Health Department to support individuals affected by problem gambling.

As documented in the Canadian study and the National Gambling Impact Study Commission Final Report which it references, the social impacts of gambling are diffused throughout the community, as problem gamblers often fail to present themselves for treatment. CGR recommends in this report that additional funds be made available to the Seneca County United Way and the Seneca County fund of the Rochester Area Community Foundation as a means of addressing these diffused impacts. The casino developer notes that the State of New York earmarks a portion of the gaming tax for such issues. CGR responds that there is no mechanism for ensuring that any of these funds flow to support social service agencies in the immediate vicinity of the casino. The State of New York should develop a program granting privileged access to these funds for communities like Seneca County whose citizens live in close proximity to a casino.