



Exhibit IX.A.5. - School Population

Submit as Exhibit IX.A.5. an assessment of the likely impact on school populations in the Host Municipality and nearby municipalities resulting from new jobs the Gaming Facility provides, and the Applicant's plans and commitments to remedy or mitigate any negative impacts. Provide copies of any contracts, agreements or other understandings evidencing such mitigation commitments.

Please see the attached Exhibit IX.A.5. - School Report prepared by Global Gaming & Hospitality, LLC, Morowitz Gaming Advisors LLC and Leisure Dynamics Research, LLC.

Tioga Downs Works For The Southern Tier

CONFIDENTIAL

Exhibit IX.A.5.a – School Report

Located in:

Nichols, New York

Prepared For:

Tioga Downs Racetrack, LLC

Prepared By:

Global Gaming & Hospitality, LLC

&

Morowitz Gaming Advisors, LLC

&

Leisure Dynamics Research, LLC

June 21, 2015

Exhibit IX.A.5.a – School Report

TABLE OF CONTENTS

I. SCHOOLS IMPACT..... 3

II. PROJECTED POPULATION GROWTH 5

III. NATIONAL COMPARABLE MARKET EXPERIENCE 7

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I. SCHOOLS IMPACT

Tioga Central School District

The town of Nichols falls under the jurisdiction of the Tioga Central School District, with schools in Tioga Center. The Tioga Central School District is one of six school districts within Tioga County. Tioga Central had a 2013/14 enrollment of 984 students in general education (there are also approximately 100 in special education).¹ However, due to a decline in the regional population, enrollment in the district has been falling annually for the last five years, down 89 students from the 2009/10 school year.² The rate of decline has slowed however, as the decline from 2009/10 to 2010/11 accounted for more than half the decline (from 1,073 down to 1,026), likely attributable to those that left the area after the flood. The decline from 2011/12 through 2013/14 was only 20 students, with regional exodus still occurring due to the lack of job opportunity.³ Fracking in northern Pennsylvania has been the one industry that has kept the level of outward migration low. Presumably there is some stabilization occurring, as the number of teachers at each of the different school levels has remained relatively flat over the past three school years, with one teacher added at each level between the 2011/2012 school year and the 2013/2014 school year despite the slight student count drop-off (increasing from a total of 55 to 58 teachers system-wide).⁴ The following table demonstrates the teacher and student data for the 2013/2014 school year.

Figure 1: Tioga Central School District Enrollment and Teacher Data

	Elementary	Middle	High	Total
Students	386	297	301	984
Teachers	25	13	20	58
Student/Teacher Ratio	15.4	22.8	15.1	17.0

Source: Tioga Central School District Revised Proposed Expenditures 2015-2016, <http://www.tiogacentral.org/Downloads/PropExpRev2.pdf>

The total cost per student in the Tioga Central School District, including educational costs, transportation, community service, debt service and administration in 2012/2013 was \$15,851.⁵ Free lunch was available to 43 percent of students and reduced price lunch to 11 percent of

¹ NY State Education report card for Tioga Central School District, <https://reportcards.nysed.gov/files/2011-12/RC-2012-600903040000.pdf>

² Ibid.

³ Ibid.

⁴ Ibid.

⁵ Tioga Central School District Revised Proposed Expenditures 2015-2016, <http://www.tiogacentral.org/Downloads/PropExpRev2.pdf>

students.⁶ The total school budget for the 2014/15 school year was \$17.3 million and is slated to increase to \$17.6 million for the 2015/16 school year.⁷

⁶ Ibid.

⁷ Ibid.

II. PROJECTED POPULATION GROWTH

Morowitz Gaming Advisors and Global Gaming and Hospitality (collectively “GGH”) projected an overall staffing level of 1,117 persons in the Base case once the Tioga Downs casino resort is operational, with a high/low range of +/- 50 employees. These totals include those working on site at the resort as third-party vendors and for American Racing and Entertainment, not just those officially employed by Tioga Downs. It should be noted that the existing property currently has a workforce of approximately 555, including the vendor labor, such that there would be 520 to 610 additional employees at the property. From an FTE standpoint GGH estimates the increment to be approximately 466 jobs (increasing from 310 to 776). Based on GGH’s projections of staffing by position, we estimate that of the incremental employment, between 5 and 7 percent may move into the area for the purpose of resort employment. Some of the people that move to the area may move to places other than Nichols or Tioga County, therefore potentially being in school districts other than Tioga Central. We therefore estimate that there would be 30 to 40 employees as new residents of the region. Given that there are six school districts in the county, and that people may move to neighboring counties, we would expect no more than 20 would be moving into the Tioga Central School District and that no other school district would likely be home to more than five new employees.

Some of these residents would occupy newly built homes and apartments, while others would be purchasing or renting homes and apartments of those that are moving out of the area or from Tioga residences into area retirement communities (there are two large retirement communities recently developed in Tioga County, in Owego and Waverly, such that there is excess housing supply that needs to be absorbed). If new employees are moving into homes where the prior occupants are moving into senior’s facilities, theoretically there may be more school-aged children per household than the previous occupants. According to the U.S. Census 2008-2012 American Community Survey, Tioga County had a population of 49,870 in 2014, residing in 22,195 housing units (including vacant units).⁸

Residents between the ages of 5 and 17 accounted for 17.6 percent of the county’s population.⁹ Given that some residents that are 4 or 18 may also be in school, we estimate that approximately 20 percent of the county population is of school age, or approximately 9,975 residents (and declining). As a result, there are approximately 2.2 housing units per school aged child in the town. Subsequently, with 30 to 40 employees potentially moving to the region, there would be 14 to 18 new students, some of which would be moving into homes where there are students moving out. If half of these students are in the Tioga Central School District, given that there has been an average annual decline of 22 students during the past four years, an influx of less than 10 students would not be noticeable.

⁸ U.S. Census American Community Survey 2008-2012,
http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_12_5YR_DP05.

⁹ Ibid.

In fact, based on our interviews with school superintendents across the U.S. where casinos have recently opened, none has experienced a noticeable impact on their school populations, as discussed in the following section.

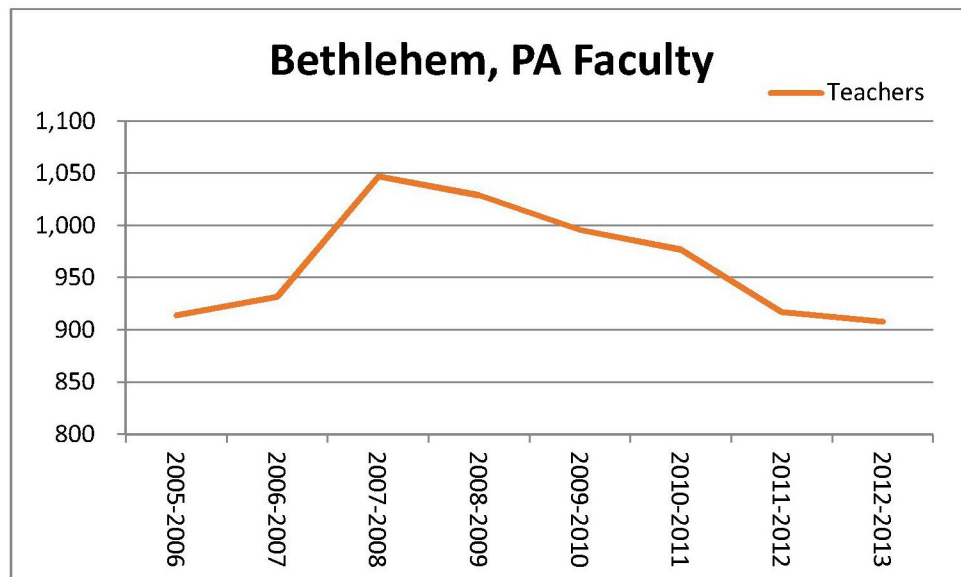
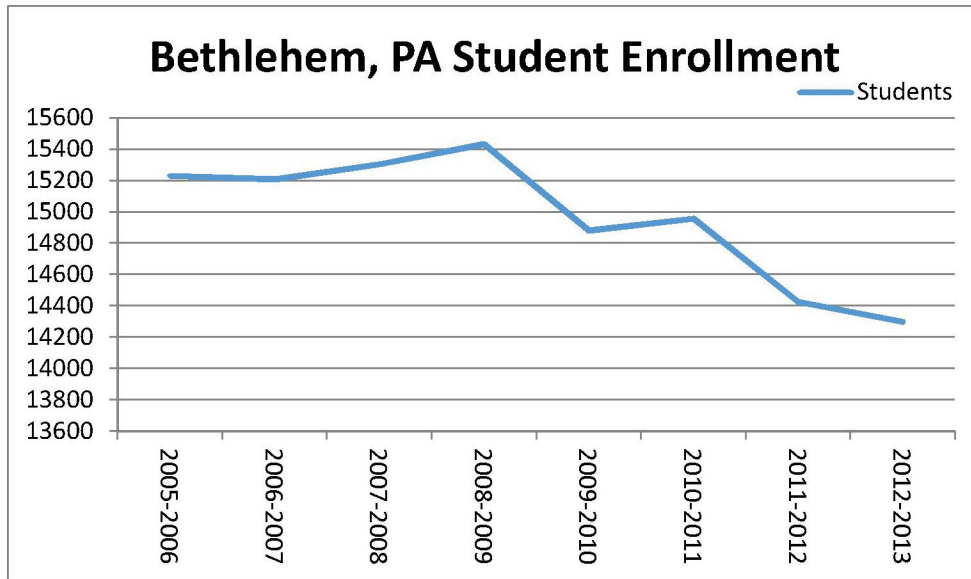
III. NATIONAL COMPARABLE MARKET EXPERIENCE

For the purposes of providing comparison data, six communities that share characteristics with the Tioga market were surveyed to provide student enrollment data, full-time teacher counts and any information related to memorandums of understanding (MOUs) and/or funding from the casino to the schools districts. These communities are either of comparable size to Tioga, or in a proximate market to Tioga, and have opened during the past decade. The communities surveyed were:

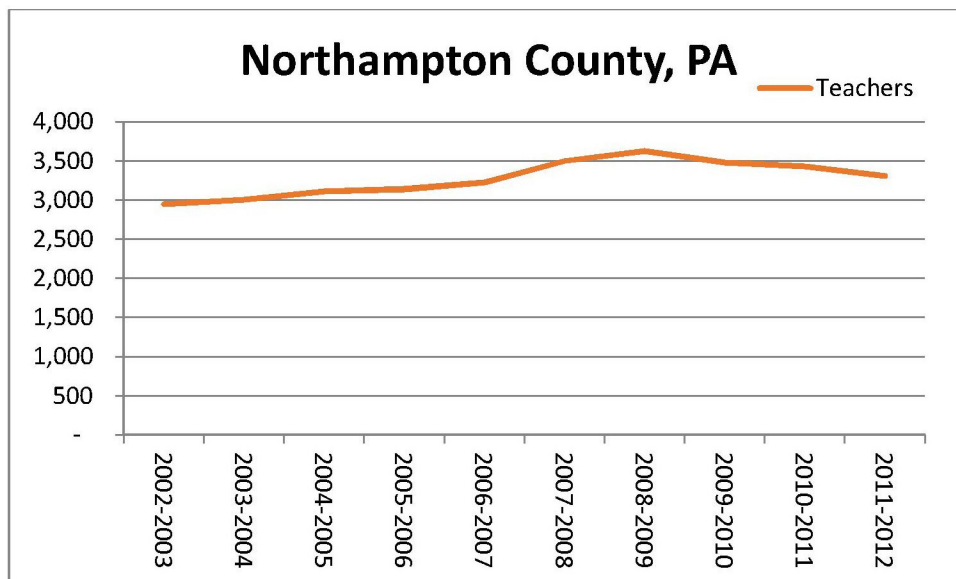
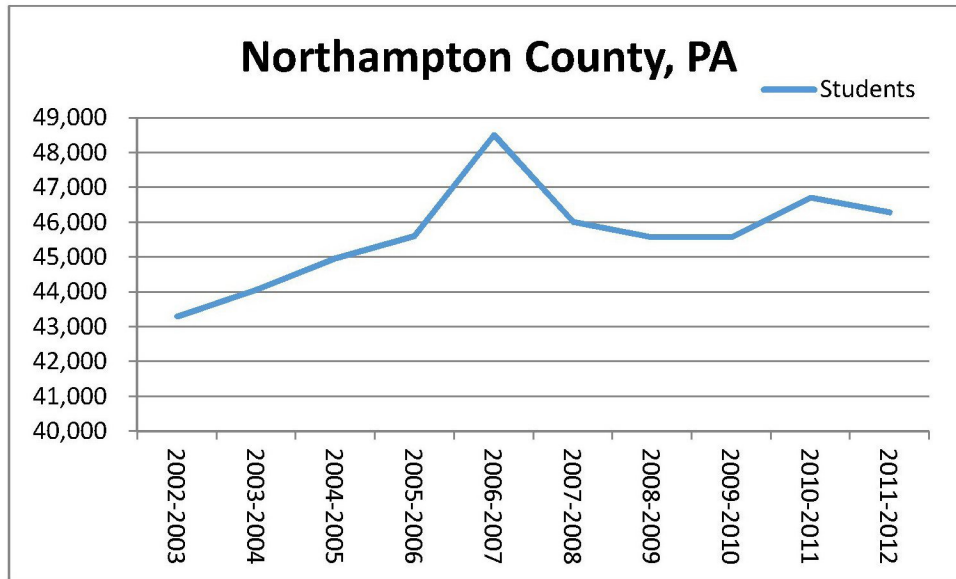
- Bethlehem, Northampton County, PA where the Sands Casino opened in May 2009
- Mount Pocono, Monroe County, PA where the Mount Airy Lodge Casino opened in October 2007
- Emmetsburg, IA where the Wild Rose Casino and Resort opened in May 2006
- Waterloo, Black Hawk County, IA where the Isle Casino Hotel opened in June 2007
- Wilkes-Barre, PA where the Mohegan Sun Casino opened in November 2006
- Oxford, ME where the Oxford Casino opened in June 2012

In the survey done of comparable school districts, none of the school systems were aware of or provided any information about an MOU with the casino in their community or any funding that had been received from the casino. Unless otherwise noted, enrollment and faculty count data come from the National Center for Education Statistics.

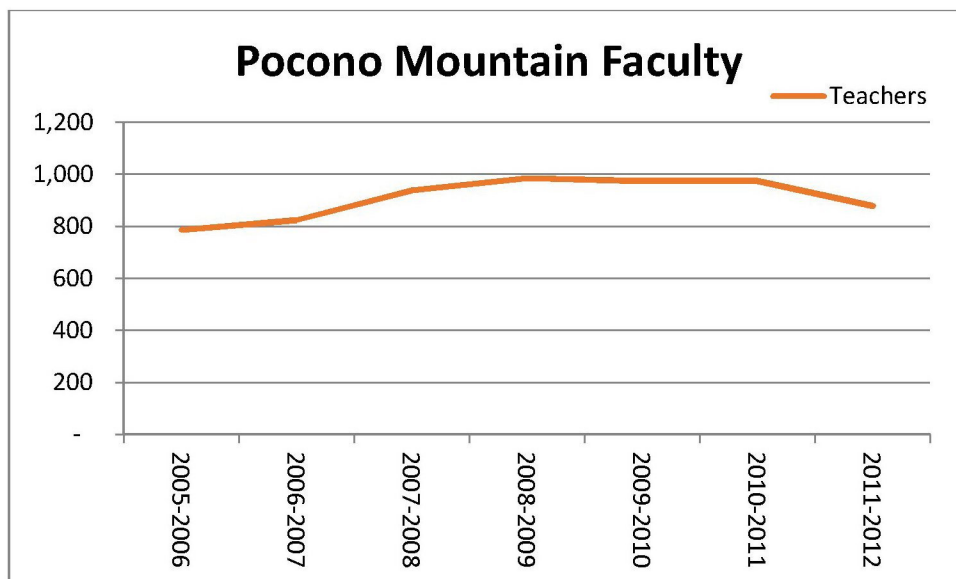
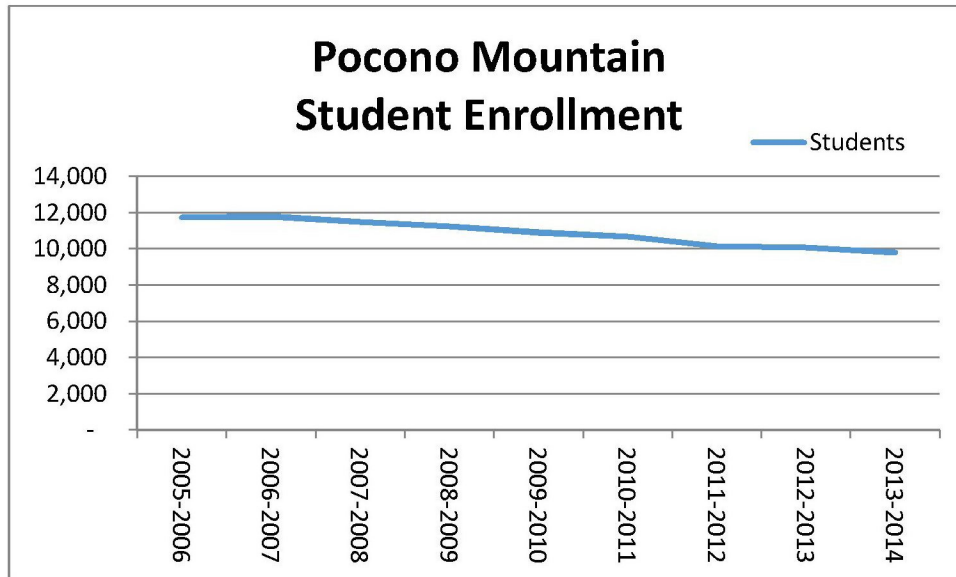
According to information from the Pennsylvania Department of Education, enrollment in the Bethlehem School District in Bethlehem, Pennsylvania has actually been on a steady decline over the past ten years, and there does not seem to be any increase in enrollment attributable to the Sands Casino development and construction. No new schools have opened since the casino opened in 2009.



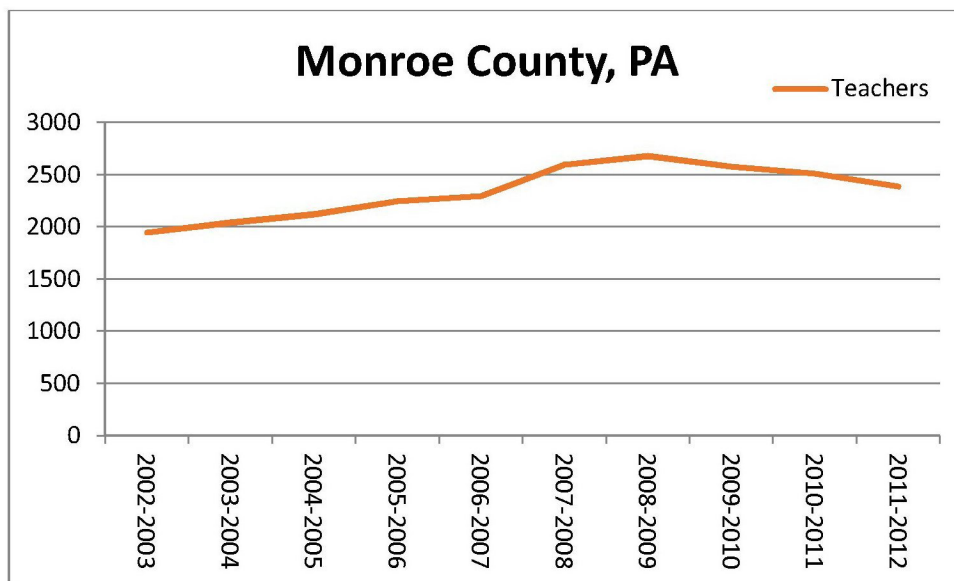
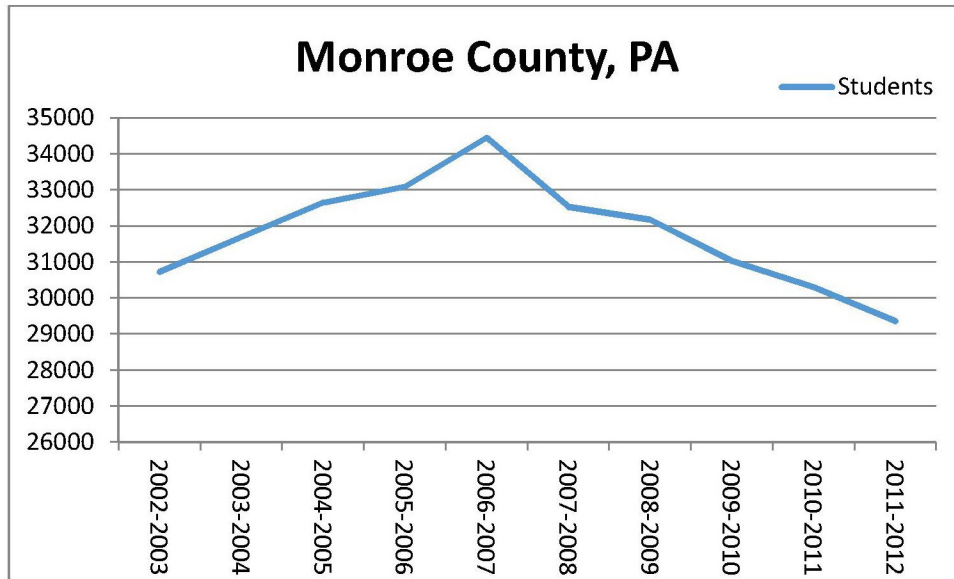
Interestingly, overall enrollments across Northampton County, where Bethlehem is located, have been on a steady increase over the past ten years. Given that this growth trend began well before the casino opened, it is unlikely due to any impact of the casino.



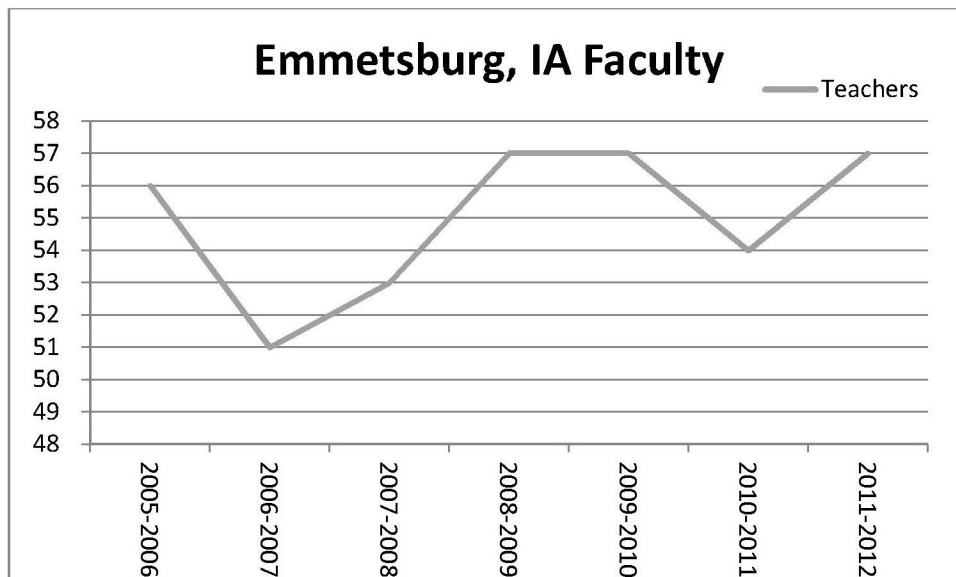
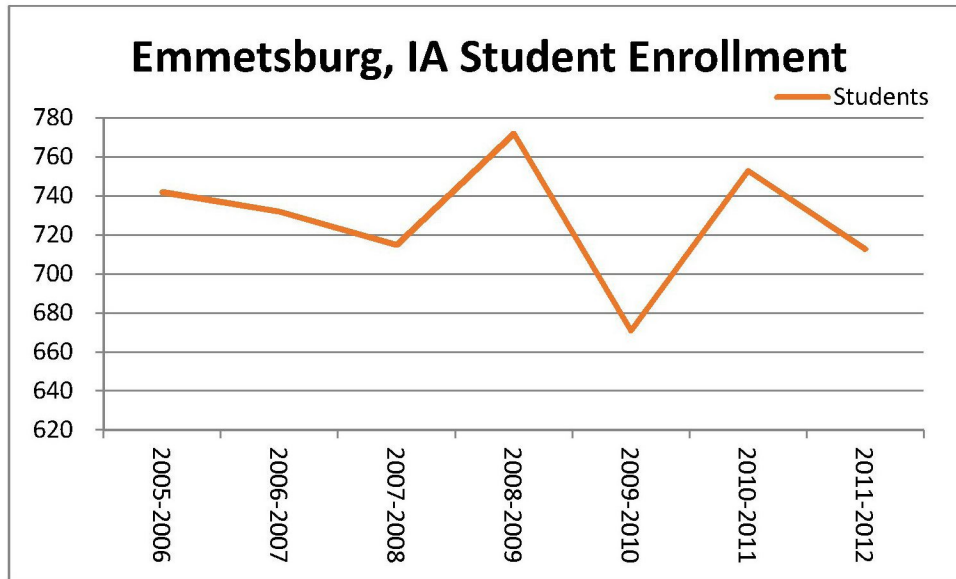
Similarly, schools in Mount Pocono, Pennsylvania have had declining enrollments for the past ten years and have not opened any new schools since the opening of the Mount Airy Lodge casino, according to the Pennsylvania Department of Education.



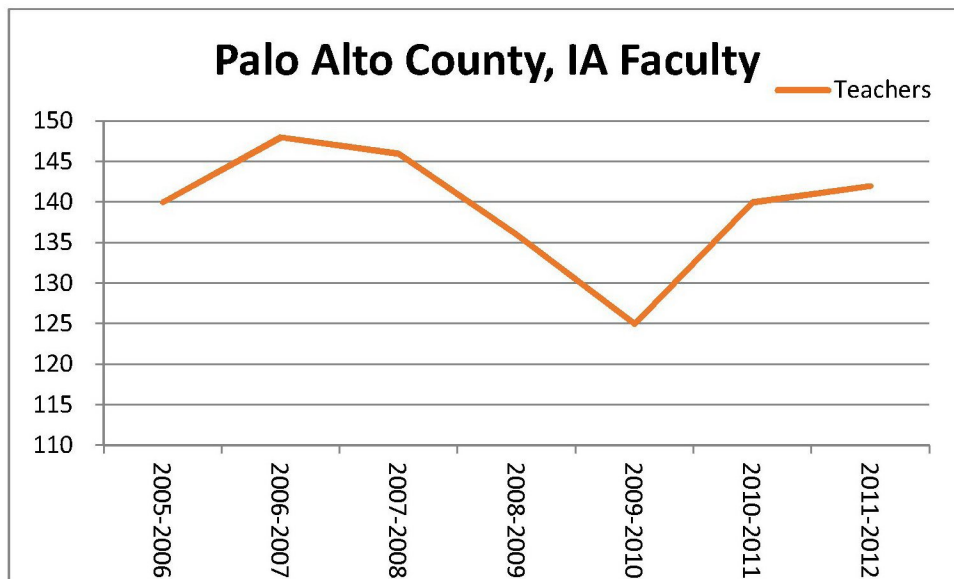
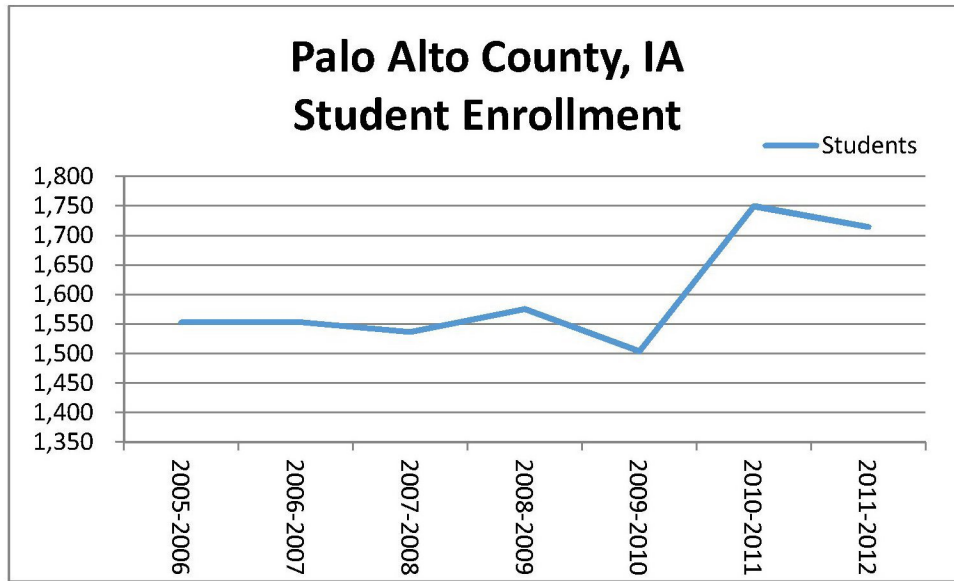
Mount Pocono is located in Monroe County, Pennsylvania, and across the full county, enrollment growth does spike with the opening of the Mount Airy Lodge casino, but has been in steady decline since the casino opened in 2007. This indicates that there has not been a need for new schools based on community impact of the casino. As in all other districts surveyed, school officials did not indicate that any MOU that had been negotiated with the casino for funding or services.



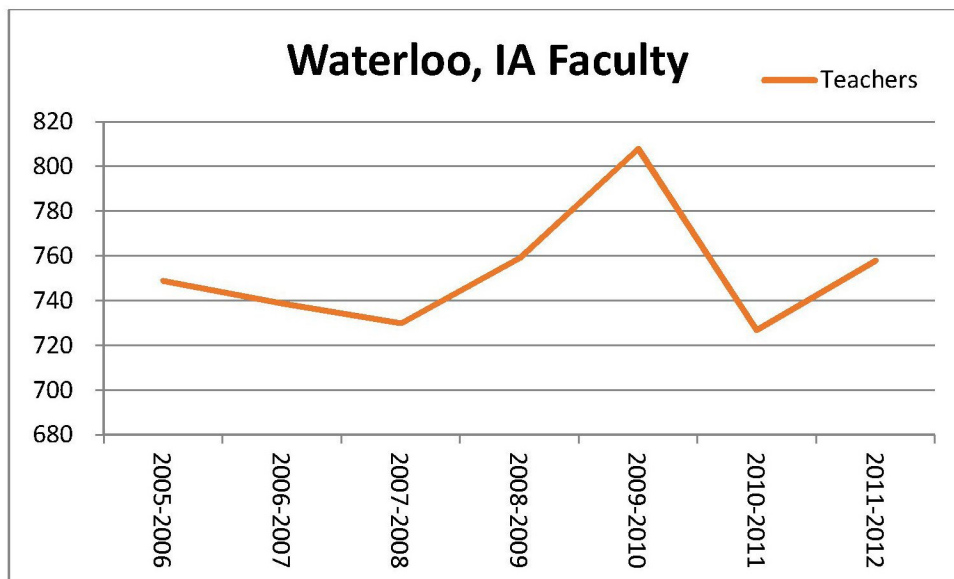
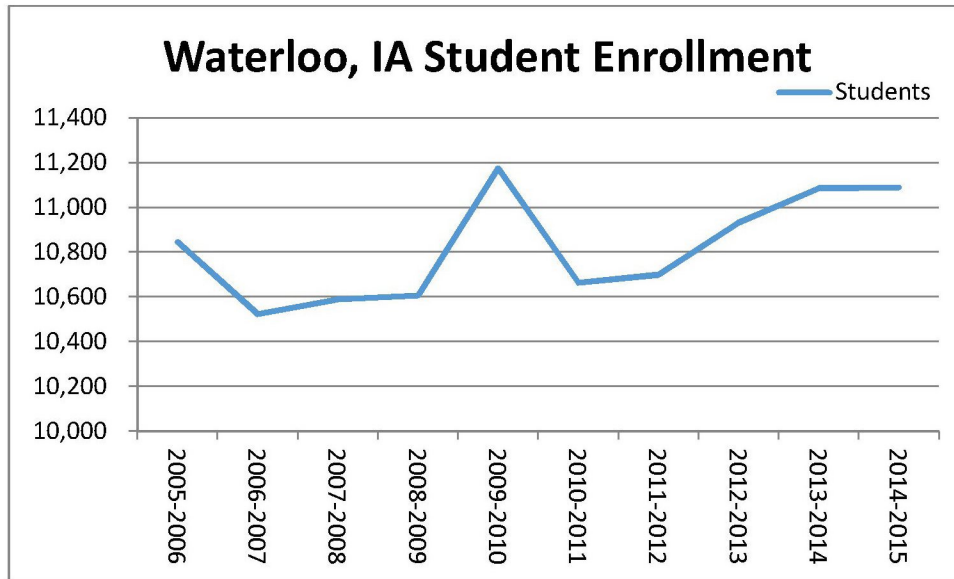
In Emmetsburg, Iowa, City Clerk Kim Kibbie said that there had been a new school building built, but that it was to replace an old building and not due to the Wild Rose Casino and Resort’s May 2006 opening. She said that there had been roughly steady enrollment and that there was not an MOU signed with the casino and the schools. However, there had been grants given by the casino to the school district. Annual student enrollment has fluctuated by less than 5 percent in most years since the opening of the casino, and full-time faculty numbers have remained steady.



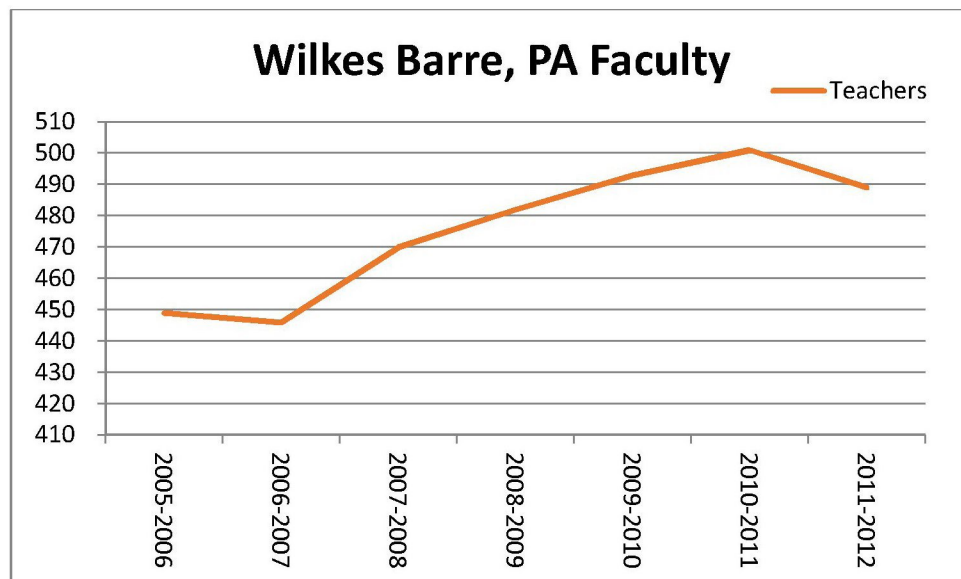
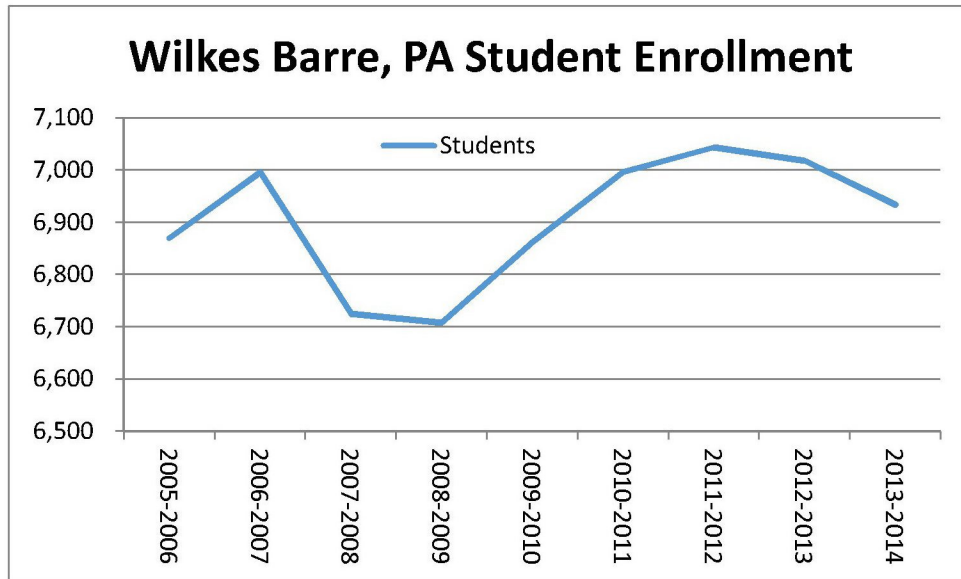
At the county level, we examined whether there was an impact on Palo Alto County (where Emmetsburg is located). As evident from the following chart, enrollment was flat from the 2005/06 school year through the 2008/09 school year and then increased from 2010 to 2011. The county did experience a population decline of 7.2 percent from 2000 to 2010, such that while the addition of the casino did not result in a population or school enrollment boom, it appears that the county is undergoing a demographic shift where it has become younger.



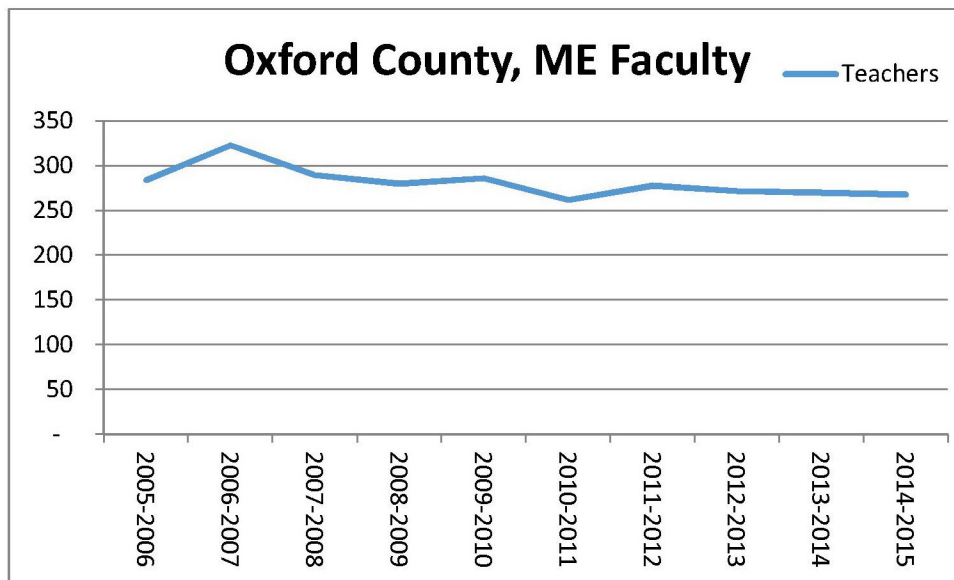
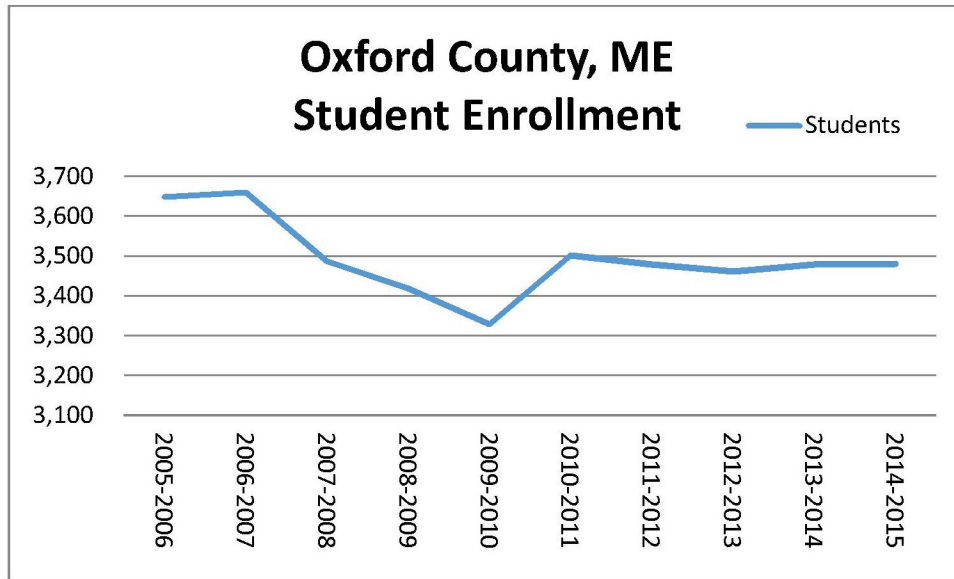
Waterloo, Iowa has seen changes in student enrollment of less than 1 percent in most years for the past ten years, and a maximum of only 5 percent, for the past ten years according to the Iowa Department of Education. As a result, faculty employment numbers have also remained steady. There has been no affect on enrollment or full-time employment levels of public schools due to the opening of the Isle Casino in June 2007.



In Wilkes-Barre, Pennsylvania there was virtually no change in enrollment resulting from the 2006 opening of the Mohegan Sun Casino. As evident from the following chart, there were fluctuations in area enrolment between 2005 and 2014, but enrolment growth in the 2006/07 school year was only a short-lived increase of approximately 2 percent.



Oxford, Maine has had similarly flat enrollment numbers, again with fluctuations of only 1 to 2 percent each year. There has been no effect on schools or students counts due to the opening of the Oxford Casino.



In summary, in all counties and school districts surveyed, there seems to be very little impact on school enrollment and teacher employment or correlation between a casino opening and student counts increasing or decreasing. There was also no impact on opening of new schools to meet increased demands related to opening of casinos in their districts. In all cases, school district employees did not provide any information about agreements with casinos to provide funding or support to school districts. In the small suburban communities that GGH surveyed, established MOUs with casinos was not common procedure.