

APPENDIX 34
(Supplement 1)

**LOCAL IMPACT REPORT, ENGINEERING REPORTS AND TRAFFIC STUDIES,
INCLUDING DETAILS OF ANY ADVERSE IMPACT ON TRANSPORTATION,
TRANSIT ACCESS, HOUSING, WATER AND SEWER SYSTEMS,
LOCAL POLICE AND EMERGENCY SERVICE CAPABILITIES,
EXISTING TOURISM, INCLUDING HISTORICAL AND CULTURAL
RESOURCES OR OTHER MUNICIPAL SERVICE OR RESOURCE**

Attached hereto please find the following:

Exhibit "A" "The Economic & Fiscal Impacts of Market8 at 8th & Market Streets" revised in December 2013 to include analysis on job creation in the PA-NJ-DE Region. No other substantive changes have been made to the report submitted in February 2013 as Exhibit "A" to Appendix 34.

TOURISM ECONOMICS

The Economic & Fiscal Impacts of Market8 (Revised)

Report Submitted to:
Market East Associates, L.P.



TOURISM
ECONOMICS

AN OXFORD ECONOMICS COMPANY

Contents

1	Executive Summary	4
1.1	Location Matters	5
1.2	Economic Impacts.....	6
1.3	Fiscal (Tax) Impacts.....	7
1.4	Summary Ongoing State Economic & Fiscal Impacts	7
2	Introduction & Project Background.....	9
3	Market8’s Locational Advantage.....	11
3.1	Gaming Background & History.....	11
3.2	Literature Review: Positive Impacts of Casinos & the Urban Core	12
3.3	Market8’s Unique Location	14
4	Economic Impacts Defined.....	18
4.1	Geographic Impact Areas	19
5	Development/Construction Expenditures.....	20
6	Annual Operational Expenditures.....	21
6.1	Market8 Casino Operational Expenditures	21
6.2	On-Site Restaurant & Event/Banquet Operational Expenditures	22
7	Direct Employment at Market8.....	23
8	Economic Impacts.....	24
8.1	One-Time Economic Impacts Attributable to Development/Construction Expenditures.....	24
8.1.1	Direct Impacts of Development/Construction Expenditures.....	24
8.1.2	Total Impacts of Development/Construction Expenditures.....	25
8.2	Ongoing Economic Impacts Attributable to Annual Operational Expenditures.....	26
8.2.1	Direct Impacts of Annual Casino & Restaurant Operational Expenditures.....	26

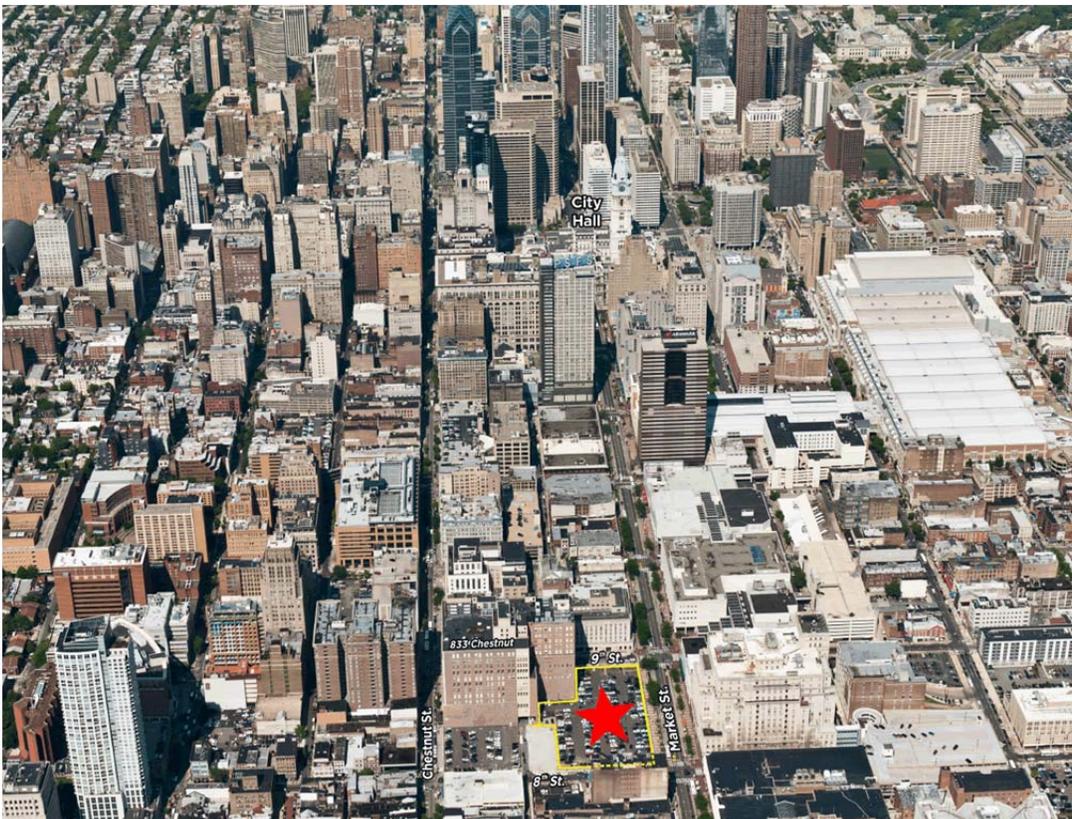
8.2.2	Total Impacts of Annual Operational Expenditures	27
8.3	Ongoing Economic Impacts Attributable to Ancillary Patron Spending	28
8.3.1	Direct Impacts of Ancillary Patron Spending	29
8.3.2	Total Impacts of Ancillary Patron Spending	31
9	Fiscal (Tax) Impacts	33
9.1	Gaming Taxes.....	33
9.2	Non-Gaming Taxes.....	34
10	Qualitative & Local Impacts.....	35
10.1	Positive Qualitative Impacts.....	35
10.2	Local Services.....	35
10.2.1	Crime & Police	35
10.2.2	Fire Department	36
10.3	Traffic Impact	36
10.4	Public Transportation	36
10.5	Social Costs	37
11	Company Background	38
12	Addendum.....	39
12.1	One-Time Economic Impacts Attributable to Hotel Development Expenditures.....	39
12.2	Ongoing Economic Impacts Attributable to Incremental Casino Operational Expenditures.....	41
12.3	Ongoing Economic Impacts Attributable to Hotel Guest Spending	44
12.4	Gaming Tax Impacts Attributable to the Proposed Hotel	45
12.5	Non-Gaming Tax Impacts Attributable to the Proposed Hotel.....	46

1 Executive Summary

Market East Associates, L.P., is applying for the remaining Category 2 gaming license for the City of Philadelphia authorized by the enabling legislation signed by the Governor of Pennsylvania in 2004. The site for the proposed casino and ancillary facilities and amenities, currently being referred to as Market8 (“the Casino” or “Casino”), is a vacant parcel occupying the block bounded by 8th, 9th, Market and Rainstead Streets in the Market Street East section of Center-City Philadelphia. The site is just two blocks from Independence Mall, three blocks from the newly expanded Pennsylvania Convention Center, within easy walking distance to a number of hotels, restaurants, and retailers, and easily accessible by various public transportation options.

This report is an updated report from the original report submitted in November 2012. The updated analysis reflects interim refinements to the project facilities’ program. A subsidiary of the Mohegan Tribal Gaming Authority (“Mohegan”) has been retained to operate and manage the proposed facility. With extensive gaming operations in both Pennsylvania (Wilkes-Barre) and Connecticut, Mohegan is one of the premier gaming operators in the United States. Their input as operators, both in terms of marketing strategy and operational efficiencies, was strongly considered in the refinements to the project facilities’ program.

Figure 1.1 Aerial View of Proposed Market8 Site



1.1 Location Matters

Research indicates that the positive economic impact of casinos is more leveraged when a casino is part of a city's urban core than when it is situated in other parts of a metropolitan region. Market8's specific location within Philadelphia's urban core will create unmatched synergies between the Casino, local merchants and retailers, and the City's residential, commuter, and tourist markets. Overall, no other site in the City will be able to match the locational advantages of Market8's proposed site at 8th and Market Streets. In addition to the benefits realized by the Casino itself, the City of Philadelphia, as well as its relatively newly formed gaming market, will both benefit from a Casino located in the heart of Philadelphia's urban core. Main benefits include:

- High concentrations of retailers and food and beverage places immediately surrounding the Casino will give casino patrons a variety of dining, shopping, and entertainment options, generating ancillary patron spending at local businesses. Market8's location in the heart of Philadelphia's urban core would maximize this ancillary spending impact, which would be unsurpassed by any other site in the City.
- The positive "ripple" effects of an urban entertainment casino in the heart of Philadelphia would help transform the City and be unmatched by any other site. While these positive benefits would first be seen by retailers and businesses immediately surrounding Market8, due to the Casino's central location, positive effects would ripple throughout the City, ultimately benefitting businesses and tourist destinations citywide.
- Philadelphia's most-visited cultural and historic attractions are within a few minutes' walk. The Pennsylvania Convention Center, which hosted more than one million visitors last year, is also within walking distance. Close proximity to and easy access from these cultural tourism and business visitor markets would allow Market8 to produce new gaming revenues from groups that would not be gaming otherwise. These new gaming revenues would effectively increase the overall size of the gaming market in Philadelphia.
- Market8 will be well-positioned to capitalize on the City's public transportation system (SEPTA), which would play a key role in providing patrons (both residential, commuter, and visitor) easy access to the Casino. SEPTA's Market-Frankford subway line and Regional Rail trains have a major station at 8th & Market Streets, SEPTA has several bus lines servicing the entire Market East neighborhood, and PATCO (running from Center City Philadelphia to areas in New Jersey) has a station at 8th & Market Streets.
- As the synergies develop between Market8 and the rest of the City, the Casino will help to attract new business visitors, cultural tourists, suburban residents, and portions of the commuter workforce who would not have visited a casino if it had not been for Market8's location in the urban core. Since these gamblers represent net new revenue for Philadelphia's gaming market, Market8's urban core location will ultimately not only increase Philadelphia's aggregate gaming market, but also minimize cannibalization from current Philadelphia casino revenues.

1.2 Economic Impacts

Market8 will generate significant economic impacts as one-time development expenditures, annual operational expenditures, and annual ancillary spending by casino patrons at outside businesses ripple through the local, regional, and state economies. The City of Philadelphia, the five-county Philadelphia Metropolitan Division, and the State of Pennsylvania will all benefit from new economic activity, jobs, and employee salaries and wages.

Market8's development period will generate one-time impacts of \$89 million in total economic activity in the City, \$389 million in the 5-County Region, \$583 million in the State, and \$761 million in the PA-NJ-DE Region, as shown in Figure 1.2.

Figure 1.2: Summary One-Time Economic Impacts Attributable to Market8 (\$ Millions in 2016 Dollars & Total Jobs)

Description	Philadelphia County	5-County Region	PA State	PA-NJ-DE Region
Total Economic Impact	\$89	\$389	\$583	\$761
Total Jobs Impact	662	3,293	5,293	7,565
Total Salaries & Wages Impact	\$32	\$123	\$147	\$196

Source: Tourism Economics (2013)

Annual operational expenditures at Market8, along with annual ancillary spending by Casino patrons, will generate considerable *ongoing* economic impacts. In Market8's first year of operations, the City will benefit from \$404 million in total economic activity, more than 3,400 total jobs, and \$114 million in employee salaries and wages. The 5-County Region will benefit from \$597 million in total economic activity, including \$208 million in employee salaries and wages, supporting 5,600 total jobs. Statewide impacts will include \$666 million in total economic activity, including \$228 million in employee salaries and wages, supporting nearly 6,200 total jobs. The PA-NJ-DE Region will benefit from \$749 million in total economic activity, including \$262 million in employee salaries and wages, supporting nearly 7,000 total jobs, as shown in Figure 1.3.

Figure 1.3: Summary Ongoing Economic Impacts Attributable to Market8 Operations & Ancillary Casino Patron Spending (\$ Millions in 2016 Dollars & Total Jobs)

Description	Philadelphia County	5-County Region	PA State	PA-NJ-DE Region
Total Economic Impact	\$404	\$597	\$666	\$749
Total Jobs Impact	3,436	5,631	6,167	6,958
Total Salaries & Wages Impact	\$114	\$208	\$228	\$262

Source: Tourism Economics (2013)

1.3 Fiscal (Tax) Impacts

The economic impacts outlined above will also generate significant fiscal (tax) impacts as they cycle through the local, regional, and statewide economies. In its first year of operations, Market8 will generate nearly \$225 million in state and local gaming taxes. Market8's development period will generate a one-time impact of \$12.7 million in state and local tax revenues, while annual operations and casino patron ancillary spending will generate ongoing tax benefits of \$27.9 million in annual state and local tax revenues.

Figure E.3: Summary One-Time and Ongoing Tax Impacts Attributable to Market8
(\$ Millions in 2016 Dollars)

Tax Description	One-Time Impacts	Annual, Ongoing Impacts
Gaming Taxes (\$ Millions)		
State Gaming Taxes	NA	\$206.9
Local Gaming Taxes	NA	\$17.6
Total Gaming Tax Revenue		\$224.5
Non-Gaming Taxes (\$ Millions)		
PA State Personal Income Tax	\$3.8	\$5.8
PA State Sales and Use Tax	\$5.0	\$12.6
City of Philadelphia Sales Tax	\$0.4	\$3.9
City of Philadelphia Wage Tax	\$3.5	\$5.7
Total Non-Gaming Tax Revenue	\$12.7	\$27.9

Source: Tourism Economics (2013)

1.4 Summary Ongoing State Economic & Fiscal Impacts

The State of Pennsylvania will benefit from the following combined economic and fiscal impacts in the Casino's first year of operations:

Figure E.4: Summary Ongoing State Economic & Fiscal (Tax) Impacts Attributable to Market8 Operations & Ancillary Patron Spending, First Year of Operations (\$ Millions in 2016 Dollars)

Ongoing Economic Impacts	Amount (\$ Millions)
Direct Impacts	\$322.33
Indirect & Induced Impacts	\$343.51
Total Economic Impacts	\$665.85
Ongoing Fiscal (Tax) Impacts	Amount (\$ Millions)
Gaming Tax Revenues	\$224.50
Personal Income Tax Revenues	\$5.79
Sales & Use Tax Revenues	\$12.59
Total Tax Revenues	\$242.88
Combined State Economic Impacts & Tax Revenues	\$908.73

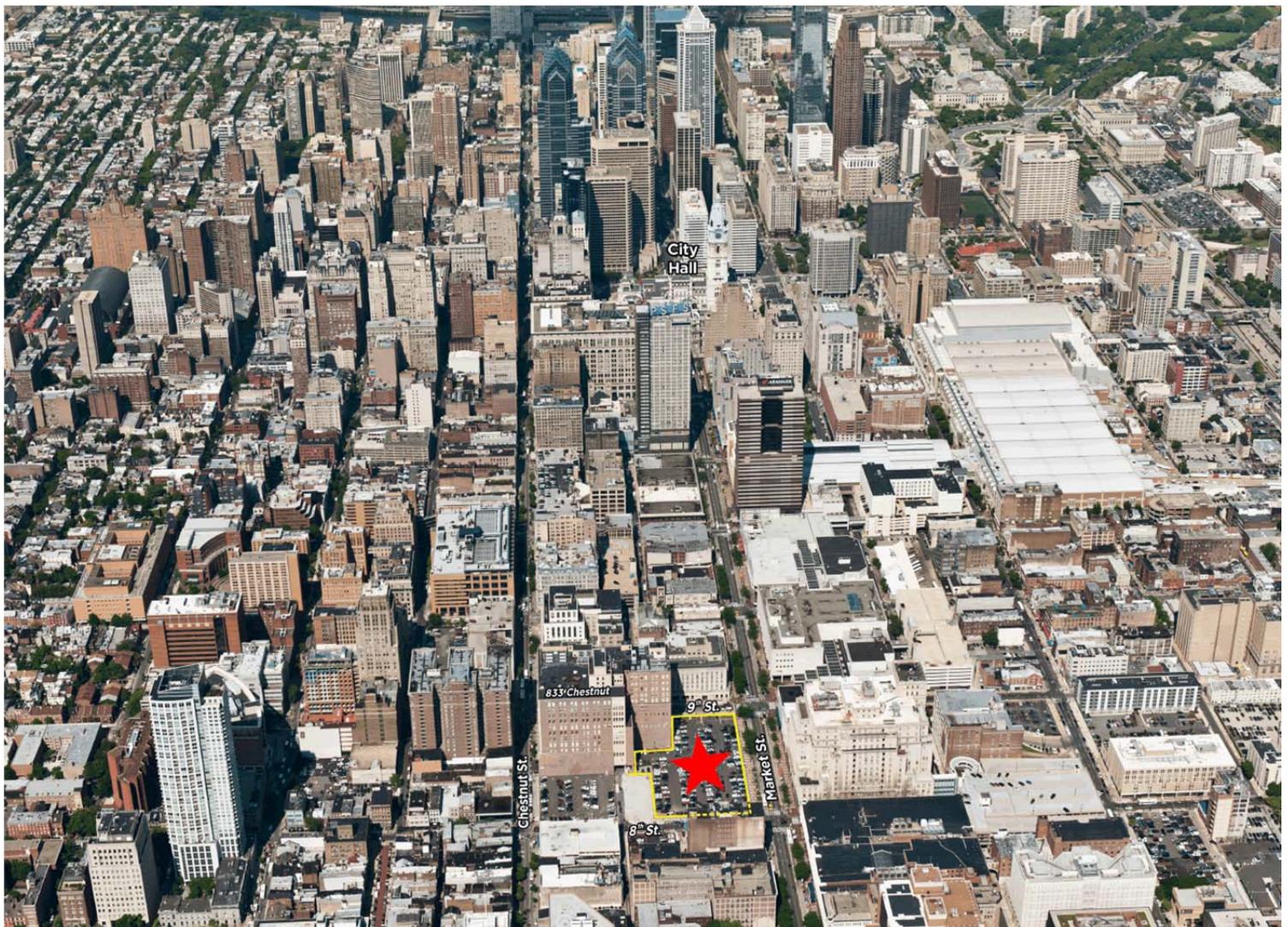
Source: Tourism Economics (2013)

2 Introduction & Project Background

Market East Associates, L.P., (“Market East Associates” or “the Developer”) is applying for the remaining Category 2 gaming license for the City of Philadelphia authorized by the enabling legislation signed by the Governor of Pennsylvania in 2004.

The site for the proposed Casino and ancillary facilities and amenities, currently being referred to as Market8 (“the Casino” or “Casino”), is a vacant parcel occupying the block bounded by 8th, 9th, Market and Ranstead Streets in the Market Street East section of Center-City Philadelphia. The site is just two blocks from Independence Mall and three blocks from the newly expanded Pennsylvania Convention Center.

Figure 2.1 Aerial View of Proposed Market8 Site



The revised plans for Market8 provide for 2,400 slot machines, 82 banked table games, and 30 poker tables.

The facility will contain approximately 60,000 square feet of Food and Beverage space as well as 12,500 square feet of a Banquet/Event Room which are distributed throughout the total floor area.

Below grade there will be parking on 4 levels of valet parking totaling approximately 1,000 spaces. Parking will be further supplemented by a 340 space self-parking garage at 733 Chestnut Street.

On the ground level there will be up to 6 retail and restaurant venues.

Floors 2 and 3 are primarily dedicated to the gaming operations supplemented by restaurants, lounges and bars.

The 4th floor consists of a Poker Room, Club/Lounge, Rooftop Terraces and a Banquet/Event Room with the ability to host live performance events.

Above the urban entertainment center, the current plans include a boutique hotel with 168 rooms as part of the structure. The hotel will be financed, owned and operated by a third party (details of which are contained in section 12. Addendum)

Market East Associates, L.P., has retained Tourism Economics, an Oxford Economics company, to evaluate the various potential economic and fiscal (tax) impacts attributable to the proposed Casino. Economic and fiscal impact estimates are based on development budgets and plans provided by Market East Associates, L.P., as well as gaming revenue, expenses, and staffing estimates provided by PKF Consulting.

3 Market8's Locational Advantage

3.1 Gaming Background & History

The benefits from a casino accrue to its host community through a number of avenues. These avenues include market structures, ownership regimes, the region's economic base and the physical location of the casino in relation to the region. The optimization of these factors can maximize the benefit of including casinos into the fabric of a region. Until 2002 only four states¹ permitted land-based casinos independent from tribal casinos. Since that year, more than 13 states have legalized corporate owned land based casinos. Philadelphia is the largest city to permit full-service casinos. Legally no longer bound by geographic constraints, it behooves all concerned to optimize the location of any new casino.

The gaming industry is a political creation and some jurisdictions have intentionally created private monopolies while others have fostered greater competition. The most competitive casino market is Nevada², which has had legalized gaming since 1931 and was solely run by small and mid-sized operators until the state's passage of the Corporate Gaming Act in 1969 which allowed the entry of publicly-traded companies. Nevada continued to hold a monopoly on gaming in the US until 1976 when New Jersey legalized gaming in Atlantic City but placed restrictions on size, design and product mix that essentially limited casino ownership to large operators.³

A decade later, South Dakota, Colorado and Iowa voters allowed limited stakes gambling in their states followed quickly by the legalization of riverboat gaming in five additional states. Of these states, Mississippi has been the most market driven and least restricted in ownership developing a gambling industry which offers much more in non-gaming amenities than most other riverboat states⁴.

Indian casinos opened in 20 states in the 1990s and New Orleans and Detroit added corporate owned, land-based casinos.⁵ While many cite the 1990s as the decade of explosive growth in gaming institutions, this coming decade, with the bringing on line of land based casinos in more than a dozen states,⁶ will greatly alter the gambling landscape in the United States.

¹ In 2002 these states were Nevada, New Jersey, Louisiana and Michigan.

² Eadinton 1999

³ ibid

⁴ ibid

⁵ McGowen 2009

⁶ Source: <http://www.americangaming.org/industry-resources/research/fact-sheets/states-gaming> Colorado, Illinois, Indiana, Iowa, Kansas, Maryland, Maine, Mississippi, Missouri, Ohio, Pennsylvania, and West Virginia.

3.2 Literature Review: Positive Impacts of Casinos & the Urban Core

Regardless of location, market structure or ownership regimes, casinos have a positive economic impact on their communities. Local employment at casinos contributes to overall employment^{7 8} and stimulates economic growth measured by earnings, employment and per capita income⁹ although, income generated by casinos located in rural areas often benefits more those businesses which are located outside the locality than within.¹⁰ Residential property values are also positively affected by casinos. A national study found that casinos have a positive impact on housing prices of about 2 percent in the immediate area and a positive spillover effect of 6 percent.¹¹

A meta-analysis of previous economic impact studies on casinos concluded that casinos have significant positive economic impacts. It was also shown that land-based casinos have a greater economic impact than riverboat casinos. The meta-analysis also found that casinos located in healthier economic areas have larger impacts than depressed ones.¹²

The research on casinos shows that the positive economic impact of casinos is more leveraged when the casino is part of the urban fabric than when it is situated in other parts of a metropolitan region. Academics are not the only ones to understand the impact that urban casinos have on the region. In 2009, a majority of Ohio voters approved the locating of four casinos in the state's major cities: Cleveland, Toledo, Columbus and Cincinnati. Massachusetts is also planning urban casinos in Boston and Springfield. There is continuing discussion of urban casinos in Miami, Chicago and New York.

A literature review of the linkage between the urban core and its region follows. As previously mentioned, casinos located in healthier economic areas have larger impacts than those located in depressed ones. Research on the relationship between the urban core and the rest of its metropolitan regions provide insight into this observation. Enhancements to the urban core positively affect local government spending, regional labor productivity and spill over into the surrounding suburbs¹³. For local governments providing infrastructure and ongoing services to a more dense area is less costly on the margin than providing the same services to a more dispersed population.¹⁴ Empirical research conducted in the past fifteen years quantifies productivity increases when areas become denser in jobs, businesses or residents. In the United States doubling employment density increases worker productivity by 6 %¹⁵; in Europe productivity increases 5%¹⁶ and industry density can explain more than half of the variation in average labor productivity¹⁷. Innovation also follows employment density as demonstrated by the positive relationship between patents issued per capita and local employment density¹⁸.

⁷ Morse & Gross 2007

⁸ Garrett (2004)

⁹ Rephann et al 1997

¹⁰ Ibid.

¹¹ Wenz 2007

¹² Rose 1998.

¹³ Muro and Puentes (2004)

¹⁴ Ibid

¹⁵ Ciccone and Hall (1996)

¹⁶ Ciccone (2002)

¹⁷ Ciccone and Hall (1996)

¹⁸ Carilino (2001)

The correlation between house values and incomes of the city and suburbs has steadily increased¹⁹ despite the greater geographic dispersion of the work force in past decades. Metropolitan areas with strong city cores and higher income levels improve the entire region's income reductions in central city poverty levels leads to overall regional income growth.²⁰ Center City declines resulting in wide income disparity between the suburbs and the Center City lead to slowed economic growth in both the city and the suburbs.²¹

Detroit has been a city in decline, losing employment and population. The 2010 census shows a decline of nearly 25% from the previous census and for the first time even the regional population declined 2%.²² Still, positive effects of urban casinos can be seen in Detroit during this time. In 1996 Michigan voters authorized three casinos, to be owned by separate entities, to be built in Detroit. By 2001, MotorCity Casino, MGM Grand Hotel and Greektown Casino Hotel were operating in the urban center less than 2 miles from each other and had combined revenues of more than \$1 billion in 2011.²³ A study of the commercial property valued in the area brings insight to the positive affect that the casinos have on the surrounding businesses. Commercial property valuation is based on market rent and retail revenue is reflected in rents. If the casinos had a negative or neutral effect on retail, then the price of commercial property in the area should remain unchanged or even decline. However, a study of the relationship between casino revenue and commercial property values form 2001 to 2008 found that a 1% increase in casino revenues lead to an average increase of 1.236% in retail property values, and appreciation is even stronger for commercial properties within a 5 mile radius of the casinos²⁴ with much of the benefit accruing to restaurants, service stations and free standing retail properties.

The literature shows that a locally -owned casino competing with other nearby casinos located in the urban core can provide increased employment and income to its immediate neighbors and retain more of the direct, indirect and induced economic impacts through fewer leakages to other regions. More importantly, by being physically located in the center of the city, the urban core casino can best contribute to the region's economy.

¹⁹ Houghton and Inman (2002) analyzed the correlation between growth rates of City and Suburban home values, populations and incomes between 1970 and 1990. For 1970-1980 home value correlation was .712 and for the period 1980-1990 the correlation had increased 15% to .849.

²⁰ Pastor 2000

²¹ Muro and Puentes 2004

²² US Bureau of the Census

²³ Garrett 2003

²⁴ Wiley and Walker 2009

3.3 Market8's Unique Location

The Schuylkill River to the Delaware River and the Vine Street Expressway to South Street is generally accepted as the urban center of the 5-county metro region defined as the Philadelphia Metropolitan Division (consisting of Bucks County, Chester County, Delaware County, Montgomery County, and Philadelphia County). Within this area, with its dense forms of development and infrastructure, and pedestrian friendly environment, one would find locations best suited to avail themselves of the extraordinary "urban core" effects described above. However, not all locations within this urban core have the necessary existing infrastructure to maximize the benefits.

Market8's location at 8th and Market was once the busiest intersection in the United States. It is the heart of the Philadelphia urban core as evidenced by the patterns of development and infrastructure deployment that have occurred over time in the City of Philadelphia. Historically, this area, commonly referred to as Market East, was defined by the Reading Railroad and other transit systems, the department stores of Strawbridges, Lit Brothers, Gimbels and Wanamakers, and a disproportionate number of government offices and historical sites. Over time, whenever a new use needed to be accommodated in the urban core in a manner that maximized its benefits and minimized impacts (like the Philadelphia Convention Center, the Constitution Center, the Jewish History Museum, or the proposed Northeast High Speed Rail Station), it sought to locate at Market East. Urban centers are constantly evolving in their effort to remain vibrant and healthy, but Market East has never ceded its identity as Philadelphia's center of commerce. Whether yesterday, today, or tomorrow, the location of 8th and Market has played the critical role of being at the gravitational center of the Philadelphia universe, and should always be considered as a potential optimal position when locating a new and unique use.

Figure 3.1 provides a summary of retail and service businesses in the immediate vicinity of Market8. Within a 0.2-mile (approximately 2.5 city blocks) radius from the proposed Market8 site, there are nearly 1,000 total establishments. There are a total of 305 retail businesses, including 89 eating and drinking places, 28 food stores, 35 apparel and accessory stores, and 125 miscellaneous retail stores. In addition, there are nearly 380 service establishments, including 3 hotels.

Overall, these 978 establishments employ nearly 17,000 workers within this 2.5 block radius from Market8. Extending this boundary to 0.3 mile (approximately 3.5 city blocks) radius captures a total of nearly 1,700 establishments, including 55 food stores, 162 eating and drinking places, 55 apparel and accessory stores, and seven hotels. The 1,698 establishments within a short, 3.5 block radius from Market8 employ a total of nearly 30,000 total workers.

There are over 5,100 hotel rooms within 0.5 miles and nearly 9,700 hotel rooms within one mile from Market8's proposed site.

Figure 3.1: Summary of Businesses Within 0.2-Mile and 0.3-Mile Distances from Market8

	.2 Miles		.3 Miles	
	Businesses	Employees	Businesses	Employees
Retail Trade Summary	305	3,992	496	6,522
General Merchandise Stores	6	267	10	430
Food Stores	28	294	55	535
Apparel & Accessory Stores	35	309	55	471
Furniture & Home Furnishings	20	140	31	234
Eating & Drinking Places	89	1,379	162	2,344
Miscellaneous Retail	127	1,603	183	2,508
Services Summary	377	7,392	662	12,734
Hotels & Lodging	3	948	7	1,582
Automotive Services	11	75	20	150
Motion Pictures & Amusements	16	148	31	258
Health Services	54	1,497	113	2,936
Legal Services	65	857	103	1,427
Education Institutions & Libraries	12	334	24	640
Other Services	216	3,533	364	5,741
All Other Establishments	296	5,607	540	10,116
Total, All Establishments	978	16,991	1,698	29,372

Source: ESRI, Infogroup (2012)

Figures 3.2 and 3.3 map Philadelphia census tracts and the total number of businesses per census tract in 2012. As shown in the maps, the tract that contains the proposed Market8 site, along with the immediately surrounding census tracts, have the highest number of businesses in the City of Philadelphia, reflecting the importance and uniqueness of this corridor.

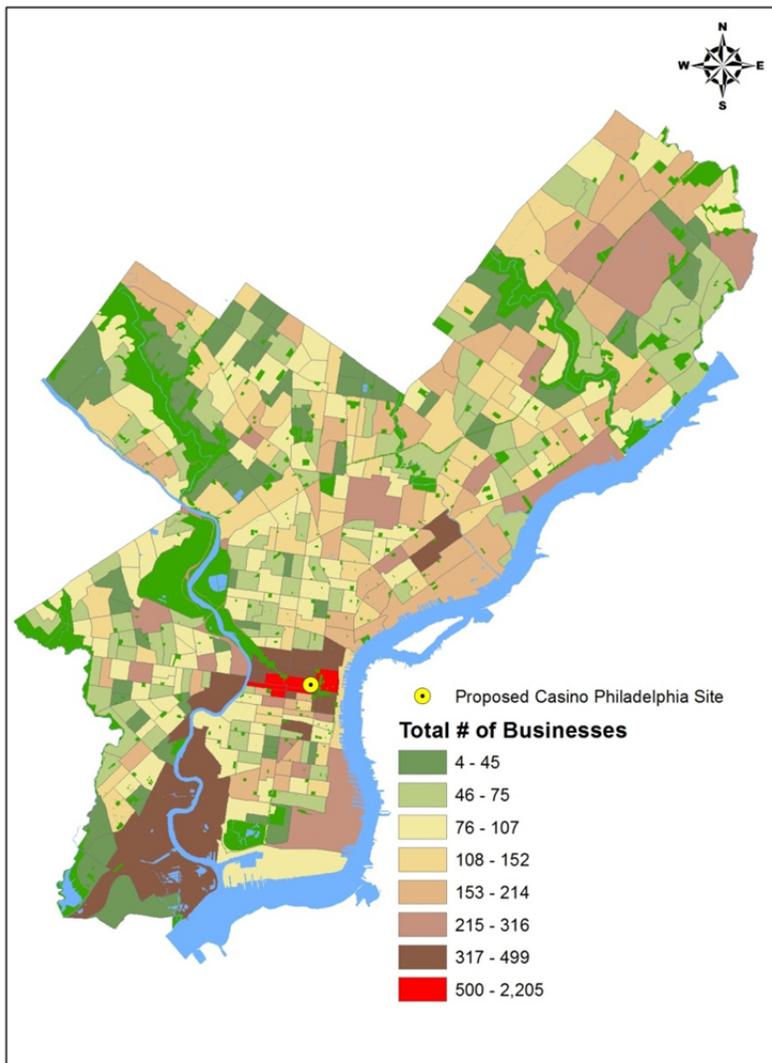
In addition to being surrounded by a high concentration of retail and lodging establishments, the proposed Casino site is a short walk from Independence National Historical Park, which incorporates a number of historical attractions, including Independence Hall, Liberty Bell Center, the National Constitution Center, and Independence Visitors Center. The Independence Visitor Center and the Liberty Bell Center had 2.4 million and 2.3 million visitors, respectively, in 2011. Independence Hall had nearly 695,000 visitors, while the National Constitution Center had nearly 805,000 visitors in 2011. In addition, the Pennsylvania Convention Center, which hosted over one million visitors in the 12 months ended August 31, 2012, is just three blocks away.

Market8 will be well-positioned to capitalize on the City's public transportation system (SEPTA), which would play a key role in providing patrons (residential, commuter, and visitor) easy access to the Casino. SEPTA's Market-Frankford subway line and Regional Rail trains have a major station at 8th & Market Streets, SEPTA has several bus lines servicing the entire Market East neighborhood, and PATCO (running from Center City Philadelphia to areas in New Jersey) has a station at 8th & Market Streets.

Over 38,000 riders pass through the SEPTA and PATCO station at 8th & Market Streets on a daily basis, and nearly 36 million passengers used SEPTA's Regional Rail system in 2011.

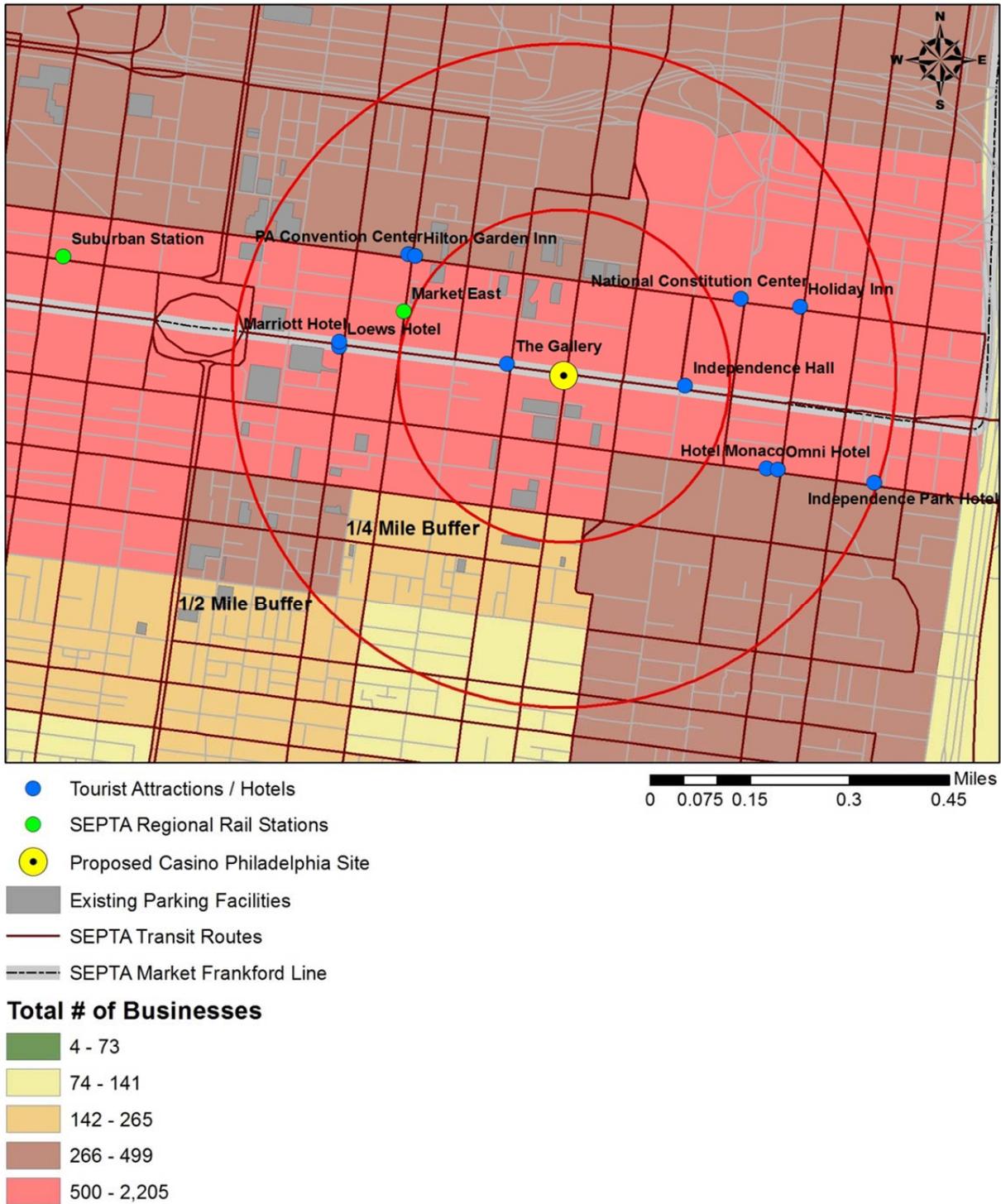
Overall, no other site in the City will be able to benefit from existing infrastructure, easy access to multiple public transportation options (including subway, bus, and rail), close proximity to the Pennsylvania Convention Center and a number of historical tourist attractions, and the densest concentration of retailers in the City. While there are many prosperous areas within the urban core, the Market8 site, with its location in the heart of Philadelphia's urban core, offers a unique opportunity and is most qualified to maximize the "urban effect" described previously.

Figure 3.2: Map of Philadelphia Census Tracts and Total Number of Businesses (2012)



Source: Tourism Economics, ESRI, Infogroup (2012)

Figure 3.3: Map of Total Number of Businesses (by Census Tract) Surrounding Proposed Market8 Site (2012)



4 Economic Impacts Defined

The first step in calculating the economic and fiscal impacts attributable to Market8 is to identify the direct expenditures that will generate economic activity in the local, regional, and statewide economies:

- One-time development/construction expenditures
- Ongoing annual operational expenditures
- Ancillary patron spending at nearby businesses surrounding Market8

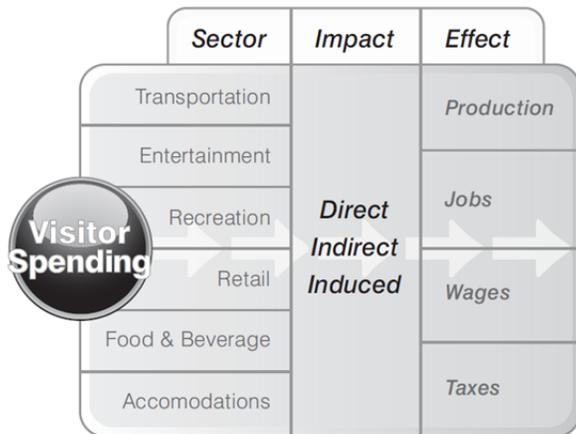
The first main component in the economic impact analysis is the Casino's development and construction expenditures. These expenditures will generate one-time downstream economic activity for a variety of supplier industries in the form of increased sales, jobs, and spending by businesses and employees.

The second main component is Market8's annual operational expenditures. These annual expenditures will generate ongoing impacts in the local, regional, and statewide economies as businesses supply goods and services to maintain operational activities at the Casino. For example, Market8 may hire a local PR/advertising company to assist with marketing efforts, a local law firm to assist with legal matters, or a local food and beverage purveyor to supply goods for the on-site restaurants.

The final impact component is ancillary spending by casino patrons. A portion of patrons at Market8 will also spend time outside the Casino and will spend money at local retail, food and beverage, and recreation/attraction sites. Similar to the casino's development and operational expenditures, ancillary spending will also generate significant economic benefits.

The economic impacts of each component outlined above were estimated using a regional and statewide Input-Output (I-O) model based on IMPLAN (www.implan.com) models. IMPLAN is recognized as one of two industry standards in local-level I-O models. An I-O model represents a profile of an economy by measuring the relationships among industries and consumers. For example, an I-O model tracks the flow of the Casino's operational expenditures to wages, profits, capital, taxes and suppliers. The supplier chain is also traced to wholesalers, to suppliers, to professional services firms, and so on. In this way, the I-O model allows for the measurement of the direct and indirect sales generated by Casino operations. The model also calculates the induced impacts of Casino operations. These induced impacts represent benefits to the economy as employees of the Casino and supplier industries spend their wages in the local economy, generating additional output, jobs, taxes, and wages.

Figure 4.1: Illustration of Economic Impact Model



IMPLAN is particularly effective because it calculates these three levels of impact – direct, indirect, and induced – for a broad set of indicators. These include the following:

- Spending
- Wages
- Employment
- Federal Taxes
- State Taxes
- Local Taxes

The modeling process begins with aligning the expenditure measurements with the related sectors in the model (e.g. restaurants, retail, and entertainment). The model is then run to simulate the flow of these expenditures through the economy. In this process, the inter-relationships between consumers and industries generate each level of impact for each economic indicator (sales, wages, employment, etc.).

4.1 Geographic Impact Areas

The economic impact analysis focused on impacts for the following geographic regions:

- City of Philadelphia
- 5-County Pennsylvania Metropolitan Division
 - Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties
- State of Pennsylvania

5 Development/Construction Expenditures

Based on preliminary development budgets provided by Market East Associates, the total development budget for Market8 will amount to \$500 million, including \$230 million in construction costs, \$25 million in contingency costs, and \$55 million in soft costs. Hard costs include construction and materials costs, while soft costs include architectural & engineering costs, legal expenses, and other professional services fees.

Figure 5.1: Preliminary Market8 Development Budget (\$ Millions)

Description	Budgeted Amount (\$ Millions)
Land Acquisition Costs	\$65.0
Construction Costs	\$230.0
Gaming Licenses	\$75.0
Soft Costs	\$55.0
Interest and Financing Costs	\$50.0
Contingency	\$25.0
Total Development Budget	\$500.0

Source: Market East Associates, L.P. (2013)

Based on data provided by Market East Associates, preliminary plans for Market8 include 60,000 square feet of restaurant space throughout the casino. The restaurant space will be built out and operated by third party entities. We conservatively estimate that it will cost \$13 million to build out the restaurant space throughout Market8.

6 Annual Operational Expenditures

6.1 Market8 Casino Operational Expenditures

Based on data provided by PKF Consulting, total annual operational expenditures at Market8 will amount to approximately \$174 million (expressed in 2016 dollars) in its first year of operation. The total operating budget includes approximately \$102 million in departmental expenses (excluding any taxes on gaming revenues), \$46 million in undistributed expenses, \$5 million in base management fees, and \$21 million in fixed expenses. By its fifth year of operation, Market8's operating budget will amount to nearly \$191 million. Figure 6.1 summarizes Market8's operational budget during its first five years of operations.

Figure 6.1: Preliminary Market8 Operational Budget (\$ Millions)

Departmental Expenses	Year 1	Year 2	Year 3	Year 4	Year 5
Casino	\$61.4	\$62.8	\$64.1	\$65.4	\$66.7
Other Operated Departments	\$3.4	\$3.5	\$3.7	\$3.8	\$3.8
Complimentaries & Promotions	\$36.8	\$37.9	\$39.0	\$39.8	\$40.6
Total Departmental Expenses	\$101.6	\$104.2	\$106.8	\$109.0	\$111.2
Undistributed Expenses	Year 1	Year 2	Year 3	Year 4	Year 5
Administrative & General	\$20.0	\$20.5	\$21.1	\$21.5	\$21.9
Marketing	\$14.9	\$15.3	\$15.7	\$16.0	\$16.4
Property Operation & Maintenance	\$6.1	\$6.6	\$7.1	\$7.3	\$7.4
Utility Costs	\$5.4	\$5.5	\$5.7	\$5.8	\$5.9
Total Undistributed Expenses	\$46.4	\$48.0	\$49.6	\$50.6	\$51.6
Base Management Fee	Year 1	Year 2	Year 3	Year 4	Year 5
Base Management Fee	\$4.9	\$5.0	\$5.2	\$5.3	\$5.4
Fixed Expenses	Year 1	Year 2	Year 3	Year 4	Year 5
Property Taxes	\$2.2	\$2.2	\$2.3	\$2.3	\$2.3
Business Privilege Tax	\$0.8	\$0.8	\$0.8	\$0.9	\$0.9
Insurance	\$3.7	\$3.8	\$3.9	\$4.0	\$4.1
Incentive Management Fee	\$5.7	\$5.8	\$6.2	\$6.3	\$6.4
Slot Machine Leases	\$9.0	\$9.0	\$9.0	\$9.0	\$9.0
Total Fixed Expenses	\$21.3	\$21.6	\$22.2	\$22.4	\$22.7
Total Expenses	\$174.2	\$178.9	\$183.8	\$187.3	\$190.9

Source: PKF Consulting (2013)

6.2 On-Site Restaurant & Event/Banquet Operational Expenditures

Restaurants

Based on data provided by Market East Associates, preliminary plans for Market8 include 60,000 square feet of restaurant space throughout the casino. Based on comparable industry data, Market East Associates estimates the restaurants at Market8 will generate \$1,100 in sales per sf, with operating expenditures of \$800 per sf. This results in \$66 million in sales and \$48 million in operational expenditures on an annual basis. In addition, Market East Associates estimates that the 60,000 sf of restaurant space will support 200 jobs with an annual payroll of \$8.2 million.

Event/Banquet Space

In addition to the 60,000 sf of restaurant space, Market8 will also include 12,500 sf of event/banquet space. Based on industry averages, Market East Associates estimates this banquet space will generate 50 jobs with an annual payroll of \$2 million and annual operational expenditures of \$5 million.

7 Direct Employment at Market8

Based on data provided by PKF, Market8 will generate more than 1,300 FTE jobs, including nearly 1,000 casino jobs, 260 administrative and general jobs, and 112 retail and valet parking jobs. In addition, restaurants and event/banquet space will support an additional 250 jobs, resulting in a total of nearly 1,600 jobs. Market East Associates estimates there will be \$25 million in tip income at Market8, resulting in \$87 million in total payroll (including benefits) and tip income.

Figure 7.1: Direct On-Site Jobs, Payroll (Including Benefits), and Tip Income (FTE Jobs & 2016 Dollars)

Description	FTE Jobs	Payroll & Benefits
Casino		
Table Games & Slots	794	\$28,336,000
Security & Surveillance	170	\$6,482,000
Subtotal	964	\$34,818,000
Administrative & General		
Executives	6	\$1,204,000
Accounting	29	\$2,247,000
Warehouse	6	\$392,000
Mail Room	0	\$0
Purchasing	4	\$336,000
Human Resources	13	\$1,015,000
MIS	7	\$560,000
Uniforms	7	\$378,000
PBX	4	\$217,000
Marketing	75	\$4,060,000
Repairs & Maintenance	109	\$3,857,000
Subtotal	260	\$14,266,000
Retail & Other		
Valet Parking	101	\$2,317,000
Retail Shops	11	\$426,552
Subtotal	112	\$2,743,552
Restaurants & Event/Banquet Space		
Restaurants	200	\$8,200,000
Event/Banquet Room	50	\$2,000,000
Subtotal	250	\$10,200,000
Estimated Tip Income		\$25,000,000
Total	1,586	\$87,027,552

Source: PKF Consulting & Market East Associates (2013)

8 Economic Impacts

8.1 One-Time Economic Impacts Attributable to Development/Construction Expenditures

8.1.1 Direct Impacts of Development/Construction Expenditures

Based on data provided by Market East Associates, the total development budget for Market8 will amount to \$513 million, including an estimated \$13 million to build out restaurant space throughout the Casino. Certain line item costs are excluded from the economic impact analysis since they do not represent the transfer of tangible goods and do not generate economic impacts. Expenditures included in the economic modeling include \$25 million in soft costs, \$230 million in construction costs, \$25 million in contingency costs, \$20 million in startup costs, and \$13 million in restaurant build out costs. We conservatively estimate that 20% of inputs necessary for construction will originate from within the City of Philadelphia, 60% will originate from within the 5-County Region, and 80% will originate from within the State of Pennsylvania. As shown in Figure 8.1, total direct development expenditures in Philadelphia will amount to \$63 million. Total direct development expenditures in the 5-County Region, State, and PA-NJ-DE Region will amount to \$188 million, \$250 million, and \$313 million, respectively.

Figure 8.1: One-Time Economic Impacts Attributable to Market8
Development/Construction Expenditures (\$ Millions and Total Jobs)

Description	Philadelphia	5-County Region	PA State	PA-NJ-DE Region
Output Impacts				
Direct Expenditures	\$62.6	\$187.8	\$250.4	\$313.0
Indirect & Induced Expenditures	\$26.1	\$201.0	\$332.3	\$448.0
Total Economic Output	\$88.7	\$388.8	\$582.7	\$761.0
Output Multiplier	1.42	2.07	2.33	2.43
Job Impacts				
Direct Jobs	427	1,576	2,307	2,842
Indirect Jobs	235	1,717	2,986	4,724
Total Jobs	662	3,293	5,293	7,565
Salary & Wage Impacts				
Direct Salaries & Wages	\$21.6	\$52.8	\$56.6	\$73.7
Indirect Salaries & Wages	\$10.3	\$70.6	\$90.6	\$122.5
Total Salaries & Wages	\$31.9	\$123.4	\$147.2	\$196.2

Source: Tourism Economics (2013)

8.1.2 Total Impacts of Development/Construction Expenditures

City of Philadelphia

In the City of Philadelphia, \$62.6 million in direct construction expenditures will generate an additional \$26.1 million in indirect and induced expenditures, resulting in a total economic impact of \$88.7 million. This total economic impact includes \$31.9 million in total salaries and wages, supporting 662 total jobs. The output multiplier for the City of Philadelphia is 1.42, which indicates that each \$1 in direct development expenditures will generate an additional \$0.42 in indirect and induced expenditures in the City of Philadelphia.

5-County Region

In the 5-County Region, \$187.8 million in direct construction expenditures will generate an additional \$201.0 million in indirect and induced expenditures, resulting in a total economic impact of \$388.8 million. This total economic impact includes \$123.4 million in total salaries and wages, supporting nearly 3,300 total jobs. The output multiplier for the 5-County Region is 2.07, which indicates that each \$1 in direct development expenditures will generate an additional \$1.07 in indirect and induced expenditures in the 5-County Region.

State of Pennsylvania

In the State of Pennsylvania, \$250.4 million in direct construction expenditures will generate an additional \$332.3 million in indirect and induced expenditures, resulting in a total economic impact of \$582.7 million. This total economic impact includes \$147.2 million in total salaries and wages, supporting nearly 5,300 total jobs. The output multiplier for the State of Pennsylvania is 2.33, which indicates that each \$1 in direct development expenditures will generate an additional \$1.33 in indirect and induced expenditures in the State of Pennsylvania.

PA-NJ-DE Region

In the PA-NJ-DE Region, \$313.0 million in direct construction expenditures will generate an additional \$448.0 million in indirect and induced expenditures, resulting in a total economic impact of \$761.0 million. This total economic impact includes \$196.2 million in total salaries and wages, supporting nearly 7,600 total jobs. The output multiplier for the PA-NJ-DE Region is 2.43, which indicates that each \$1 in direct development expenditures will generate an additional \$1.43 in indirect and induced expenditures in the PA-NJ-DE Region.

While the impacts attributable to development/construction expenditures are one-time impacts in the City, region, and State, they represent significant, positive impacts in terms of economic output, total jobs, and salaries and wages.

8.2 Ongoing Economic Impacts Attributable to Annual Operational Expenditures

8.2.1 Direct Impacts of Annual Casino & Restaurant Operational Expenditures

Similar to development expenditures, annual operations at Market8 will also generate significant economic benefits. However, the impacts generated by annual operations represent *ongoing* benefits in the local, regional, and statewide economies. As previously shown, annual operating expenditures at Market8 will amount to approximately \$174 million (in 2016 dollars) in the first year of operation, excluding any tax payments on gaming revenues. In addition, operational expenditures of the restaurants throughout the Casino will amount to \$48 million, while operational expenditures of the event/banquet space will amount to \$5 million. We conservatively assume that 65% of ongoing Casino and restaurant operational expenditures will occur in the City of Philadelphia, 80% will occur in the 5-County Region, and 90% will occur in the State of Pennsylvania. As shown in Figure 8.2, total direct impacts in the City, 5-County Region, State, and PA-NJ-DE Region amount to \$147.7 million, \$181.8 million, \$204.5 million, and \$221.4 million, respectively.

Based on staffing and payroll estimates provided by PKF Consulting and Market East Associates, Market8 (including on-site restaurants and event/banquet space) will support a total of 1,586 FTE jobs with a payroll (including benefits) and tip income of \$87 million (in 2016 dollars). Based on the U.S. Census Bureau's Journey to Work database (which tracks county-to-county flows of workers based on residence and workplace counties), we assume that 65% of Market8's employees will originate from the City of Philadelphia, 85% will originate from the 5-County Region, 90% will originate from the State of Pennsylvania, and all employees will originate from the PA-NJ-DE Region. We assume a similar breakdown for payroll.

Figure 8.2: Ongoing Economic Impacts Attributable to Market8 Annual Operational Expenditures, First Year of Operations (\$ Millions in 2016 Dollars and Total Jobs)

Description	Philadelphia County	5-County Region	PA State	PA-NJ-DE Region
Output Impacts				
Direct Impacts	\$147.7	\$181.8	\$204.5	\$221.4
Indirect & Induced Expenditures	\$69.4	\$169.4	\$202.6	\$247.0
Total Economic Output	\$217.1	\$351.2	\$407.1	\$468.4
Output Multiplier	1.47	1.93	1.99	2.12
Job Impacts				
Direct Jobs	1,031	1,348	1,427	1,586
Indirect Jobs	425	1,019	1,164	1,302
Total Jobs	1,456	2,367	2,591	2,888
Salary & Wage Impacts				
Direct Salaries & Wages	\$56.6	\$74.0	\$78.3	\$87.0
Indirect Salaries & Wages	\$23.9	\$68.3	\$76.8	\$94.1
Total Salaries & Wages	\$80.5	\$142.3	\$155.1	\$181.2

Source: Tourism Economics (2013)

8.2.2 Total Impacts of Annual Operational Expenditures

City of Philadelphia

In the City of Philadelphia, \$147.7 million in direct casino and restaurant operational expenditures will generate an additional \$69.4 million in indirect and induced expenditures, resulting in a total economic impact of \$217.1 million. This total economic impact includes \$80.5 million in total salaries and wages, supporting nearly 1,500 total jobs throughout the City. The output multiplier for the City of Philadelphia is 1.47, which indicates that each \$1 in direct operational expenditures will generate an additional \$0.47 in indirect and induced expenditures in the City of Philadelphia.

5-County Region

In the 5-County Region, \$181.8 million in direct casino and restaurant operational expenditures will generate an additional \$169.4 million in indirect and induced expenditures, resulting in a total economic impact of \$351.2 million. This total economic impact includes \$142.3 million in total salaries and wages, supporting nearly 2,400 total jobs throughout the region. The output multiplier for the 5-County Region is 1.93, which indicates that each \$1 in direct operational expenditures will generate an additional \$0.93 in indirect and induced expenditures in the 5-County Region.

State of Pennsylvania

In the State of Pennsylvania, \$204.5 million in direct casino and restaurant operational expenditures will generate an additional \$202.6 million in indirect and induced expenditures, resulting in a total economic impact of \$407.1 million. This total economic impact includes \$155.1 million in total salaries and wages, supporting nearly 2,600 total jobs statewide. The output multiplier for the State of Pennsylvania is 1.99, which indicates that each \$1 in direct operational expenditures will generate an additional \$0.99 in indirect and induced expenditures in the State of Pennsylvania.

PA-NJ-DE Region

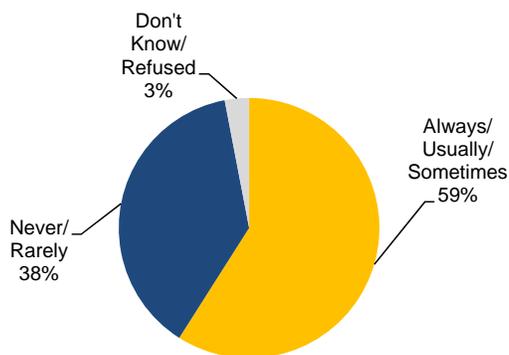
In the PA-NJ-DE Region, \$221.4 million in direct casino and restaurant operational expenditures will generate an additional \$247.0 million in indirect and induced expenditures, resulting in a total economic impact of \$468.4 million. This total economic impact includes \$181.2 million in total salaries and wages, supporting nearly 2,900 total jobs in the PA-NJ-DE Region. The output multiplier for the PA-NJ-DE Region is 2.12, which indicates that each \$1 in direct development expenditures will generate an additional \$1.12 in indirect and induced expenditures in the PA-NJ-DE Region.

8.3 Ongoing Economic Impacts Attributable to Ancillary Patron Spending

Because of Market8's downtown location in Center City Philadelphia, casino patrons will have a wide variety of dining, shopping, and entertainment options within short walking distances from the Casino. Suburban casinos (and other sites throughout the City) are either isolated from the heart of Philadelphia's urban core and/or cannot match the variety (and quality) of options and high concentration of businesses and retail establishments steps away from Market8's doors. Because of Market8's locational advantage in the center of Philadelphia's urban core, no other site would match the ancillary spinoff benefits of patron spending in the surrounding community.

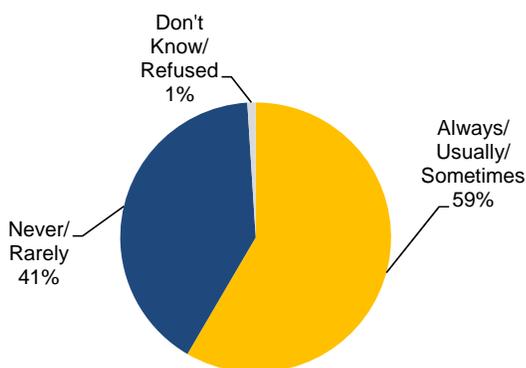
According to the American Gaming Association's ("AGA") 2011 State of the States (The AGA Survey of Casino Entertainment), nearly 60% of responding casino patrons indicated that they visit attractions in the area outside casino properties, as shown in Figure 8.3. In addition, the survey also found that nearly 60% of casino patrons shopped at local retailers and ate at local dining establishments outside casino properties.

Figure 8.3: Percentage of Survey Respondents who Visit Attractions in the Area Outside Casinos



Source: VP Communications, Inc. & Peter D. Hart

Figure 8.4: Percentage of Survey Respondents who Shop or Eat at Establishments Outside Casinos



Source: VP Communications, Inc. & Peter D. Hart

As shown in the AGA's 2011 study, the majority of casino patrons visit entertainment, shopping, and/or dining establishments outside a casino during their gaming visit. Market8's unique location in the heart of Center City will be especially attractive to its gaming (and non-gaming) patrons and will offer a wide variety of dining, retail, and entertainment options within a short walking distance from the Casino. Market8 will be located just west of the popular Independence Mall/Old City/Society Hill area of Center City, which is a popular tourist area but also a center for governmental operations. The Casino site is also within a short walking distance to Philadelphia's famed Avenue of the Arts and Thomas Jefferson University Hospital. The Market Street entrance to the one million square-foot Pennsylvania Convention Center is located just three blocks west of the Casino site. Most of the major office buildings in Center City are located on or just off Market Street to the west of the Casino site. The multi-level Gallery urban shopping center is located along several blocks of Market Street just to the west of the Casino site. Finally, Chinatown is located several blocks northwest of the Casino site.

In addition to spending money inside Market8, patrons and gamers will also spend money at local Philadelphia establishments outside the Casino, including restaurants and bars, hotels, retail and general merchandise stores, entertainment venues, and tourist attractions. Similar to annual Casino operational expenditures, this ancillary spending by Casino patrons will also generate significant economic impacts for the City, Region, and State.

8.3.1 Direct Impacts of Ancillary Patron Spending

Based on estimates provided by PKF Consulting, Market8 patrons will fall under the following four market segments:

- Primary Residential Market: consists of the residents of Philadelphia County plus residents of New Jersey readily accessed by the Benjamin Franklin, Walt Whitman and Betsy Ross Bridges and the PATCO high-speed line.
- Secondary Residential Market: consists of residents desiring to travel to casinos in the area for an evening or day of dining and/or gaming.
- Visitor Market: consists of hotel patrons, tourists, and day visitors to the Pennsylvania Convention Center.
- Commuter Workforce Market: consists of suburban commuters who work in Center City.

Based on PKF's market segment analysis²⁵, Market8 will have more than 4.7 million patrons in its first year of operation. As shown in Figure 8.5, an estimated 2.7 million patrons will originate from the primary residential market, 1.4 million will originate from the secondary residential market, and 0.5 million and 0.2 million will originate from the visitor and commuter workforce markets, respectively. Due to Market8's unique location in the heart of Philadelphia's urban core, no other site in the city would match the ancillary impacts of Market8 patrons shopping and dining at retailers, restaurants, and entertainment venues immediately outside Casino doors.

²⁵ Please refer to PKF's complete report for a comprehensive analysis and description of the methodology underlying Casino Philadelphia's estimated patron base.

We estimate that 60% of patrons from the primary residential market will spend money outside of Market8. Average spending will amount to \$40 per patron, resulting in a total of nearly \$65 million in spending by primary residential market patrons at establishments outside the Casino.

We estimate that 80% of patrons from the secondary residential market will spend money outside of Market8. At an average of \$45 per person, total spending by secondary residential market patrons at establishments outside the Casino will amount to nearly \$49 million.

The estimated percentages of the primary and secondary residential markets that will spend money outside the Casino are comparable to the percentages reported in the AGA's 2011 survey of casino patrons. Market8 represents an attractive downtown entertainment destination for patrons originating from the primary and secondary residential markets (2.7 million and 1.4 million patrons, respectively), and a high percentage of these patrons will spend money outside the Casino, thus generating new business at other downtown establishments that otherwise would not have occurred.

While the majority of Market8 patrons from the visitor market are hotel guests or patrons of the Pennsylvania Convention Center, we assume that their trip to Market8 would generate ancillary spending that otherwise would not have occurred. We estimate that 30% of the visitor market will spend an average of \$25 per person, resulting in total spending of nearly \$4 million at establishments outside the Casino.

Finally, we assume that 30% of the commuter workforce market patrons will spend an average of \$15 outside of Market8, resulting in \$0.9 million in ancillary spending at establishments outside the Casino.

Spending estimates for each market segment represent *net new* spending by Casino patrons that would not have occurred had it not been for their trip to Market8.

Based on research from Tourism Economics and GTPMC (Greater Philadelphia Tourism Marketing Corporation), average spending per person trip to Philadelphia (including day and overnight visitors from domestic and international markets) is \$137, while spending per person trip for domestic overnight visitors is \$163. In addition, according to the Bureau of Labor Statistics' (BLS) Consumer Expenditure Survey, consumers in the Northeast spent an annual average of \$1,835 on dining away from home and entertainment fees and admissions in 2011. Based on these visitor and resident spending averages, the respective per-patron spending estimates, which range from \$15 to \$35 per person, represent reasonable estimates of ancillary spending at nearby retail, dining, and entertainment establishments. Finally, a 2012 study from the Philadelphia Cultural Alliance found that cultural attendees spend an average of \$45 on meals, parking, transportation, and retail goods at local establishments outside cultural/entertainment venues. Compared to these average household and per-visitor spending estimates, the estimates outlined above represent reasonable estimates of average spending of Market8 patrons at nearby establishments.

Based on the estimates outlined above, total ancillary patron spending attributable to Market8 amounts to nearly \$118 million, as shown in in Figure 8.5.

Figure 8.5: Estimated Market8 Patrons and Ancillary Spending (First Year of Operation), by Market (in 2016 Dollars)

Market	Estimated Patrons	% of Patrons Who Will Spend \$ Outside Market8	Spending per Patron	Total Patron Spending (\$ Millions)
Primary Residential Market	2,700,000	60%	\$40	\$64.8
Secondary Residential Market	1,350,000	80%	\$45	\$48.6
Visitor Market	480,000	30%	\$25	\$3.6
Commuter Workforce Market	190,000	30%	\$15	\$0.9
Total Patrons	4,720,000			\$117.9

Source: PKF Consulting & Tourism Economics (2013)

8.3.2 Total Impacts of Ancillary Patron Spending

The economic impacts attributable to \$118 million in ancillary patron spending are summarized in Figure 8.6.

Figure 8.6: Ongoing Economic Impacts Attributable to Market8 Ancillary Patron Spending, First Year of Operations (\$ Millions in 2016 Dollars and Total Jobs)

Description	Philadelphia County	5-County	PA State	PA-NJ-DE Region
Output Impacts				
Direct Impacts	\$117.9	\$117.9	\$117.9	\$117.9
Indirect & Induced Expenditures	\$69.1	\$128.0	\$140.9	\$162.8
Total Economic Output	\$187.0	\$245.9	\$258.7	\$280.7
Output Multiplier	1.59	2.09	2.20	2.38
Job Impacts				
Direct Jobs	1,678	2,313	2,452	2,703
Indirect Jobs	302	951	1,124	1,367
Total Jobs	1,980	3,264	3,576	4,070
Salary & Wage Impacts				
Direct Salaries & Wages	\$24.3	\$33.8	\$35.8	\$38.3
Indirect Salaries & Wages	\$9.3	\$31.8	\$37.5	\$42.4
Total Salaries & Wages	\$33.6	\$65.7	\$73.3	\$80.7

Source: Tourism Economics (2013)

City of Philadelphia

In the City of Philadelphia, \$117.9 million in direct ancillary spending will generate an additional \$69.1 million in indirect and induced expenditures, resulting in a total economic impact of \$187.0 million. This total economic impact includes \$33.6 million in total salaries and wages, supporting nearly 2,000 total jobs throughout the City. The output multiplier for the City of Philadelphia is 1.59, which indicates that each \$1 in direct operational expenditures will generate an additional \$0.59 in indirect and induced expenditures in the City of Philadelphia.

5-County Region

In the 5-County Region, \$117.9 million in direct ancillary spending will generate an additional \$128.0 million in indirect and induced expenditures, resulting in a total economic impact of \$245.9 million. This total economic impact includes \$65.7 million in total salaries and wages, supporting nearly 3,300 total jobs throughout the region. The output multiplier for the 5-County Region is 2.09, which indicates that each \$1 in direct operational expenditures will generate an additional \$1.09 in indirect and induced expenditures in the 5-County Region.

State of Pennsylvania

In the State of Pennsylvania, \$117.9 million in ancillary spending will generate an additional \$140.9 million in indirect and induced expenditures, resulting in a total economic impact of \$258.7 million. This total economic impact includes \$73.3 million in total salaries and wages, supporting nearly 3,600 total jobs statewide. The output multiplier for the State of Pennsylvania is 2.20, which indicates that each \$1 in direct development expenditures will generate an additional \$1.20 in indirect and induced expenditures in the State of Pennsylvania.

PA-NJ-DE Region

In the PA-NJ-DE Region, \$117.9 million in ancillary spending will generate an additional \$162.8 million in indirect and induced expenditures, resulting in a total economic impact of \$280.7 million. This total economic impact includes \$80.7 million in total salaries and wages, supporting nearly 4,100 total jobs in the PA-NJ-DE Region. The output multiplier for the PA-NJ-DE Region is 2.38, which indicates that each \$1 in direct development expenditures will generate an additional \$1.38 in indirect and induced expenditures in the PA-NJ-DE Region.

9 Fiscal (Tax) Impacts

The economic impacts outlined in previous sections will also generate significant fiscal (tax) impacts as they cycle through the local, regional, and statewide economies.

9.1 Gaming Taxes

PKF Consulting estimates that Market8 will have a win of \$518.5 million (in 2016 dollars) in its first year of operation, including \$155.5 million in table games revenue and \$362.9 million in slots revenue. Based on these estimates, we estimate that Market8 will generate nearly \$207.0 million in state gaming tax revenues and nearly \$18.0 million in local gaming tax revenues (expressed in 2016 dollars) in its first year of operations. Figure 9.1 provides a detailed breakdown of the various state and local gaming tax components and revenues.

Figure 9.1: State & Local Gaming Tax Revenues Attributable to Market8
(\$ Millions in 2016 Dollars)

PA State Gaming Tax Revenues					
Tax Description	2016	2017	2018	2019	2020
State Gaming Fund (34% of Slots Revenues)	\$123.4	\$127.1	\$131.0	\$133.6	\$136.2
Horse Racing Industry (12% of Slots Revenues)	\$43.6	\$44.9	\$46.2	\$47.1	\$48.1
Economic Development (5% of Slots Revenues)	\$18.1	\$18.7	\$19.3	\$19.6	\$20.0
General Fund (14% of Tables Revenues, Years 1 & 2) (12% of Tables Revenues, Years 3 to 5)	\$21.8	\$22.4	\$19.8	\$20.2	\$20.6
Total State Gaming Tax Revenues	\$206.9	\$213.1	\$216.2	\$220.6	\$225.0
Local Gaming Tax Revenues					
Tax Description	2016	2017	2018	2019	2020
Local and County Governments (4% of Slots Revenues)	\$14.5	\$15.0	\$15.4	\$15.7	\$16.0
Local County Municipalities (2% of Tables Revenues)	\$3.1	\$3.2	\$3.3	\$3.4	\$3.4
Total Local Gaming Tax Revenues	\$17.6	\$18.2	\$18.7	\$19.1	\$19.5
Total Gaming Taxes	\$224.5	\$231.3	\$235.0	\$239.7	\$244.4

Source: Tourism Economics (2013)

9.2 Non-Gaming Taxes

Based on the estimates of total economic impacts outlined in Section 8, Figure 9.2 outlines the various state and local taxes attributable to the one-time construction period impacts and the annual, ongoing impacts of annual casino operations and ancillary patron spending.

Figure 9.2: State & Local Non-Gaming Tax Revenues Attributable to Market8, First Year of Operations (\$ Millions in 2016 Dollars)

Description	PA State Personal Income Tax	PA State Sales and Use Tax	City of Philadelphia Sales Tax	City of Philadelphia Wage Tax	Total Tax Impact
One-Time Tax Revenues					
Construction Period	\$3.76	\$5.01	\$0.43	\$3.46	\$12.65
Total One-Time Tax Revenues	\$3.76	\$5.01	\$0.43	\$3.46	\$12.65
Ongoing Tax Revenues					
Annual Casino Philadelphia Operations (including restaurants)	\$4.11	\$4.77	\$1.59	\$4.31	\$14.79
Annual Ancillary Patron Spending	\$1.67	\$7.82	\$2.30	\$1.35	\$13.14
Total Annual, Ongoing Tax Revenues	\$5.79	\$12.59	\$3.89	\$5.66	\$27.92

Source: Tourism Economics (2013)

As shown in Figure 9.2, Market8's development/construction activities will generate a total one-time impact of nearly \$12.7 million, including \$3.8 million in State personal income tax revenue, \$5.0 million in State sales tax revenue, more than \$0.4 million in City sales tax revenue, and \$3.5 million in City wage tax revenue.

Casino operations and ancillary patron spending will generate nearly \$28.0 million in state and local taxes on an annual, ongoing basis. This total tax impact will include \$6.0 million in State personal income tax revenue, \$12.6 million in State sales tax revenue, \$3.9 million in City sales tax revenue, and \$5.7 million in City wage tax revenue on an annual basis.

10 Qualitative & Local Impacts

10.1 Positive Qualitative Impacts

As outlined in previous sections, Market8 will be located in the heart of Center City's urban core. Market8's prime location will create synergies and complementary benefits for areas surrounding the Casino. As evidenced by research from the American Gaming Association, the majority of casino patrons travel off-site to explore entertainment and dining options outside casino doors. Market8's proximity to various dining establishments, retailers, historic and cultural tourist attractions, and other center city attractions will provide a unique experience for its gaming (and non-gaming) patrons, providing them a variety of destination options outside Market8's doors.

10.2 Local Services

The proposed Casino would directly impact local government service departments, including police, fire, and emergency services. The impacts of the proposed casino should have only minor negative impacts on the neighboring communities and the City government. The areas surrounding the proposed Casino site have sufficient transportation, and there are already a number of parking options, as well as the planned on-site underground parking.

10.2.1 Crime & Police

Research indicates that there is little evidence linking crime rates and gambling and that casinos do not generate increases in the rate of violent crimes in the local community. According to a study from the American Gaming Association, a review of empirical studies found little documentation of a causal relationship between gaming and crime. Much of the literature included in the analysis indicated that communities with casinos are just as safe as communities that don't have casinos²⁶. In addition, according to a study that analyzed the impacts of Detroit's downtown casinos, "it appears that Detroit's casinos are effective in contributing to the tourism activity in the community: 1) they are effective in attracting tourists and generating new money in the area. 2) they generate taxes and employment, 3) they contribute to other community tourism-related businesses. On the other hand, crime volume did not increase following casino gaming development in the city. In addition, it was found that bankruptcy filings in Detroit did not increase a year after the casinos opened in the city"²⁷.

Grant Stitt's federally funded research, which examined the impacts of new casinos in eight jurisdictions in Illinois, Iowa, and Mississippi, found that casinos did not appear to have any general or

²⁶ Casinos and Crime: An Analysis of the Evidence, American Gaming Association

²⁷ Moufakkir, Omar, and Holecek, Donald. *Impacts of Detroit Casinos on the Local Community*.2002.

dramatic effect on crime, especially in communities that did not have a high concentration of casinos. The research also found that minor crimes were more likely to increase than major crimes.

While the above references suggest that Market8 would not necessarily lead to an increase in crime *rate*, there may be increases in overall crime *levels*. If there is an increase in the number of crimes, Market8's location at 8th and Market Streets is in the heart of Philadelphia's urban core and is already well-served by a large police presence. The Philadelphia Police Department is the nation's fourth largest police department, and the headquarters of the Department's 6th District is only five blocks away from the site of the proposed Casino. While the presence of a 24-hour casino may require the Police Department to modify staffing and schedules, it would not have negative impacts or degrade the quality of services currently provided by the Police Department.

10.2.2 Fire Department

The Philadelphia Fire Department services Market Street in Center City with crews out of fire houses in the 4th Battalion, of the First Division in the Fire Department. The 4th Battalion includes engine and/or ladder companies at two locations within five blocks from the proposed Casino site and an additional three companies within 15 blocks. With twelve additional battalions, there are multiple redundancies for servicing the proposed Casino site.

10.3 Traffic Impact

Pennoni Associates, Inc., conducted a comprehensive Traffic Impact Study for the proposed site of Market8. The analysis found that Market8 is in a prime location to access several modes of transit. In addition, the prime location allows easy access to I-95 and I-676 for regional access by vehicular traffic. Delays due to casino vehicular traffic would be limited to less than 10 seconds at all intersections included in Pennoni's analysis. Available parking immediately adjacent to the proposed site, combined with proposed underground parking at the Casino, exceeds the parking requirements of the zoning code.

10.4 Public Transportation

Due to Market8's location in one of the major thoroughfares in the City, there are already a multitude of existing public transportation options, including bus, rail, taxis, and subway. Please refer to the Traffic Impact Study for further details.

10.5 Social Costs

Various studies indicate that one clear social impact of casino development is the increase in problem gambling that results²⁸. According to a 2010 study, 1.2% of adults are pathological gamblers at any point in their lifetime, while another 1.5% are problem gamblers. The likelihood of being a pathological or problem gambler increases for persons living within 50 miles of a casino.

Current Pennsylvania statutes require slot machine licensees to submit a Compulsive and Problem Gambling Plan to the State. Market8 will create a plan that will include provisions for employee training on identifying and dealing with compulsive gamblers, signage for toll-free help numbers and other helpful information, and other controls to effectively handle any increases in pathological and problem gamblers.

It is not anticipated that Market8 will cause an increased demand for public health care, child care, public transportation, affordable housing or social services

Market8 will be located in downtown Philadelphia, where there is already a well-established business and residential community with existing infrastructure, high concentrations of retailers, companies, and workers, steady levels of pedestrians and foot traffic, and an existing historic/cultural tourism base. Since the proposed site is in one of the major thoroughfares in the City, there will be minimal impacts on the neighboring communities, including Chinatown.

While there have been many studies analyzing the socio-economic impacts of casino development, there have been few studies examining the cultural impacts of casinos. In his 2010 paper, "Casino Development in Gettysburg: Social, Economic and Heritage Impacts", Professor Duarte B. Morais cites a study that argued that "visitors attracted to the (Upper Mississippi River corridor) for gaming, will frequently stay longer to experience other opportunities, such as touring historic, scenic, or recreation sites." In addition, a research firm studying the profile of visitors to Vicksburg, MI found that respondents interviewed in Casinos reported also visiting Vicksburg's historic/cultural attractions. Due to its location within walking distance of many of Philadelphia's famous historical landmarks (including Independence Hall, the Liberty Bell, Independence Visitors Center, and the National Constitution Center), Market8 will generate new visitors to these historic attractions. While these new visits will generate new revenues and economic benefits for the historic attractions, they could also create increased costs and pressures in infrastructure to satisfy the new demand.

²⁸ "The Social Impact of Casinos: Literature Review and Cost Estimates", Community Research Partners, 2010.

11 Company Background



Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of tourism dynamics with rigorous economics in order to answer the most important questions facing destinations, developers, and strategic planners. By combining quantitative methods with industry knowledge,

Tourism Economics designs custom market strategies, destination recovery plans, tourism forecasting models, tourism policy analysis, and economic impact studies.

With over four decades of experience of our principal consultants, it is our passion to work as partners with our clients to achieve a destination's full potential.

Oxford Economics is one of the world's leading providers of economic analysis, forecasts and consulting advice. Founded in 1981 as a joint venture with Oxford University's business college, Oxford Economics enjoys a reputation for high quality, quantitative analysis and evidence-based advice. For this, it draws on its own staff of 50 highly-experienced professional economists; a dedicated data analysis team; global modeling tools, and a range of partner institutions in Europe, the US and in the United Nations Project Link. Oxford Economics has offices in New York, Philadelphia, London, Oxford, Dubai, and Singapore.

Michael Mariano is a Senior Economist and Director of Geospatial Analytics with Tourism Economics and Oxford Economics. Michael has over 13 years of experience in economic and statistical consulting, and his research interests include economic and fiscal impact modeling, econometric forecasting, retail market studies, and GIS (Geographic Information Systems) modeling and geospatial analytics.

Mr. Mariano has consulted and provided expert testimony for various public, private, and non-profit clients and has managed projects examining public housing, economic development, tax policy, market analysis, and real estate impacts. He has worked on economic impact studies for hotels, casinos, and retail parks nationwide and has extensive experience providing job impact estimates for project funding through the U.S. government's EB-5 immigrant investor program.

Prior to joining Tourism Economics, Michael was Managing Director of Geospatial Analytics and GIS Solutions at Econsult Corporation, an economic consulting firm based in Philadelphia. Michael received a Bachelor of Science in economics and marketing from the Wharton School and a Master of Science in Urban Spatial Analytics from The University of Pennsylvania.

12 Addendum

The analysis that follows summarizes the potential impacts generated by the addition of a 168-room hotel (including six penthouse suites) to be built on top of Market8 with direct connection to the Casino.

Preliminary plans indicate the hotel will be built, owned, and operated by a third party. The hotel will offer an amenities floor with spa, fitness club, meeting rooms, lobby with registration, lounge for light fare, and a back of house including a buffet kitchen.

Based on a report from PKF Consulting, the hotel will achieve a stabilized level of occupancy of 75 percent and open in 2016 with an ADR (average daily rate) of \$184 (expressed in 2016 dollars). Based on information provided by Mohegan, PKF estimates the following:

- An average of 1.25 adult guests per occupied room
- Approximately 75 percent of all hotel guests will play in Market8 during their visit
- Some 80 percent of the hotel's occupied rooms will be provided on a complimentary basis on Friday and Saturday nights
- Some 25 percent of the hotel's occupied rooms will be provided on a complimentary basis on other nights of the week
- Each comped hotel guest will have a gaming budget of \$500
- Each non-comped hotel guest will have a gaming budget of \$100

12.1 One-Time Economic Impacts Attributable to Hotel Development Expenditures

Preliminary estimates indicate the hotel will have a total development budget of \$69.3 million, as shown in Figure 12.1.

Figure 12.1: Estimated Hotel Development Costs (\$ Millions)

Description	Amount
Construction	\$52.4
Furniture, Fixtures, and Equipment	\$3.4
Opening & Soft Costs	\$5.0
Construction Interest & Loan Fees	\$4.5
Contingency	\$4.0
Total	\$69.3

Source: Market East Associates (2013)

Certain line item costs are excluded from the economic impact analysis since they do not represent the transfer of tangible goods and do not generate economic impacts. Expenditures excluded from the economic modeling include \$4.5 million in construction interest and loan fees. We conservatively estimate that 20% of inputs necessary for construction will originate from within the City of Philadelphia,

60% will originate from within the 5-County Region, 80% will originate from within the State of Pennsylvania, and 100% will originate from the PA-NJ-DE Region. As shown in Figure 12.2, total direct development expenditures in Philadelphia will amount to \$13.0 million. Total direct development expenditures in the 5-County Region, State, and PA-NJ-DE Region will amount to \$38.9 million, \$51.9 million, and \$60.8 million, respectively.

Figure 12.2: One-Time Economic Impacts Attributable to Hotel Development Expenditures (\$ Millions and Total Jobs)

Description	Philadelphia County	5-County Region	PA State	PA-NJ-DE Region
Output Impacts				
Direct Expenditures	\$13.0	\$38.9	\$51.9	\$60.8
Indirect & Induced Expenditures	\$5.4	\$41.6	\$68.9	\$87.0
Total Economic Output	\$18.4	\$80.5	\$120.8	\$147.8
Output Multiplier	1.42	2.07	2.33	2.43
Job Impacts				
Direct Jobs	88	327	479	552
Indirect Jobs	49	355	619	917
Total Jobs	137	682	1,098	1,469
Salary & Wage Impacts				
Direct Salaries & Wages	\$4.5	\$10.9	\$11.7	\$14.3
Indirect Salaries & Wages	\$2.1	\$14.6	\$18.8	\$23.8
Total Salaries & Wages	\$6.6	\$25.5	\$30.5	\$38.1

Source: Tourism Economics (2013)

City of Philadelphia

In the City of Philadelphia, \$13.0 million in direct construction expenditures will generate an additional \$5.4 million in indirect and induced expenditures, resulting in a total economic impact of \$18.4 million. This total economic impact includes \$6.6 million in total salaries and wages, supporting nearly 140 total jobs. The output multiplier for the City of Philadelphia is 1.42, which indicates that each \$1 in direct development expenditures will generate an additional \$0.42 in indirect and induced expenditures in the City of Philadelphia.

5-County Region

In the 5-County Region, \$38.9 million in direct construction expenditures will generate an additional \$41.6 million in indirect and induced expenditures, resulting in a total economic impact of \$80.5 million. This total economic impact includes \$25.5 million in total salaries and wages, supporting more than 680 total jobs. The output multiplier for the 5-County Region is 2.07, which indicates that each \$1 in direct development expenditures will generate an additional \$1.07 in indirect and induced expenditures in the 5-County Region.

State of Pennsylvania

In the State of Pennsylvania, \$51.9 million in direct construction expenditures will generate an additional \$68.9 million in indirect and induced expenditures, resulting in a total economic impact of \$120.8 million. This total economic impact includes \$30.5 million in total salaries and wages, supporting nearly 1,100 total jobs. The output multiplier for the State of Pennsylvania is 2.33, which indicates that each \$1 in direct development expenditures will generate an additional \$1.33 in indirect and induced expenditures in the State of Pennsylvania.

PA-NJ-DE Region

In the PA-NJ-DE Region, \$60.8 million in direct construction expenditures will generate an additional \$87.0 million in indirect and induced expenditures, resulting in a total economic impact of \$147.8 million. This total economic impact includes \$38.1 million in total salaries and wages, supporting nearly 1,500 total jobs. The output multiplier for the PA-NJ-DE Region is 2.43, which indicates that each \$1 in direct development expenditures will generate an additional \$1.43 in indirect and induced expenditures in the PA-NJ-DE Region.

While the impacts attributable to the hotel development/construction expenditures are one-time impacts in the City, region, and State, they represent significant, positive impacts in terms of economic output, total jobs, and salaries and wages.

12.2 Ongoing Economic Impacts Attributable to Incremental Casino Operational Expenditures

Figure 12.3 summarizes the increase in operational expenditures attributable to the proposed hotel. As shown, the hotel leads to an additional \$18.4 million in operational expenditures. In its stabilized year of operations, the hotel will generate approximately \$8.8 million in room revenue.

Figure 12.3: Estimated Casino Operational Expenditures With and Without Hotel (\$ Millions)

Departmental Expenses	Without Hotel	With Hotel	Difference
Casino	\$55.3	\$61.0	\$5.7
Food & Beverage	\$0.0	\$2.4	\$2.4
Rooms	\$0.0	\$1.8	\$1.8
Other Operated Departments	\$3.7	\$3.8	\$0.2
Complimentaries & Promotions	\$39.0	\$43.8	\$4.8
Total Departmental Expenses	\$98.0	\$112.8	\$14.8
Undistributed Expenses	Year 1	Year 2	Year 1
Administrative & General	\$21.1	\$22.0	\$0.9
Marketing	\$15.7	\$17.0	\$1.3
Property Operation & Maintenance	\$7.1	\$7.5	\$0.4
Utility Costs	\$5.7	\$6.0	\$0.3
Total Undistributed Expenses	\$49.6	\$52.6	\$3.0
Base Management Fee	Year 1	Year 2	Year 1
Base Management Fee	\$5.2	\$5.7	\$0.5
Fixed Expenses	Year 1	Year 2	Year 1
Property Taxes	\$2.3	\$2.3	\$0.1
Business Privilege Tax	\$0.8	\$0.9	\$0.0
Insurance	\$3.9	\$4.0	\$0.1
Incentive Management Fee	\$6.2	\$6.2	\$0.0
Slot Machine Leases	\$9.0	\$9.0	\$0.0
Total Fixed Expenses	\$22.2	\$22.3	\$0.2
Total Expenses	\$175.0	\$193.4	\$18.4

Source: PKF Consulting (2013)

We conservatively assume that 65% of the incremental operational expenditures will occur in the City of Philadelphia, 80% will occur in the 5-County Region, and 90% will occur in the State of Pennsylvania. As shown in Figure 12.4, total direct impacts in the City, region, and State amount to \$12.0 million, \$14.7 million, and \$16.6 million, respectively.

Figure 12.4: Ongoing Economic Impacts Attributable to Incremental Operational Casino Expenditures Generated by the Hotel (\$ Millions in 2012 Dollars and Total Jobs)

Description	Philadelphia County	5-County Region	PA State	PA-NJ-DE Region
Output Impacts				
Direct Impacts	\$12.0	\$14.7	\$16.6	\$18.4
Indirect & Induced Expenditures	\$6.6	\$15.2	\$18.0	\$20.7
Total Economic Output	\$18.6	\$29.9	\$34.5	\$39.1
Output Multiplier	1.55	2.03	2.09	2.13
Job Impacts				
Direct Jobs	33	43	46	51
Indirect Jobs	25	41	52	61
Total Jobs	58	84	98	112
Salary & Wage Impacts				
Direct Salaries & Wages	\$1.5	\$2.0	\$2.1	\$2.4
Indirect Salaries & Wages	\$0.6	\$1.8	\$2.0	\$2.3
Total Salaries & Wages	\$2.1	\$3.8	\$4.1	\$4.7

Source: Tourism Economics (2013)

City of Philadelphia

In the City of Philadelphia, \$12.0 million in incremental casino operational expenditures will generate an additional \$6.6 million in indirect and induced expenditures, resulting in a total economic impact of \$18.6 million. This total economic impact includes \$2.1 million in total salaries and wages, supporting 58 total jobs throughout the City. The output multiplier for the City of Philadelphia is 1.55, which indicates that each \$1 in direct incremental operational expenditures will generate an additional \$0.55 in indirect and induced expenditures in the City of Philadelphia.

5-County Region

In the 5-County Region, \$14.7 million in incremental casino operational expenditures will generate an additional \$15.2 million in indirect and induced expenditures, resulting in a total economic impact of \$29.9 million. This total economic impact includes \$3.8 million in total salaries and wages, supporting 84 total jobs throughout the region. The output multiplier for the 5-County Region is 2.03, which indicates that each \$1 in direct incremental operational expenditures will generate an additional \$1.03 in indirect and induced expenditures in the 5-County Region.

State of Pennsylvania

In the State of Pennsylvania, \$16.6 million in incremental casino operational expenditures will generate an additional \$18.0 million in indirect and induced expenditures, resulting in a total economic impact of \$34.5 million. This total economic impact includes \$4.1 million in total salaries and wages, supporting nearly 100 total jobs statewide. The output multiplier for the State of Pennsylvania is 2.08, which

indicates that each \$1 in direct incremental operational expenditures will generate an additional \$1.08 in indirect and induced expenditures in the State of Pennsylvania.

PA-NJ-DE Region

In the PA-NJ-DE Region, \$18.4 million in incremental casino operational expenditures will generate an additional \$20.7 million in indirect and induced expenditures, resulting in a total economic impact of \$39.1 million. This total economic impact includes \$4.7 million in total salaries and wages, supporting 112 total jobs in the PA-NJ-DE Region. The output multiplier for the PA-NJ-DE Region is 2.13, which indicates that each \$1 in direct incremental operational expenditures will generate an additional \$1.13 in indirect and induced expenditures in the PA-NJ-DE Region.

12.3 Ongoing Economic Impacts Attributable to Hotel Guest Spending

In addition to the positive impacts of increased gaming revenue, the proposed hotel will also generate additional, positive economic impacts as hotel guests spend money at local businesses and establishments outside the casino. As previously outlined, preliminary estimates from PKF indicate the 168-room hotel will achieve a stabilized level of occupancy of 75 percent, with an average occupancy of 1.25 adult guests per room. Based on these estimates, there would be a total of 43,116 adult hotel guests per year. We conservatively assume that each hotel guest will spend an average of \$50 per day outside the casino, resulting in \$2.2 million in total guest spending.

Figure 12.5: Ongoing Economic Impacts Attributable to Hotel Guest Spending
(\$ Millions in 2012 Dollars and Total Jobs)

Description	Philadelphia County	5-County	PA State	PA-NJ-DE Region
Output Impacts				
Direct Impacts	\$2.2	\$2.2	\$2.2	\$2.2
Indirect & Induced Expenditures	\$1.3	\$2.3	\$2.6	\$2.7
Total Economic Output	\$3.4	\$4.5	\$4.7	\$4.9
Output Multiplier	1.59	2.09	2.20	2.25
Job Impacts				
Direct Jobs	31	42	45	49
Indirect Jobs	6	17	21	22
Total Jobs	36	60	65	71
Salary & Wage Impacts				
Direct Salaries & Wages	\$0.4	\$0.6	\$0.7	\$0.8
Indirect Salaries & Wages	\$0.2	\$0.6	\$0.7	\$0.7
Total Salaries & Wages	\$0.6	\$1.2	\$1.3	\$1.5

Source: Tourism Economics (2013)

City of Philadelphia

In the City of Philadelphia, \$2.2 million in hotel guest spending will generate an additional \$1.3 million in indirect and induced expenditures, resulting in a total economic impact of \$3.4 million. This total economic impact includes \$0.6 million in total salaries and wages, supporting 36 total jobs throughout the City. The output multiplier for the City of Philadelphia is 1.59, which indicates that each \$1 in direct hotel guest spending will generate an additional \$0.59 in indirect and induced expenditures in the City of Philadelphia.

5-County Region

In the 5-County Region, \$2.2 million in hotel guest spending will generate an additional \$2.3 million in indirect and induced expenditures, resulting in a total economic impact of \$4.5 million. This total economic impact includes \$1.2 million in total salaries and wages, supporting 60 total jobs throughout the region. The output multiplier for the 5-County Region is 2.09, which indicates that each \$1 in hotel guest spending will generate an additional \$1.09 in indirect and induced expenditures in the 5-County Region.

State of Pennsylvania

In the State of Pennsylvania, \$2.2 million in hotel guest spending will generate an additional \$2.6 million in indirect and induced expenditures, resulting in a total economic impact of \$4.7 million. This total economic impact includes \$1.3 million in total salaries and wages, supporting 65 total jobs statewide. The output multiplier for the State of Pennsylvania is 2.20, which indicates that each \$1 in hotel guest spending will generate an additional \$1.20 in indirect and induced expenditures in the State of Pennsylvania.

PA-NJ-DE Region

In the PA-NJ-DE Region, \$2.2 million in hotel guest spending will generate an additional \$2.7 million in indirect and induced expenditures, resulting in a total economic impact of \$4.9million. This total economic impact includes \$1.5 million in total salaries and wages, supporting 71 total jobs throughout the PA-NJ-DE Region. The output multiplier for the PA-NJ-DE Region is 2.25, which indicates that each \$1 in hotel guest spending will generate an additional \$1.25 in indirect and induced expenditures in the PA-NJ-DE Region.

12.4 Gaming Tax Impacts Attributable to the Proposed Hotel

Based on preliminary estimates from PKF, there will be \$12.6 million in incremental casino revenue attributable to the proposed hotel in the first year of operation. Assuming 30% of the incremental revenue will be table revenue and 70% will be slots revenue, there will be a total of \$5.5 million in incremental gaming tax revenue in the first year of operation. This \$5.5 million in incremental gaming tax revenue will include \$5.0 million in state gaming tax revenue and \$0.5 million in local gaming tax revenue, as shown in Figure 12.6.

Figure 12.6: Gaming Tax Revenues Attributable to Incremental Gaming Revenues Generated by the Hotel (\$ Millions in 2012 Dollars)

Incremental PA State Gaming Tax Revenues	
Tax Description	Year 1
State Gaming Fund (34% of Slots Revenues)	\$3.0
Horse Racing Industry (12% of Slots Revenues)	\$1.1
Economic Development (5% of Slots Revenues)	\$0.4
General Fund (14% of Tables Revenues, Years 1 & 2) (12% of Tables Revenues, Years 3 to 5)	\$0.5
Total Incremental State Gaming Tax Revenues	\$5.0
Incremental Local Gaming Tax Revenues	
Tax Description	Year 1
Local and County Governments (4% of Slots Revenues)	\$0.4
Local County Municipalities (2% of Tables Revenues)	\$0.1
Total Incremental Local Gaming Tax Revenues	\$0.4
Total Incremental Gaming Taxes	\$5.5

Source: Tourism Economics (2013)

12.5 Non-Gaming Tax Impacts Attributable to the Proposed Hotel

Based on the economic impacts attributable to hotel development expenditures, incremental casino operational expenditures, hotel/casino operational expenditures, and hotel guest spending (as outlined in Sections 12.1, 12.2, and 12.3), Figure 12.7 summarizes the non-gaming fiscal (tax) impacts generated by the proposed hotel.

One-Time Tax Revenues

We estimate that the hotel construction period will generate nearly \$2.5 million in total tax revenue, including \$0.7 million in PA State personal income tax revenue, nearly \$1.0 million in PA State sales and use tax revenue, and nearly \$0.7 million in City wage tax revenue.

Annual, Ongoing Tax Revenues

We estimate that incremental casino operations and hotel guest spending will generate nearly \$2.5 million in total tax revenue on an annual basis, including more than \$1.2 million in PA State sales, use, and hotel occupancy tax revenue, nearly \$0.9 million in City sales and use tax revenue, and 0.2 million in City wage tax revenue²⁹.

Figure 12.7: State & Local Non-Gaming Tax Revenues Attributable to Hotel Development Expenditures, Incremental Casino Operational Expenditures & Hotel Guest Spending (\$ Millions in 2012 Dollars)

Description	PA State Personal Income Tax	PA State Sale, Use, & Hotel Occupancy Tax	City of Philadelphia Sales & Use Tax	City of Philadelphia Wage Tax	Total Tax Impact
One-Time Tax Revenues					
Hotel Construction Period	\$0.73	\$0.97	\$0.08	\$0.67	\$2.46
Total One-Time Tax Revenues	\$0.73	\$0.97	\$0.08	\$0.67	\$2.46
Ongoing Tax Revenues					
Incremental Casino Operations	\$0.14	\$0.46	\$0.10	\$0.16	\$0.86
Hotel Guest Spending & Hotel Operations	\$0.03	\$0.76	\$0.79	\$0.04	\$1.62
Total Annual, Ongoing Tax Revenues	\$0.17	\$1.22	\$0.89	\$0.20	\$2.49

Source: Tourism Economics (2013)

²⁹ PA State Sales, Use & Hotel Occupancy Tax revenue and City of Philadelphia Sales & Use tax revenue includes tax revenues generated by hotel room revenue.

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