

**IMPACT OF THE WYNN RESORT CASINO  
ON NEIGHBORING COMMUNITIES**

**AUGUST 29, 2013**

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## **Impact on Neighboring Communities**

This report presents RKG's fiscal and economic analysis of the potential impacts of the proposed Wynn Resort Casino on the communities adjacent to the City of Everett. There will be significant, positive indirect economic impacts on the neighboring communities from the one-time and ongoing employment and potential incremental local spending generated by the project.

The Massachusetts Environmental and Policy Act (MEPA) set forth a very specific and defined process for addressing all environmental impacts including traffic and transportation. Wynn MA LLC has retained a number of consultants to adhere with this process and address these impacts, including Fort Point Associates the lead environmental consultant and Vanasse & Associates to address traffic impacts. Wynn MA LLC has already provided an extensive preliminary study to MassDOT and its neighboring communities. After receiving additional comments and information, the Developer intends to file a more comprehensive analysis this fall and a final proposal in the Spring of 2014. This is consistent with the MEPA process.

Based on its fiscal and economic analysis, RKG highlights the following key benefits:

### **Employment**

- **Employment (one-time):** 10,000 jobs during the project's 2-3 year construction process, with 5,200 direct jobs and 4,800 indirect jobs
- **Employment (recurring):** 5,400 annual, recurring jobs (both direct and indirect) generated as a result of the project's ongoing operations
- **Wages (one-time):** \$380 million in one-time construction wages created during the project's 2-3 year construction process and an additional \$335 million in indirect wages
- **Wages (recurring):** Almost \$300 million in annual, recurring wages from direct and indirect employment created by the project

### **Direct Local Spend and Housing**

- **Direct Local Spending:** \$15-\$23 million in local-wage spending from direct employees; in addition, the ongoing non-gaming operations of the project likely will generate \$40 to \$50 million of annual purchases of goods, with the vast majority likely coming from local providers
- **Off-Site Consumer Spending:** Additional non-gaming spending likely will be captured by the numerous restaurants, stores and entertainment venues in downtown Boston, Everett, and neighboring communities
- **Impact on Housing:** Increases in direct and indirect incomes and expenditures will contribute positively to the overall economy of the Commonwealth and the housing sector

### **Municipal Services**

- **City Municipal Services:** The Developer has agreed to fund \$5 million per year as an impact fee to the City of Everett. In RKG's opinion, the actual additional costs

that the City will incur as a result of providing municipal services to the resort casino, will be approximately \$2.5 - \$3.5 million annually.

## **1. Employment & Wages**

The proposed resort casino will create significant positive impacts on employment and wages in the City of Everett and the neighboring communities of Malden, Medford, Somerville, Chelsea, Revere and Boston

The proposed resort casino is estimated to create approximately 3,200 - 4,000 jobs. For this analysis we have assumed 3,627 full-time equivalent employees when fully operational, along with 5,155 employees during the 2-3 year construction process. This level of employment and spending will indirectly support an incremental 6,658 new jobs within the state and regional economy (4,867 during construction and 1,791 long-term). The salaries and wages paid to these employees (direct and indirect) are estimated to total over \$718 million during the construction phase and over \$304 million annually once the project is operational. It is important to note that the majority of these wages will go to residents of the six adjacent cities and that a significant percentage of these wages will be spent in the community, creating an economic “multiplier” impact throughout the local economies.

In order to estimate employment and wage impacts, RKG collected and analyzed baseline statistics on employment conditions in the City of Everett and three comparative areas including:

- The neighboring cities of Malden, Medford, Somerville, Chelsea and Revere,
- the City of Boston, and
- the Boston Metro Region, which for this analysis includes Essex, Middlesex, Norfolk and Suffolk counties, combined.

RKG then utilized American Community Survey (2007-2011) data from the U.S. Census Bureau to quantify the size of the local labor force and the composition of that labor force. Key data used by RKG included: the number of employed persons in each city, the work locations of local workers, the home locations of those workers holding jobs in the local communities, and the variations in these statistics by major industry sector.

The following findings were identified from a review of the data, as described in more detail in the tables below and those that follow in the Appendix:

- Over 100,000 unemployed persons resided in the rest of the Boston Metro Region
- Everett and the neighboring cities (excluding Boston) were exporters of labor, namely more persons lived in these cities than the number of local jobs at businesses located there. In comparison, Boston was the reverse, as more persons had jobs at local businesses than the workforce that resided in Boston.

- Combined, Everett and the adjacent cities (excluding Boston) exported over 11,300 resident workers in the arts, entertainment, recreation and accommodations and food service industry, while Boston imported over 12,000 workers in this sector.

The analysis then estimates the ongoing employment at the resort casino, by place of residence of the workers. RKG assumed that 95% of the ongoing employment will be filled with local workers (5% filled from outside the local area), resulting in an estimated 3,463 workers to be hired locally, as indicated in Table 1 below.

Applying the average annual wage for these workers by sector / occupation, results in a total of nearly \$154 million in annual wages, which would generate annual state income tax receipts of slightly more than \$6 million, as indicated in Table 1 below.

**Table 1 – Estimated NET New Local and Ongoing Employment**

Sector or Use	Total Direct Employment	Out-of-Region Employment	Net Local Direct Employment	Avg. Annual Wage	Total Wages (\$ mil.)	Estimated Tax Receipts (\$ mil.)
Operating	3,287	(164)	3,123	\$41,459	\$129.46	\$4.99
Construction	340	0	340	72,072	24.50	1.05
<b>Total</b>	<b>3,627</b>	<b>(164)</b>	<b>3,463</b>	<b>\$44,464</b>	<b>\$153.97</b>	<b>\$6.03</b>

Sources: TMG Consulting, Wynn Resorts, and RKG associates, Inc.

(1) Assumes that 5% of Total Direct Employment will be out of region.

Many of the estimated 3,463 net new local jobs likely will be allocated to Everett residents (due to the hiring preference indicated by Wynn MA LLC) as well as the neighboring communities. Based on RKG's analysis of commuting patterns, the City of Everett and neighboring community residents will likely make up the majority of the employment.

The analysis also estimated the wages associated with the net new employment, by location, as well as estimating local spending impacts and indirect statewide wages.

Based on numerous studies of consumer spending patterns, RKG estimates that between 10% and 15% of income is spent on food and other retail goods and services. This analysis assumes that most groceries and other food is purchased locally, as are many other retail goods such as drug store purchases, some hardware, gasoline and so on. Also, personal services such as barbers, nail salons and dry cleaning are purchased locally. RKG estimated that between \$15 and \$23 million in local wages likely will be spent in the local communities.

It is important to note that the \$15-\$23 million does not include the impact on local spending during the construction phase of the project. Many of the construction workers employed at the site will live in Everett and the six neighboring cities, and a portion of the wages paid to them, which in turn support additional job and wages in the economy, will be spent at the local level. During construction, local spending in Everett and the abutting communities will be significant. For example, if each of the estimated 5,155 construction workers spent an average of \$5 per day on lunch, gas and other

convenience-style items, total local spending would be on the order of more than \$6 million over the 2-3 year construction period. This will directly benefit many retail and service businesses in the adjacent cities.

Since construction workers tend to be somewhat more mobile than full-time workers, these impacts may be spread out over a larger geography than estimated for the operational employment above.

## **2. Direct Local Spending**

In addition to the local spending resulting from the direct employment, the proposed resort casino will purchase tens of millions of dollars of goods and services each year from a variety of sources – many of which will include local businesses – to support its non-gaming operations. The project, once fully operational, is anticipated to generate annual non-gaming revenues of \$150 million. Purchases of goods to support these operations likely will be in the \$40-50 million range annually. While the Developer's purchasing initiatives are not known in full detail at this time, the vast majority likely will be sourced from local providers including businesses located in Everett, Malden, Medford, Somerville, Chelsea, Revere and Boston. This local spending will support additional jobs and result in additional local taxes.

## **3. Potential Off-Site Consumer Spending**

The proposed Wynn Resort Casino will add a major destination component to the mix of current tourist and visitor venues in the greater Boston metropolitan area, including Everett and neighboring communities, such as Somerville. As a result, the overall customer appeal, or "gravity" of the market is increased and complimented by all, which should stimulate incremental visitation and tourism spend in the area.

To what extent the economic activity and consumer spending at the resort casino will stimulate spend in the neighboring communities is difficult to estimate, as a review of the literature uncovers state-level research that is generally inconclusive. However, it is generally conceded that the typical tourist/visitor to a resort casino "spends" across several sectors not just the gaming sector.

The following table presents information on the typical distribution of tourist/visitor spending, averaged among resort casino patrons in Las Vegas and the Mississippi Gulf Coast. Approximately 70% of the average visitor's budget to these two destinations is spent on non-gaming amenities.

**Table 2 – Typical Spending Distribution among Resort Casino Tourists/Visitors**

Average Daily Tourist / Visitor	Average of Las Vegas, NV and Gulf Coast, MS	
	\$	% of total
Gaming / gambling	\$123	30%
Lodging	98	24%
Shopping	46	11%
Food and drink	68	17%
Transportation	41	10%
Entertainment	28	7%
<b>Total</b>	<b>\$403</b>	<b>100%</b>

From the information in the preceding Table 2, the typical resort/casino patron spent slightly under \$125/day on gaming and gambling, representing 30% of their daily expenditures. Another \$45/day was spent on shopping and nearly \$70/day on food and drink, with \$30/day on other entertainment. Some of this non-gaming/gambling spending will likely occur on-site at the resort casino; however, some likely will be captured by the numerous restaurants, stores, and entertainment venues in downtown Boston, Everett, and the neighboring communities.

The distribution of the non-gaming/gambling spending, by community, would be speculative at best, and more so for a specific destination. However, using Assembly Row/Square as an indicative example, given its proximity to the proposed resort casino, it is reasonable to assume that some spill over will occur at local retail establishments. The RKG analysis conservatively estimates that approximately 1.0%-3.0% could occur at Assembly Row/Square, indicating incremental sales potential of \$3.0+ million annually at this specific location from resort casino tourists/visitors.

#### **4. Impact on Housing**

Because it is believed that most of the employees at the Wynn Resort Casino will be drawn from Everett, the neighboring communities and the greater Boston metro area, there will be little measurable impact on housing markets. However, the increase in direct and indirect incomes and expenditures will contribute positively to the overall economy of the Commonwealth and the housing sector in general.

#### **5. City-Municipal Services**

The Developer has agreed to fund \$5 million per year as an impact fee to the City of Everett to mitigate any additional municipal services costs associated with the new resort casino. It should be noted that large scale projects largely impact the host city for municipal services. In RKG's opinion, the actual additional costs that the City will incur will be closer to \$2.5 - \$3.5 million. The resort casino will utilize its state of the art construction, in house security systems along with a large security team to offset some portion of the additional municipal services. The ability for the City of Everett to fund the costs with guaranteed payments from the Developer is rare and a significant benefit to this project and the neighboring communities.

## Appendix:

### Everett, Adjacent Community, and Boston Labor Demographics

**Table 3 – Everett & Comparative Areas: Labor Force Statistics (2010)**

	Everett	Surrounding Cities [1]	Boston	Metro Area [2]
Population 16 years and over	33,087	232,141	518,562	2,934,154
Civilian labor force	23,747	164,523	355,317	2,021,514
Employed	21,289	150,435	319,146	1,868,765
Unemployed	2,458	14,088	36,171	152,749
% Unemployed	10.4%	8.6%	10.2%	7.6%
Not in labor force	9,326	67,413	162,835	909,853
% not in labor force	28.2%	29.0%	31.4%	31.0%
Armed Forces	14	205	410	2,787
[1] Includes Malden; Medford; Somerville; Chelsea & Revere				
[2] Essex; Middlesex; Norfolk & Suffolk Counties				
Source: American Community Survey (2007-2011) & RKG Associates, Inc.				

**Table 4 – Everett: Worker in Residence and Places of Work (2010)**

WORKERS IN RESIDENCES & GEO OF WHERE WORKS				JOBS IN PLACE & GEO FROM WHERE WORKERS RESIDES					
Workers in Residence	#	Workplace of Everett Workers in Residence	#	% of Residence	Local Jobs in	#	Jobs in Everett Held by Workers from	#	% of Jobs
<b>Everett</b>	21,195	Everett	3,090	14.6%	<b>Everett</b>	13,230	Everett	3,090	23.4%
		Boston	5,849	27.6%			Boston	1,308	9.9%
		Chelsea	611	2.9%			Chelsea	539	4.1%
		Revere	434	2.0%			Revere	818	6.2%
		Malden	1,442	6.8%			Malden	946	7.2%
		Medford	896	4.2%			Medford	513	3.9%
		Somerville	702	3.3%			Somerville	521	3.9%
		Everett Surr. Cities	9,934	46.9%			Everett Surr. Cities	4,645	35.1%
		Essex County	1,216	5.7%			Essex County	1,934	14.6%
		Rest of Middlesex Co.	5,406	25.5%			Rest of Middlesex Co.	2,182	16.5%
		Norfolk County	739	3.5%			Norfolk County	407	3.1%
		Rest of Suffolk Co.	323	1.5%			Rest of Suffolk Co.	125	0.9%
		Rest of Boston Metro	7,684	36.3%			Rest of Boston Metro	4,648	35.1%
		Total	20,708	97.7%			Total	12,383	93.6%
Source: ACS (2006-2010) & RKG Associates, Inc.									

**Table 5 – Everett & Comparative Geographies: Comparison of Workers in Residence & Jobs in Place Employment by Industry**

Industry Sector	Everett			Surrounding Cities [1]			City of Boston		
	Workers in Residence	Jobs in Place	Diff-erence	Workers in Residence	Jobs in Place	Diff-erence	Workers in Residence	Jobs in Place	Diff-erence
Construction	1,821	1,048	(773)	8,373	5,293	(3,080)	10,240	24,668	14,428
Manufacturing	1,859	734	(1,125)	10,406	5,749	(4,657)	14,432	17,480	3,048
Wholesale trade	438	1,197	759	3,920	3,368	(552)	5,103	7,436	2,333
Retail trade	1,836	1,943	107	14,719	9,174	(5,545)	27,170	32,057	4,887
Transportation and warehousing, and utilities	1,206	756	(450)	5,637	5,164	(473)	9,983	23,036	13,053
Information	220	24	(196)	3,776	2,021	(1,755)	8,902	15,912	7,010
Finance and insurance, and real estate and rental and leasing	1,606	1,868	262	10,570	5,162	(5,408)	31,035	79,907	48,872
Professional, scientific, and management, and administrative and waste management services	2,634	727	(1,907)	23,493	7,707	(15,786)	48,334	88,602	40,268
Educational services, and health care and social assistance	4,174	2,554	(1,620)	38,853	26,033	(12,820)	98,317	161,811	63,494
Arts, entertainment, and recreation, and accommodation and food services	2,678	1,279	(1,399)	15,701	5,861	(9,840)	35,845	47,884	12,039
Other services, except public administration	1,927	959	(968)	8,835	5,868	(2,967)	14,871	21,311	6,440
Public administration	881	313	(568)	5,761	5,109	(652)	14,484	33,758	19,274
<b>Total</b>	<b>21,280</b>	<b>13,402</b>	<b>(7,878)</b>	<b>150,044</b>	<b>86,509</b>	<b>(63,535)</b>	<b>318,716</b>	<b>553,862</b>	<b>235,146</b>
[1] Includes Malden; Medford; Somerville; Chelsea & Revere									
Source: American Community Survey (2007-2011) & RKG Associates, Inc.									