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Planning for a Possible Casino Palmer Peer-to-Peer Review

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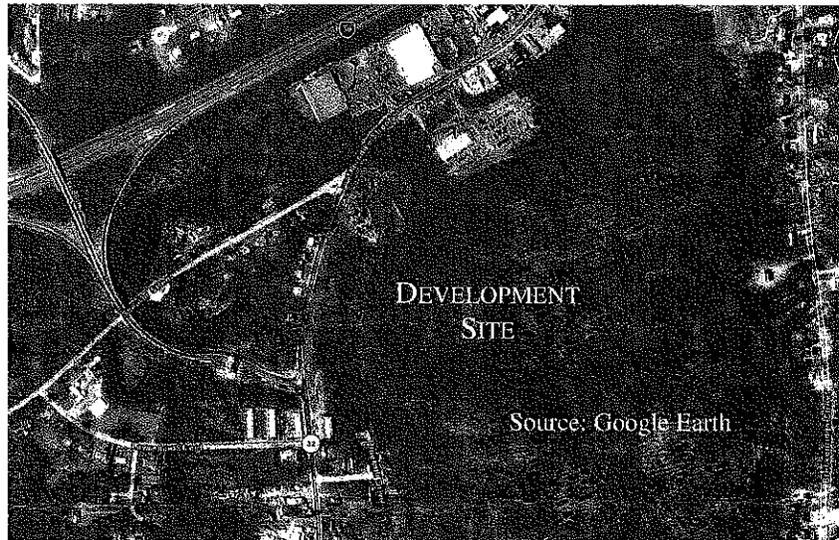
Introduction

Palmer is examining the options for the development of what is probably the most valuable development parcel in town. This property is a possible site for a casino, should Massachusetts legalize casino gambling, or some other type of large scale development. The town is trying to quantify the positive and negative effects of the use of this site as a casino before taking any position as to whether this use would be a net community asset or a net community liability.

This parcel is in a prime location directly opposite the I-90 (Mass. Pike) Palmer exit. Northeast Realty Associates has site control of the parcel and has been working in conjunction with the Mohegan Sun to consider the potential of the site for a casino.

Well before the site was discussed as a possible casino location, it was identified as the town's most critical development opportunity.

The parcel is a large track of developable land with excellent interstate access and within easy driving of the major population centers in New England.



5,000 plus jobs, direct taxes, and a powerful economic engine all make a casino seem beneficial to any community. Gambling (or gaming, as the industry likes to be known) built and maintains the successful economies of Las Vegas and Macau and other communities. Other communities, however, such as Atlantic City, have found the economic and social spin off from gaming to be very different than originally anticipated, and not always positive. The challenge is to understand how a casino, or any other large scale retail project, will affect Palmer, not how similar projects have affected other communities.

The economic, municipal fiscal, social, and community impacts of such a redevelopment, whether for casino gambling or for other large scale redevelopment, will reshape Palmer as a community. The town wants to understand these impacts early in the process. This report presents a possible approach to collecting this data objectively.

With the legislature voting down casino gambling in Massachusetts for the 2008 legislative session, the process is not going to move quickly. Casino gambling, however, is going to be considered by the legislature again and possibly by the voters of the Commonwealth.

If the property ultimately is developed for some type of non-casino redevelopment, the impacts are not nearly as far reaching on the Town of Palmer, but they are still significant and still require careful analysis.

Recommended Planning Approach

If the necessary data is to be credible and useful, it must be as objective and non-biased as the science allows. The town, or other unbiased third parties, must be the paying client and the coordinator for all significant studies used to inform the Town Manager, Town Council, Planning Board, and Palmer voters. It is simply not realistic to imagine that a potential casino interest or any private party with a financial interest in the property could coordinate a planning process that would be seen by community members as being objective and non-biased.

Impact studies have become increasingly routine in planning for large projects. Many western Massachusetts communities use them for larger projects. Both Greenfield and Northampton, for example, require impact assessments for larger retail projects, and both communities have done assessments in the past. For example, Greenfield commissioned a study for a proposed new Wal*Mart and Northampton required a study for a medical rezoning proposal. The scale of a possible casino project in Palmer, however, dwarf most western Massachusetts projects and requires much more detailed assessments.

A few simple guidelines should be followed in this process:

1. **All studies must be objective and non-biased:**
 - A. **The Town of Palmer should contract for planning studies analyzing impacts of the proposed project.**
 - B. **The Town of Palmer should contract for independent reviews of casino project proponents' assessments.**
 - C. **Casino proponents should have no involvement with shaping, reviewing, contracting or otherwise influencing such town studies.**
 - D. **Consultants must not hold any current contracts with the project proponent and must disclose any past dealings with the project proponents and their affiliates.**

2. **Although multiple studies are required, the most effective approach for all economic, social, and demographic studies is for the town to contract with a single vendor.** That vendor will provide subcontractors as appropriate, but will be able to

integrate all of the work into a single comprehensive study and provide a coherent presentation to the Palmer community and stakeholders. Traffic analysis could be integrated into the process or could remain a separate study.

3. **Although this assessment may help put together a request for proposals, any final RFP must be broad enough to allow a consultant to provide a proposal for how they will provide sufficient data and understanding to the problem.** It would not be productive for the town to specify methodology or exact approach. First, the costs and expertise of putting together a detailed scope would be daunting. Second, many qualified bidders would not want to go to the trouble of responding to a detailed scope that might not represent their approach to the problem. Finally, a detailed scope would undermine the town's flexibility in selecting a consultant with the right approach for the town.
4. **A consultant cannot be chosen on the basis of the lowest bid.** It is critical that the consultant be the one with the best expertise, experience, and least bias. Two basic approaches are available to the town:
 - A. One approach is to accept bid packages with separate envelopes for the approach to the work and for price, using the Commonwealth's designer selection process. This allows the town to select the consultant with the best approach and then, based on the consultant's price proposal, negotiate a price.
 - B. The second approach is to announce a "do-not-exceed" maximum bid price and in essence judge consultants completely on their approach and completeness. Most consultants will bid the maximum price.
5. **The casino proponents should be asked to fund all necessary studies.** Because the Town cannot approve any casino or other development proposals without such data, it is reasonable to ask the project proponents to fund such studies. Funding studies agreed upon early in the process does not influence the outcome of the studies assuming funding comes with no oversight role.
6. **If desired by the casino proponents, studies could theoretically be separated into 1) those studies necessary for the town to agree to allow a casino; and 2) studies necessary to work out final details of any necessary permits and the host agreement.** This is not as good an option for the town, but it is understandable why the project proponents would want this approach. While project proponents must surely assume that they will fund millions in project mitigation, they will be understandably cautious about funding Palmer's due diligence efforts, knowing that such funding is all money at risk and there can be no guarantee that the town will ultimately approve the project. Separating the studies into two phases minimizes the risks to the project proponent while protecting the town and assuring them that all studies ultimately will be performed. Traffic impacts, for example, can be addressed with enough mitigation funding and in theory could be second phase studies. Community members, however, would most likely be reluctant to support a casino without knowing exactly what mitigation will be provided.

7. **Prior to contracting for significant outside studies, the Town should negotiate a binding agreement whereby the project proponent funds all necessary studies.**
8. **Prior to any public decision or vote, significant public participation should ensure that the public understands the issues and has a chance to raise their concerns.**
9. **Prior to any public decision or vote on a casino, the Town should negotiate a Host Agreement or Development Agreement with the project proponent.** Voters have an obligation to understand the issues prior to any vote. If studies are divided into a two phases (as discussed in item 6 above), any Host Agreement or Development Agreement needs to have a reopener to ensure that the Town Manager and Town Council are satisfied that all impacts ultimately identified from the final impact assessment studies are mitigated to their satisfaction before the project proceeds. The project proponent will protections to ensure good faith on the part of the town and avoid a totally blank check, but must understand that this is the risk they take if all studies are not funded up front.

Recommended Planning and Economic Impact Studies

Studies are identified based on broad categories. In actually commissioning this work, Palmer could commission different studies from different vendors or hire a single vendor who can provide, probably with appropriate subcontractors, all of the studies integrated into a single comprehensive study. The latter approach will be far more effective.

These studies, collectively, will be expensive, but absolutely critical for the town to even begin quantifying all of the impacts. No detailed price estimating was done as part of this assessment, but the total consulting costs are likely to be in the low six figures.

1. **Municipal Fiscal Impact Analysis (FIA):** FIA, which is more detailed than the related Cost of Community Services studies, looks at the direct impact on municipal government financing. These studies, while extremely useful to understand municipal government costs, only look at the direct impacts on municipal finances, not the indirect impacts that, over time, are equally important. Study components include analysis of municipal revenues and costs, such as:
 - A. Casino host fees
 - B. Property, room tax, and excise tax revenue
 - C. User fees, including water, sewer, and inspections
 - D. State aid (especially to education)
 - E. Municipal operational costs, especially emergency services, roads, schools, and social services
 - F. Municipal capital costs, especially schools and roads.
2. **Economic and Community Impact Study:** These studies can look at more community (or regional) impacts than a fiscal impact assessment. The studies typically consider such things as:

- A. Total economic impact on downtown. In the case of Palmer, this would probably include all of the village centers.
 - B. Total economic impact on residents, including future employment and wages. Clearly a casino would generate jobs, but information is needed about the nature and wages from these jobs and who is likely to get them.
 - C. Impacts on schools, community infrastructure, and public services.
3. **Demographic Analysis:** A demographic analysis is unlikely to be a free standing study, since it is an important component of any impact assessment. Any request for proposals, however, should ask a consultant to include such a study. The analysis should include:
- A. Quantify existing trends and make no-build projections,.
 - B. Based on experience in similar development projects elsewhere, projections of population growth, including education level, income level, school aged children, social and public service consumption, etc.
4. **Social Impact Assessment (SIA):** SIA has been used for many years to assess international development projects and domestic philanthropic investments. It is increasingly being used in the private sector and taught at business schools as part of a focus on the “double bottom line,” investments that provide returns both for investors and for the community. SIA should be a key part of any community impact assessment and include:
- A. Understanding of gaming’s effect on the population and social impacts.
 - B. Understand both positive and negative impacts on social health and stability of Palmer and the area as a result of casino development.
5. **Traffic Analysis:** This is probably the easiest and most traditional of the required studies. As part of the Massachusetts Environmental Policy Act, the project proponent will be required to perform a detailed traffic assessment. The town may not need to contract for its own full study, but needs an independent assessment that the project proponent’s figures are accurate and to represent the town during the permitting process. If the project proponent, however, is not prepared to prepare these studies until after a town vote on the project, it might be beneficial for the town to prepare their own full assessment.
6. **Community Participation Facilitation:** A proposed Palmer casino will most likely generate very strong community feelings, both pro and con. An outside facilitator with no financial or other interest in the process should be engaged to coordinate a community workshops and engage the community in the decision making process.
7. **Host Agreement or Development Agreement:** The issues involved in negotiating a host or development agreement are complex enough, and the required mitigation large enough, that the town must ensure that they are well represented in the process. Outside legal counsel with extensive skills in this area as well as representation from the consultants performing the fiscal and economic impact assessments are both critical.

8. **Massachusetts Environmental Policy Act Analysis:** The MEPA process is the primary state permitting process. The town of Palmer should have a consultant to represent its interests in this process.

Recommended Next Steps

With the Legislature’s recent (2008) rejection of the Governor’s request to allow three casino gambling venues, the project proponent and property owner may pursue other non-casino development options. Given the state of the Massachusetts economy, the scarcity of demand for large scale retail or other development, and the certainty that casino gambling will be up before the Legislature again, it is worth at least giving the project proponent the option of moving forward.

1. **Work with Town Council:** Do they want to open up negotiations with Northeast Realty Associates?
2. **Meet with Northeast Realty Associates and their Mohegan Sun partners:** Are they willing to fund studies to allow the town to proceed on their due diligence?
3. **Convene a community meeting:** The meeting is NOT on whether a casino should be allowed but simply on what due diligence studies are necessary to allow that decision to be made.
4. **Call potential bidders (from list below or other sources):** Can they provide a ballpark estimate to perform this type of work, as modified to address comments from the community?
5. **Meet with Northeast Realty Associates and Mohegan Sun:** Are they willing to sign a contract committee to fund the studies based on the project estimates?
6. **Release bids on the project studies:** Town Manager should convene a bidder selection committee to select the appropriate bidder.
7. **Convene Town Council and community update meetings:** Consulting contractor should keep the Town Manager (primary contact), Town Council, and the community involved with their findings.
8. **Convene Town Council and community meetings:** What is important in a Host Agreement/Development Agreement?
9. **Negotiate the best possible Host Agreement/Development Agreement:** This then becomes the basis of an informed Town Council and/or community vote on a casino when and if this option becomes available.

Experienced Consultants for these studies include:

Firm	Area of Proven Expertise
RKG Associates Inc Economic, Planning and Real Estate Consultants 277 Mast Rd., Durham, New Hampshire 03824-4712 603-868-5513 or rk@rkassociates.com	Municipal Fiscal Impact Analysis Economic and Community Impact Studies
TischlerBise Cost of Growth Services 4701 Sangamore Road S240, Bethesda, MD 20816 800-424-4318 Ext. 12 or info@tischlerbise.com	Municipal Fiscal Impact Analysis Economic and Community Impact Studies
Donahue Institute, University of Massachusetts 100 Venture Way, Suite 9 Hadley, MA 01035 Michael Goodman, Ph.D. Director of Economic & Public Policy Research 413-577-2393 or mgoodman@donahue.umassp.edu	Regional Economic Analysis
Center for Urban Policy Research Rutgers, The State University of New Jersey 33 Livingston Avenue, Civic Square—Suite 400 New Brunswick, NJ 08901-1982 732-932-3133 or burchell@rci.rutgers.edu	Municipal Fiscal Impact Analysis (the academic father of FIA)
Epsilon Associates Inc. Sam Mygatt 3 Clock Tower Place, Suite 250 Maynard, MA 01754 978-897-7100 or info@epsilonassociates.com	Massachusetts Environmental Policy Act
Vanasse Hangen Brustlin, Inc. (VHB) 101 Walnut Street, P.O. Box 9151 Watertown, MA 02472 617-924-1770 or dbohn@vhb.com	Traffic analysis Massachusetts Environmental Policy Act
Nitsch Engineering 186 Lincoln St., Suite 200 Boston, MA 02111-2403 617-338-0063 or info@nitscheng.com	Traffic analysis Massachusetts Environmental Policy Act
Fuss & O'Neil 78 Interstate Drive West Springfield, MA 01089 413-452-0445 or tgermain@fando.com	Traffic analysis
John Mullin University of Massachusetts 413-545-5271 or jmullin@provost.umass.edu	Community workshops
Paul Spector 4 Massasoit Street Northampton, MA 01060 413-250-5226 or gwanorth@aol.com	Community and organizational facilitation
David Dixon, Goody, Clancy & Associates 334 Boylston Street Boston, MA 02116-3866 617-262-2760 or david.dixon@goodyclancy.com	Community workshops