

**22****COMMUNITY
MITIGATION
FUND****APPENDIX I – PUBLIC SAFETY GRANT APPLICATION****BD-22-1068-1068C-1068L-68403*****Please complete each section of this Application*****1. PROJECT INFORMATION****a) NAME OF MUNICIPALITY/GOVERNMENT ENTITY/DISTRICT AND VENDOR CODE**

Town of West Springfield

VENDOR CODE: VC6000192038

b) PROJECT NAME (LIMIT 10 WORDS)

Police and Fire/EMS

c) BRIEF PROJECT DESCRIPTION (LIMIT 50 WORDS)

Funding for additional Police and Fire/EMS personnel hired to increase staffing for the impact to municipal services resulting from the opening of the MGM Casino in Springfield, MA.

d) CONTACT PERSON(S)/TITLE (Persons with responsibility for this grant)

Sharon A. Wilcox, Chief Financial Officer

e) PHONE # AND EMAIL ADDRESS OF CONTACT PERSON(S)

(413)263-3025 swilcox@tows.org

f) MAILING ADDRESS OF CONTACT PERSON(S)26 Central Street, Suite 1
West Springfield, MA 01089

2. IMPACT DESCRIPTION/CONNECTION TO GAMING FACILITY

a) Please describe in detail the impact that is attributed to the operation of a gaming facility.

Additional public safety staffing were added to the police and fire department budgets as a result of the opening of MGM Springfield. Staffing comparison from the FY 2017 Operating Budget(pre MGM Springfield) to the FY 2022 Operating Budget (post MGM Springfield) is below:

**Additional Staffing added
Casino Opening August 2018
Budgeted Staffing changes began FY 2018**

	FY 2017 Budget	FY 2022 Budget	Staffing Change
Firefighters/EMT	48	56	8
Police Patrolmen	60	63*	3
Police Dispatchers	5	8	3

Grant funding will ensure West Springfield is able to maintain the increased staffing levels necessitated by the additional calls for service that have resulted from the opening of MGM Springfield.

*FY 2022 total Police Patrolmen = 68 - 5 funded via COPS Hiring Grant. 63 funded via local funds

b) Please provide documentation, specificity or evidence that gives support for the determination that the operation of the gaming facility caused or is causing the impact (i.e. surveys, data, reports)

A one year look back study of the impacts of the MGM Casino was completed by Civic Economics in November of 2020 and concludes that the additional public safety costs incurred by the Town of West Springfield are an adverse fiscal impact under the terms of the Surrounding Community Agreement.

c) How do you anticipate your proposed remedy will address the identified impact?

Increased public safety costs provide for additional staffing necessary to respond to increased police, fire and EMS calls. Maintaining appropriate staffing levels lends to quicker response time and continues to provide West Springfield businesses and residents the quality of life afforded to the community prior to the opening of the MGM Casino.

d) Please provide information demonstrating that the requested funds are supplementing and not supplanting historic operations funding.

Please see #2a for comparable budget information. Funding is requested for positions added subsequent to the opening of the MGM Springfield Casino.

3. PROPOSED USE OF PUBLIC SAFETY MITIGATION FUNDS. (Please attach additional sheets/supplemental materials if necessary.)

a) Please identify the amount of funding requested. In determining the funding request, please round up to the nearest hundred dollars.

\$200,000.00

b) Please identify below the manner in which the funds are proposed to be used. Please provide detailed scope, budget and timetable for the use of funds.

Funding will be used for salary related costs of the additional public safety personnel. The funding will be accounted for in a separate grant fund and payroll costs will be charged to the grant fund. Grant funds will be used for FY 2023 costs (7/1/2022 to 6/30/2023).

c) Please provide documentation (e.g. - invoices, proposals, estimates, etc.) adequate for the Commission to ensure that the funds will be used for the cost of mitigating the impact from the operation of a gaming establishment.

Exhibit A identifies the additional staffing costs for public safety personnel hired to mitigate the effects of the MGM Springfield Casino. A one year look back study of the impacts of the MGM Casino was completed by Civic Economics (the consulting firm retained by MGM) in November of 2020 and concludes that the additional public safety costs incurred by the Town of West Springfield are an adverse fiscal impact under the terms of the Surrounding Community Agreement. The look back report concludes that, for the first year of MGM's operations, the Town incurred an additional \$965,960 in public safety costs constituting "the sort of adverse impact contemplated in the Surrounding Community Agreement."

Exhibit C, p.14. Relative to ongoing costs beyond the first year of MGM's operations, Civic Economics concluded that "our analysis suggests that increased call activity accounts for roughly half of the total cost of enhanced staffing." Attributing 49.7% of the Town's increased public safety costs to MGM, Civic Economics concluded that the increased public safety costs of the Town incurred in connection with the MGM facility will total \$585,394 for fiscal year 2022.

The Town notes that Civic Economics did not account for the increased costs for staffing on an annual basis and instead held the increased staffing costs constant at \$1,177,353. Exhibit C, p.14. In actuality the Town's increased public safety staffing costs for FY23 will be approximately \$1,193,428.53. Accepting, for purposes of this grant application only, that the 49.7% allocation to MGM is appropriate, the total increased public safety costs attributable to the MGM project would be approximately **\$593,133.98**.

The Town will receive \$375,000 directly from MGM Springfield under our SCA to mitigate all the anticipated adverse effects of the MGM Springfield Project (not just the public safety costs). It should be noted that a significant portion of MGM related traffic travels through West Springfield. As referenced in the Civic Economics Report (page 8), the Town has expended over \$2.4 million in unreimbursed traffic projects directly tied to the MGM facility. However, even if 100% of the SCA annual payment were applied to public safety alone, the amount funded locally for additional public safety staff is anticipated to be \$218,133.98. A grant award in the amount of \$200,000 would substantially mitigate, but would not eliminate, this increased municipal expense.

d) Please describe how the mitigation request will address the impact indicated.

As indicated above, West Springfield has committed to the employment of additional public safety personnel to handle the increased need for dispatch, patrolmen and EMS services. The requested funding will decrease (but not eliminate) the burden on the municipal operating budget, which exceeds the funding received under our SCA with MGM Springfield.

e) How will you provide the data for reporting? How will you measure the effectiveness of the proposed project in mitigating impacts?

Public safety costs will be reported quarterly based on payroll records.

4. RELEVANT EXCERPTS FROM HOST OR SURROUNDING COMMUNITY AGREEMENTS**a) Please describe and include excerpts from any relevant sections of any Host or Surrounding Community Agreement.**

The Surrounding Community Agreement between MGM Springfield and The Town of West Springfield provides for \$375,000 annually in recognition that West Springfield will experience significant adverse impacts as a result of the Project. Among the impacts anticipated were public safety, inclusive of crime, motor vehicle accidents and ambulance calls as well as traffic and maintenance related issues to infrastructure resulting from increased usage. Additionally, the SCA requires West Springfield to exercise good faith efforts to secure state funding for any remaining Net Adverse Impact Amounts through the Community Mitigation Fund. The relevant excerpt from the SCA is included as **Exhibit B**. The one year look-back study completed by Civic Economics, dated 11/6/2020 (**Exhibit C**) concludes on pages 4 and 14 that the additional public safety costs incurred by the Town are an adverse fiscal impact under the terms of the Surrounding Community Agreement.

b) Please explain how this impact was either anticipated or not anticipated in that Agreement.

As noted above, the impacts that were anticipated by the SCA were public safety, inclusive of crime, motor vehicle accidents and ambulance calls as well as traffic and maintenance related issues to infrastructure resulting from increased usage. It was difficult to precisely anticipate, however, the exact increases in public safety calls the Town would experience as a result of the facility or to determine the appropriate increases in staffing. Moreover, the “baseball style” arbitration process adopted by the Commission necessitated the Town to be conservative in submitting its best and final offer prior to the arbitration with MGM, and the Town hoped that the one year look back study process would allow it to recover increased expenses that exceed the SCA payments.

While the one year look-back study validates the increased public safety costs incurred by the Town of West Springfield, the Town and MGM have not reached agreement on any revisions to the SCA. This is in large part due to two interrelated factors: (1) the fact that MGM has not completed the look back study with respect to traffic related impact (Civic Economics was not tasked with analyzing such impacts); and (2) the effects of the COVID-19 pandemic. In any event, as previously noted, the Town is obligated to seek Community Mitigation Fund grants before looking to MGM for additional payments.

5. INTERNAL CONTROLS/ADMINISTRATION OF FUNDS

a) Please provide detail regarding the controls that will be used to ensure that funds will only be used to address the impact.

West Springfield's accounting system is designed to separately account for grant revenues and expenses. A unique fund will be established within the accounting system and grant revenues specific to the Specific Impact Grant will be recorded in the unique fund and payroll costs as identified in the grant application will be charged to the grant fund.

b) Will any non-governmental entity receive funds? If so, please describe. If non-governmental entities will receive any funds, please describe what reporting will be required and how the applicant will remedy any misuse of funds.

No.

6. CERTIFICATION BY MUNICIPALITY/GOVERNMENTAL ENTITY

On behalf of the aforementioned municipality/governmental entity I hereby certify that the funds that are requested in this application will be used solely for the purposes articulated in this Application.



Date: 1/31/2022

**Signature of Responsible Municipal
Official/Governmental Entity**

William C. Reichelt
(print name)

Mayor
Title:

EXHIBIT A**Public Safety Specific Impact Cost
Increased Public Safety Personnel****FY 2023 Estimated Costs**

Police	446,535.06
Fire	<u>746,893.47</u>
Total Personnel	1,193,428.53
Impact as result of MGM Springfield	<u>49.70% *</u>
Adjusted Personnel	593,133.98
FY 2023 Annual Mitigation Payment SCA with MGM Springfield	(375,000.00) **
FY 2023 MA Gaming Specific Impact Grant	<u>-</u>
Additional Costs - West Springfield	<u><u>218,133.98</u></u>

*As per 1 Year Look-Back Study Draft Report page 14 as attached and incorporated within the Final Report (Exhibit C)

** The full SCA payment is indicated to offset public safety costs only for the purposes of this grant application. The Town notes that the Civic Economics report also concludes that the Town has experienced over \$2.4 million in traffic related expenses as well as decreased meals tax revenue in connection with the MGM facility.

**Town of West Springfield
Firefighter Payroll and Benefits
Additional Staffing
FY 2023 Annual Cost**

						Benefits					Total Annual Cost	
		BI-Weekly Salary*	Annual Salary	Funded by Ambulance Revenue	Salary Funded by General Fund	Medicare (1.45%)	Pension (9%)	Health (employer cost)	Vaca (cost of OT to cover min manning - 10 tours 120	Annual Benefits		
#1	EMT Basic 1 YR	2,674.29	69,531.54	6,114.94	63,416.60	1,008.21	6,257.84	15,896.64	Net Blue Fam	11,461.24	34,623.93	98,040.53
#2	EMT Basic -1 YR w/degree	2,828.92	73,551.92	6,193.72	67,358.20	1,066.50	6,619.67	15,896.64	Net Blue Fam	12,123.94	35,706.75	103,064.95
#3	EMT Basic -1 YR w/degree	2,828.92	73,551.92	6,193.72	67,358.20	1,066.50	6,619.67	6,047.16	Net Blue Ind	12,123.94	25,857.27	93,215.47
#4	Paramedic - 1 YR	2,905.48	75,542.48	12,086.88	63,455.60	1,095.37	6,798.82	6,047.16	Net Blue Ind	12,452.06	26,393.41	89,849.01
#5	EMT Basic 1 YR	2,674.29	69,531.54	6,114.94	63,416.60	1,008.21	6,257.84	6,047.16	Net Blue Ind	11,461.24	24,774.45	88,191.05
#6	Paramedic - 1 YR	2,905.48	75,542.48	12,086.88	63,455.60	1,095.37	6,798.82	6,047.16	Net Blue Ind	12,452.06	26,393.41	89,849.01
#7	Paramedic - 1 YR	2,905.48	75,542.48	12,086.88	63,455.60	1,095.37	6,798.82	6,047.16	Net Blue Ind	12,452.06	26,393.41	89,849.01
#8	EMT Paramedic - 1 YR/wdegree	3,060.11	79,562.86	12,204.66	67,358.20	1,153.66	7,160.66	6,047.16	Net Blue Ind	13,114.76	27,476.24	94,834.44
Total Annual Cost FY 2023											746,893.47	

* Estimated at FY 2022 rates. Firefighter contract expires 6/30/2022 - negotiation for new contract is not complete.

**Town of West Springfield
Police Payroll and Benefits
Additional Staffing
FY 2023 Annual Cost**

Benefits										Total Annual Cost
Pay Grade	Bi-Weekly Pay*	Annual Salary	Medicare (1.45%)	Pension (9%)	Education Stipend	Health (employer cost)		Vaca (cost of OT to cover min manning - 10 days, 80 hrs)	Annual Benefits	
Patrolmen:										
#1 P-1, 2 YR, W/BD	2,323.31	60,406.06	875.89	5,436.55	4,500.00	6,047.16	Net Blue Ind	6,969.93	23,829.53	84,235.59
#2 P-1, 2 YR, W/BD	2,323.31	60,406.06	875.89	5,436.55	4,500.00	6,047.16	Net Blue Ind	6,969.93	23,829.53	84,235.59
#3 P-1, 2 YR, W/BD	2,323.31	60,406.06	875.89	5,436.55	4,500.00	6,047.16	Net Blue Ind	6,969.93	23,829.53	84,235.59
Dispatchers:										
#1 S-6, Step 4	1,846.40	48,006.40	696.09	4,320.58		6,047.16	Net Blue Ind	5,539.20	16,603.03	64,609.43
#2 S-6, Step 4	1,846.40	48,006.40	696.09	4,320.58		6,047.16	Net Blue Ind	5,539.20	16,603.03	64,609.43
#3 S-6, Step 4	1,846.40	48,006.40	696.09	4,320.58		6,047.16	Net Blue Ind	5,539.20	16,603.03	64,609.43
Total Annual Cost FY 2023										446,535.06

* Estimated at FY 2022 rates. Patrolman contract expired 6/30/2021 and Dispatcher (clerical) contract expires 6/30/22 - negotiations for new contracts is not complete.

7. Payment of Net Adverse Impact Amounts.

(a) Priority of Reimbursement Obligations. The Parties hereby agree that the Community shall look exclusively to the Annual Mitigation Payment for satisfaction of the first Three Hundred and Seventy-Five Thousand Dollars (\$375,000.00) of the Net Adverse Impact Amounts. The Parties further agree that the Community shall next exercise good faith efforts to secure state funding for any remaining Net Adverse Impact Amounts through the Community Mitigation Fund established by M.G.L. c. 23k, §61, as applicable (the "State Mitigation Fund"). To the extent that any Net Adverse Impact Amounts remain unfunded after application of the Annual Mitigation Payment and any funding received from the State Mitigation Fund, MGM agrees to pay the balance to the Community as set forth below. To the extent that the Community receives funding from one of the State Mitigation Fund after MGM has paid any Net Adverse Impact Amount beyond the Annual Mitigation Payment, MGM shall be entitled to a credit toward any future Net Adverse Impact Amount payment obligations in excess of its Annual Mitigation Payment obligation.

(b) Payment of Year One Net Adverse Impact Amount. MGM shall pay the unfunded Year One Net Adverse Impact Amount, if any, in excess of the Annual Mitigation Payment and any funding the Community has received from the State Mitigation Fund, within thirty (30) days of the determination of said amount pursuant to Section 6 above and, to the extent that such amount is deemed to be an annual obligation, shall continue to make such payment annually thereafter until the determination of the Year Five Net Adverse Impact Amount. The Parties further acknowledge that if the 1st Year Look Back Study demonstrates a net positive impact, or the Year One Net Adverse Impact Amount is determined to be less than the Annual Mitigation Payment plus any funding the Community has received from the State Mitigation Fund, MGM shall have no further monetary obligations to the Community beyond the Annual Payments during the period up to the determination of the Year Five Net Adverse Impact Amount.

(c) Payment of Year Five Net Adverse Impact Amount. MGM shall pay the unfunded Year Five Net Adverse Impact Amount, if any, in excess of the Annual Mitigation Payment and any funding the Community has received from the State Mitigation Fund, within thirty (30) days of the determination of said amount pursuant to Section 6 above and, to the extent that such amount is deemed to be an annual obligation, shall continue to make such payment annually thereafter through the remainder of the Term. The Parties, further acknowledge that if the 5th Year Look Back Study demonstrates a net positive impact, or the Year Five Net Adverse Impact Amount is determined to be less than the Annual Mitigation Payment plus any funding the Community has received from the State Mitigation Fund, MGM shall have no further monetary obligations to the Community beyond the Annual Payments, except in the event this agreement is reopened in accordance with 205 CMR 127.

**MGM SPRINGFIELD SURROUNDING COMMUNITY IMPACTS
ONE YEAR LOOK BACK STUDY 2020**

**FINAL REPORT
WEST SPRINGFIELD
NOVEMBER 6, 2020**

INTRODUCTION

Civic Economics is pleased to present the Town of West Springfield and MGM Springfield with this **Final Report** of our findings for the One Year Look Back Study described below.

As provided in your Surrounding Community Agreement, a Draft Report was provided to all parties on September 21, 2020. That initiated a 30-day period in which the Town and MGM could review the draft and provide comments and supporting materials to Civic Economics. Only West Springfield and Ludlow chose to provide comments.

Upon delivery of these final reports, MGM and each surrounding community will begin a formal negotiation process outlined in the Surrounding Community Agreements, to be followed by an arbitration process if necessary.

As described in the Surrounding Community Agreement, “major adverse impact amounts” are “any impact mitigation cost in excess of \$500,000. Further, that agreement provides for the first \$100,000 in adverse impact as an annual payment without consideration of the findings of this study. Transportation studies for all surrounding communities are being conducted by a separate, specialized firm; thus Civic Economics cannot evaluate whether those adverse impact amounts have been reached in total.

Both the Town and MGM Springfield provided comments and supporting materials in response to the Draft Report, and we have carefully reviewed those materials, discussed below. The Draft Report is attached to this report for reference.

Looking ahead, Civic Economics is scheduled to return to the region in 2024 to produce the Five Year Look Back Studies for all seven participating surrounding communities. We anticipate that the accumulation of data over a longer period of time will open new avenues for quantifying impacts, both positive and adverse, within the classes of impact described in the Surrounding Community Agreement.

COMMENTS AND SUPPORTING MATERIALS RECEIVED

During the comment period following delivery of the Draft Report, Civic Economics engaged in phone conversations with both Seth Stratton, Vice President and Legal Counsel for MGM Springfield, and Jonathan Silverstein on behalf of the Town of West Springfield.

Both also provided written comments, the text of which is attached to this report. Comments are relevant only to the *Crime Rates and Public Safety* and *Impacts to Community from Traffic Levels* portions of the Draft, raising no objections to other sections.

MGM commented first, copying counsel for the Town, and raised two broad points, addressed below. The Town followed with comments, stating that it “does not object to or request revision of any portion of your draft report” and “concurs generally with the findings and conclusions set forth in the draft report” and addressing the points raised by MGM.

TRAFFIC RELATED PUBLIC SAFETY COSTS IN YEAR ONE

MGM ITEM I: Receipt of grant funding through the Massachusetts Gaming Commission (MGC) pursuant to the Gaming Act does not “indicate an understanding that the projects would be necessitated by increased traffic related to MGM Springfield” and inferring from such awards that full costs of such projects “represents the sort of adverse impact contemplated in the Surrounding Community Agreement” is unfounded.

MGM disputes the finding that there is \$965,960 in adverse impact related to Year One public safety costs associated with traffic concerns in proximity to the casino.

In the Draft Report discussion of traffic impacts, Civic Economics emphasized that other consultants are responsible for addressing the specific impacts associated with MGM-related traffic. However, we also discussed the Town’s argument that traffic mitigation grants provided by the Massachusetts Gaming Commission (MGC) for specific road segments in West Springfield effectively recognized that traffic increases in those locations would be at least in part driven by MGM.

MGM points out that the Town expressly agreed not to cite the company’s prior support of those grant applications in any future dispute among the parties, specifically including this Look Back study process. We can assure all concerned that the Town did not violate that agreement; MGM’s role in the grant application process was never raised in discussions with Civic Economics.

That leaves the question of whether we were correct in drawing a connection between the MGC grants and year one public safety expenditures incurred by the Town in preparing for anticipated traffic increases. The Town provided an excerpt of the relevant MGC grant guidelines, highlighting that causation is the first of several listed “[f]actors used by the Commission to evaluate grant applications.” However, it goes on to state that these factors “may include by not be limited to” the listed factors. MGM and the Town, both represented by counsel, have provided contrary views of whether grant approval establishes that a causal connection between traffic impacts and the casino was made.

Civic Economics is not a law firm. Just as we defer to a separate consultant for traffic analyses beyond our expertise, we will also decline to offer a recommended resolution to this disagreement about the significance of the MGC grant.

That said, we do not agree with MGM's suggestion that the Look Back Study could only consider public safety costs driven by traffic if the MGC grant is definitively tied to causation. The Town of West Springfield proactively sought grant assistance from MGC and FEMA for road segments most likely to be impacted by casino traffic, and MGM itself provided \$655,000 for design and permitting costs associated with Memorial Avenue.

In the Draft Report, we noted that the MGC's crime report found an increase in auto accidents in West Springfield. We further noted that increased traffic was expected in West Springfield. "If that traffic results in increased public safety costs, the Town argues that those costs (both already expended and ongoing), should also be treated as adverse impacts from the casino. We accept that premise, and further analyze the Town's supporting documentation under the heading of *Crime Rates and Public Safety* below."¹

So, it remains our position that public safety expenditures associated with anticipated traffic increases from the casino are appropriately considered in this study regardless of the details of MGC's grant application process.

IMPACT COST CALCULATIONS

MGM ITEM II: The scope of the lookback study under the SCA is limited to determining what the Year One adverse impact is. With respect to "Ongoing Public Safety Costs", the Study goes beyond the scope of the SCA.

Discussion under this heading in MGM's comments addresses two points. The first relates to our finding on Year One public safety expenditures; the second relates to the question of ongoing expenditures.

Year One Expenditures

MGM disputes Civic Economics' attribution of 100% of West Springfield's documented public safety expenditures to Year One adverse impacts. MGM correctly notes we found these expenditure increases "substantially overshoot the mark" relative to the percentage increase in call volume actually experienced in Year One, noting that MGM "repeatedly told the Town that it was significantly overestimating potential impact." The Town responded that it believes Civic Economics appropriately considered those impacts and costs.

We would note that increased traffic, increased calls for public safety assistance, and the expenditures associated with those calls do not necessarily increase in linear lockstep. We found that the increase in Town expenditures were roughly double the increase in call volume, but wrote that "it appears to Civic Economics that the Town took reasonable precautions in staffing up public safety positions in advance of the opening."

¹ MGM Springfield Surrounding Community Impacts – One Year Look Back Study, West Springfield, page 8

It is relevant that MGM was, during the same time period, significantly overestimating potential revenue (by roughly 1/3) at the casino, likely also overestimating visitation as well. Revenue and visitation do not rise and fall in linear lockstep either, but it is reasonable to believe that MGM's forecasts led surrounding communities to prepare for more substantial traffic increases than materialized.

So it remains our position that West Springfield's public safety expenditures in Year One are quantifiable and are reasonably attributable to the opening of MGM Springfield.

Ongoing Expenditures

Civic Economics was retained to conduct these studies for seven municipalities, six of which signed Surrounding Community Agreements (SCA) that are similar in all but the financial details. When these agreements were being developed, though, MGM and the Town of West Springfield entered into an arbitration process to choose which of two proposed SCAs would be utilized. The arbitrator chose the one submitted by West Springfield. As a result, the scope of this study is defined with different terms than the other six.

The other SCAs included language specifically calling for the Look Back Studies to quantify "substantial and ongoing impacts;" this one does not. As we discussed orally after the Draft Report, it was unclear to us whether that omission changed our responsibilities in preparing this report. So, Civic Economics did undertake to estimate ongoing public safety costs associated with traffic in West Springfield.

If those estimates are irrelevant to this Year One study, as the parties seem to agree, we will simply note the need to review them again during preparation of the Year Five study. Thus, Item #3 in our Conclusion on page 20 may be disregarded in considering Year One adverse impacts.

CONCLUSION

Civic Economics appreciates the helpful and thoughtful comments provided by both MGM and the Town.

Based on the data available to support this analysis and in light of the comments received, Civic Economics can make the following findings regarding adverse fiscal impacts in West Springfield:

1. The opening of MGM Springfield introduced a number of dining options in close proximity to West Springfield. Based on a review of meals tax revenues over a period of five years, Civic Economics finds that the Town has likely incurred adverse fiscal impacts of **\$36,990**.
2. The Town incurred substantial costs in increased staffing costs for public safety in the lead up to the opening of MGM Springfield and during the first year of operations. While these increases appear to have overestimated casino-driven demand, they were reasonable at the time and based on projections for visitation that MGM has not met. For that period, we believe the Town incurred costs of **\$965,960** and that those costs should be treated as adverse fiscal impacts under the terms of the Surrounding Community Agreement.

3. The Town is now incurring substantial and ongoing costs in maintaining that increased staffing. Those costs will be reviewed and quantified in the Five Year Look Back Study.
4. We find no quantifiable adverse impacts as defined in the Surrounding Community Agreement in other categories.

Civic Economics does not here attempt to recommend a specific payment amount because a separate transportation analysis may quantify additional adverse impacts. MGM Springfield provides West Springfield with an Annual Mitigation Payment of \$375,000 which is intended to offset any identified adverse impacts prior to calculating any additional payments due.

For further information about this report or to discuss preparations for the Five Year Look Back Study, please contact:

Dan Houston, Civic Economics
dhouston@civiceconomics.com
512-587-7964



MGM SPRINGFIELD
ONE MGM WAY
SPRINGFIELD, MA 01103

413.273.5000
MGMSPRINGFIELD.COM

October 22, 2020

Via E-Mail (dhouston@civiceconomics.com)

Mr. Dan Houston
Civic Economics
1129 Cleveland Street
Evanston, IL 60202

Re: Comments to West Springfield Draft Report

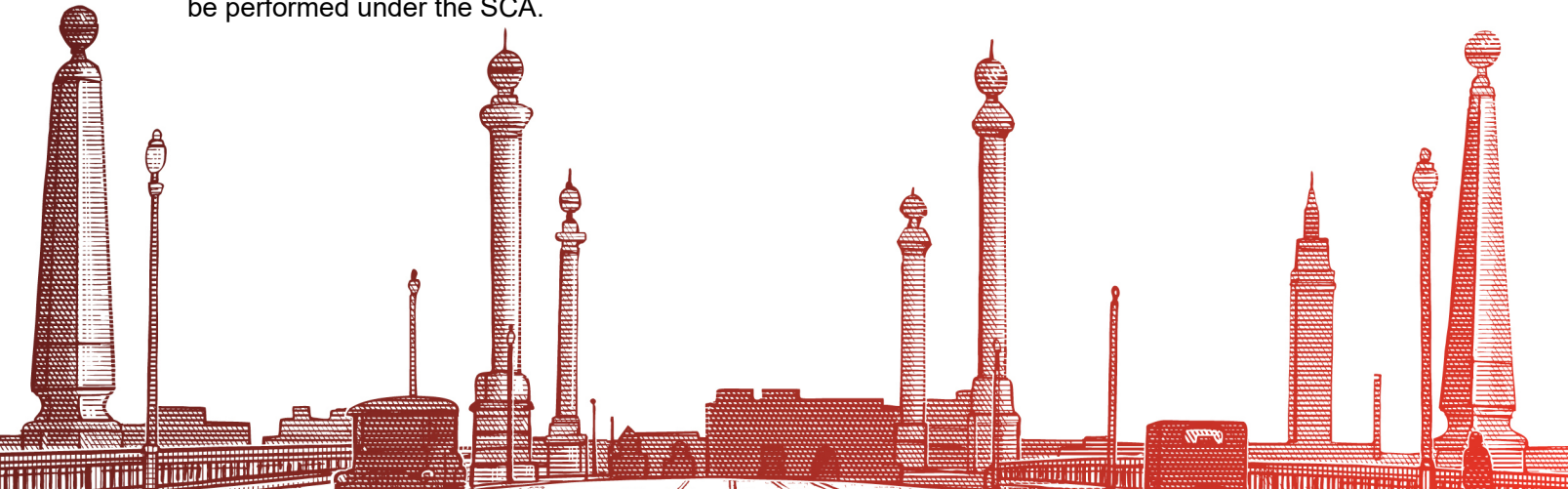
Dear Mr. Houston:

As provided for under the Surrounding Community Agreement (SCA) between the Town of West Springfield and MGM Springfield, MGM Springfield submits the following comments to the draft one-year look back study report dated September 21, 2020.

I. Receipt of grant funding through the Massachusetts Gaming Commission (MGC) pursuant to the Gaming Act does not “indicate an understanding that the projects would be necessitated by increased traffic related to MGM Springfield” and inferring from such awards that full costs of such projects “represents the sort of adverse impact contemplated in the Surrounding Community Agreement” is unfounded.

While MGM supported West Springfield’s applications for transportation planning grants and community mitigation funding, it did so while clearly reserving its rights to challenge the need for such funding or that the purported impacts were tied to MGM Springfield. It has always been MGM Springfield’s position that West Springfield would not experience and has not experienced any significant and adverse impact to its transportation infrastructure. It should not be inferred that MGM’s support for its neighboring community receiving government funding that could benefit the overall community indicates an “understanding that the projects would be necessitated by increased traffic related to MGM Springfield.” MGM Springfield’s position is exactly the contrary.

Nor should the approval of community mitigation funding be inferred to be a recognition of the same. First, the MGC has done no independent analysis on whether there the projects were required by impacts from MGM Springfield. Second, the standard for the issuance of community mitigation funding does not require a causal nexus. The standard is much lower than that. Then unilaterally finding that any costs associated with funded projects beyond the funding received amounts to an adverse impact is inconsistent with the level of empirical analysis contemplated to be performed under the SCA.





MGM SPRINGFIELD
ONE MGM WAY
SPRINGFIELD, MA 01103

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Indeed, in 2016 when the Town sought MGM's support for its Transportation Planning application, the Town, through its counsel, Jonathan Silverstein expressly acknowledged as follows: "This is to confirm that, if MGM sends a letter to the Gaming Commission in support of the Town's application, the Town agrees not to cite to or otherwise use such support against MGM in the event of any future dispute between the Town and MGM, including any dispute regarding the lookback process or whether additional mitigation is necessary as a result of the lookback process." Accordingly, MGM disputes that there is \$965,960 in adverse impact related to Year One Public Safety costs.

II. The scope of the lookback study under the SCA is limited to determining what the Year One adverse impact is. With respect to "Ongoing Public Safety Costs", the Study goes beyond the scope of the SCA.

Rather than determining what the Year One adverse impact is, the Study simply calculates the cost of the additional public safety staffing the Town independently determined to hire. The Study concedes that the Town "substantially overshot the mark" and "substantially outstrips the increase in call volume the Town has actually experienced since opening." The study then purports to attribute 100% of those costs to Year One adverse impact based on the opinion that it is "far better to over-prepare than to find a public safety system overwhelmed." While that may appear to be a reasonable or popular political decision, this should not be the standard. This is especially the case where MGM repeatedly told the Town that it was significantly overestimating potential impact.

Accordingly, MGM challenges whether there was any actual determination of Year One public safety adverse impact. The report's hypothetical projections on what might be reasonable to expect from Years 2 through 5, is beyond the scope of the Study.

Sincerely,

Seth N. Stratton
Vice President & Legal Counsel

cc: Jonathan Silverstein, Esq. (by email)

Daniel Houston

From: Jonathan Silverstein <JSilverstein@k-plaw.com>
Sent: Friday, October 23, 2020 10:41 AM
To: 'Stratton, Seth'; Daniel Houston
Cc: Matt Cunningham; William Reichelt; 'Sharon Wilcox'
Subject: RE: West Springfield Lookback Study report

Good morning, Dan:

I have reviewed Seth's comments on your draft report, as set forth in his letter of October 22, 2020, and offer the following:

1. The Town of West Springfield does not object to or request revision of any portion of your draft report. The Town concurs generally with the findings and conclusions set forth in the draft report.
2. The Town agrees with Seth's point that MGM's support of the Town's mitigation fund grant requests should not be considered an admission that the Town's grant requests demonstrated impacts of the project. The Town has never made this suggestion. Indeed, the Town never even mentioned MGM's support for the any of its community mitigation fund grant applications in any communication with Civic Economics. Nor does the draft report refer in any way to whether MGM supported any of the Town's mitigation fund grant applications. The Town presumes Civic Economics learned of MGM's support of the Town's grant applications for the first time when it received MGM's letter of October 22.
3. However, it remains the Town's position that (independent and apart from MGM's support of any such grant applications), the Town provided evidence in support of each such application regarding the causal connection between the MGM Springfield facility and the impacts for which the Town sought mitigation funds. Moreover, the Town submits that the Gaming Commission's approval of these various mitigation fund applications does in fact further support your conclusions that these impacts are causally related to the MGM facility. The MGC's Community Mitigation Fund Guidelines (which may be viewed [here](#)) provide, in part as follows (page 14) [emphasis added]:

How Will the Commission Decide on Applications?

Similar to the Commission's surrounding community review process, the Commission will ask each licensee to review and comment on any requests for funding.

The Commission will evaluate the submittal by the community, any input received from the community and interested parties (such as regional planning agencies), the responses of the licensee, Commission consultant reviews, and any other sources determined by the Commission. Commission Staff may consider information from the report issued by the Lower Mystic Regional Workforce Group in its evaluation of transportation planning grants.

The Commission will evaluate any funding requests in the context of any host or surrounding community agreements. Factors used by the Commission to evaluate grant applications may include but not be limited to:

- ***A demonstration that the impact is being caused by the proposed gaming facility;***
- ***The significance of the impact to be remedied;***
- The potential for the proposed mitigation measure to address the impact;
- The feasibility and reasonableness of the proposed mitigation measure;
- A demonstration that any program to assist non-governmental entities is for a demonstrated public purpose and not for the benefit or maintenance of a private party;
- The significance of any matching funds for workforce development program activities, transportation construction project(s) or planning efforts, including but not limited to the ability to compete for state or federal workforce, transportation or other funds;
- Any demonstration of regional benefits from a mitigation award;

- A demonstration that other funds from host or surrounding community agreements are not available to fund the proposed mitigation measure;
- A demonstration that such mitigation measure is not already required to be completed by the licensee pursuant to any regulatory requirements or pursuant to any agreements between such licensee and applicant; and
- The inclusion of a detailed scope, budget, and timetable for each mitigation request.

Accordingly, the Town submits that it was required to demonstrate with respect to each and every mitigation fund application it submitted "that the impact is being caused by the [] gaming facility" and that the Commission's approval of these various applications indicates that it found the Town's submissions persuasive in this regard.

4. It is the Town's position that the draft report appropriately considered the year-one impacts to the Town and concluded that the year one net adverse impacts of the MGM Springfield project on the Town total \$965,960 in public safety costs plus \$36,990 in adverse fiscal impacts. The fact that the draft report also acknowledges the ongoing impacts that the Town will continue to experience as a result of the project does not undermine these conclusions and is simply a common sense conclusion based upon the evidence of year one impacts.

Please do not hesitate to contact me should you have any questions.

Best regards,

Jonathan M. Silverstein
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From: Stratton, Seth <SStratton@mgmspringfield.com>
Sent: Thursday, October 22, 2020 9:46 PM
To: Daniel Houston <dhouston@civiceconomics.com>
Cc: Matt Cunningham <mattc@civiceconomics.com>; Jonathan Silverstein <JSilverstein@k-plaw.com>; Delgado, Jose <jdelgado@mgmspringfield.com>
Subject: RE: West Springfield Lookback Study report

Dan –

Please see MGM Springfield's comments to the draft first year lookback study report for West Springfield.

Thank you,

Seth

Seth N. Stratton
 Vice President & Legal Counsel
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The information contained in this message and any attachments are intended for the exclusive use of the addressee(s) and may contain confidential or privileged information or communications. If you are not the intended recipient, please notify me and destroy all copies of this message and any attachments.

From: Daniel Houston <dhouston@civiceconomics.com>
Sent: Tuesday, October 06, 2020 11:46 AM
To: Stratton, Seth <SStratton@mgmspringfield.com>; Jonathan Silverstein <jsilverstein@k-plaw.com>
Cc: Matt Cunningham <mattc@civiceconomics.com>
Subject: [EXTERNAL] West Springfield Public Safety Costs

Seth and Jonathan -

Matt and I had a call on Friday with Seth and Jose at MGM to discuss the Draft Reports for the Surrounding Communities. Seth asked that we provide our underlying calculations for public safety staff costs in the West Springfield report.

As described in the Draft Report, the data we received from West Springfield did not line up cleanly around the opening date of MGM Springfield, so we converted annual numbers to monthly, then organized those figures into pre-opening, one year, and ongoing expenses, which we treated differently. That worksheet is attached and shared with MGM and the Town (via Jonathan) so that we all have the same information as you prepare comments on the draft.

We're happy to discuss things with any of you, of course, and will look forward to receiving comments later this month. Thanks. Dan and Matt

Dan Houston
Civic Economics
512.587.7964
www.CivicEconomics.com

**MGM SPRINGFIELD SURROUNDING COMMUNITY IMPACTS
ONE YEAR LOOK BACK STUDY 2020**

**DRAFT REPORT
WEST SPRINGFIELD
SEPTEMBER 21, 2020**

**PLEASE PROVIDE ANY COMMENTS AND SUPPORTING DATA BEFORE OCTOBER 23, 2020:
DAN HOUSTON, DHOUSTON@CIVICECONOMICS.COM**

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INTRODUCTION

Civic Economics is pleased to present the Town of West Springfield and MGM Springfield with this One Year Look Back Study draft report.

As provided in the Surrounding Community Agreement, this data was not shared with MGM for review prior to issuing this report; as further provided, Civic Economics shared with town officials with a preliminary data compilation requesting feedback. Mayor William Reichelt responded with additional information and data, which we have reviewed and incorporated into this document.

Delivery of this report starts the clock on a 30-day review period in which surrounding communities and MGM may review the material and provide Civic Economics with comments. That review and comment period is to be followed by another 30-day period in which Civic Economics will develop and deliver final reports for each community.

Upon delivery of those final reports, MGM and each surrounding community will begin a formal negotiation process outlined in the Surrounding Community Agreements, to be followed by an arbitration process if necessary.

The Surrounding Community Agreement specifies that MGM will provide an Annual Mitigation Payment of \$375,000. Beyond that, the Town is directed to pursue funding from the Community Mitigation Fund before pursuing additional payments from MGM Springfield.

BACKGROUND

On November 5, 2014, in the culmination of an extended selection process, the Massachusetts Gaming Commission granted MGM a license to develop a casino complex in the heart of Springfield, Massachusetts. The design submitted by MGM was intended to create a regional gaming destination with an approximate 125,000 square foot casino floor, 250 hotel rooms, 54 market rate apartments, a bowling alley and movie theater, and an outdoor park with seasonal ice skating. Development is expected to cost approximately \$800 million and require more than two years to construct and furnish.

As a part of the licensing process, MGM Springfield reached Surrounding Community Agreements with eight area municipalities, seven of which abut the City of Springfield and all of which are within Hampden County. These Agreements describe a series of studies to be undertaken over a period of several years by an independent third party. Civic Economics was retained to provide these studies for seven of these surrounding communities, including this one.

The Impact Study Series

The Surrounding Community Agreements provide the parameters for the impact study series:

1. A Baseline Study was conducted shortly after MGM Springfield received a gaming license from the State of Massachusetts. This study was designed to make a record of current conditions in eight categories.
2. This **One Year Look Back Study** commenced 15 months after the opening of the Springfield casino. It is designed to study changes in these categories that are attributable to the casino and quantify both positive and negative impacts on each participating community. It will also identify any negative impact that is both substantial and ongoing, so the parties can plan or act appropriately. Each community will work with the casino operator to determine appropriate mitigation compensation, if any.
3. A Five Year Look Back Study will largely replicate the One Year, with the parties again negotiating appropriate mitigation compensation, if any.

Data Collection and Maintenance

Each participating community was provided with ongoing access to supporting materials in the years leading up to opening. It was our hope that periodic efforts will be made to update relevant data points during that period. Unsurprisingly, with the passage of time and turnover among municipal governments, those datasets were not regularly updated in any of the participating communities. Civic Economics has thus collected the necessary data where available.

Thereafter, Civic Economics moved to collect updated data for each community and each area of potential impact defined in the Surrounding Community Agreements, with an additional exchange data and discussion with West Springfield. This Draft Report contains our initial findings, and we look forward to receiving comments and, where appropriate, additional data from all participating communities as well as MGM over the coming 30 days.

MGM Data Submission

MGM was provided with the opportunity to quantify activities by which the company believes it produces positive fiscal impacts in the surrounding communities, as envisioned in the Surrounding Community Agreements. After internal deliberations, MGM elected to provide the following for each municipality (as defined by ZIP Codes):

1. Total employment in each community
2. Total compensation and benefits to those employees

According to MGM, the casino directly employed a total of 167 West Springfield residents over the first twelve months of operations, and they were paid nearly \$5 million in wages and benefits during that time.

MGM SPRINGFIELD SURROUNDING COMMUNITIES, FIRST YEAR LOOK BACK STUDY EMPLOYMENT, WAGES, AND BENEFITS IN FIRST 12 MONTHS OF OPERATION

Municipality	Zip Codes	Total # Employees	Total Wages	Total ER Benefits Contrib	Total EE Benefits Contrib
Agawam	01001, 01030	138	\$ 3,827,054.18	\$ 288,198.52	\$ 65,058.09
Chicopee	01013, 01014, 01020, 01021, 01022	293	\$ 6,732,222.26	\$ 698,408.75	\$ 156,146.66
East Longmeadow	01028,	74	\$ 3,235,519.97	\$ 306,517.76	\$ 90,638.52
Holyoke	01040, 01041	158	\$ 3,788,355.66	\$ 308,110.76	\$ 70,580.06
Longmeadow	01106, 01116	69	\$ 6,324,227.33	\$ 501,146.11	\$ 161,092.96
Ludlow	01056,	64	\$ 1,745,761.87	\$ 110,980.17	\$ 26,969.63
West Springfield	01089, 01090	167	\$ 4,391,285.33	\$ 438,424.31	\$ 101,390.34
Wilbraham	01095,	35	\$ 2,829,214.42	\$ 192,669.85	\$ 70,742.88

Source: MGM Springfield

Note on Construction Impacts

West Springfield's agreement with MGM Springfield includes consideration of the adverse impact construction activities may have created. Our expectation is that most impacts of construction will be related to the transportation study conducted by a separate firm. Construction of MGM Springfield and other infrastructure in the area may also have impacted West Springfield through the temporary residence of construction-related employees; that question is discussed below in the context of both room taxes and public safety.

Net Impact on Existing Commercial/Retail Activity, Including Tourism and Community Business Development

Casino gaming expenditures are largely drawn from discretionary household spending budgets within the casino market area, so we do anticipate that other discretionary spending activities will absorb some losses as a result of a new casino. However, only one year into the existence of MGM Springfield, we expected that any impact on commercial and retail activity in West Springfield will be hard to spot in public data.

Changes in retail activity, for example, will eventually manifest in commercial property values. As discussed more extensively below, tax assessments are a lagging indicator of actual changes in property values. Moreover, commercial leasing occupancy and costs are also slow to incorporate modest changes in sales. Because Massachusetts does not report retail sales tax collections by municipality, we can only speculate for now as to how local retail sales may have been impacted by (1) diversion of local spending to gaming or (2) increased local spending by MGM employees.

We do, however, anticipate that the five-year look back study, four years from now, might find more evidence of the movement in discretionary spending around the region. MGM Springfield offers not just gaming and bars and restaurants, but a bowling alley and movie theater, as well. We will not be surprised to find, given a longer study period, the displacement of spending from surrounding towns to MGM has produced quantifiable losses in some communities.

Dining: Meals Tax Revenue

MGM Springfield offers a range of dining opportunities, and residents of the area may well have found them particularly attractive in the first year of operation. Consequently, we might anticipate that restaurant revenues in surrounding communities would see a modest decrease. Because West Springfield collects a local meals tax, the data to analyze those changes is available.

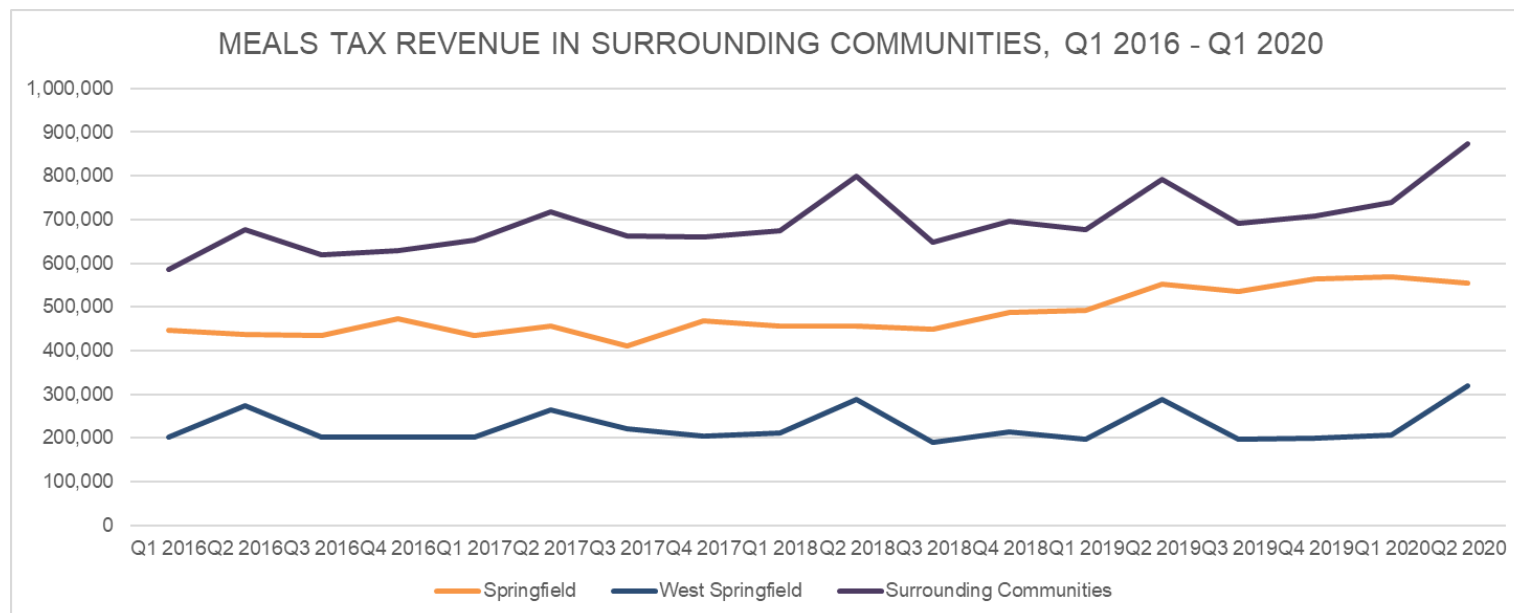
West Springfield saw gains of 1.7% and 1.6% in 2017 and 2018 from meal taxes. This turned into a 2.5% loss in 2019 as MGM Springfield opened. Moreover, this loss is contrasted to a gain of 3.8% across all surrounding communities in the study.

If we attribute all of this decline to the opening of MGM Springfield, the actual lost revenue can be estimated. If the average growth rate from 2017 and 2018 was applied to 2019 it would have yielded \$921,333 in meals tax revenue, **\$36,990** more than its actual collection of \$884,343. Given the proximity of West Springfield to the casino, we are inclined to make that attribution.

WEST SPRINGFIELD MEALS TAX

Year	Amount	Pct Change
2016	\$ 877,881	
2017	\$ 892,545	1.7%
2018	\$ 906,615	1.6%
2019	\$ 884,343	-2.5%

SOURCE: Massachusetts Department of Revenue



Tourism: Rooms Tax Revenue

Civic Economics has applied a similar methodology to reviewing changes in the hotel market in West Springfield.

The hotel market in the core of the region (Springfield and West Springfield) has been on a bit of a roller coaster in recent years. 2018 saw substantial declines in Springfield and comparable gains in West Springfield. That then reversed in 2019 with the opening of MGM Springfield.

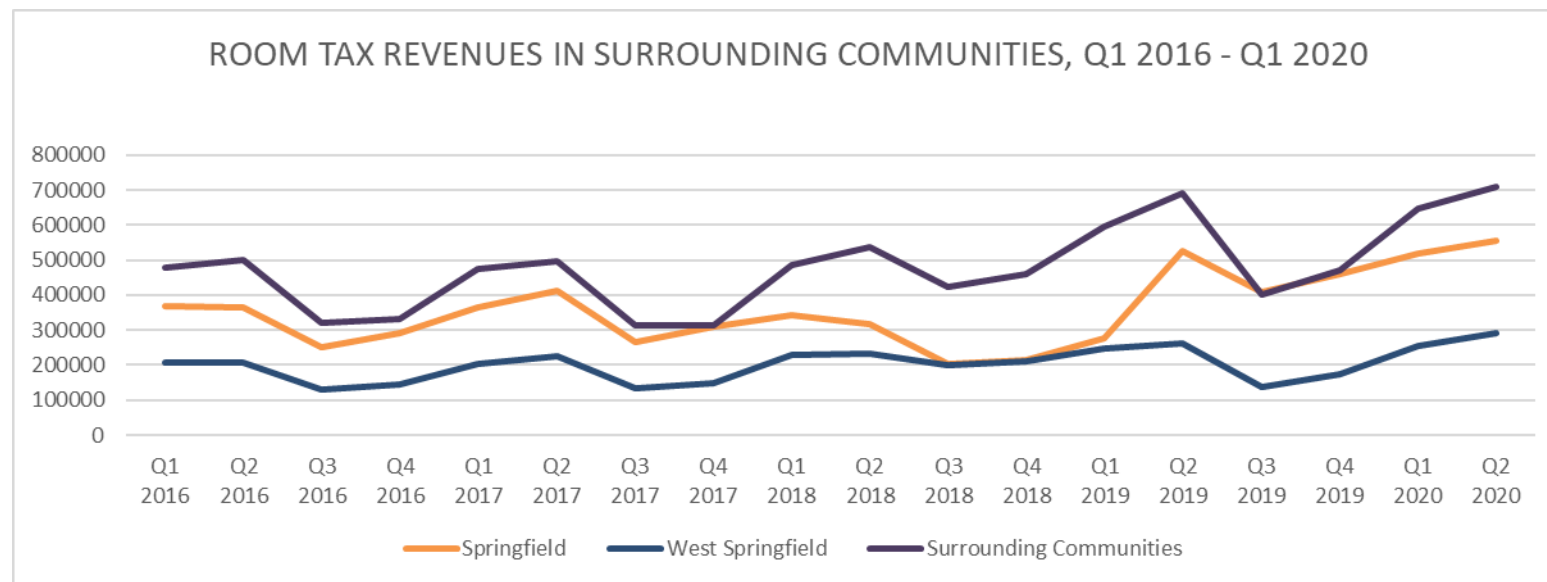
We would speculate that construction at MGM and I-91 played a role in the 2018 shift in hotel business to West Springfield, and that the opening of MGM Springfield and other Springfield lodging in 2019 reversed the trend swiftly, even as the new attraction added to total room revenue in the region.

It is worth noting that West Springfield's Surrounding Community Agreement instructs us to consider only adverse impacts of construction at MGM, so increased revenue in the strong lodging year of 2018 is beyond the scope of this study. We are left, then, with the question of 2019, which captures the period under review here. Because West Springfield appears to have regained its regional market share after the opening, and because that regional market has grown over that period, we do not identify any quantifiable losses to West Springfield.

ROOMS TAX TRENDS, 2016-2019

Year	West Springfield		Springfield	
	Revenue	% Change	Revenue	% Change
2016	684,812		1,276,055	
2017	707,396	3.3%	1,352,634	6.0%
2018	869,839	23.0%	1,080,830	-20.1%
2019	822,434	-5.4%	1,672,362	54.7%

SOURCE: Massachusetts Department of Revenue



IMPACTS TO COMMUNITY FROM TRAFFIC LEVELS

A separate study by a specialist engineering firm is handling transportation and traffic matters. Our interest in this area of impact is limited to public safety costs incurred in addressing traffic issues associated with the casino.

The Town did provide Civic Economics with a short list of transportation and public safety projects that the Massachusetts Gaming Commission funded in anticipation of casino related traffic changes. Transportation related grants covered design and implementation of changes to Memorial Avenue, Elm Street, and Park Street. An additional small grant funded a feasibility study for a police facility related to these transportation issues.

Representatives of the Town have argued to Civic Economics that these grants effectively recognize that traffic increases at these locations are at least in part driven by the MGM Springfield facility, and that additional costs the Town has incurred should thus be compensated.

TRANSPORTATION PROJECTS APPROVED FOR FUNDING BY MGC		
PROJECT	MGC + MGM FUNDING	UNREIMBURSED TOWN COSTS
Memorial/Union	\$912,500	\$202,080
Elm	\$150,000	\$49,996
Route 20	\$200,000	\$24,785
Complete Streets Route 20	\$1,000,000	\$2,161,000
<i>Totals</i>	<i>\$2,262,500</i>	<i>\$2,437,861</i>

Civic Economics will defer to the separate transportation study associated with this Surrounding Community Agreement as to the reimbursement of these expenses and the impact that project completion will have on traffic issues in West Springfield. However, we do note that these grants from MGC and MGM indicate an understanding that the projects would be necessitated by increased traffic related to MGM Springfield. If that traffic results in increased public safety costs, the Town argues that those costs (both already expended and ongoing), should also be treated as adverse impacts from the casino. We accept that premise, and further analyze the Town's supporting documentation under the heading of *Crime Rates and Public Safety* below.

UTILITY INFRASTRUCTURE DIRECTLY RELATED TO THE PROJECT

During the preparation of the Baseline Study in 2015, Civic Economics met with local officials involved in utility services to consider ways in which MGM Springfield might conceivably impact utility infrastructure in a negative way in West Springfield.

Concerns related to utilities deal with the availability and pricing of water and wastewater services. These services are currently purchased jointly through the City of Springfield. If the casino brought them closer to or beyond processing capacity, the fear was that costs would rise and be passed along to the surrounding communities. The Baseline Study advised that municipal officials would do well to monitor any areas of concern related to utilities and to consult with MGM Springfield in order to consider issues of causation and mitigation before costs and disruptions rise.

In our recent meetings with surrounding communities in anticipation of this study, no community cited increased water utility costs directly related to MGM Springfield.

CRIME RATES AND PUBLIC SAFETY

The fear that crime associated with the MGM Springfield casino will spill over into the surrounding communities is common to all seven communities to some degree. The benefit of a look back study is that this can be measured over time and the changes can be analyzed without excessive speculation.

Crime Rates

The Massachusetts Gaming Commission retained the services of Christopher Bruce to track changes in criminal activity in host cities and surrounding communities for all Massachusetts casinos. The Bruce report, made available to us in March, covers the first year of operation at MGM Springfield.

Mr. Bruce finds no consistent pattern of increased crime in West Springfield that he attributes to the presence of MGM Springfield. He does, however, identify two related public safety concerns: suspicious activity calls related to panhandling and increased auto crashes, both of which may be attributable to the presence of MGM Springfield. The maps below illustrate the geographic locations of these increases.

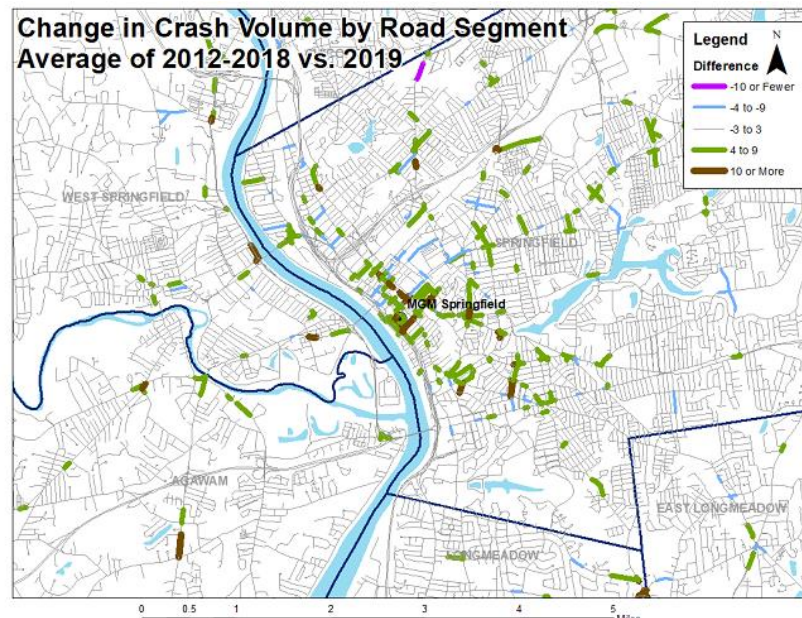


Figure 7: Analysis of changes in crashes by road segment shows a definite MGM influence in Springfield and on feeder roads from other communities.

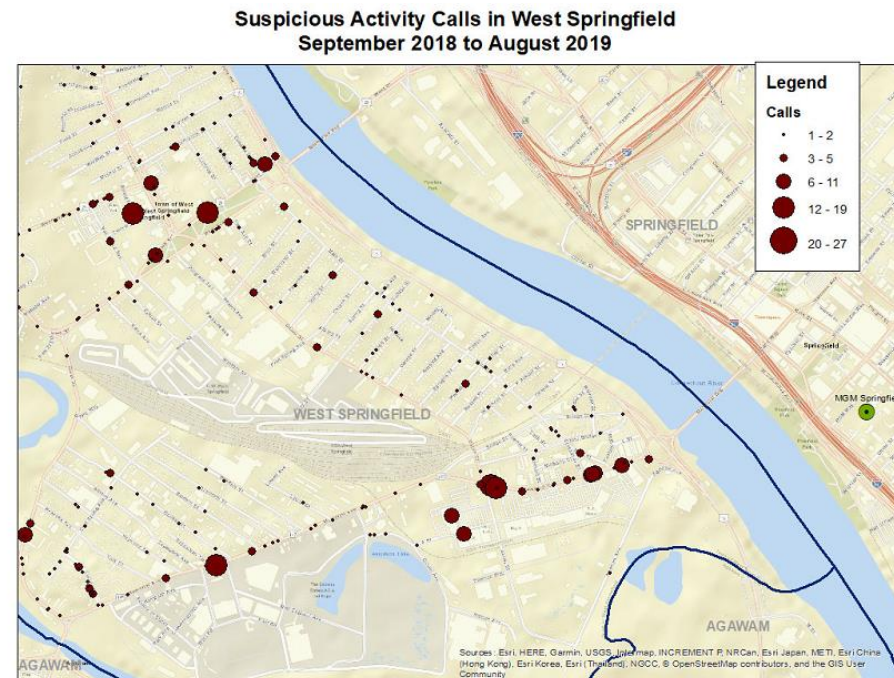


Figure 13: "Suspicious Activity" calls for 2018-2019 show an increase at locations just over the bridges from MGM Springfield.

We will leave to the transportation study the issue of infrastructure costs associated with these issues. From a public safety perspective, though, these increases may create costs for West Springfield in two ways:

1. Discrete expenditures intended to reduce the incidence of either of these issues, particularly in locations most associated with casino traffic. If such expenditures have been made and can be accounted for, we will incorporate them into this study.
2. “Substantial and ongoing” impacts the Town faces in dealing with suspicious activity and crashes in locations associated with casino traffic are another matter. The job of Civic Economics in that case is to note these costs and leave it to the Town and MGM to resolve in determining the Net Adverse Impact Amount.

Public Safety Expenditures

The 2015 baseline study contained budget figures related to police, fire, and ambulance services. Civic Economics has reviewed more recent municipal budgets for West Springfield and cannot replicate the combinations of line items the town used in compiling that material.

We have reviewed the five-year trend figures provided in the 2019 town budget for police and fire:

From the 2017 West Springfield Budget, POLICE:



From the 2019 West Springfield Budget, FIRE:



Civic Economics presented this data to the Town of West Springfield in August, requesting that the Town provide any further information that might help us evaluate public safety costs relevant to this study. The following pages address their submission in response to that request.

Public Safety Costs in West Springfield: Incurred and Ongoing

The Town of West Springfield has provided Civic Economics with documentation to support the claim that the Town has incurred substantial expenses in addressing public safety concerns related to the operation of MGM Springfield and that the Town will continue to incur these costs in the coming years.

Increases in traffic and related public service calls in West Springfield were inevitable with the opening of MGM Springfield, and they are clearly documented in publicly available data. In anticipation of these increases, the Town undertook staffing upgrades including:

- Eight firefighter/EMT positions, increasing staffing to 56 (+ 16.7%)
- Four police patrol positions, increasing staffing to 64 (+6.7%)
- Four police dispatcher positions, increasing staffing to 9 (+80%)

The Town timed this increase in staffing for spring 2018, in advance of the opening of MGM Springfield. The eight firefighter/EMS positions enabled the Town to operate a third ambulance.

To help support this expansion, the Town was able to secure a SAFER Grant from the Federal Emergency Management Agency. This grant paid 75% of the cost of the positions in 2018 and 2019 and 30% in 2020. The Town also applied to the Massachusetts Gaming Commission for a one-time Specific Impact Grant of \$200,000, which was granted for fiscal year 2021.

The Town provided documentation of these costs and offsets, but the data provided (a) mixed figures for calendar and fiscal years and (b) did not correlate directly with the time period specified in the Surrounding Community Agreement. Thus, Civic Economics created a month-by-month analysis to re-allocate costs and offsets to produce fiscal year totals for 2018-2024, focusing on the portions of those years before or after the August anniversary of MGM Springfield.

TOWN OF WEST SPRINGFIELD: PUBLIC SAFETY HIRING AND COSTS, 2018-2014							
	Firefighters/EMS		Police Patrolmen		Police Dispatchers		Total Costs
	Hires	Cost	Hires	Cost	Hires	Cost	
FY 2018	8	\$ 275,277	4	\$ 128,473	4	\$ 86,813	\$ 490,564
FY 2019	8	660,666	4	308,336	4	208,351	1,177,353
FY 2020	8	660,666	4	308,336	4	208,351	1,177,353
FY 2021	8	660,666	4	308,336	4	208,351	1,177,353
FY 2022	8	660,666	4	308,336	4	208,351	1,177,353
FY 2023	8	660,666	4	308,336	4	208,351	1,177,353
FY 2024	8	110,111	4	51,389	4	34,725	196,226

NOTES: Town FY is July 1 to June 30; for this analysis, the figures include the time period of Feb 2018 through July 2023. This includes the initial hiring and begin of the SAFER Grant through the 5 year opening of the MGM facility.

SOURCES: Town of West Springfield

The Town also provided data for call volume in FY 2017 and 2020, demonstrating the expected increase in activity since the opening of MGM Springfield. However, the increase in staffing for dispatch positions and, to a lesser extent firefighter/EMS positions, substantially outstrips the increase in call volume the Town has actually experienced since the opening.

WEST SPRINGFIELD: HIRING INCREASES VS. CALL INCREASES, 2017-2020						
Staffing	FY 2017	FY 2020	Increases in		Proportionate	
			Hiring	Calls	Hiring	Difference
Firefighters/EMS	48	56	16.7%	6.1%	2.9	5.1
Patrolmen	60	64	6.7%	7.0%	4.2	-0.2
Dispatchers	5	9	80.0%	7.0%	0.4	3.6

Civic Economics evaluated these expenses for two separate time periods: (a) expenses incurred leading up to and during the first year after opening MGM Springfield and (b) substantial ongoing expenses the Town will incur before the five-year look back study occurs. Of course, these expenses must be directly related to adverse impacts from the operation of MGM Springfield.

Year One Costs: As to expenses incurred leading into and through the first year of operation, it appears to Civic Economics that the Town took reasonable precautions in staffing up specific public safety positions in advance of the opening. The Town overshot the mark, but far better to over-prepare than to find a public safety system overwhelmed in the first year of a new reality. Importantly, with West Springfield providing essential access to the MGM site, it is in MGM's interest, too, that West Springfield was well prepared for anticipated increases in traffic and calls. And finally, the Town did all MGM might ask in seeking and securing external funds, not just from the MGC but from the federal government, as well.

With that in mind, then, Civic Economics believes that the Town's spending over and above grant funding represents the sort of adverse impact contemplated in the Surrounding Community Agreement. For fiscal years 2018 and 2019, that spending totals \$965,960.

Ongoing Costs: As demonstrated above, the Town of West Springfield entered the casino era with enhanced staffing that exceeded the demand increases actually experienced. The increase in patrolmen positions is close to the actual increase in calls. However, enhanced staffing for firefighter/EMS and dispatcher positions substantially overshot the mark if the sole purpose of the staffing was to meet the increased demand spurred by MGM Springfield. After the first year of operations, our analysis suggests that increased call activity accounts for roughly half of the total cost of enhanced staffing. The table below calculates actual costs, grant offsets, and the proportion of remaining costs that should be allocated to MGM.

Civic Economics believes the Town will experience substantial and ongoing costs for public service staffing that can be attributed to operations at MGM Springfield. Based on the limited data provided for this analysis, Civic Economics believes these costs will exceed \$2 million through the fifth year of casino operation.

WEST SPRINGFIELD: ANNUAL PUBLIC SAFETY COSTS, OFFSETS, AND ADVERSE IMPACT							
Fiscal Year	Enhanced	SAFER GRANT		MGC Grant	Town Costs	MGM	Adverse
		Covered	Grant			Allocation	
FY 2018	\$ 490,564	75%	\$ 206,458		\$ 284,106	100.0%	\$ 284,106
FY 2019	1,177,353	75%	495,499		681,854	100.0%	681,854
FY 2020	1,177,353	56%	371,625		805,729	53.9%	429,187
FY 2021	1,177,353	18%	115,617	\$ 200,000	861,737	49.7%	428,466
FY 2022	1,177,353	0%	0		1,177,353	49.7%	585,394
FY 2023	1,177,353	0%	0		1,177,353	49.7%	585,394
FY 2024	196,226	0%	0		196,226	49.7%	97,566

SOURCES: Town of West Springfield

REAL ESTATE VALUES

Assessed property values in any class of real estate are a slow-moving indicator. Market trends take time to be incorporated into the assessment process and for re-valuations to reach sufficient properties. As anticipated, then, West Springfield appraised property values for residential as well as commercial and industrial properties show no impact from the opening of MGM Springfield.

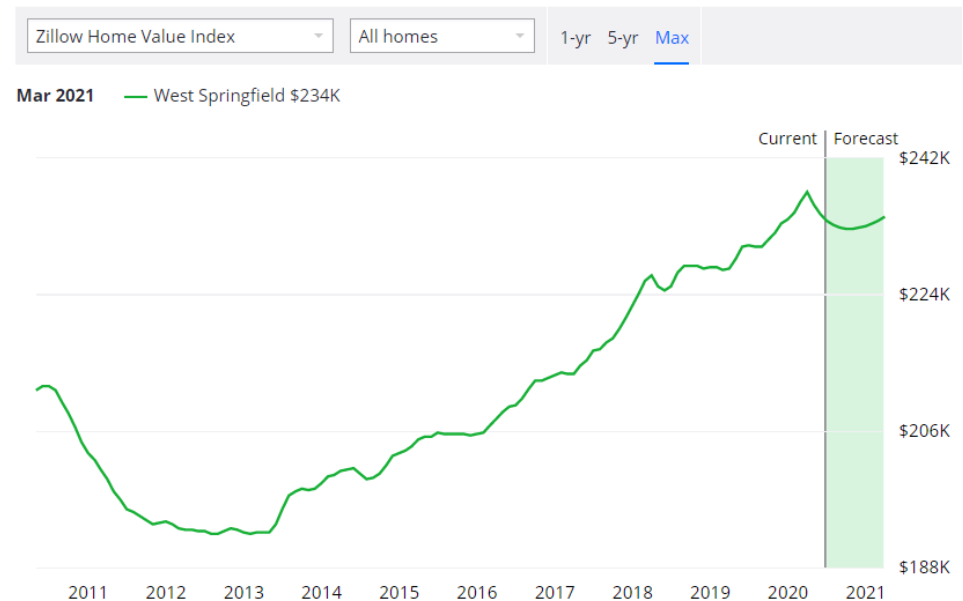
WEST SPRINGFIELD PROPERTY VALUATION BY CLASS, 2016-2020

	2016	2017	2018	2019	2020
Residential	1,894,893,975	1,932,608,852	1,938,164,552	1,943,233,752	1,957,554,952
Commercial	521,476,947	519,488,647	547,272,407	556,849,867	563,693,727
Industrial	142,600,800	147,506,300	147,710,800	150,202,200	152,489,200
	\$ 2,558,971,722	\$ 2,599,603,799	\$ 2,633,147,759	\$ 2,650,285,819	\$ 2,673,737,879

SOURCE: Massachusetts Department of Revenue

For residential real estate, a more responsive measure of change is actual sales prices. In a market as small as West Springfield, averages fluctuate widely depending on the number and type of residences on the market at any moment in time, so Civic Economics often looks to Zillow for market analyses that adjust the data to identify real trends. The Zillow Home Value Index for West Springfield shows steady increases throughout the study period. Its Rental Value Index shows a similar trend¹. Zillow's forecast for 2021 is, of course, not relevant to this discussion.

We see no reason to believe that MGM Springfield has created any negative impacts in residential real estate values in West Springfield.



¹ <https://www.zillow.com/west-springfield-ma/home-values/>

PUBLIC EDUCATION

The potential effects of MGM Springfield on public education are almost entirely related to additional costs. The belief is that additional employment will bring additional families and children to the surrounding communities and increase enrollment, along with associated costs, at area schools. As part of the baseline study we have school budget data, along with enrollment and costs per student data.

MGM reports that they have directly employed 167 residents of West Springfield, and those residents earned nearly \$5 million in wages and retirement contributions over the first year of operations. That would indicate that, at most, 167 households include an MGM employee. We might also surmise that few of those households relocated into the West Springfield district as a result of that employment.

With total enrollment of 4,113 in the year prior to the opening of MGM Springfield, it would appear that the casino could only have produced minimal changes in enrollment.

Town of West Springfield officials have, in past discussions with Civic Economics, raised the issue of special education students, each of whom bring substantial costs to the district. The theory then was that even one or two new families with such students might create significant financial burdens in the district. However, after extensive reflection, Civic Economics will not seek to identify such families and associated costs. There is no reason to believe that MGM employees would be disproportionately represented among those families, and any attempt to quantify costs would present serious privacy challenges.

So, without further input from local officials, Civic Economics cannot now identify any substantial adverse impacts to public education associated with MGM Springfield. Local officials are, of course, invited to provide additional data for consideration.

West Springfield Schools Enrollment as of October 2018

PK	116
K	302
Gr.1	289
Gr.2	321
Gr.3	310
Gr.4	330
Gr.5	311
Gr.6	305
Gr.7	293
Gr.8	321
Gr.9	320
Gr.10	301
Gr.11	296
Gr.12	282
Total	4,113

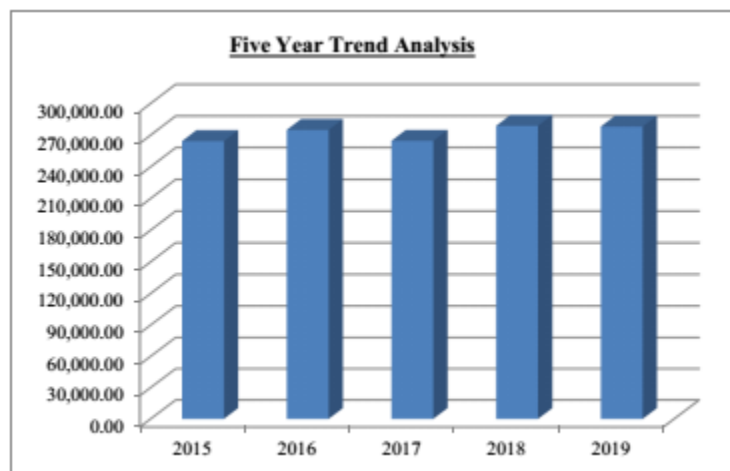
Source: Mass Department of ESE

PUBLIC HEALTH

Public health concerns for the opening of MGM Springfield cross a number of areas depending on the community and its proximity to the actual casino. The general concern is the effect that gambling losses will have on two broad groups may bear impacts they cannot afford: the poor and elderly. As this study series is designed, it looks only at the impacts that these factors have upon actual city finances. That presents a challenge to all participating communities. If, indeed, residents are experiencing public health problems related to gambling, such challenges will only qualify for adverse impact mitigation when municipal budgets have responded with increased spending.

In the 2015 Baseline Study, the Town of West Springfield provided a variety of budget items for the Health Department and the Council on Aging. To provide an update to those numbers, Civic Economics reviewed the 2019 municipal budget, which provides the following annual budget summary charts:

Health Department:



Council on Aging:



Given the challenge of (1) associating public health expenditures with the arrival of casino gaming and (2) demonstrating an impact on municipal finances, we do not see in these trends that qualifying substantial adverse impacts can yet be quantified. Again, we might anticipate that the five-year look back study will be able to identify those impacts and propose mitigation after the town has responded to any challenges.

Should the town wish to provide further data to support claims of adverse impact in the one-year period of this study, we will be happy to review that.

EXTRAORDINARY MUNICIPAL ADMINISTRATIVE BURDENS

In our in person meeting with stakeholders in the Town of West Springfield, we asked that local officials consider any potential administrative burdens they may have faced since the opening of MGM Springfield (and, in the case of West Springfield, as a result of casino construction activity). We again invite your thoughts and accounting of any such burdens that might be considered as part of this study.

MGM SPRINGFIELD POSITIVE IMPACTS IN WEST SPRINGFIELD

This study is designed to provide the parties with the ability to quantify a Net Adverse Impact Amount for the first year of operations. The sections above have explored ways in which those adverse impacts might occur. But, MGM produces positive impacts in West Springfield, as well, that are to be included in considering impact amounts.

First and most directly, MGM is contractually obligated to provide an Annual Mitigation Payment of \$375,000 to West Springfield, and the Surrounding Community Agreement specifically counts that amount in satisfaction of any adverse impacts found in this study. The Town has also received grants, described above, from the Massachusetts Gaming Commission and Federal Emergency Management Agency, to offset increased public safety costs arguably attributable to the casino. MGC also provided transportation planning grants to the Town for casino-related planning efforts.

In addition, the Study Scope document outlines a number of ways in which MGM's positive impacts in West Springfield may be recognized. Where relevant, each of these impacts has been considered in the impact categories covered above.

MGM did provide employment and wage figures for each of the participating communities.

In the first year of operation, MGM reports directly employing 167 residents of West Springfield. Those employees collectively earned \$4.39 million in wages, and the company contributed a further \$438,000 in retirement savings matching amounts. While those job opportunities are undoubtedly a blessing to employees and families and a benefit to their community, we believe the total wages are too small to make a measurable change in municipal revenues of West Springfield.

CONCLUSION

This study focuses on two periods of time with regard to West Springfield:

1. Adverse impacts related to the construction of MGM Springfield, and
2. Adverse and positive impacts of the operation of MGM Springfield during its first year.

Civic Economics has compiled and reviewed a wide range of data to identify adverse impacts in West Springfield during those periods.

Based on the data available to support this analysis, Civic Economics can make the following findings regarding adverse fiscal impacts in West Springfield:

1. The opening of MGM Springfield introduced a number of dining options in close proximity to West Springfield. Based on a review of meals tax revenues over a period of five years, Civic Economics finds that the Town has likely incurred adverse fiscal impacts of **\$36,990**.
2. The Town incurred substantial costs in increased staffing costs for public safety in the lead up to the opening of MGM Springfield and during the first year of operations. While these increases appear to have overestimated casino-driven demand, they were reasonable at the time and based on projections for visitation that MGM has not met. For that period, we believe the Town incurred costs of **\$965,960** and that those costs should be treated as adverse fiscal impacts under the terms of the Surrounding Community Agreement.
3. The Town is now incurring substantial and ongoing costs in maintaining that increased staffing. After a full year of operations at MGM Springfield, though, it is clear that only a portion of those costs are truly attributable to casino traffic. With adjustments for external grant funding the Town has secured, we believe the Town has documented more than **\$2 million** in ongoing public safety costs that constitute adverse impacts under the terms of the Surrounding Community Agreement.
4. We find no quantifiable adverse impacts as defined in the Surrounding Community Agreement in other categories.

Civic Economics does not here attempt to recommend a specific payment amount because a separate transportation analysis may quantify additional adverse impacts. MGM Springfield provides West Springfield with an Annual Mitigation Payment of \$375,000 which is intended to offset any identified adverse impacts prior to calculating any additional payments due.

This report is the Draft Report as described in the Surrounding Community Agreement. With its delivery on September 21, 2020, the parties have a 30-day window to provide comments that Civic Economics will review and incorporate into a Final Report. Please provide any comments and data to:

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