

Resorts World Catskills Casino Resort

Quality of Life Study

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Who is Resorts World Casino?

Resorts World is a hospitality and casino brand owned by Empire Resorts. Empire Resorts is owned by the Genting Group, a publicly traded company founded in 1965 and headquartered in Malaysia, and best known locally for its ownership of the Monticello Raceway racino in the Catskill Mountains.

Footprint and Location

Resorts World Casino, a \$1.2 billion resort, was built on the former property of the Concord Hotel, best known in the large resort industry in the 1950's, 1960's and 1970's and famous for its film representation in the movie Dirty Dancing. The Casino property boasts 65,000 square feet of gaming space and an 18-story hotel tower.

History

The struggle to bring gaming to the Catskills has a long history. The 1980's saw a drive to bring legalized gambling to New York State and specifically the Catskill area, to revitalize what was once a thriving tourist area that had fallen on hard times. The area was once a popular vacation spot for Jewish clientele from New York City and was known for its resorts such as Grossinger's, Kutcher's and Brown's, earning it the nickname of the "Borscht Belt". In the 1980's an effort was made to bring non-tribal gaming to the area, to mimic the revitalization Atlantic City had experienced in the 1970's. Robert Berman, a former Empire Resorts Chief Executive Officer, worked tirelessly throughout the 1980's to revive the tourism industry in Sullivan County. He hosted rock concerts in a former hotel, reopened an old ski resort and became very involved in the intricacies of The Indian Gaming Regulatory Act, specifically, a provision that allowed building casinos on land donated in trust to a tribe; in effect allowing

gambling on non-tribal lands. Berman shopped his idea to a couple of tribes. He eventually began a relationship with Alpha Hospitality, the development partner for the Mohawks and, together, they set their sights on the gambling industry.

The 1990's saw Alpha Hospitality's failed attempts at floating casinos and in the mid 1990's the company again looked to tribal gaming. It persisted, even as New York State again, in 1994, declined to approve gambling. Alpha Hospitality, together with the Mohawks, set its sights on Sullivan County. The plan for a joint gaming venture involving the Monticello Raceway was approved by the National Indian Gaming Commission. It was approved by the Bureau of Indian Affairs in 1998 and in 2000 the Interior Department approved the casino plan at the Raceway. In 2001, New York State passed legislation allowing race tracks to host electronic slot machines.

Although they parted from the Mohawks, Alpha continued its pursuit to bring gambling to New York State, and in 2003, Alpha restructured and changed the company's name to Empire Resorts, Inc.

As the atmosphere surrounding gaming in New York continued to evolve, in 2002 the State of New York Lottery Commission granted permission to eight state racetracks, including Monticello to install video gaming and lottery machines. The Monticello Raceway would from then on be known as, the Monticello Casino and Raceway, offering some nightlife and bringing character back to the long stagnant raceway, located on Route 17B in Monticello.

In 2004 Empire Resorts purchased the Concord and Grossinger's Resort Hotels and Golf Course, which ultimately became the location of the Resorts World Casino. In the same year, Empire Resorts received regulatory approval to open a casino at the Monticello Raceway site.

Fast forward to 2013; after two failed attempts in the 1980's and 90's, the New York State legislature enacted the Upstate New York Gaming and Economic Development Act and voters approved a constitutional amendment to permit destination gaming resorts in New York. In 2014, the New York Gaming Facility Location Board awarded the opportunity to pursue a license to build a casino in the Hudson Valley and Catskills to Empire Resorts. Empire was one out of 9 competing proposals in the region.

Groundbreaking began in March of 2015 and the Casino opened its doors in February of 2018.

The Institution in Present Day

Since the steady decline of tourism in Sullivan County in the 1970s, local residents and politicians have looked to a new type of tourism to erase the County's reputation as being one of the poorest counties in New York State. Resorts World Catskills (RWC) \$1.2 Billion investment is viewed as the foundation for the region's future growth. RWC combines the Catskill's history of providing entertainment for the family while also attracting those who are looking for a little bit of time away from the family. Where else can one get the opportunity to recreate with one's children at a water park and then gamble the night away with your spouse and friends? What does a multi-focused destination look like? Is it possible to be all things to everyone?

An over \$1 Billion investment results in the construction of a hotel, casino, golf course, water park, shopping, dining experience, all at a sophisticated level unparalleled in the Hudson Valley. Currently, the hotel and casino are open with the remaining pieces of the project to follow in the next couple of years. Resorts World Catskills features 100,000 square feet of gaming, including more than 150 live table game, 2,150 slot machines, a poker room, and an

exclusive VIP player's lounge with luxurious private gaming salons. Accommodations are not your grandparents Catskills summer cottage. In 2018, your accommodations are an 18-story hotel tower with 332 all-suite luxury rooms. Room options also include 12 penthouse suites, eight palace suites and seven two-story villas. The five star lodging includes an onsite spa and every amenity at the resort is designed to ensure you want to stay on the property. The first class luxury experience in the hotel and casino is repeated in the food offerings as evidence by its slogan "an array of options for the palate". The resort features over nine different dining options, including an upscale Asian restaurant, steakhouse from celebrity chef Scott Conant, a fine dining Italian restaurant, sports bar and a food hall. The resort also includes conference room space that serves multiple purposes, and in a nod to the regions storied past, hosted comedian Jerry Seinfeld.

Methodology for Measuring Impact

Now that we've explored the history of Resorts World, and its timeline and fruition in conjunction with Sullivan County, we need to develop an overlay of how this project will affect the "quality of life" of the residents of Sullivan County. When first exploring the topic of "quality of life", we were tasked with defining, as a group, what "quality of life" meant to us. We developed eight facets of "quality of life" as follows: affordable housing, living wage to afford entertainment, access to varying entertainment and recreation, balance of nature versus urban environment, family close by to enjoy life with, diversified economy, upward mobility in career and opportunities to give back. This is what quality of life means to our small group in general, but what does "quality of life" mean for the people of Sullivan County and how will the Resorts World projects impact it?

The World Health Organization (WHO) has developed a methodology for defining quality of life worldwide. WHO defined quality of life “as an individual's perception of their position in life in the context of the culture and value systems in which they live and in relation to their goals, expectations, standards and concerns”. Further, they acknowledge the role of physical health, psychological health, the level of independence, social relations and environment as characteristics integral to either a positive or negative quality of life experience. Clearly, each individual’s perception of what makes their life “of quality” is different. For Resorts World, the development of new jobs, new entertainment, etc. could greatly improve the “quality of life” an individual currently enjoys. Outside the casino, growth within Sullivan County in the form of new businesses and a re-build of Sullivan County’s middle class has the potential to greatly improve the quality of life for many.

Given that the casino only just had their soft opening in February 2018 and hard data is not yet available to measure the impact on the local economy or the “quality of life” of the residents of Sullivan County, we interviewed local authorities on the topic to get an understanding on the speculation placed upon the casino’s final arrival to the area. Members of our team interviewed local realtors, the Town of Thompson Planning Board attorney Paula Kay, Sullivan County Visitor’s Association CEO Roberta Byron-Lockwood, Sullivan County Chamber of Commerce CEO Cathy Paty, Sullivan County Director of Communications Dan Hust and Center for Workforce Development Director Laura Quigley. The results of these conversations will follow in the next section.

Measuring the impact on quality of life

In order to measure the impact on quality of life, we must first define the term “quality of life”. Since the Fellows program is made up of a diverse group of working professionals, we decided to collaborate and determine what makes a good quality of life. This was defined by our group in the section that precedes this.

We’d like to earn enough money to actually have disposable income. In order to achieve a good quality of life, we need to be gainfully employed. As Resorts World Catskill Casino is very new, we have been able to see very short term ways the quality of life has improved for greater Sullivan County. To obtain an accurate view, we reached out to several individuals who have been directly impacted by the casino:

According to the Sullivan County Director of Communications, the County is approaching the project with cautious optimism. While they hope that the project spurs positive growth throughout the area, projects have offered a positive outlook in the past and not come to fruition. The potential impact on sales tax revenues and room tax revenues, plus the County share of casino licensing has the potential to boost the economy, but these things hinge on the success of the project.

“Cautious optimism” is a common feeling for the people of Sullivan County. With a median household income of \$21,881, Monticello would greatly benefit from an increase in quality of life (See Appendix I for data table).

Sullivan County Center for Workforce Development confirmed our hypothesis. We cannot know the impact on employment yet. There is a concern about the casino taking workers from existing businesses, so now there is more of an emphasis on retaining existing employees

for the already established businesses. There has been an uptick in individuals and businesses using the Center for Workforce Development services through direct referrals. This includes the casino and other new businesses such as YO1 Wellness Center, which is set to open June 21, 2018. We can infer that this workforce shift will force employers to provide better benefits to their employees, which increases overall quality of life.

As part of our research into the impacts from the operation of the casino at Monticello, we interviewed Paula Elaine Kay, Esq. who has a law practice in Monticello, New York. Ms. Kay has a public and private practice. Her public practice includes representation of municipal clients, including the Town of Thompson Planning Board, which reviewed the casino project. Ms. Kay also represents private clients with respect to a variety of practice areas including real estate and business matters.

Ms. Kay advised that within the past year she has seen a direct impact on the real estate market from the construction and now, operation of the casino. She indicates that in the first five months of this year alone she has had 20 real estate closings that have occurred solely because of the casino. She noted that buyers are a mix of both young and older buyers. The purchasers are individuals who work at the casino at entry level positions and as professionals at higher levels of the organization. She indicated that the Sellers are either people who have been looking to relocate out of the County or to retire who have otherwise been prevented from doing so until the real estate market has improved. The market has seen an uptick related in part to the overall improved economy of the region which is just starting to hit the western portion of the County, but more directly due to the casino.

Attorney Kay noted there is a lack of housing in the area that has been highlighted in the past 18 months due to the construction of the casino. She indicated that while there is new construction and residential housing, it tends to be mostly higher end housing and there is not sufficient housing supply for homes in the lower middle region such as homes priced in the \$100,000 to \$130,000 range.

Attorney Kay noted she has not yet seen any secondary impact on commercial real estate concerning businesses that are expanding (not directly related to the casino, but due to secondary impacts of an overall economic improvement) but she notes that there are hotels being built or proposed in the area. She also noted that gas stations and convenience stores have a lot of activity in the sense that they are being rehabilitated. She noted gas station properties are being redeveloped with additional gasoline dispensers and development of an enlarged and updated convenience store. In all instances, each of the gas stations were an eyesore that are now being redeveloped and she believes this will have a positive aesthetic and economic impact on the general neighborhood. She also noted it appears there are restaurants whose owners are either buying adjacent properties for future operation of restaurants or looking to expand existing restaurant operations. Thus, the immediate impact on commercial real estate have been to the areas of hotels, (which is filling a need for more affordable accommodations located off the casino site property) as well as restaurants, gas stations and convenience stores. There has not been any evidence yet of any new retail growth (which is part of a larger problem nationwide and not related to the casino).

Ms. Kay noted that from her interaction with clients, the economic outlook in the region is favorable due to the operation of the casino. She noted that one negative impact has been the lack of employees. Employees and local stores have gone to work at the casino for higher wages

and there are now more “Help Wanted” signs in store windows and this has resulted in a lack of supply of workers. Attorney Kay has also noted that there are more “shovels in the ground” on projects and projects are actively moving before land use boards as opposed to developers who are speculating or “tire kicking.”

Overall, Ms. Kay believes the casino has had and will have a positive impact with respect to the work force, real estate market and small businesses.

Roberta Byron-Lockwood provided thorough insight on the casino project as well as her hopes for Sullivan County. There has generally been a large amount of growth in the Catskill area both before and after the news of the Casino. This is due to its close proximity to the New York Metropolitan area and other businesses. Tourists love the Roscoe area, visiting the famous Roscoe Diner, as well as the Roscoe Beer Company and Prohibition Distillery. Trout Town USA is in Roscoe and a number of old inns are being repurposed as quaint, high end hotels.

Bethel Woods had already begun an increase in tourism to the area, but had managed to inspire growth and maintain the simplicity of the outdoors and natural environment that Sullivan County is known for. According to Oxford Economics and the study they have done for NYS tourism, the Sullivan County Catskills has seen over a 20% growth in visitor spending since 2009. In 2016, the latest statistic to date the Sullivan County Catskills saw an 8% increase over 2015, one of the highest increases for a county in New York State.

Byron-Lockwood noted that she would like to see more families and the younger generations return to the area. She has seen an influx of people from New York City and Brooklyn that were ready to return to a simpler life. Ms. Byron-Lockwood would like to see

smart growth in industries that will support a workforce. She would hope the new development will bring a diverse community to the area.

Tourism is trending upward in the Sullivan County Catskills as it is a hot destination today. With the re-branding of Sullivan County, there is a drive to capture the visitor looking for an experience from fantastic lodging, locally sourced food and craft beverages and of course entertainment from the casino, wellness and outdoor adventure. The visitor today is trending younger and more adventurous than visitors that came to the Sullivan County Catskills in the past. These visitors still want to connect with the rich history and the arts and culture the Sullivan County Catskills has to offer. Ms. Byron-Lockwood asserts four simple words, “we have it all”.

Like the Sullivan County Director of Communications, M. Lynne Freda, realtor with Matthew J Freda Real Estate Inc., is cautiously optimistic. Winter is normally the slowest season for realtors in greater Monticello, but not this year. Lynne was happy to report a noticeable increase in buyers. She mentioned being contacted by some individuals who consider themselves professional gamblers who would like to purchase a small house or condominium within close proximity to the hotel so they have a homey place to stay and invest in. Unfortunately, the demand exceeds supply. Lynne expects more people to feel encouraged to put their Sullivan homes for sale to take advantage of the sellers’ market. With all the individuals being hired for the casino, many of whom are coming from outside Sullivan, there is an influx in demand for rental housing. This increase was echoed by Linda Gable, owner/broker for Linda Gable Realty.

Cathy Paty, President/CEO of the Sullivan County Chamber of Commerce provided a similar perspective to that of her peers. The Casino has continuously been a member of the Sullivan County Chamber of Commerce since prior to opening. There has been a shift among

employees, and it is unclear what portion of that shift can be attributed to the casino or the new YO1 Wellness center that's opening later in 2018. Desirable employees now have a choice of where they can work. This is forcing smaller businesses to become more competitive with what they offer.

As mentioned by the realtors, current businesses didn't experience the "winter dip" that they generally experience due to Sullivan County's nature of being a highly seasonal area.

Interviews, testimonials, photographs and charts

On April 5, 2018, our team surveyed individuals at random, throughout the main floor of the casino. The ideology behind the survey was to grasp the reality of the opinions of both employees and patrons have on the casino and whether it has impacted their lives in any form. The survey was presented to the employees and patrons as anonymous and unbiased. The survey would not be used for incriminating purposes or be published in any way. Some employees and patrons agreed to participate in the survey while others were more reluctant. It was difficult to capture the feedback from the "target" population of the casino as a result of a language barrier but we attempted to cast as diverse of a population as possible.

When looking at the positive responses of the patrons, the feedback on the casino was that it's new, clean, beautiful, and had a great variety of slots and gaming. Some patrons indicated that they chose the casino as opposed to others because it is simply closer in distance than other options. The employees identified as having more of quality of life impact from the opening of Resorts World Catskills (RWC). One employee felt that the free training/dealer certification was a great benefit that she received from employment with the casino and elaborated that the training typically costs upwards of \$1,000 and is not usually covered by

employers. The employee indicated that she now has a certificate for a trade that she can take with her outside of RWC. Another employee's feedback included benefitting from the pay. She explained that prior to her position with RWC, she worked two jobs. The higher pay scale allowed for her downsize to one job and provided more time at home with her family.

In contrast, patron's perspectives also stated that the casino could use more staff and additional training for the small staff that they currently have. One patron spoke of a table that he played on (without adding specifics) who kept giving back the wrong denominations to the players, but that the players were benefitting so nothing was said about it. Another player indicated that some dealers take much longer than others to count the cards and chips, which is not a pleasant experience. Additional negative feedback included the mannerisms of the target Asian population and there not being enough gaming tables open.

Our survey did not include questions regarding the rooms, however, most Trip Advisor reviews are positive on the room size and beauty of the architecture with additional complaints regarding service and staff miscommunication. With 95 total reviews on Trip Advisor, only 33 percent rate RWC as being "Excellent" or "Very Good" with 21 percent identifying it as "Average" and the remaining 47 percent rating it as "Poor" or "Terrible." Reviews reiterate the staff as the subject of the complaints including such things as lack of training and/or knowledge of the facilities and its own amenities.

One testimonial from a patron who frequents the hotel indicated that the rooms were "spacious and beautiful but the televisions are put on a weird place in the room. When you lay on the bed, the TV isn't in front of you, it's on the side wall. That uncomfortable and unusual". We asked Charlie Degliomini of his thoughts on the opinion about the television and his response

was that “RWC doesn’t want [patrons] glued to the television. We want them playing. The idea was also to have the beautiful view to look at.”

Conclusion and findings

At the end of the day, the future looks bright for Sullivan County as the casino continues building its destination resort. While the information gathered is speculative as a result of the short time operating between the casino opening and this presentation, the opportunities for quality of life improvements are vast. Local professionals are optimistic and even though it’s a cautious optimism, it’s safe to say that hope is in the air and all parties want the project to succeed. The potential for an increased quality of life among the residents of Sullivan County and the patrons of the resort is there and will depend not only on patrons spending their money at the casino or staying at the resort, but outward growth as well. This process has begun in the form of gas stations making large improvements and some other local businesses making esthetically pleasing renovations to their buildings. Rumored local retail pop-ups have begun circulating and housing sales are improving. Overall, things seem to be moving in the right direction, giving the impression that this project will bring an improved quality of life to Sullivan County and its residents.

Appendix I

