

---

**POTENTIAL LOCAL ECONOMIC IMPACTS OF THE  
ONLY CASINO ENTERTAINMENT FACILITY PROPOSED  
FRONTING THE SOUTH DELAWARE RIVER  
IN THE CITY OF PHILADELPHIA**

**PHILADELPHIA ENTERTAINMENT AND DEVELOPMENT PARTNERS, L.P.**

**D/B/A Foxwoods Casino Philadelphia**

**Supplement to and Restatement in its Entirety  
the Report filed with the City of Philadelphia on  
December 21, 2005 pursuant to 58 PA Code S.441.3(c)**

---

**Submitted to Philadelphia Entertainment and Development Partners, L.P. by:**

Econsult Corporation  
6<sup>th</sup> Floor  
3600 Market Street  
Philadelphia, PA 19104

March 2006

---

## TABLE OF CONTENTS

EXECUTIVE SUMMARY	E-1
0.0 INTRODUCTION	1
0.1. PROJECT STRATEGY	2
0.2. PROJECT CHARACTERISTICS	2
0.3. UNIQUE AND VALUABLE PROFIT SHARING OPPORTUNITY	4
1.0 SITE AND NEIGHBORHOOD CHARACTERISTICS	5
2.0 POTENTIAL ECONOMIC IMPACTS	12
2.1. ECONOMIC IMPACTS OF CONSTRUCTION EXPENDITURES	14
2.2. ECONOMIC IMPACTS OF OPERATING EXPENDITURES (Casino Facility Operational Spending)	16
2.3. ECONOMIC IMPACTS OF ANCILLARY EXPENDITURES (Visitor Spending)	18
3.0 MUNICIPAL IMPACTS	23
3.1. IMPACTS ON STATE AND MUNICIPAL TAX REVENUE	23
3.2. MUNICIPAL SERVICES-DEPARTMENTAL OPERATIONS	28
3.3. MUNICIPAL INFRASTRUCTURE	32
4.0 POTENTIAL QUALITATIVE IMPACTS	34
4.1. POSITIVE QUALITATIVE IMPACTS	34
4.2. NEGATIVE QUALITATIVE IMPACTS	35
APPENDICES	
APPENDIX A: RIMS II INPUT-OUTPUT MODELS	37
A.1 REGIONAL INPUT-OUTPUT MODELS AND METHODOLOGY	37
A.2 FISCAL IMPACT MODEL	38
APPENDIX B: RIMS II INPUT-OUTPUT MULTIPLIERS	39
APPENDIX C: DERIVATION OF PERMANENT FACILITY EMPLOYMENT	40
APPENDIX D: ECONSULT CORPORATION	48

---

## **EXECUTIVE SUMMARY**

Philadelphia Entertainment and Development Partners, L.P. ("PEDP") has purchased land and submitted an application to the Pennsylvania Gaming Control Board for a Category 2 Gaming License to develop, own, and operate a first-class casino and entertainment facility to be called "Foxwoods Casino Philadelphia." The proposed site, commonly known as Piers 60, 62 and 63, is on the South Delaware waterfront bordered by the river, Columbus Avenue, and Tasker Avenue and Reed Streets. Though the site has been vacant and underutilized for more than 10 years, it was under control by Caesar's Entertainment, Inc. as a potential site for a riverboat casino for ten years prior to its purchase. The project will create a first-class entertainment facility anchoring the southern boundary of Philadelphia's important central waterfront adjacent to Penn's Landing, and boasting a number of important attributes, which are summarized here.

### **Project Strategy**

PEDP's proposed casino and entertainment facility development has been designed to deliver the maximum economic value to the City of Philadelphia and its citizens, while providing the state with a solid and growing source of revenue into the future. The design and operation of this proposed casino project would also complement and strengthen the efforts of local and state tourism and convention officials to increase visitation to the city and region. A key component of the project will be the Pier 60 Entertainment District, which will serve as a significant new attraction for the city, residents and visitors alike. As the southern anchor of the city's exciting waterfront, its riverfront orientation will undoubtedly strengthen the entire central riverfront as an attraction.

### **Unique and Valuable Profit Sharing Opportunity**

PEDP's proposal also includes a unique, irrevocable, and extremely valuable mechanism for distributing a significant portion (at least 42%) of the project's total profits back into charitable causes in the local community. This distribution of profits through ongoing charitable donations is primarily intended to help disadvantaged children and youth in Philadelphia and the Delaware Valley.

The legal arrangements for this unique profit sharing in the form of charitable giving are complete and irrevocable. Preliminary cash flow forecasts suggest that this arrangement should eventually generate hundreds of millions of dollars being available for local charitable purposes.

### **Site and Neighborhood Characteristics**

The specific site that is now being proposed by PEDP was identified in the Final Report of the Philadelphia Gaming Advisory Task Force as the "South Delaware" site. The Task Force noted several advantages of locating a casino at this site including the fact that such a casino would anchor the southern boundary of Philadelphia's important central waterfront adjacent to Penn's

---

Landing. A summary of the important attributes, many of which were identified by the Task Force, is shown below. The PEDP site

- Is strategically located near Center City, the Convention Center and tourist attractions
- Enjoys a prominent location, visible from both the Benjamin Franklin and Walt Whitman Bridges, and from I-95.
- Has excellent transportation and transit access
- Can be easily accessed by taxi or private bus from Center City
- Has sufficient acreage (16+ acres) to allow for
  - Substantial expansion of the casino operations
  - Non-casino amenities and attractions, including, but not limited to,
    - Hotel and entertainment venues
    - Development of a “Pier 60 Entertainment District”
  - Public access to the riverfront

### **Tourism Builder**

Foxwoods Casino Philadelphia will provide an important stimulus for city and regional tourism. Foxwoods Casino Philadelphia will

- Be designed as a visitor attraction, with significant orientation to the riverfront
- Offer exciting non-casino entertainment activities in addition to a high quality gaming experience
- Work closely with local and state tourism and convention officials to enhance their marketing efforts
- Take advantage of its location near Center City, the Convention Center and Penn's Landing, as well as the many nearby cultural, historical and entertainment tourist attractions
- Boost tourism and convention attendance, generating significant additional business for the city and region's hospitality industry.

### **Employment Generator**

Foxwoods Casino Philadelphia would employ hundreds of people from neighborhoods throughout the city at wage and salary levels higher than those currently paid in the local hospitality industry. In addition, hundreds to thousands of indirect jobs will be created by the economic activity that is generated by Foxwoods Casino Philadelphia's operations, including through increased tourism.

### **Catalyst for Economic Development**

Foxwoods Casino Philadelphia will also act as a significant catalyst for the economic redevelopment of the central Delaware River waterfront. A major advantage of the PEDP site is

that the planned development is consistent with the City's long-term goal of economically reinvigorating activity along the southern portion of the riverfront.

The proposed casino and entertainment use is compatible with the "Big Box" retail and the port related land uses along the riverfront to the south of the site, and can act as a strong buffer between those uses and the Penn's Landing more entertainment and residential uses north of the site.

### Economic Impacts of Construction Expenditures

PEDP envisions three phases of construction expenditures, each of which would stimulate successive rounds of economic activity in the City and State in the form of increased sales by businesses, increased employment, and increased expenditures by businesses and employees. While these would be "one-time" impacts coinciding with the construction phases that would not be repeated, they are, nevertheless, substantial and important. The estimated impacts are as follows:

- Phase I
  - City of Philadelphia
    - \$393 million increase in economic activity
    - 1,556 increase in jobs
    - \$64 million increase in employee earnings
  - State of Pennsylvania
    - \$654 million increase in economic activity
    - 5,244 increase in jobs
    - \$209 million increase in employee earnings
- Phase II
  - City of Philadelphia
    - \$148 million increase in economic activity
    - 587 increase in jobs
    - \$24 million increase in employee earnings
  - State of Pennsylvania
    - \$247 million increase in economic activity
    - 1,979 increase in jobs
    - \$79 million increase in employee earnings
- Phase III
  - City of Philadelphia
    - \$326 million increase in economic activity
    - 1,228 increase in jobs
    - \$53 million increase in employee earnings
  - State of Pennsylvania
    - \$541 million increase in economic activity
    - 4343 increase in jobs
    - \$174 million increase in employee earnings

---

## Economic Impacts of Operating Expenditures

Foxwoods Casino Philadelphia would employ hundreds of people from neighborhoods throughout the city at wage and salary levels higher than those currently paid in the local hospitality industry. In addition, hundreds to thousands of indirect jobs will be created by the economic activity that is generated by Foxwoods Casino Philadelphia's operations. Like the construction expenditures, the operations expenditures would stimulate successive rounds of spending by businesses and employees. Unlike the impacts of construction, the impacts of operating expenditures would be repeated year after year. The annual impacts would grow from phase to phase. The estimated impacts are as follows:

- Phase I
  - City of Philadelphia
    - \$165 million increase in economic activity
    - 1,330 increase in jobs
    - \$30 million increase in employee earnings
  - State of Pennsylvania
    - \$219 million increase in economic activity
    - 2,656 increase in jobs
    - \$67 million increase in employee earnings
- Phase II
  - City of Philadelphia
    - \$218 million increase in economic activity
    - 1,762 increase in jobs
    - \$39 million increase in employee earnings
  - State of Pennsylvania
    - \$289 million increase in economic activity
    - 3,514 increase in jobs
    - \$88 million increase in employee earnings
- Phase III
  - City of Philadelphia
    - \$258 million increase in economic activity
    - 2,103 increase in jobs
    - \$47 million increase in employee earnings
  - State of Pennsylvania
    - \$344 million increase in economic activity
    - 4,157 increase in jobs
    - \$105 million increase in employee earnings

## Economic Impacts of Ancillary Expenditures

In addition to patron spending inside the casino facility, this project is expected to generate significant additional visitor spending outside of the casino at other area establishments, including other hotels, restaurants, shops, entertainment and cultural venues. We refer to these expenditures

as “ancillary” spending, which represent an estimate of the incremental spending in the economy in addition to construction and casino operation. Like the construction and operating expenditures, the ancillary expenditures would stimulate successive rounds of spending by businesses and employees. Like the impacts of operations, the impacts of ancillary expenditures would be repeated year after year and increase from phase to phase. The estimated impacts are as follows:

- Phase I
  - City of Philadelphia
    - \$168 million increase in economic activity
    - 1,568 increase in jobs
    - \$31 million increase in employee earnings
  - State of Pennsylvania
    - \$230 million increase in economic activity
    - 2,801 increase in jobs
    - \$66 million increase in employee earnings
- Phase II
  - City of Philadelphia
    - \$281 million increase in economic activity
    - 2,626 increase in jobs
    - \$53 million increase in employee earnings
  - State of Pennsylvania
    - \$386 million increase in economic activity
    - 4,687 increase in jobs
    - \$111 million increase in employee earnings
- Phase III
  - City of Philadelphia
    - \$390 million increase in economic activity
    - 3,638 increase in jobs
    - \$73 million increase in employee earnings
  - State of Pennsylvania
    - \$535 million increase in economic activity
    - 6,492 increase in jobs
    - \$154 million increase in employee earnings

### Impacts on State and Municipal Tax Revenue

The Foxwoods Casino Philadelphia will generate, directly and indirectly, significant municipal and state tax revenues, related to its multi-phased construction activities, its ongoing operational activities and the ancillary visitor spending that the casino will generate. Estimates of the potential

city and state taxes that could be generated directly or indirectly by Foxwoods Casino Philadelphia are

- Phase I
  - City of Philadelphia
    - \$14.5 million Annual Host Fee
    - \$ 3.9 million One-time increase in Non-Casino Tax Revenue
    - \$ 10.8 million Annual increase in Non-Casino Tax Revenue
  - State of Pennsylvania
    - \$50.0 One-time License Fee
    - \$185.6 million Annual Casino Taxes
    - \$ 13.7 million One-time increase in Non-Casino Tax Revenue
    - \$ 11.6 million Annual increase in Non-Casino Tax Revenue
- Phase II
  - City of Philadelphia
    - \$20.0 million Annual Host Fee
    - \$ 2.8 million One-time increase in Non-Casino Tax Revenue
    - \$ 15.0 million Annual increase in Non-Casino Tax Revenue
  - State of Pennsylvania
    - \$254.9 million Annual Casino Taxes
    - \$ 8.4 million One-time increase in Non-Casino Tax Revenue
    - \$ 17.0 million Annual increase in Non-Casino Tax Revenue
- Phase III
  - City of Philadelphia
    - \$22.5 million Annual Host Fee
    - \$ 3.7 million One-time increase in Non-Casino Tax Revenue
    - \$ 19.3 million Annual increase in Non-Casino Tax Revenue
  - State of Pennsylvania
    - \$286.4 million Annual Casino Taxes
    - \$11.8 million One-time increase in Non-Casino Tax Revenue
    - \$ 21.1 million Annual increase in Non-Casino Tax Revenue

### Impacts on Municipal Expenditures

In addition to the increases in municipal tax revenue, the City will need to increase some expenditures for the provision of services required by the presence of the casino. The largest category of such services is likely to be police services. While we believe the Philadelphia Gaming Advisory Task Force estimates of required additions to the Police budget may be high, it is important to note that the estimated cost of casino-related incremental police services for the proposed Foxwoods Casino Philadelphia site (1600 S. Columbus Blvd) would be more than 20% lower than the average of all other sites for which applications have been submitted.



---

## Municipal Infrastructure

PEDP has engaged Pennoni Engineering to undertake studies to assess the impact of the planned project on the City's water and sewer systems, including storm water drainage requirements. PEDP and Pennoni will work closely with the Philadelphia Water Department, Office of Watersheds, to address these issues.

The site is served adequately by PECO's electric power grid. To the extent that any upgrades are required for the development, they will be covered in the design and construction budget established by PEDP. The facility also plans to use natural gas from PGW, and will pay for any pipeline or system upgrades necessary to service the development.

PEDP has retained experts to conduct comprehensive traffic studies, and they have developed solutions to not only mitigate the marginal access and traffic additions this project will place on the existing road infrastructure, but to improve them compared to existing conditions. PEDP views this project as providing an opportunity to re-orient significant traffic to approach the site from the south, thereby helping reduce traffic congestion to the benefit of all parties:

- Retailers to the south
- Nearby neighborhood residents
- Penn's Landing and points north
- Center City access to the riverfront

## Qualitative Impacts

In addition to quantitative economic impacts, the proposed casino facility project could generate several important unique qualitative benefits for the city and state. While these are all valuable to the city and its citizens, it is difficult to place a dollar estimate on their values, since they are not directly exchanged in the marketplace. Such benefits would include:

- Revitalization of a strategically important property that will serve as a catalyst for further development
- Opportunity to open the riverfront further south from Penn's Landing from both the landside and riverside.
- Reuse of vacant, former industrial land that has been underutilized for more than a decade and that pays little or no taxes to the city or school district treasury.
- Expanded entertainment opportunities for residents and visitors
- Opportunity to market gaming as an added attraction to increase overall city and regional tourism
- Opportunity to address some existing infrastructure problems in the area
- Opportunity to channel a significant portion of casino profits into local charitable uses

## 0.0 INTRODUCTION

The purpose of this report is to provide project information to supplement and restate in its entirety the information furnished to the City of Philadelphia on December 21, 2005. This supplemental report primarily addresses the requirements of Appendix 31 of the State Gaming Act, as well as information required by parts of Appendices 24 and 35.

Philadelphia Entertainment and Development Partners, L.P.<sup>1</sup> ("PEDP") purchased a parcel of land on January 10, 2005 and submitted an application to the Pennsylvania Gaming Control Board on December 28, 2005 for a Category 2 Gaming License to develop, own, and operate a first-class casino and entertainment facility to be called "Foxwoods Casino Philadelphia." This parcel of land (the "site") commonly known as Piers 60, 62 and 63, is on the Delaware waterfront off Columbus Avenue, between Tasker Avenue and Reed South Delaware waterfront bordered by the river, Columbus Avenue, and Tasker Avenue and Reed Streets. This site, which has been vacant and underutilized for more than 10 years, is strategically located and has sufficient acreage (16+ acres) to allow for not only substantial expansion of the casino operations, but also for the inclusion of non-casino amenities and attractions, including, but not limited to, a hotel, residential development, development of a "Pier 60 Entertainment District," as well as public access to the riverfront.

The three sub-sections of this introductory section discuss overall project strategy, major features of the project, and PEDP's unique plan to return a share of the profits of this project to the area through substantial charitable contributions. The next section of this report examines special characteristics and advantages of the PEDP site.

Sections 2 and 3, which make up the largest part of this report, analyze and estimate the potential city and statewide economic impacts of the proposed casino entertainment project.<sup>2</sup> These impacts are anticipated to be in the form of increased spending, employment and earnings, and tax revenues generated by the new construction, the ongoing operations, and the ancillary spending outside of the facility by visitors, as well as spending of a portion of the partnership profits for charitable contributions in the local economy. Where appropriate, we refer to the findings from the Philadelphia Gaming Advisory Task Force's Final Report. Finally, in Section 4 we identify and examine a set of potential qualitative benefits that could accrue to the city, region and state.

---

<sup>1</sup> The Foxwoods Development Company ("FDC"), a Delaware Corporation, through wholly-owned subsidiaries, owns 30% of PEDP, and is PEDP's managing partner, developer and operator. Throughout this report we use "FDC" to refer to Foxwoods Development Company and "Foxwoods Casino Philadelphia" to refer to the proposed casino project owned by PEDP, unless explicitly stated otherwise. The remaining 70% of PEDP is owned by Washington Philadelphia Investors, L.P., a partnership composed primarily of local investors. In excess of 60% of Washington Philadelphia Investors is owned by the Washington Partners Community Charities, L.P. the partners of which have committed irrevocably to direct project profits to local charitable causes.

<sup>2</sup> In addition to significant economic and fiscal impacts generated by the operations of the casino facility, important spin-off benefits to the city, the region and the state are likely. Tourism, cultural, historical and other entertainment and activities could all be impacted positively.

## **0.1 PROJECT STRATEGY**

PEDP's proposed casino and entertainment facility development has been strategically designed to deliver the maximum economic value to the City of Philadelphia and its citizens, while providing the state with a solid and growing source of revenue into the future. There will be significant employment opportunities, both at the casino facility itself and as a result of the secondary economic activity that will be generated. These employment opportunities will be available to all Philadelphians, and the region's residents.

The design and operation of this proposed casino project would also complement and strengthen the efforts of local and state tourism and convention officials to increase visitation to the city and region. The site is close to, but would not detract from, some of the main tourist areas of the city: the Pennsylvania Convention Center, the Independence Historic area, and Penn's Landing. Access to and from these key areas is excellent.

A key component of the project will be the Pier 60 Entertainment District, which will serve as a significant new attraction for the city, residents and visitors alike. As the southern anchor of the city's exciting waterfront, its riverfront orientation will undoubtedly strengthen the entire central riverfront as an attraction. It will serve as a catalyst for tourism marketing efforts to promote both sides of the river, including the "Two Cities, One River" marketing effort designed to increase the attractiveness and draw of the river and the Philadelphia and Camden waterfronts. The PEDP project site is the only applicant site that is directly across the river from the main entertainment part of Camden's riverfront. The location of the PEDP Site on the riverfront creates the possibility of tourist mobility improvements including connections by ferry or water-taxi to Penn's Landing and the Camden waterfront.

PEDP plans to work actively with the Greater Philadelphia Tourism Marketing Corporation (GPTMC), the Pennsylvania Convention and Visitors Bureau (PCVB) and other regional and state tourism and hospitality organizations to expand the offerings for general tourism and convention hosting. This will maximize the benefits of additional tourism and visitation for conventions and business.

The design will also embrace the riverfront and water-borne transportation, and offer an attractive and exciting means of access to the waterfront for city residents.

## **0.2 PROJECT CHARACTERISTICS**

The PEDP project envisions three significant phases, totaling nearly \$825 million of aggregate investment over three project phases.

Phase I of the project will involve the construction of a casino facility accommodating 3,000 slot machines, restaurants, an entertainment venue, and a parking structure, in addition to other related infrastructure and site improvements.

When permitted pursuant to §1210 of the Gaming Act, PEDP intends to undertake Phase II of the construction project, which will include a structure to house an additional 2,000 slot machines, a garage expansion, additional food and beverage outlets, retail shopping locations, as well as the development of the Pier 60 Entertainment District.

PEDP intends for Phase III of the construction project to include additional food and beverage venues and other entertainment facilities. Phase III will also include construction of large assembly and conference space, the addition of a hotel with approximately 500 guest rooms, and a health spa.

In summary, the Foxwoods Casino Philadelphia development phases are as follows:

- |                   |  |
|-------------------|--|
| <b>Phase I:</b>   | \$460 million (including license fee and land)<br>3000 Slots Casino facility<br>4,500 space structured parking<br>Retail, Food & Beverage<br>Entertainment venue<br>Back of House support areas    |
| <b>Phase II:</b>  | \$183 million expansion & addition<br>Casino space for additional 2000 slots<br>Expanded structured parking – 1,500 spaces<br>Additional food and retail outlets<br>Pier 60 Entertainment District |
| <b>Phase III:</b> | \$180 million addition<br>500-room hotel tower<br>Potential residential condo tower development (by separate developer, not included in numbers)<br>Assembly and conference space<br>Health spa    |

Financially and operationally, PEDP is a strong partnership. PEDP brings together one of the world's foremost casino operators with a respected group of local partners. PEDP has the ability to finance, develop and operate a successful, first-class casino facility in Philadelphia.

Significant operational and management characteristics of the PEDP proposal include:

- Foxwoods Resort Casino Connecticut is the largest and one of the most renowned casino operators in the world, and brings substantial financial and operational resources to the project.

- The Partnership is interested in the long-term success of the project, which is inextricably linked to the attractiveness of the surrounding area and how the casino facility complements its neighborhood and is seen as an exciting destination by locals and outsiders alike. The capital behind the proposed casino is “patient capital” and that bodes well for the city since the owners can take a longer-term view of success.
- The PEDP proposal calls for commencing immediately on the development and construction of Phase I of the permanent casino facility. PEDP does not currently intend to open a temporary facility, however, PEDP is capable of opening one and is continuing to evaluate its feasibility. Foxwoods Casino Philadelphia’s permanent facility could be up and running in approximately 18 months from an award of a license. This means a quick flow of benefits to the city and state.
- The design and orientation of the facility has the potential to generate additional spin-off benefits by establishing a southern anchor to the central Delaware River waterfront. This should make the properties north of the site more attractive for the types of land uses dominating the expansion of Center City: residential and entertainment. Currently, land use in that area is a jumble of competing interests, and that particular waterfront is severely underutilized.

### **0.3 UNIQUE AND VALUABLE PROFIT SHARING OPPORTUNITY**

PEDP’s proposal also includes a unique, irrevocable, and extremely valuable mechanism for distributing a significant portion (at least 42%) of the project’s total profits back into charitable causes in the local community. This distribution of profits through ongoing charitable donations is primarily intended to help disadvantaged children and youth in Philadelphia and the Delaware Valley.

The legal arrangements for this unique profit sharing in the form of charitable giving. Preliminary cash flow forecasts suggest that this arrangement should eventually generate hundreds of millions of dollars being available for local charitable purposes.

---

## 1.0 SITE AND NEIGHBORHOOD CHARACTERISTICS

The specific site that is now being proposed by PEDP was identified in the Final Report of the Philadelphia Gaming Advisory Task Force as the "South Delaware" site. The Task Force noted several advantages of locating a casino at this site including the fact that such a casino would anchor the southern boundary of Philadelphia's important central waterfront adjacent to Penn's Landing. The Task Force also listed challenges of the site that PEDP intends to address.<sup>3</sup>

In addition to good access, excellent visibility, strong compatibility with the city's tourism and waterfront development objectives, the site is sufficiently large to accommodate several planned project expansion phases, including a hotel and potential private residential condominium development on the site. Furthermore, in the public's eye, this site has been associated with gaming for over a decade, having been identified as a potential Riverboat Gaming site back in the early 1990s.

There are numerous advantages of the site for the proposed casino development. First and foremost, the site is clearly visible and very accessible by highway and public transit, as well as by water via its planned entertainment pier. I-95 provides excellent highway access to the northeast and southwest, to the Benjamin Franklin and Walt Whitman Bridges into New Jersey, and, via I-76, to the Atlantic City Expressway. Transit access to the PEDP Site is also available via bus. Private bus shuttles and taxis serving Center City locations and hotels also make the site quite accessible.

In addition, the PEDP site is well served by municipal services, has good access to local recreation and tourist attractions, and provides the necessary public infrastructure. The site is adjacent to an area with large-scale retail serving a wide market area including much of South Philadelphia and parts of southern New Jersey. The site is not directly adjacent to any residential neighborhoods, however there are several west of I-95, and those communities are considered important neighbors by PEDP. Socioeconomic and demographic data (2000) from the site's census tract and the adjoining tracts indicate a large, diverse population and an older housing stock.

As detailed in the maps and charts that follow, in addition to being very close to Center City, the area within a 1-mile radius of the proposed site (the Area) is well populated, with over 55,000 people and over 22,000 households. PEDP estimates that in excess of 90% of the approximately 950 people who will be employees working in the facility reside within the greater Philadelphia area. With over 25,000 housing units within a 1-mile radius of the site, (and in a city with a population of approximately 1.5 million people), the impact of the increases in employment generated by the PEDP project on the availability of housing in the Philadelphia market is likely to be insignificant. However, as described elsewhere, the project should make certain areas along the Central Delaware Riverfront (primarily north) more attractive as housing locations, so there could be an increase in housing investment and supply induced by the project.

---

<sup>3</sup> This analysis is informed significantly by the findings of the Task Force. In several important areas PEDP's assumptions or forecasts lead to greater potential impacts than presented in the Task Force Report.





The Area has a wide selection of recreation opportunities including movie theatres, recreation centers, parks, and shopping malls. The Area also offers tourist attractions such as museums and historic places. Within the Area, tourists can engage in shopping and dining at the local Italian Market, a visit to the Mummers Museum, a walk through the Philadelphia Vietnam Veteran's Memorial, or visitors have the opportunity to take a tour of the Battleship New Jersey located only a short distance away in nearby Camden.

Along with offering attractions for both tourists and residents, the Area is also well served by municipal services, as shown by the map depicting several firehouses, including the Philadelphia Fire Department Marine Unit 1, which is located close to the site.

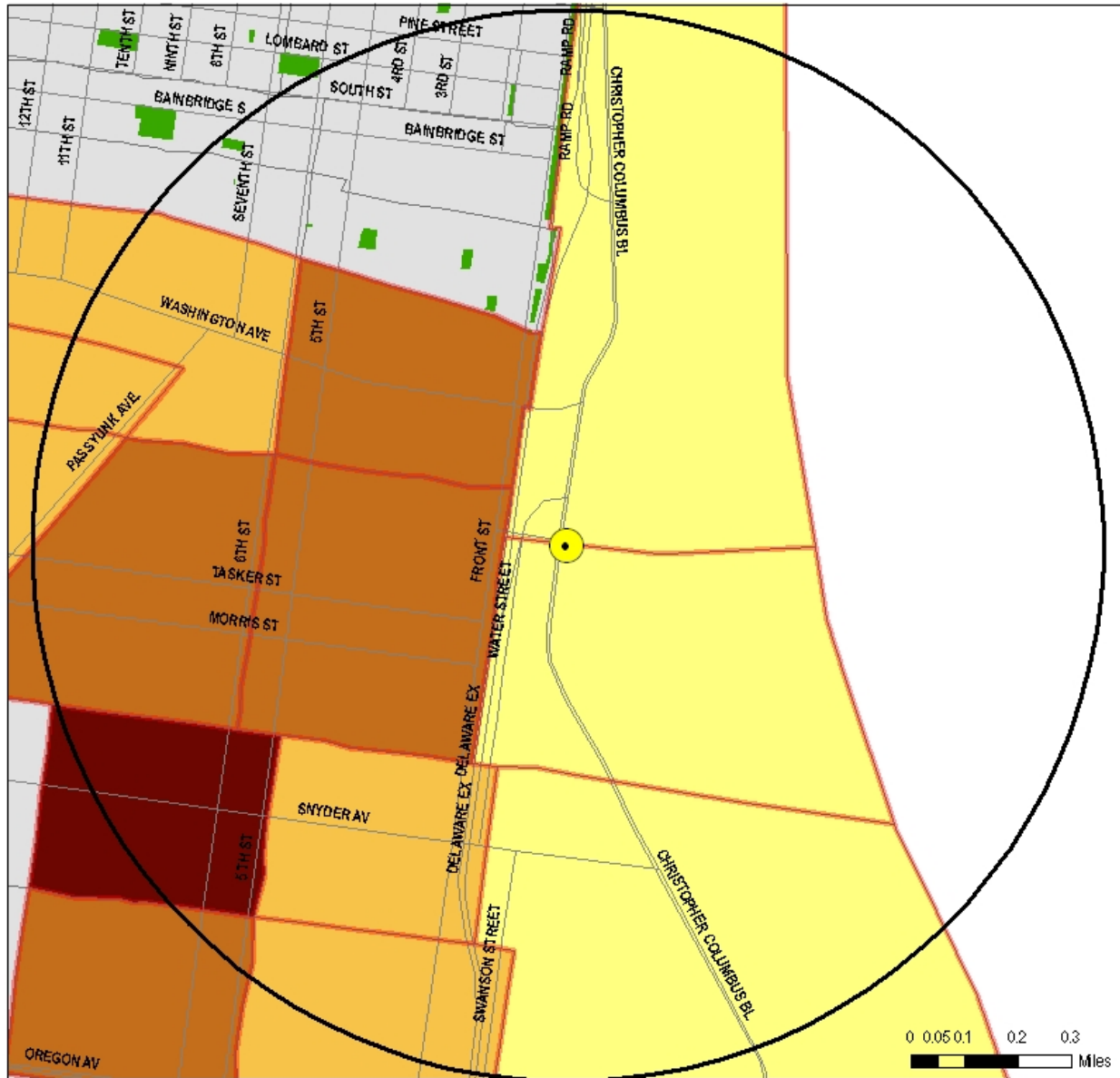
The Area within the 1-mile radius also shows a median family income of just under \$33,000 (2000 Census), and, although generally a lower to middle class area, there are several census tracts with unemployment rates above 11%, indicating a need for the new jobs the casino would create.



Total Population		55,191
Total Households		22,115
Family Households		13,343
Non-Family Households		8,772
Average Median Household Income	\$	32,822
Aggregate Household Income	\$	\$40,163,800
Total Housing Units		25,202
Occupied Housing Units		22,079
Owner Occupied		14,196
Renter Occupied		7,883
Vacant Housing Units		3,123
Average Median Number of Rooms		5.33
Aggregate Number of Rooms		132,898
Average Median Year Structure Built		1943
Aggregate Value of Owner-Occupied Housing Units	\$	\$64,190,000

-  Columbus Blvd. & Reed St.
-  PA Census Tracts selection
-  1.0 Mile Buffer
-  Fairmount Park





● Columbus Blvd. & Reed St.

▭ PA Census Tracts selection

○ 1.0 Mile Buffer

■ Fairmount Park

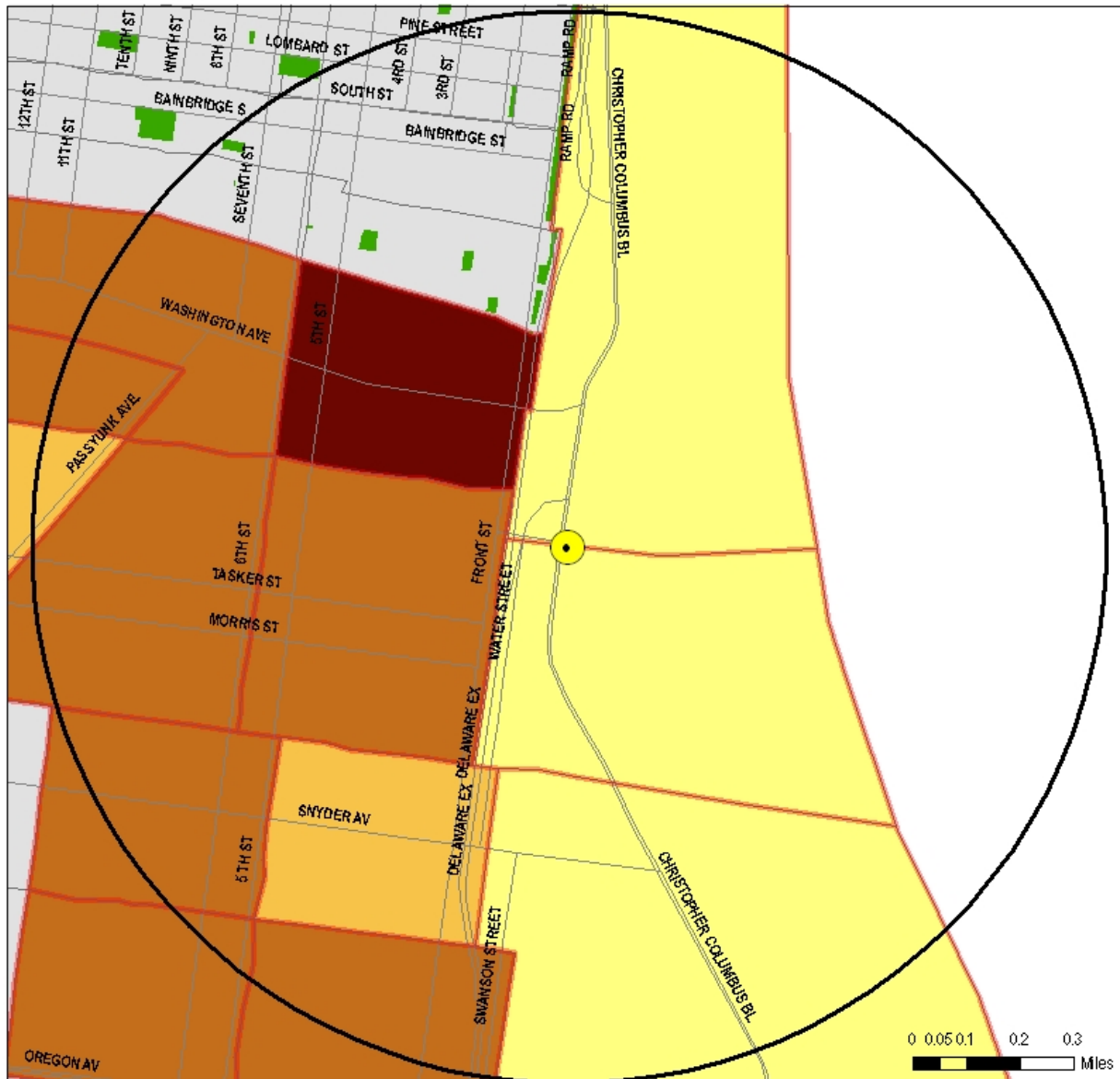
**% of Population Below Poverty Level**









■ 0.00 - 0.15

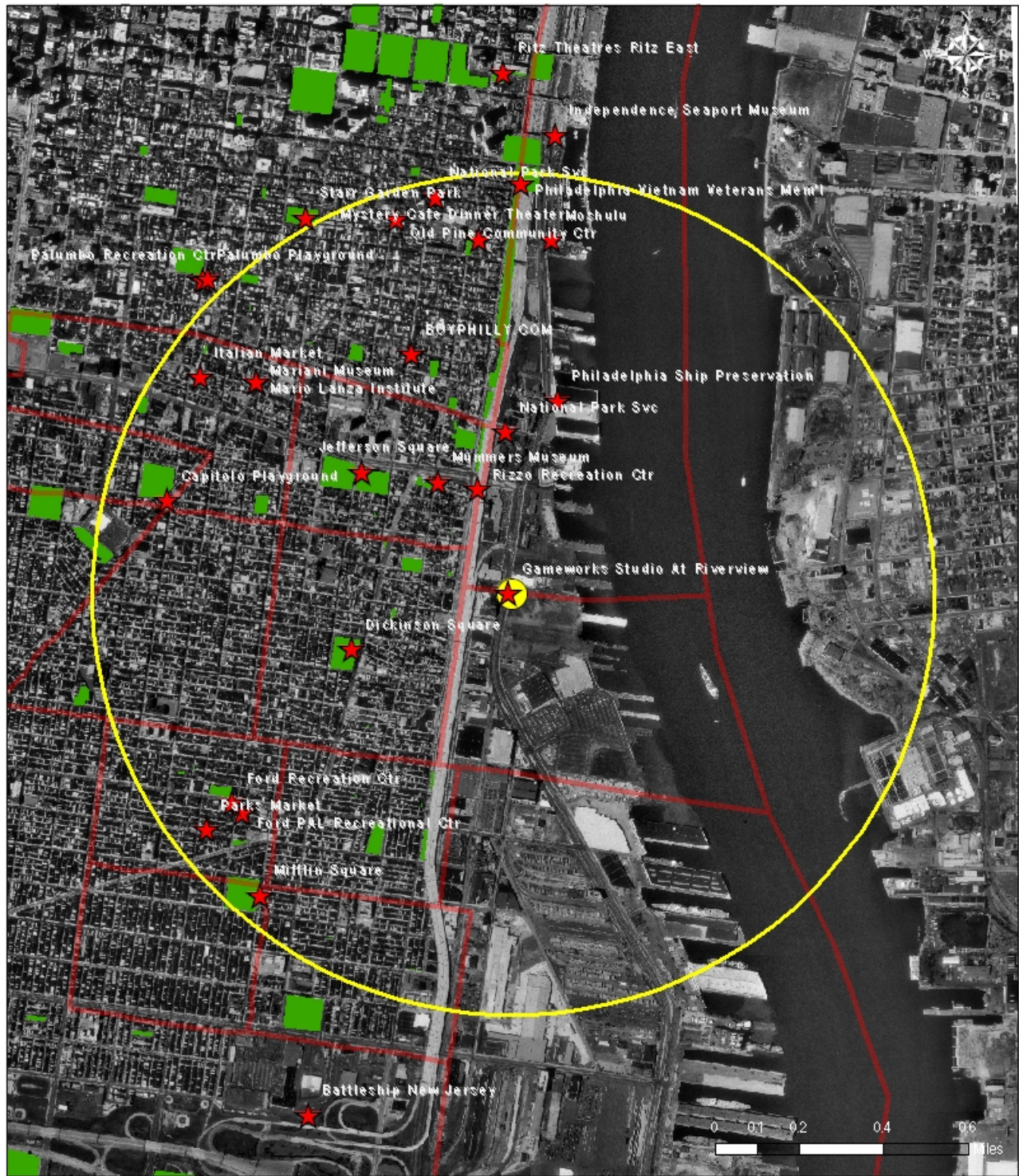
■ 0.16 - 0.30

■ 0.31 - 0.50

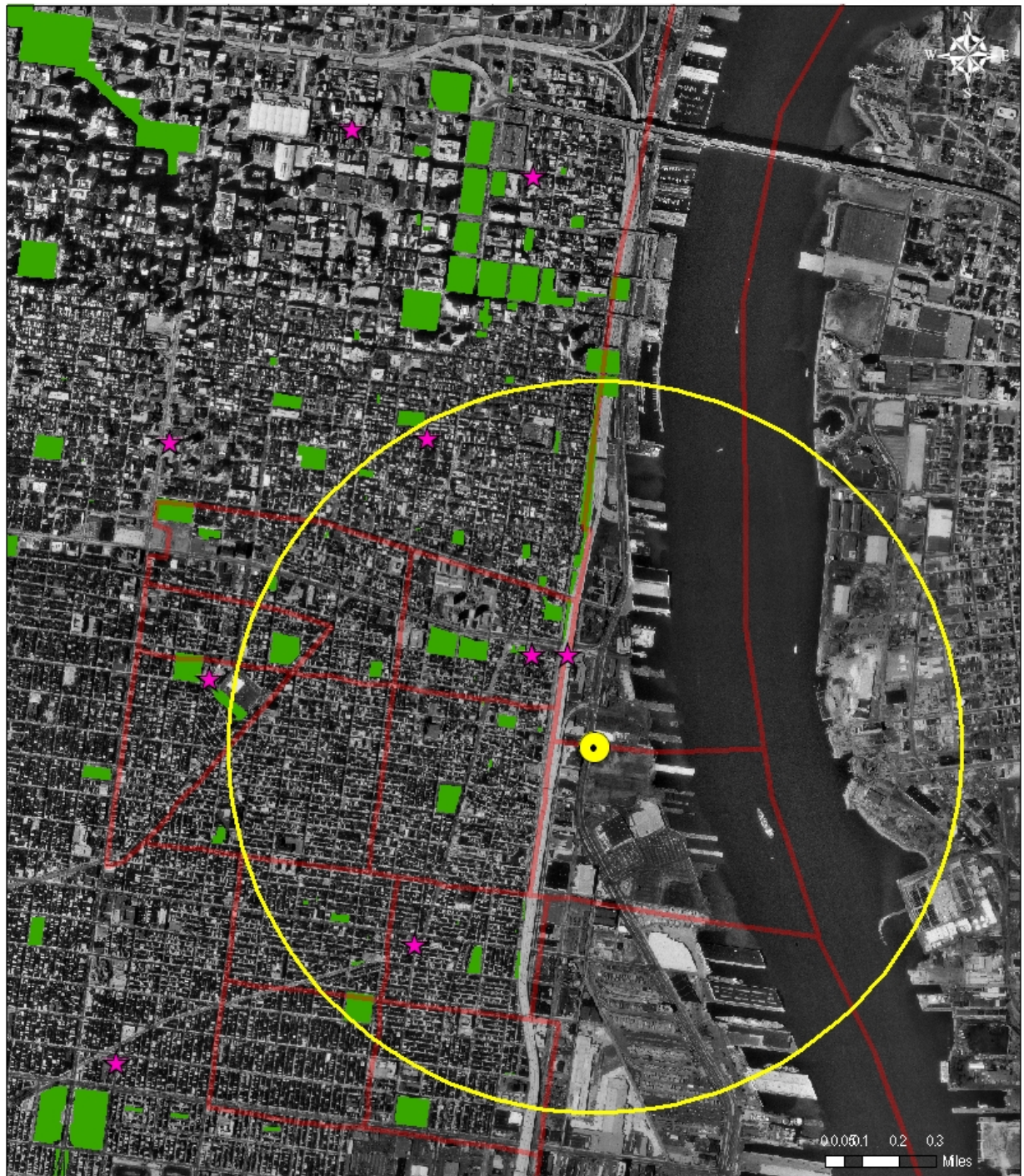
■ 0.51 - 0.56








-  Columbus Blvd. & Reed St.
-  PA Census Tracts selection
-  1.0 Mile Buffer
-  Fairmount Park
- Unemployment Rate**
-  Up to 5%
-  6% - 10%
-  11% - 15%
-  Over 55%



-  Columbus Blvd. & Reed St.
-  PA Census Tracts selection
-  1.0 Mile Buffer
-  Fairmount Park
-  Select Amusement Locations



-  Columbus Blvd. & Reed St.
-  PA Census Tracts selection
-  1.0 Mile Buffer
-  Fairmount Park
-  Firehouses

---

## 2.0 POTENTIAL ECONOMIC IMPACTS

The potential economic impacts of the project will be generated via four key avenues<sup>4</sup>:

- Construction activity (construction periods only)
- Ongoing casino facility operational spending (annual)
- Ongoing ancillary spending by visitors outside of the casino facility (annual)
- Distribution of a substantial portion of partnership profits to area nonprofits and charities.

Before presenting the specific estimates, we define the various types of economic impacts, and describe the methodology used to estimate them. We estimate the potential economic impacts, for each phase of the proposed project in terms of three measures of economic activity: (1) total sales or output (total economic activity), (2) wages and earnings, and (3) employment.

Each of these impacts are going to be generated by **direct (initial or ongoing)** spending on (1) construction (one-time impact for each phase), (2) annual operations of the casino entertainment facility combined with (3) “ancillary” spending by visitors outside of the casino (ongoing annual impacts). Operating expenditures will include casino and facility spending on payroll, food and other supplies, advertising, and other services. Ancillary spending includes spending outside of the casino on transportation, meals and refreshments, souvenirs, retail, lodging, or other entertainment. The project profits that are distributed to local charities will generate additional spending by those area non-profit organizations.

We focus on **direct expenditures** that are anticipated to be spent inside the city or inside the state. Each of these “benefit areas” will have different impacts due to the different size of the economies (and hence different multipliers). Since the city is fully contained in the state, the state percentages will always be higher than the city impact estimates.

### Total Economic Activity (All Expenditures)

These **direct** expenditures created by the casino facility will generate additional economic activity by way of **indirect** and **induced** expenditures. **Indirect** expenditures are those expenditures resulting from all intermediate rounds of goods and services produced by various firms that are stimulated by the direct expenditures (construction, operations, and ancillary). For example, the casino facility might purchase linen services from a supplier who would in turn purchase linens, detergent, delivery vehicles, etc., from other businesses. Since some of these items are produced in the region, the casino facility’s expenditures for linen services will generate additional rounds of expenditure in the region and state. **Induced** expenditures are those that are generated through

---

<sup>4</sup> This section does not consider the economic impacts of the planned distribution of the substantial portion of partnership profits to area nonprofits and charities.

the spending of households' incomes (salaries and wages) earned as part of the direct and indirect expenditures. For example, employees of a construction firm will spend their earnings on various items (housing, food, clothing), and since some of these items are produced in the region, the construction period expenditures will generate additional rounds of expenditures in the region. Using an Input-Output model, we then calculate these indirect and induced effects and the spending, earnings and employment generated by the indirect and induced spending.<sup>5</sup>

Together, the direct, indirect, and induced expenditures sum to the **total** economic activity or output that could be generated by the casino facility. The construction expenditures and the associated indirect and induced expenditures will have a one-time impact, while the operating and ancillary expenditures and their associated indirect and induced expenditures will have ongoing, annual economic impacts.

### Earnings and Employment Impacts

We also estimate the potential economic impacts of the proposed casino facility in terms of two additional measures of economic activity: total earnings (wages and salaries), and total employment. These estimates are based on two independent but related direct numbers: first, if direct employment and payroll can be estimated (as is the case with the casino facility via project proformas of the direct employment anticipated for the construction and the ongoing operations of the facility), the model will generate estimates of indirect and induced earnings and employment that will be associated with the direct expenditures and employment. If we do NOT have direct employment numbers (for instance in the case of ancillary spending), the Input-Output models can be used to generate estimates of earnings and employment based on the total spending in the industries.

---

<sup>5</sup> We have used U.S. Department of Commerce's Regional Input-Output Modeling System II (RIMS II) models for the city and state. Note that since the city is entirely situated in the state, all state impact estimates INCLUDE the city impacts. (Note this is not true for a *metro* area that crosses state borders.) The Input-Output model, which is one of the most commonly used for economic impact analyses, is described in detail in an Appendix to this report.

---

## 2.1 ECONOMIC IMPACTS OF CONSTRUCTION EXPENDITURES (ONE-TIME)

Our estimates of the direct expenditures associated with the one-time construction costs are based on information provided by PEDP and their design and construction team for each phase of the proposed project. These data, adjusted for items not anticipated to be spent in the city or the state on construction related activity, were used to develop direct expenditures for construction.

Four important items are excluded from the direct expenditures used in the input-output analysis. Land acquisition is not included in the impact model because it represents the transfer of an asset rather than economic spending associated with actual production of goods or services in the city or state. Similarly, capitalized interest and other financing costs including working capital are not necessarily earned in the region or state, and are therefore not included in the model. Finally, the host municipality fee and state license fee are excluded from the model, although they are included in the fiscal (tax) impact estimates for the city and the state.<sup>6</sup>

We include 10% of slot machine purchases (to cover local distributorship and installation costs) and FF&E are also included, along with the direct construction expenditure estimates:

- Soft and hard development costs for the buildings and garage,
- Pre-opening costs, and
- \$10 million in site prep work.

The estimated potential economic impacts are detailed in Table 2.1.1 for each phase, and for both the city and the state. In summary, we estimate the total economic impact associated with the Phase I construction, generated during the construction period, to be nearly \$400 million for the city and over \$650 million for the state.

The construction experts forecast this project would generate about 1000 new construction jobs with manpower at any one-time peaking at about 500 people. We estimate this spending will generate over \$60 million in earnings in the city and almost \$210 million for the state. This corresponds to nearly 1,600 jobs in the city (including the 1,000 direct construction jobs) and over 5,200 jobs statewide (including the 1,000 direct construction jobs).

The potential economic impacts associated with planned Phase II and Phase III construction expenditures are also significant, although slightly lower than those for Phase I since the bulk of the construction is in the initial phase.

---

<sup>6</sup> It is important to note that since this fee is the same for all licensees, there is no advantage or disadvantage to any one applicant relative to another for this license fee category.

**Table 2.1.1**  
**City and State Total Potential Economic Impacts**  
**(Direct & Indirect and Induced)**  
**Construction Expenditures, by Phase**  
**(\$ Millions)**

Description	Phase I Construction One-time	Phase II Construction One-time	Phase III Construction One-time
City Direct Expenditures	\$267.3	\$100.9	\$221.4
City Indirect & Induced Expenditures	\$125.8	\$47.5	\$104.2
<b>City Total Output</b>	<b>\$393.1</b>	<b>\$148.4</b>	<b>\$325.6</b>
City Multiplier	1.47	1.47	1.47
State Direct Expenditures	\$267.3	\$100.9	\$221.4
State Indirect & Induced Expenditures	\$386.4	\$145.8	\$320.0
<b>State Total Output</b>	<b>\$653.7</b>	<b>\$246.7</b>	<b>\$541.4</b>
State Multiplier	2.45	2.45	2.45

**Table 2.1.2**  
**City and State Total Potential Jobs & Earnings**  
**(Direct & Indirect and Induced)**  
**Construction Expenditures, by Phase**  
**(Number of Jobs & \$ Millions)**

Description	Phase I Construction One-time	Phase II Construction One-time	Phase III Construction One-time
Total Jobs - City	1,556	587	1,288
Total Earnings - City	\$63.6	\$24.0	\$52.7
Total Jobs - State	5,244	1,979	4,343
Total Earnings - State	\$209.4	\$79.0	\$173.5



## 2.2 ECONOMIC IMPACTS OF OPERATING EXPENDITURES (ONGOING) (Casino Facility Operational Spending)

In addition to the *one-time* benefit of expenditures in connection with each of the various phases on construction, there will be an *ongoing* increase in spending in connection with the operation of the facility (e.g., payroll, supplies, food, advertising and professional services). The benefit of the increased level of expenditures on the region's economy is multiplied by the fact that area firms and vendors will undoubtedly supply a significant portion of the goods and services consumed in the operation of the casino facility. The additional income to all of these firms, and the people whom they employ, will further extend the "ripple effect" on the local economy by inducing these businesses and individuals to increase their overall levels of consumption.

We have relied on pro forma income and cash flow statements prepared by PEDP to estimate direct spending for operations of the casino and other operations inside the casino facility for each of the phases. We use the total expenses by major cost function (Casino, Hotel, Food & Beverage, Retail, Entertainment, and SG&A) and add in estimated annual capital maintenance expenditures for each of the phases. Non-cash expenses such as depreciation and amortization and interest on financing are excluded, as are taxes. Taxes are included in the state and local tax estimates in Section 3.

The direct operational expenditures are displayed in Table 2.2.1, and total \$99.9 million, \$131.9 million, and \$157.1 million for the three phases respectively.

Table 2.2.1  
Operating DIRECT Expenditures (annual, ongoing)  
(\$ millions)

Direct Expenditures	Phase 1	Phase 2	Phase 3
Casino	\$ 43.9	\$ 60.2	\$ 65.8
Hotel	\$		\$ 7.7
Food & Beverage	\$ 4.0	\$ 5.7	\$ 8.7
Retail & Other	\$ 2.4	\$ 2.5	\$ 3.2
Entertainment	\$ 3.6	\$ 3.7	\$ 3.9
SG&A and Other	\$ 41.6	\$ 55.4	\$ 58.5
Capital Maintenance	\$ 4.4	\$ 4.4	\$ 9.4
<b>TOTAL Direct Expenditures</b>	<b>\$ 99.9</b>	<b>\$ 131.9</b>	<b>\$ 157.1</b>

These direct expenditures would generate significant total annual benefits to the city and state, as shown in Table 2.2.2.

**Table 2.2.2**  
**City and State Total Potential Economic Impact**  
**(Direct, Indirect and Induced)**  
**Ongoing Operating Expenditures, by Phase (\$ Millions)**

Description	Phase I Ongoing Operating	Phase II Ongoing Operating	Phase III Ongoing Operating
City Direct Expenditures	\$99.9	\$131.9	\$157.1
City Indirect & Induced Expenditures	\$64.8	\$85.7	\$101.1
<b>City Total Output</b>	<b>\$164.7</b>	<b>\$217.5</b>	<b>\$258.2</b>
City Multiplier	1.65	1.65	1.64
State Direct Expenditures	\$99.9	\$131.9	\$157.1
State Indirect & Induced Expenditures	\$119.2	\$157.4	\$186.6
<b>State Total Output</b>	<b>\$219.0</b>	<b>\$289.2</b>	<b>\$343.7</b>
State Multiplier	2.19	2.19	2.19

Job creation is forecasted to be significant.<sup>7</sup> PEDP anticipates a permanent Phase I workforce of 954, based on a detailed analysis of specific positions.<sup>8</sup> FDC anticipates that over 90% of these positions will be filled by local residents (i.e. they will not be filled by workers moving from other locations). Direct employment is expected to ramp up with the expansions for Phases II and III, growing first to 1,254 and then to 1,780 for Phase III. In addition to the direct employment created at the facility, significant employment will be generated by the indirect and induced spending associated with the casino's ongoing operations and by the anticipated ancillary spending by casino visitors outside of the facility.

<sup>7</sup> "Gaming facilities will directly employ persons in food and beverage, slot department, public area cleaning, [and] parking ... areas, as well as 'white-collar' occupations such as financial services, casino management, promotions, and administrative services. Indirectly, gaming facilities will also likely increase permanent employment in sectors that significantly sell to or disproportionately benefit from casinos, such as in private security firms and restaurants and hotels in the vicinity of casinos." See, Philadelphia Gaming Advisory Task Force's, *Interim Report of Findings* at Page 241.

<sup>8</sup> See Appendix C for complete details of the anticipated staffing for each phase.

**Table 2.2.3**  
**City and State Total Potential Jobs & Earnings**  
**From Ongoing Operations, by Phase**  
**(Jobs and \$ in Millions)**

Description	Phase I Ongoing Operating	Phase II Ongoing Operating	Phase III Ongoing Operating
Total Jobs - City	1,330	1,762	2,103
Total Earnings - City	\$29.8	\$39.3	\$47.0
<i>Direct Foxwoods Casino Jobs*</i>	<i>954</i>	<i>1,254</i>	<i>1,780</i>
Total Jobs - State	2,656	3,514	4,157
Total Earnings - State	\$67.1	\$88.4	\$104.9

\* *Direct Foxwoods Casino Philadelphia jobs included in the total City and state jobs*

### 2.3 ECONOMIC IMPACTS OF ANCILLARY EXPENDITURES (ONGOING) (Visitor Spending)

In addition to patron spending inside the casino facility, this project is expected to generate significant additional visitor spending outside of the casino<sup>9</sup> at other area establishments, including other hotels, restaurants, shops, entertainment and cultural venues. We refer to this as “ancillary” spending, and it represents an estimate of the incremental spending in the economy in addition to casino and other facility spending. The magnitude of this ancillary spending will be influenced by several factors:

- Total estimated number of patrons/visitors
- Residence of casino patrons
- Proportion of visitors who stay overnight (and length of stay)
- Proportion of visitor classified as DAYTRIPPERS
- Average daily ancillary expenditures per OVERNIGHT or DAYTRIPPER visitor

All of these factors will be influenced by the design and location of the casino facility and extent of local marketing effort leveraging casino patron demands. One of the strengths of the PEDP proposal is its visitor-friendly orientation, and the Partnership’s plans to work closely and actively

<sup>9</sup> We look at this separately, since all of the expenditures by visitors in the facility are already accounted for in the operating expenditures. Indeed this ancillary impact represents a significant potential benefit for the city and region.

with the tourism and convention officials to maximize the overall visitor impact by adding to the exciting attractions offered by the city.

We have developed estimates of direct ancillary spending based in part on PEDP's estimates of annual casino visitors, and using information from experiences of other cities as well as spending information for visitors published by the state.<sup>10</sup> Underlying our estimates are several assumptions, which we think are conservative, thereby making our estimates of ancillary direct spending conservative.

We define direct ancillary (outside of the casino facility) spending to be the sum of the spending by OVERNIGHT visitors and DAYTRIPPERS. In order to estimate the two direct expenditure amounts, we use the first year numbers (3000 slots level) and following methodology.<sup>11</sup>

The first step is to estimate the proportion and number of OVERNIGHTERS and DAYTRIPPERS out of a TOTAL estimated 5.9 million annual visitors. First, we exclude approximately 3 million patrons who are expected to be LOCAL -- that is they will be coming from less than 10 air miles from the casino.<sup>12</sup> In addition, we exclude all casino patrons who are expected (based on the models) to come from hotels since they are already visiting Philadelphia for conventions, business or pleasure<sup>13</sup>. We consider this particular assumption conservative because there could be some impact by extending the length of stays for existing visitors. This generates a BASE of approximately 2.5 million as potential non-local ancillary spenders.

In work for the Philadelphia Gaming Advisory Task Force, the Innovation Group (IG) estimated that only a small proportion (2-4%) of visitors to slots only facilities stay overnight at the destination.<sup>14</sup> This estimate can clearly be adjusted upward for Philadelphia, since few, if any, other cities with slots parlors have the same variety and amount of visitor attractions as Philadelphia. We assume that this "Philadelphia effect" alone doubles the overnight visitation to 8%. Also, PEDP intends to work closely with GPTMC, PCVB and other regional and state officials to maximize the positive

---

<sup>10</sup> Some studies note, quite properly, that in order to estimate net new spending, any additional spending, inside or outside of a casino, must be offset by declines in spending elsewhere in the local economy. We do not anticipate any significant differential among casino applicants with regard to "diverted spending", and we do not include it in this analysis.

<sup>11</sup> We use the same methodology for the Phases II and III, but only show the first phase in stepping through the methodology. An alternative method is to make an assumption about the amount of spending each casino visitor will spend on his or her trip, and then make an assumption about what PORTION of that spending will be made INSIDE and OUTSIDE of the casino. Although this is a decent and direct method, we do not use this methodology because we do not have any good basis for making the proportion assumption

<sup>12</sup> Some portion of the anticipated patrons may be locals who previously traveled outside of the region (e.g. to Atlantic City) to participate in gaming activities. This is referred to as "recapture". Their spending, both at the casino and outside, can have the same stimulative impact on the local economy as spending by outside visitors. This phenomenon, referred to as "import substitution", recognizes that increased local spending by residents has a positive multiplier effect, and is not merely shifting spending from one local vendor to another in a zero-sum process. On the other hand, as noted in footnote 8, locals who visit the casinos are most likely to cut back, or displace, at least some of that spending elsewhere in the local economy. By excluding those visitors from our estimates of ancillary spending, we implicitly argue these two counterbalancing effects net out.

<sup>13</sup> The casino patron models typically assume some portion of outsiders already staying in hotels will visit the casino. Since they don't represent new visitors to the City, we exclude them from our calculations of ancillary spending. The key, of course, is to try to increase the overnight visitors and their length of stay here.

<sup>14</sup> Philadelphia Gaming Advisory Task Force: The Final Report, 2005.

---

impact of the casino on visitation to Philadelphia and the region. We assume this will have an additional positive effect on the number of overnight visitor trips, and that this effect will grow over time as Philadelphia markets the enhanced overall attractiveness of the city as a destination. We assume this will add 4% to the overnight proportion in Phase I, 6% in Phase II, and 8% in Phase III (for a total of only 18% overnight trips for the casino patrons excluding the locals and existing hotel guests).<sup>15</sup>

We assume per visitor trip spending for overnights (\$175) and daytrippers (\$75), but we assume only 33% of the daytrippers spend anything outside of the casino. This in turn generates total direct spending for overnights and daytrippers, which we estimate at over \$107 million per year for Phase I, growing to \$180 million by Phase II and to nearly \$250 million for Phase III. Our assumptions and calculations determining the potential ancillary spending associated with the PEDP proposal are set forth in Table 2.3.1 below.

For Phase I, these direct expenditures would generate nearly \$170 million of total spending per year for the city, and \$230 million per year statewide, as shown in Table 2.3.2 below. The earnings and employment impact estimates are displayed in Table 2.3.3.

---

<sup>15</sup> This corresponds to an overnight rate for all casino patrons *of less than 7%*. We believe that on a comparable basis, our estimates generally coincide with the findings reported by Innovation Group, which often refer to ancillary spending divided by the *total* number of visitors from all sources. This finding is common across (non Atlantic City or Las Vegas) cities with gaming where there is a relatively low level of ancillary spending, as the spending outside of the casinos are only a fraction of that spent inside the casino.

Table 2.3.1  
Estimated Ancillary Spending, by Phase

<b>Annual Ancillary Spending</b>	<b>Phase I</b>	<b>Phase II</b>	<b>Phase III</b>
Total casino visitor trips (millions)	5.9	8.1	9.1
Less Locals (<10 miles)	(3.0)	(4.1)	(4.6)
Less Existing Visitors	(0.4)	(0.5)	(0.6)
Total Ancillary Spending Base (millions)	2.5	3.5	3.9
% Overnights			
Base (IG)	4%	4%	4%
Philadelphia delta	4%	4%	4%
GPTMC/PCVB delta	4%	6%	8%
Total % Overnights	12%	14%	16%
Total Overnights (millions)	0.3	0.5	0.6
Daily Spending per Overnighter	\$175	\$193	\$212
<b>Total Overnighter Spending (\$ millions)</b>	<b>\$52.5</b>	<b>\$93.8</b>	<b>\$131.2</b>
Total Daytrippers (millions)	2.2	3.0	3.3
% of Daytrippers Who Spend:	33%	35%	40%
Total Daytrippers Who Spend \$ (millions)	0.7	1.0	1.3
Daily Spending per Daytripper:	\$75	\$83	\$91
<b>Total Daytripper Spending (\$ millions)</b>	<b>\$54</b>	<b>\$86</b>	<b>\$118</b>
<b>Total Ancillary Spending (\$millions):</b>	<b>\$107.0</b>	<b>\$180.3</b>	<b>\$249.3</b>

**Table 2.3.2**  
**City and State Total Potential Economic Impact**  
**(Direct, Indirect and Induced)**  
**Ancillary Spending, by Phase**  
**(\$ Millions)**

Description	Phase I Ancillary	Phase II Ancillary	Phase III Ancillary
City Direct Expenditures	\$107.0	\$180.3	\$249.3
City Indirect & Induced Expenditures	\$60.6	\$101.6	\$140.8
<b>City Total Output</b>	<b>\$167.6</b>	<b>\$281.9</b>	<b>\$390.1</b>
City Multiplier	1.57	1.57	1.57
State Direct Expenditures	\$107.0	\$179.8	\$249.2
State Indirect & Induced Expenditures	\$123.2	\$206.5	\$286.1
<b>State Total Output</b>	<b>\$230.2</b>	<b>\$386.3</b>	<b>\$535.3</b>
State Multiplier	2.15	2.15	2.15

**Table 2.3.3**  
**City and State Total Potential Jobs & Earnings**  
**Ancillary Spending, by Phase**  
**(Number of Jobs & \$ Millions)**

Description	Phase I Ancillary	Phase II Ancillary	Phase III Ancillary
Total Jobs – City	1,568	2,626	3,638
Total Earnings – City	\$31.4	\$52.8	\$73.2
Total Jobs – State	2,801	4,687	6,492
Total Earnings – State	\$66.2	\$111.2	\$154.1

---

## 3.0 MUNICIPAL IMPACTS

The Foxwoods Casino Philadelphia will generate, directly and indirectly, significant municipal and state tax revenues, related to its multi-phased construction activities, its ongoing operational activities, and the ancillary visitor spending that the casino will generate. Estimates of the potential city and state taxes that could be generated directly or indirectly by Foxwoods Casino Philadelphia are detailed in section 3.1 below.

As a large, active facility attended by millions each year, it will also impose costs on the city's operating departments and municipal infrastructure. The Philadelphia Gaming Advisory Task Force examined the potential impacts on key municipal services, and concluded the impacts associated with the PEDP site are likely to be small. We examine these in turn in sections 3.2 and 3.3 below.

### 3.1 IMPACTS ON STATE AND MUNICIPAL TAX REVENUE

In addition to the economic variables described above, we estimate significant tax, or fiscal, impacts for the City, (and County and School District) and the State.<sup>16</sup> We use the input-output model to estimate potential taxes associated with the indirect and induced spending and earnings. Described below are the local and taxes that may apply to some or all of the casino facility operations and the ancillary spending generated by casino patrons spending outside of the facility.

One likely economic and tax impact that we do not attempt to measure is the potential increase in property values in the area surrounding the casino site. We believe the investment and the ongoing operations of the project will make the area more attractive, increasing demand for both residential and commercial (including entertainment) land uses in the area. This would either induce new real estate development and/or increase the value of land in the area. In either case, this would translate into an increase in the wealth of neighboring landowners, whether residential or commercial.

Other likely municipal impacts that we do not attempt to measure are those due to the likely increases in city-wide economic activity and property values that will occur because of the "supply side" effects of decreases in the City wage tax that will be funded by State gaming tax revenue.

Listed below are the primary city and state taxes we include in our model, along with our estimates of the local and state fiscal impacts of the proposed PEDP casino development.

---

<sup>16</sup> Since 1993, Foxwoods Casino Resort has generated in excess of \$2.2 billion in tax revenue for the State of Connecticut.



---

## Local Philadelphia Tax Revenues

We examine the potential impact of the Foxwoods Casino Philadelphia on the following city taxes:

- Wage and earnings taxes (2006 rates)

Residents	4.301 percent
Non-residents	3.7716 percent

We assume a blended rate of 4.1% for overall earnings based on the rough proportion of resident and non-resident payments overall. We include both direct and indirect wages in the forecasts. Although there are scheduled rate reductions, and the possibility of a rate reduction associated with the redistribution of state gaming revenues, we don't know specific dates, so we use the current rate in our forecasts.

- Business Privilege Tax (BPT) – Gross Receipts and Net Income

The City of Philadelphia imposes a Business Privilege tax on businesses located and operating within the City. The tax has two parts: (1) a tax on gross receipts imposed at the rate of 0.21 percent on the gross receipts collected by the enterprise and (2) a tax on net income imposed at the rate of 6.5 percent on the net income allocable to Philadelphia<sup>17</sup>.

- Hotel tax

The City levies a 7% tax on hotel revenues, which we assume make up 33% of the estimated Overnighter ancillary spending for each phase.

- Sales tax

The City of Philadelphia imposes a 1% tax on certain retail sales (same base as the state)

- Real estate taxes

Real estate taxes are based on the statutory combined rate (municipal and school) of \$82.64 per \$1,000 of assessed value (\$34.74 municipal and \$47.90 school district). We assume a market value of the facility of \$300 million in Phase I, increasing to \$550 million by Phase III. The assessed values are estimated using the Board of Revision of Taxes

---

<sup>17</sup> These rates have been reduced over the past years, and may continue to be so in future years. We use the current rate since there is no guarantee the rates will be reduced further in the future.

(BPT) current 70% scaling factor before applying the 32% state mandated assessment ratio.

- Miscellaneous taxes

The City (and School District) levy a number of smaller taxes, including amusement taxes, liquor by the drink tax, and a school income tax. We assume a small amount each year for this group.

- Host Fee - Gaming tax Host Municipality (4%)

The Pennsylvania Gaming Act provides for a 4 percent tax on Category 2 casinos to be paid directly to the host municipality. The tax base is the annual gross gaming revenue for the casino.

These taxes are forecast to yield the following revenues for the city and school district for each phase:

**Table 3.1.1**  
**Potential One Time Local Tax Revenues, by Phase**  
**Construction Period (\$ Millions)**

Philadelphia Taxes	Phase I Construction One-Time	Phase II Construction One-Time	Phase III Construction One-Time
Wage and Earnings (Philadelphia)	\$2.4	\$2.1	\$2.3
Sales (Philadelphia)	\$0.2	\$0.2	\$0.2
Business Privilege (Philadelphia)	\$1.3	\$0.5	\$1.2
<b>Total</b>	<b>\$3.9</b>	<b>\$2.8</b>	<b>\$3.7</b>

**Table 3.1.2**  
**Potential Annual Local Tax Revenues, by Phase**  
**Ongoing Operations and Ancillary Combined**  
**(\$ Millions)**

<b>Philadelphia Annual Taxes (\$ millions)</b>	<b>Phase I</b>	<b>Phase II</b>	<b>Phase III</b>
Wage and Earnings (Philadelphia)	\$2.3	\$2.6	\$2.8
Sales (Philadelphia)	\$0.6	\$0.7	\$0.8
Business Privilege (Philadelphia)	\$0.9	\$1.5	\$2.1
Real Estate Tax (8.264% on AV)	\$5.6	\$7.8	\$10.2
Misc. City Taxes	\$0.2	\$0.3	\$0.4
Hotel Tax (7%) (on 33% OVERNIGHTER)	\$1.2	\$2.2	\$3.0
<b>Subtotal Non-casino</b>	<b>\$10.8</b>	<b>\$15.0</b>	<b>\$19.3</b>
4% Local Host Fee	\$14.5	\$20.0	\$22.5
<b>OVERALL TOTAL</b>	<b>\$25.3</b>	<b>\$35.0</b>	<b>\$41.8</b>

### State Tax Revenues

In addition to the license fee (\$50 million, one-time) and any other fees associated with the award of a license, the casino facility will pay significant taxes to the state based on the level of its activities (in particular the state tax on casino gross revenues, and taxes generated by the construction activities). Also, the direct operating activities of the casino facility and ancillary spending will generate sizable new tax revenues annually to the state, including personal income and sales taxes. We use our own model of the Pennsylvania tax system to estimate the state's annual tax revenue associated with the indirect and induced economic activity generated by the casino facility operations and ancillary spending. We include the following state taxes in our model:

- Personal Income tax (3.07%)
- Sales tax (6%)

- State corporate income tax (CNI) (9.99%)
- State capital stock tax (0499%)

We also include the state Casino taxes, applied to gross gaming revenues:

- Gaming Tax (34%)
- Race Track Purses Fund (12%)
- State Economic Development Fee (5%)

Construction activities could generate from \$8 to almost \$14 million in state taxes for each phase, and the state could see revenues increase by \$11 million (Phase I) to over \$20 million per year (Phase III) *before* \$185 to \$286 million in annual casino taxes respectively.

Our detailed estimates of the one-time impact of construction expenditures, and ongoing operations and ancillary expenditures on state tax revenues are displayed in Tables 3.1.3 and 3.1.4 below.

**Table 3.1.3**  
**Potential One Time State Tax Revenues, by Phase**  
**Construction Period (\$ Millions)**

State Taxes	Phase I Construction One-Time	Phase II Construction One-Time	Phase III Construction One-Time
Personal Income	\$6.4	\$2.4	\$5.3
Sales and Use	\$5.2	\$4.3	\$4.7
Corporate Net Income	\$1.3	\$1.0	\$1.1
Capital Stock and Franchise	\$0.8	\$0.7	\$0.8
<b>Total</b>	<b>\$63.7*</b>	<b>\$8.4</b>	<b>\$11.8</b>

*\*Phase I includes \$50 million state license fee.*

Table 3.1.4  
Potential State Tax Revenues, by Phase  
Ongoing Operations and Ancillary Combined (\$ millions)

<b>Pennsylvania Taxes (\$ millions)</b>	<b>Phase I</b>	<b>Phase II</b>	<b>Phase III</b>
Personal Income	\$3.9	\$6.1	\$6.9
Sales and Use	\$6.2	\$9.0	\$11.7
Corporate Net Income	\$0.9	\$1.1	\$1.5
Capital Stock and Franchise	\$0.6	\$0.8	\$1.0
<b>Subtotal Non-casino</b>	<b>\$11.6</b>	<b>\$17.0</b>	<b>\$21.1</b>
State Casino Taxes	\$185.6	\$254.9	\$286.4
<b>OVERALL TOTAL</b>	<b>\$197.2</b>	<b>\$271.9</b>	<b>\$307.5</b>

### 3.2 MUNICIPAL SERVICES-DEPARTMENTAL OPERATIONS

Once in operation, the proposed casino facility will directly impact several municipal government service departments. The primary impacted services will be Police, Fire and other Emergency Services.

#### Local Police and Emergency Services.

After careful study, the Philadelphia Gaming Advisory Task Force concluded there is little evidence suggesting any correlation between crime rates and casino gambling in other markets and that casino gambling will not result in an increase in the rates of violent crime or property crimes. Still, an increase in crime, if not crime *rates*, can be expected due to the anticipated vast increase in visitors. These are summarized in four specific Task Force findings<sup>18</sup>:

<sup>18</sup> These, and those further below, all taken directly from the Task Force Final Report.

**FINDING: There is no evidence to suggest that violent crime rates are in any way affected by the presence of casino gambling.**

The violent crime rate in Detroit has been in an erratic but general decline since 1994, coincidentally the same year Casino Windsor opened. In New Orleans violent crimes have declined sharply since 1996, with the exception of a brief spike in 2001. Atlanta on the other hand has seen sustained declines since 1993. Philadelphia saw sustained increases through 1999 and subsequent declines each year since then. These increases in the major cities, although more volatile, generally followed the national pattern which showed an increase in the latter 1980's through mid-1990's and a decline thereafter. This is consistent with the National Gambling Impact Study Commission's report in 1999 which analyzed FBI crime data from 100 communities with varying degrees of proximity to casino gambling and had concluded that the availability of casino gambling had no effect on rates of serious violent crimes like murder or assault.

**FINDING: There is also no correlation between property crime and the introduction of casinos.**

Data shows that major cities had a higher crime rate than the nation as a whole, and were more volatile. These cities generally followed a similar trend, unaffected by the introduction of casinos.

**FINDING: Although there are no projected increases in crime rates, an increase in net crimes is expected due to increased visitation.**

Research suggests that crime will increase in proportion to the increase in the number of people in the area. For example, it is likely that traffic violations will increase with a greater number of people traveling to the casinos. There will also be new unique casino related crimes, such as patrons attempting to cheat and passing counterfeit money, that criminal justice officials will have to prosecute.

**FINDING: Overall crime within the vicinity of casinos was unaffected by the introduction of casinos in New Orleans.**

In New Orleans, based on district-level crime statistics, crime rates and traffic offenses have declined for the most recent eight-year period in the 7th district (Harrah's opened in October of 1999) and 8th district (home to a riverboat casino). These declines have been consistent each year compared to the first second and third districts where this general decline was interrupted by an upward spike in 2001. Additionally, crimes such as robberies and thefts declined in these districts.

One Louisiana jurisdiction credits the internal security provided by the casinos for the low levels of crime within the facilities. In Gretna, Louisiana host to Boomtown Casino and an off-track betting (OTB) video-poker facility, both the mayor and the police chief report no problems associated with either venue. In fact, the chief of police, crediting the internal security provided by the facilities, says that more calls for service are received from Home Depot and low-cost hotels in area than from the OTB parlor or Boomtown.

Clearly, one of the most notable municipal services impacts, for this (and any other proposed) casino, would be on the police department. From the Task Force report:

**FINDING: Casinos will impact the number of safety officers needed to maintain crowd control, traffic control, public decency, and protect property.**

Citizens are concerned that the additional police needed to patrol the areas around the casinos will be taken from areas that are currently patrolled. However, as detailed on page 275, the Philadelphia Police Department's current plan is to hire additional police specifically for the areas around the casino, these officers would not be taken from other areas and would have specialized training to deal specifically with casino issues.

**FINDING: Police officers will need specialized training in casino crimes.**

Historically, casinos have been targets of certain crimes such as check forgery, underage gambling and counterfeiting. Detection of these crimes will require specialized training for the public safety officers that patrol the casinos and surrounding areas. Officers will need to be educated in the laws relating to such areas as gambling and fraud. This type of specialized training is not unfamiliar to police departments. The Philadelphia Police Department has experience with implementing specialized training for dealing with specific issues. Specialized units have undergone training in crowd control, traffic control, crime prevention, polygraph-testing, counter-terrorism, water rescues and high-rise fires.

**FINDING: Atlantic City officials cited decreases in public safety issues when casinos became 24-hour operations.**

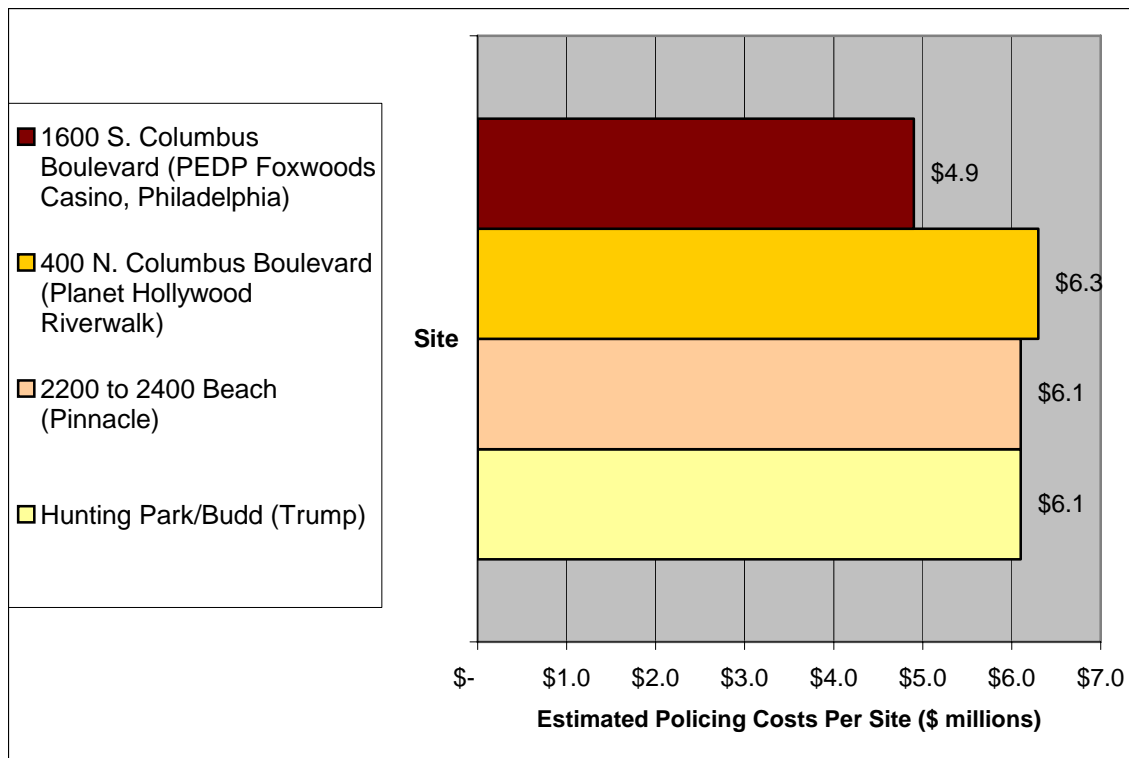
In Atlantic City, the move from set closing times to 24 hour casinos led to a decrease in public safety issues. Set closing times contributed to public nuisances such as loitering, noise pollution and robbery as casino patrons would have to exit the establishment at 4am. Traffic jams and vehicular accidents were also common as casino workers, and patrons all converged on roads and exits at the same time. Twenty-four hour operations alleviated many of the issues created by a mass exodus.

The proposed Foxwoods Casino Philadelphia appears to be relatively well positioned with respect to imposing additional costs to the Police Department. The graph below, adapted from information from the Philadelphia Gaming Advisory Task Force Final Report, shows that the cost of casino-related incremental police services for the proposed PEDP site (1600 S. Columbus Blvd) would be more than 20% lower than the average of all other sites for which applications have been submitted.<sup>19</sup>

---

<sup>19</sup> The Task Force Report did not look specifically at the Sugar House site. Given its location it would most likely compare with the other two North Delaware sites, Pinnacle, and Riverwalk.

**Estimated Policing Costs per Site\***



*Adapted from Philadelphia Gaming Advisory Task Force Report*

*\*The Task Force Report did not look specifically at the Sugar House site. Given its location it would most likely compare with the other two North Delaware sites, Pinnacle and Riverwalk.*

Foxwoods Casino Philadelphia intends to coordinate closely with Philadelphia Police, Fire and other Emergency Managements officials to complement the city's services. The casino will assist in training the police officers and other emergency service personnel as requested. Given Foxwoods Casino Philadelphia's plans to provide significant security services, we believe the Philadelphia Gaming Advisory Task Force estimates for additional police budget expenditures may be high.

Foxwoods recognizes that providing a comfortable and secure environment for all of our visitors is a top priority. They have developed a wealth of experience and knowledge in providing such services for their patrons by working hand-in-hand with both state and local police and our Surveillance department. All security personnel will be trained on the total layout of the property; the type, location and use of all emergency equipment. State of the art equipment will be used in our surveillance operation, security command center and in all communication equipment. To help ensure the safety of all our patrons and employees and that all security and surveillance employees understand their job requirements, they will be required to be trained through a series of classroom and on the job training sessions. In addition to round-the-clock security, the casino will have a fully staffed, professional EMT team on site 24/7.



---

### **3.3 MUNICIPAL INFRASTRUCTURE**

As noted previously, the PEDP site is well served by the key infrastructure components required for a development of this type and magnitude, and PEDP plans to resolve the few cases where additional infrastructure capacity is needed for the development.

The proposed project is expected to have minimal impacts on the physical infrastructure of the area, and where such impacts could arise, careful steps have been outlined for addressing and mitigating any such impacts. PEDP pledges to work closely with City officials, and is currently devising infrastructure solutions to not only mitigate any potential negative impacts associated with the proposed development but to improve the area's infrastructure capacity above its existing levels.

#### **Water and Sewer Systems**

PEDP has engaged Pennoni Engineering to undertake studies to assess the impact of the planned project on the City's water and sewer systems, including stormwater drainage requirements. PEDP and Pennoni will work closely with the Philadelphia Water Department, Office of Watersheds, to address these issues.

Preliminary reports recognize there are existing storm water issues along Columbus Boulevard, and Pennoni has been retained, as part of their civil engineer services, to design drainage and water run-off for the project. Drainage channels and catch basins will be built on site.

#### **Utilities: Electric and Gas**

The site is served adequately by PECO's electric power grid. To the extent that any upgrades are required for this development, they will be completed prior to the project's opening. In addition, the facility will have emergency standby power generators to provide emergency power. To the extent feasible or possible, the facility may be designed to incorporate peak shaving or other methods to assist PECO with demand management.

The facility also plans to use gas from PGW, and any pipeline or system upgrades necessary to service the development will be completed prior to the casino's opening.

#### **Traffic & Transportation (see accompanying Transportation and Traffic Report)**

The PEDP site is highly accessible, as I-95 provides excellent highway access to the northeast and southwest, the Benjamin Franklin and Walt Whitman Bridges into New Jersey, and, via I-76, to the Atlantic City Expressway. The vast majority of traffic will access the sites from I-95 and Columbus Boulevard, thereby potentially limiting congestion on local streets.

PEDP retained experts to conduct comprehensive traffic studies and they have developed solutions to not only mitigate the incremental access and traffic additions this project will place on the existing road infrastructure, but to improve them compared to existing conditions.

For instance, PEDP views this project as providing an opportunity to re-orient significant traffic to approach the site from the south, thereby helping reduce traffic congestion to the benefit of all parties:

- Retailers to the south
- Nearby neighborhood residents
- Penn's Landing and points north
- Center City access to the riverfront

---

## 4.0 POTENTIAL QUALITATIVE IMPACTS

In designing this proposed project PEDP has made every effort to minimize negative and remediate negative qualitative impacts while maximizing positive qualitative impacts.

### 4.1 POSITIVE QUALITATIVE IMPACTS

In addition to the quantitative economic impacts discussed in previous sections, the proposed casino facility project would generate several important unique qualitative benefits for the city and state. While these are all valuable to the city and its citizens, it is difficult to place a dollar estimate on their values, since they are not directly exchanged in the marketplace.

- This project would reuse vacant, formerly industrial land that has been underutilized for more than a decade and that currently generates little or no tax revenue for the city or school district treasuries.
- The revitalization of this strategically important property would serve as a catalyst for the economic redevelopment of the central Delaware Riverfront. A major advantage of the PEDP site is that the planned development is consistent with the City's long-term goal of economically reinvigorating and activating the remainder of the riverfront. The project would create an opportunity to open the riverfront further south from Penns Landing from both the landside and riverside.
- Furthermore, the proposed casino and entertainment use is compatible with the "Big Box" retail and the port related land uses along the riverfront to the south, and can act as a strong buffer between those uses and the more entertainment and residential uses north of the site.
- The Foxwoods Casino Philadelphia would provide increased opportunities for city businesses to sell products and services and expanded opportunities for employment at salary and benefit levels generally above the general hospitality industry levels for the Philadelphia region.
- The PEDP project would present an opportunity to address some existing infrastructure problems in the area of the proposed site.
- In addition to stimulating economic development and jobs, the Foxwoods Casino Philadelphia would provide expanded entertainment opportunities for residents and visitors and provide an important stimulus for city and regional tourism because it would be designed as a visitor attraction, with significant orientation to the riverfront and offer exciting non-casino activities in addition to a high quality gaming experience.
- Given the opportunity to market gaming as an added attraction to increase overall city and regional tourism, PEDP intends to work closely with local and state tourism and convention officials to enhance their marketing efforts. Marketing will take advantage of the location near Center City and Penns Landing, as well as the many nearby cultural, historical and

entertainment tourist attractions, to boost tourism and convention attendance, generating significant additional business for the city and region's hospitality industry.

- Finally, the PEDP project would create an opportunity to channel a significant portion of casino profits into local charitable uses. To our knowledge, no other applicant for a Philadelphia casino license promises to create such an opportunity.

## 4.2 NEGATIVE QUALITATIVE IMPACTS

### Minimal impacts to neighborhoods, city services or municipal infrastructure

The impacts of its operations should have only minor negative impacts on the city and neighboring communities because PEDP has undertaken extensive planning to not only mitigate any such impacts, but also to improve existing conditions to the extent possible. Among the important impacts PEDP will address are:

#### Transportation access and traffic

The vast majority of traffic will access the sites from I-95 and Columbus Boulevard, thereby potentially limiting congestion on local streets. PEDP retained experts to conduct comprehensive traffic studies and they have developed solutions to not only mitigate access and traffic conditions, but to improve them compared to existing conditions. PEDP sees this project as providing an opportunity to re-orient significant traffic to approach the site from the south, thereby helping reduce traffic congestion to the benefit of all parties:

- Retailers to the south
- Nearby neighborhood residents
- Penns Landing and points north
- Center City access to the riverfront

PEDP will work with closely City agencies to mitigate any potential adverse impact on traffic conditions.

#### Housing infrastructure

With over 25,000 housing units within a 1-mile radius of the site, the impact of the increases in employment generated by the project on the availability of housing in the adjacent neighborhoods will be insignificant.

### Water, storm water and sewer systems

Preliminary reports recognize there are existing storm water issues along Columbus Boulevard, and Pennoni has been retained, as part of their civil engineer services, to design drainage and water run-off for the project. Drainage channels and catch basins will be built on site, and PEDP will examine the extent these could be used to mitigate existing storm water runoff problems. The facility is being designed to incorporate as many LEED (Green Development) characteristics as possible.

### Crime and police services

As noted above, the proposed Foxwoods Casino Philadelphia appears to be relatively well positioned with respect to imposing additional costs on the Police Department. The Philadelphia Gaming Task Force Advisory Final Report, shows that the cost of casino-related incremental police services for the proposed PEDP site (1600 S. Columbus Blvd) would be more than 20% lower than the average of all other sites for which applications have been submitted.

## APPENDIX A: RIMS II INPUT-OUTPUT MODELS

### A.1 REGIONAL INPUT-OUTPUT MODELS AND METHODOLOGY

The regional economic impact estimates in this report are based on a standard regional input-output model developed by the U. S. Department of Commerce, Bureau of Economic Analysis. This model, the Regional Input-Output Modeling System (RIMS II), is a standard and widely used tool for estimating regional economic impacts. The results generated from the RIMS II are widely recognized as reasonable and plausible in cases where the data utilized as the input to the model are accurate and based on reasonable assumptions. This section describes the basic concepts that underlie RIMS II.

In general, if the demand for the output of an industry in a given region increases by \$1 million, total regional output increases by \$1 million. This increase is referred to as the *direct expenditure effect*. However, the economic impact on the region of the \$1 million increase in final demand does not stop with the direct expenditure effect. Regional firms will also be called upon to increase their production to meet the needs of the industry where the initial increase in final demand occurs. Further, other suppliers must also increase production to meet the needs of the initial group of supplier firms. The total increase in expenditures by regional suppliers is considered the “indirect” economic impact of the initial \$1 million in sales, and is included in measures of the total economic impact of the initial \$1 million in sales.

The total economic impact of the \$1 million in initial sales includes one additional element. All economic activity that results from the initial \$1 million in sales, whether direct or indirect, requires workers, and these workers must be paid for their labor. This means that part of the direct and indirect output produced is actually in the form of wages and salaries paid to workers in the various affected industries. These wages and salaries will in turn be spent in part on goods and services produced locally, creating another round of regional economic impacts referred to as “induced” impacts.

Direct expenditures are input into the RIMS II model. The model then produces a calculation of the total expenditures within the regional economy that results from these direct expenditures. This total effect is the sum of the initial direct, indirect, and induced expenditures. The RIMS II model also estimates the proportion of direct, indirect, and induced expenditures that represent income earned by regional households. Finally, the RIMS II model calculates total expenditure impacts that occur within each industrial sector, and translates this estimate into an estimate of the total number of full-time and part-time jobs within each industry required to produce this output.

The RIMS II model is based on regional *multipliers*, which are summary measures of economic impacts generated from direct changes in expenditures, earnings, or employment. Multipliers show the overall impact to a regional economy resulting from a change in a particular industry. Multipliers can vary widely by industry and area. Multipliers are higher for regions with a diverse industry mix. Industries that buy most of their materials from outside the state or region tend to have lower multipliers. Multipliers also tend to be higher for industries located in larger areas, because more of the spending by the industry stays within the area.

## A.2 FISCAL IMPACT MODEL

The economic activity estimated to result from an economic development project should result in additional tax revenue for state and local government in the region where that economic activity occurs. Econsult's Fiscal Impact Model is designed to estimate this level of additional tax revenue based on the estimates of economic impact produced by the RIMS II model.

The RIMS II model provides estimates of direct, indirect, and induced expenditures, earnings, and employment within a county, metropolitan area, or state. Econsult combines the output of the RIMS II model with U. S. Census Bureau County Business Patterns data to produce estimates of the distribution of additional employment and earnings by county within a region or state. In addition, U. S. Census Bureau "Journey to Work" data on commuting flows from the 2000 Census are utilized to estimate income earned by residents of each county within a region.

Pennsylvania state business and sales taxes are estimated based on the most recent data on average sales tax base per employee by major industry, as contained in publications from the Pennsylvania Department of Revenue. The RIMS II model produces estimates of additional employment by industry. These estimates, combined with estimates of the average business and sales tax base per employee, and current and projected future tax rates, produce the estimates of additional annual state business and sales tax revenue.

For the current study, the fiscal impact estimates take into account estimated additional revenue from the following major tax sources:

- Local earned income taxes in Pennsylvania (counties other than Philadelphia)
- Philadelphia wage tax
- Philadelphia sales tax
- Philadelphia business privilege tax
- Pennsylvania state sales tax
- Pennsylvania personal income tax
- Pennsylvania corporate net income tax
- Pennsylvania capital stock and franchise tax

## APPENDIX B: RIMS II INPUT-OUTPUT MULTIPLIERS

In order to estimate the impact of the Partnership's foundation profit sharing, we identify the "industry" of the contribution recipients. The following are "Charity" organizations categorized by NAICS code 813211, which falls under major category 81.

813211	Charitable organization	9170
813211	Charitable trusts, management	9170
813211	Charity fund drive	9170
813211	Charity fund raising campaign	9170
813211	Community foundations	9170
813211	Community fund raising agency	9170
813211	Community membership club	9170
813211	Corporate foundations	9170

Based on the RIMS model, they all fall under industry 59, "Other Services," which has the following multipliers:

	Philadelphia County	PA State
Final Demand Output	1.67	2.08
Final Demand Earnings	0.3	0.67

Every \$1 in direct spending will generate an additional \$0.67 in Philadelphia and an additional \$1.08 in the State of PA.

Every \$1 in direct spending will generate \$0.30 in total earnings in Philadelphia and \$0.67 in total earnings in the State of PA.



---

## **APPENDIX C: DERIVATION OF PERMANENT FACILITY EMPLOYMENT**

Complete table follows on attached pages.

## PERMANENT STAFFING DATA

Department/ Job Classification		Phase 1	Total	Phase 2	Total	Phase 3	Total
<b>Exec/General</b>							
CEO		1		1		1	
Asst.		1		1		1	
VP Non-Gaming		1		1		1	
Secretary		1		1		1	
Receptionist		1		1		1	
Exec/General			5		5		5
<b>Finance</b>							
CFO		1		1		1	
Secretary		1		1		1	
Controller		1		1		1	
Secretary		1		1		1	
Analysis, Director		1		1		1	
Analyst		1		1		1	
Operating Acct Mgr		1		1		1	
F&B Supervisor		1		1		1	
F&B Clerk		1		1		1	
Revenue Audit Supervisor		1		1		1	
Clerk		7		8		9	
Slot Analyst		2		3		3	
General Ledger Mgr		1		1		1	
G/L Supervisor		0		1		1	
Accountants		3		4		4	
Disbursement Mgr		0		0		1	
Payroll Mgr		1		1		1	
Payroll Clerks		3		3		4	
A/P Mgr		1		1		1	
A/P Clerks		3		4		4	
Loading Dock/Warehouse Mgr		1		1		1	
Supervisor		1		1		1	
Clerk		4		6		8	
Collection Mgr		1		1		1	
Collection Clerk		1		1		1	
A/R Mgr		0		0		1	
A/R Clerk		0		0		3	
Finance			39		46		55
<b>Director Cage Operations</b>							
Secretary		1		1		1	
Cage Shift Mgr		4		4		5	
Cage Supervisor		9		9		12	
Cage Cashiers		35		40		65	
Count Room Mgr		1		1		1	
Count Room Supervisor		1		1		2	
Count Room Clerks		12		15		21	
Director Cage Operations			64		72		108
<b>Purchasing</b>							
Purchasing Mgr		1		1		1	
Sec		1		1		1	
Purchasing Agent		4		4		6	

## PERMANENT STAFFING DATA

Department/ Job Classification		Phase 1	Total	Phase 2	Total	Phase 3	Total
	Purchasing		6		6		8
<b>MIS</b>							
	MIS Director	1		1		1	
	Sec	1		1		1	
	Systems Mgr	1		1		1	
	System Analyst	2		2		4	
	Support Services Mgr	1		1		1	
	Support Services Tech	9		12		15	
	MIS		15		18		23
<b>Security/Surveillance</b>							
	VP	1		1		1	
	Sec	1		1		1	
	Security Dir	1		1		1	
	Security Shift Mgr	4		4		5	
	Security Supervisor	12		15		18	
	Security Officer	70		75		95	
	Surveillance Dir	1		1		1	
	Investigator	1		1		2	
	Surveillance Supervisor	4		4		4	
	Surveillance Super - Dual	4		4		4	
	Surveillance Officer	12		12		15	
	Surveillance Tech Supervisor	1		1		1	
	Surveillance Technicians	3		4		6	
	Security/Surveillance		115		124		154
<b>Slot Operations</b>							
	VP Slot Operations	1		1		1	
	Sec	1		1		1	
	Slot Mgr	1		1		1	
	Slot Shift Mgr	4		4		4	
	Slot Supervisor	12		15		18	
	Slot Attendants	50		65		65	
	Slot Tech Shift Mgr	4		4		4	
	Slot Tech Supervisor	4		4		4	
	Slot Technicians	25		35		35	
	Slot Repair Part clerk	1		1		1	
	Slot Operations		103		131		134

## PERMANENT STAFFING DATA

Department/ Job Classification		Phase 1	Total	Phase 2	Total	Phase 3	Total
<b>Marketing</b>							
VP Marketing		1		1		1	
Sec		1		1		1	
Bus Marketing Mgr		1		1		1	
Bus Marketing Supervisor		4		4		4	
Greeters		9		12		12	
Field Reps		2		3		3	
Sales Coordinator		1		1		1	
Advertising/PR Mgr		1		1		1	
Advertising Supervisor		1		1		1	
Advertising Clerk		1		1		1	
Public Relations Sup		1		1		1	
Public Relations Clerk		1		1		1	
Promotions Mgr		1		1		1	
Promotions Shift Mgr		4		4		4	
Promotions Representatives		18		21		24	
Special Events Mgr		1		1		1	
Special Events Coordinator		1		1		1	
Casino Host Mgr		1		1		1	
Exec Host		4		6		6	
Host		10		12		12	
	Marketing		64		75		78
<b>Engineering</b>							
Director		1		1		1	
Sec		1		1		1	
Engineering Shift Mgr		5		5		6	
Engineering Super/Lead		8		10		15	
Engineering - Trades		25		35		50	
Engineering Dispatch		5		5		6	
	Engineering		45		57		79
<b>Transporation</b>							
Transportation Mgr		1		1		1	
Transportation Shift Mgr		4		4		5	
Transportation Lead Attd		8		8		10	
Attendant		21		21		33	
Dispatcher		5		5		6	
Ground Maintenance		4		4		4	
	Transporation		43		43		59

## PERMANENT STAFFING DATA

Department/ Job Classification		Phase 1	Total	Phase 2	Total	Phase 3	Total
<b>Human Resources</b>							
VP Human Resources		1		1		1	
Sec		1		1		1	
Employment Mgr		1		1		1	
Employment Supervisor		0		0		1	
Employment Recruiters		3		3		4	
Employment HR Assts		3		3		4	
Training Mgr		1		1		1	
Training Specialist		3		3		4	
Training coordinator		2		2		3	
Comp/Benefits Mgr		1		1		1	
Benefit Supervisor		0		0		1	
Benefit representatives		4		4		6	
Comp Coordinator		1		1		1	
Employee Relations Mgr		1		1		1	
ER Associates		2		2		3	
ER Clerks		2		2		3	
Human Resources			26		26		36
<b>Retail</b>							
Retail Mgr		1		1		1	
Retail Shift mgr		2		2		2	
Retail Associates		9		9		9	
Merchandising Buyer		1		1		1	
Retail			13		13		13
<b>EVS</b>							
EVS Mgr		1		1		1	
EVS Shift Mgr		4		4		5	
EVS Supervisor		5		5		8	
EVS Cleaning Attnds		70		80		105	
EVS Support Attnds		8		10		15	
EVS			88		100		134
<b>Uniform Room</b>							
Uniform Mgr		1		1		1	
Uniform Room Supervisor		4		4		5	
Uniform Room Attendant		9		9		12	
Sewing Room Seamstress		3		3		5	
Uniform Room			17		17		23
<b>Mail Room</b>							
Supervisor		1		1		1	
Clerks		3		3		4	
Mail Room			4		4		5



PERMANENT STAFFING DATA

Department/ Job Classification		Phase 1	Total	Phase 2	Total	Phase 3	Total
<b>Hotel/Catering</b>							
Catering Mgr						1	
Banquet Supervisor						3	
Housemen						6	
Banquet Servers						10	
Hotel/Catering							20
<b>Casino Service Bar (2)</b>							
Beverage servers -Floor		20		20		20	
Bartenders		10		10		10	
Barporters		8		8		8	
Casino Service Bar (2)			38		38		38
<b>Lounge (2)</b>							
Bartender		3		6		6	
Barporter		5		10		10	
Server		10		20		20	
Lounge (2)			18		36		36
			749		862		1224
<b>Food &amp; Beverage/Buffer</b>							
Buffer Mgr		1		1		1	
Buffer Asst Mgr		4		5		5	
FoH		50		62		62	
BoH		15		21		21	
Food & Beverage/Buffer			70		89		89
<b>Food &amp; Beverage/Coffee Shop</b>							
Coffee Shop Mgr						1	
Coffee Shop Asst Mgr						4	
FoH						70	
BoH						15	
Food & Beverage/Coffee Shop							90
<b>Food &amp; Beverage/Food Court</b>							
Food Court Mgr		1		1		1	
Food Court Asst. Mgr		1		1		1	
Front of House		9		9		9	
Back of House		12		12		12	
Food & Beverage/Food Court			23		23		23

PERMANENT STAFFING DATA

Department/ Job Classification		Phase 1	Total	Phase 2	Total	Phase 3	Total
<b>Food &amp; Beverage/Gourmet Outlet</b>							
Gourmet Outlets		2		5		6	
Gourmet Room Mgr (2)	1	2		5		6	
FoH	43	86		215		258	
BoH	12	24		60		72	
Food & Beverage/Gourmet Outlet			112		280		336
<b>Hotel/Spa</b>							
Spa Mgr						1	
Spa Supervisor						2	
Spa Employees						15	
Hotel/Spa							18
			205		392		556
<b>Total employees for property</b>			954		1254		1780



---

## APPENDIX D: ECONCONSULT INFORMATION

### ECONCONSULT CORPORATION

Founded in 1979, in Philadelphia, Pennsylvania for the purpose of providing high quality economic research and statistical analysis in support of litigation, Econsult has grown to offer a wide range of consulting services and products. The firm is a recognized leader in the application of economic tools and concepts to complex problems in litigation, public policy, and business strategy.

Econsult has extensive experience in the analysis of economic impacts of economic development and real estate investment projects including:

- The Independence Visitor Center
- Three Philadelphia Housing Authority Housing Developments
- The Proposed Boyd Theatre Revitalization
- The Proposed Centennial District in Fairmount Park (With Mga Architects)
- The North Delaware Riverfront (with Greenways, Inc. and Schelter & Assoc.)
- The Proposed One Pennsylvania Plaza Project
- Naval Air Station Joint Reserve Base Willow Grove
- Gaming In Philadelphia
- Farmers Markets
- Nestle Water Bottling Facilities
- The Proposed Plan For Philadelphia Olympics-2016 (With Pel)

The experience most relevant to the current study is Econsult's previous work on the potential economic impacts of gaming in Philadelphia. In 2005 senior Econsult Principals Stephen Mullin and David Crawford, the authors of this study, were consultants to the Economic Impact Committee of the Philadelphia Gaming Advisory Task Force. Econsult teamed with the Innovation Group to conduct the economic impact analyses on which the Task Force relied in its Interim and Final Reports.

Over the years, Econsult has distinguished itself in numerous engagements by its dedication to providing clients with leading edge insights and responsive, top-quality economic consulting support on many issues in addition to the economic impacts of economic development and real estate investment projects. In past years, Crawford, Mullin, and their colleagues have advised the City Controller, the Tax Reform Commission, and Philadelphia City Council on the reform of Philadelphia's taxes. In 2002, Dr. Crawford directed a major study of labor and management problems at the Pennsylvania Convention Center that received wide support from business, labor, and government and became the template for a new collective bargaining agreement that dramatically changed the way work is done at the Center.

## Stephen P. Mullin

Stephen P. Mullin is Senior Vice President and Principal of Econsult Corporation. His consulting practice concentrates on state and public finance and policy analysis, economic and real estate development and impact analyses, business strategies utilizing government incentive programs and e-commerce applications.

Mr. Mullin currently serves as Treasurer of the Historical Society of Pennsylvania and Chairman of the Optimum Fund Trust Mutual Fund, and President of the Exeter Alumni Association of Philadelphia. He serves on the boards of the Union League of Philadelphia, the Independence Visitor Center Corporation (former Treasurer), the Philadelphia Sports Congress, Community College of Philadelphia Foundation, and Curtain Call Creations. He serves on the advisory board of the Haverford Trust Company, the Preservation Alliance Advocacy Committee, The Food Trust, and the PENJERDEL Real Estate Committee. During 1999, he co-chaired the Mayor's e-Commerce Commission with Rob McCord. He formerly served on the Board of the Union League, as Finance Committee Chair for the University City Science Center and as President of the Harvard Club of Philadelphia and as Chairman of the Commercial Realty Review Corporate Advisors, and on the board of the Philadelphia Regional Review. He co-chaired Ben Franklin Technology Partners' Research Advisory Committee.

Mr. Mullin served from 1993 to 2000 as the City of Philadelphia's Director of Commerce, chairing the Mayor's Economic Development Cabinet and coordinating activities of the City's various development agencies. He served on many Boards and Commissions, including the City Planning Commission and the Philadelphia Industrial Development Corporation, the Philadelphia Commercial Development Corporation (Chair), the Airport Advisory Board, the Convention and Visitors Bureau, the Historic Commission, the Port of Philadelphia and Camden and the Penn's Landing Development Corporation. Mr. Mullin also served as Philadelphia's Director of Finance from 1992 to 1993, during the City's fiscal turnaround. He chaired the Municipal Pension Board and was a member of the PICA Board and the Pennsylvania Convention Center Authority.

He was Budget Director for the City of St. Louis (82-88) and Director of Corporate Development for the Laclede Gas Company (88-90), where he developed merger and acquisitions strategies for the investor-owned utility. From 1990 to 1992, he served as Deputy Director of the St. Louis Development Corporation, where he was responsible for commercial and industrial development programs for St. Louis.

Mr. Mullin is a 1973 *cum laude* graduate of Phillips Exeter Academy, and a 1977 *magna cum laude* in Economics graduate of Harvard University, and he earned an M.A. in Economics from the University of Pennsylvania in 1982. He has taught economics and public finance courses at Penn's Fels School, Wharton and City Planning Department, Drexel University, Bryn Mawr College, Widener University, Temple University, Philadelphia University and Peirce College. He also has taught "Economics of e-Commerce" at Drexel and Philadelphia Universities, and has taught course online since 1999. He served as Chairman of the Corporate Advisory Council for Drexel's Center for E-Commerce Management. He has authored articles, delivered speeches and participated on panels discussing local government policy, environmental issues, education, sports and convention center facility finance, and e-commerce.

Mr. Mullin is a member of the Union League and Philadelphia Club, the Wissahickon Skating Club, Lambda Alpha International, and the Design Advocacy Group. He lives in Philadelphia's Spring Garden neighborhood with his wife and daughters.

**David L. Crawford, Ph. D.**

Dr. David L. Crawford is the founder and president of Econsult Corporation. For over twenty-five years, he has served as a consultant and expert witness on economic and statistical issues for private firms and government agencies.

In 2005, Dr. Crawford and his Econsult colleagues consulted with Philadelphia Gaming Advisory Task Force on the likely economic impacts of slot machine parlors on Philadelphia. Econsult is now working with two applicants for Pennsylvania casino licenses, one in Philadelphia and one in Allentown.

In past years, Dr. Crawford and his colleagues have advised the City Controller, the Tax Reform Commission, and Philadelphia City Council on the reform of Philadelphia's taxes.

In 2002, Dr. Crawford directed a major study of labor and management problems at the Pennsylvania Convention Center that received wide support from business, labor, and government and became the template for a new collective bargaining agreement that dramatically changed the way work is done at the Center.

Dr. Crawford's litigation experience spans a wide variety of areas including damage analysis, employment discrimination, antitrust, personal injury, and intellectual property. He has testified in over thirty-five cases in Federal Court and in the state courts of Pennsylvania, New Jersey, and New York, and he has taught classes on economic damages for the Pennsylvania Bar Institute.

In 2004, Dr. Crawford was appointed by Philadelphia Mayor John Street to the Program Evaluation Committee of the Philadelphia 21<sup>st</sup> Century Review Forum. He has also served as a public policy advisor on human resources and other economic issues for the United States Department of Labor, the Brookings Institution, and the Greater Philadelphia Transportation Initiative. In the early 1990s, Dr. Crawford was a member of the New Jersey State Employment and Training Commission and chairperson of the New Jersey State Council on Vocational Education.

Dr. Crawford is also an Adjunct Professor of Management in the Wharton School of the University of Pennsylvania where he has received five teaching awards. He teaches managerial economics and human resource economics to Executive MBA students and undergraduates.

Dr. Crawford received his B.A. degree with honors in economics from the University of North Carolina at Chapel Hill and his M.S. and Ph.D. degrees, also in economics, from the University of Wisconsin at Madison. He is a resident of Medford, NJ.

# ECONSULT CORPORATION

Econsult Corporation was founded in Philadelphia in 1979 for the purpose of providing high quality economic research as well as statistical and econometric analysis in support of litigation. Today our practice has expanded beyond litigation to include economic consulting services to assist business and public policy decision-makers. Econsult's academically distinguished consultants and affiliates combine quantitative expertise and experience with customized approaches designed to meet our client's needs.

## Economic Consulting

- Economic Impact Analyses
- State and Local Policy & Finance Analyses
- Transportation Economics, Policy and Planning
- Human Resource Management and EEO Planning
- Project and Program Evaluation
- Travel and Tourism
- Economic Development and Real Estate Development

### *Senior Consultants*

**David L. Crawford, Ph.D.**  
**John A. Del Roccili, Ph.D.**  
**Stephen P. Mullin, M.A.**  
**Richard P. Voith, Ph.D.**

### *Academic Affiliates*

**F. Gerard Adams, Ph.D.**  
**Jere R. Behrman, Ph.D.**  
**Douglas H. Blair, Ph.D.**  
**Peter Cappelli, D.Phil.**  
**Joseph P. Fuhr, Jr., Ph.D.**  
**Joseph Gyourko, Ph.D.**  
**Ronald M. Harstad, Ph.D.**  
**C.A. Knox Lovell, Ph.D.**  
**Janice F. Madden, Ph.D.**  
**Roberto S. Mariano, Ph.D.**  
**Olivia S. Mitchell, Ph.D.**  
**Martin K. Perry, Ph.D.**  
**Almarin Phillips, Ph.D.**  
**Robert A. Pollak, Ph.D.**  
**Andrew W. Postlewaite, Ph.D.**  
**Thomas J. Prusa, Ph.D.**  
**Lawrence J. Quartana, Ph.D.**  
**Anita A. Summers, M.A.**

## Litigation Support

- Employment Discrimination
- Antitrust
- Personal Injury
- Intellectual Property
- Class Action
- Regulatory Economics
- Securities and Finance
- Valuation and Damage Analysis
- Wrongful Termination