

Proposal of Services

Economic Impact and Analysis Services for Erie County Gaming Revenue Authority

November 3, 2016

Mr. Perry Wood
Executive Director
Erie County Gaming Revenue Authority
5340 Fryling Road, Suite 201
Erie, PA 16510

Dear Mr. Wood,

Parker Philips, Inc., in partnership with Palo Alto Partners, is pleased to provide a proposal of economic impact services to the Erie County Gaming Revenue Authority (ECGRA). Our well-established experience conducting economic impact studies, economic development expertise combined with our deep understanding of effective public affairs and strategic communications is a perfect match for ECGRA's needs. The team assembled to complete this project has a combined 75 years of experience throughout the United States.

The economic study will show how ECGRA's strategic grantmaking activities to organizations and other funders in the Erie County region has increased economic growth and been vital to the success of new and old companies. We want to tell a story through numbers and narrative of how ECGRA sets itself apart from other gaming authorities, and how its strategic decisions and priorities have been valuable in allowing organizations/ companies to leverage funding to effectively generate jobs, economic impact and local/state government revenue.

Due to the tight deadline on this project, the project team will need to work closely with ECGRA to collect appropriate financial and expenditure data for use in the economic analysis and to develop effective communications materials to support your goals and objectives as it pertains to legislative action. We are prepared to get started on this project immediately and deliver a defensible study that exceeds expectations.

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SITUATION ANALYSIS

Since 2008, ECGRA has administered an innovative funding stream to local nonprofits and municipalities that supports improvements to public spaces, creates jobs through small business, supports education and training, and celebrates local identity. These investments of more than \$40 million in gaming revenue in Erie County have become an integral part of Erie County's economic development funding stream, fueled new tax revenue through the innovative Ignite Erie program and creatively allocated gaming revenues through a model that one could argue should be replicated across Pennsylvania. Furthermore, Erie County and Summit Township have also come to depend on gaming to fuel projects, support operational funding and pay down debt service.

The potential termination of this funding stream is a result of the Pennsylvania Supreme Court's ruling that the current local share gaming clause in the State's Gaming Legislation is unconstitutional. The State Legislature is now on a steep deadline to redraft and adopt new language —if the matter is not resolved then funding to and subsequently from ECGRA will vanish precipitously.

Mr. Wood's recent Erie Times News Op-Ed describes one possible legislative solution, which has already passed The House of Representatives and is the move in Harrisburg. If enacted, The House bill redefines local share in new forms of gaming revenue as funds to be used by the state's economic development bureaucracy, rather than given to ECGRA and Erie County government for local economic development. This bill would force ECGRA to compete with grant writers, legislative priorities and powerful lobbyists from all over the commonwealth to access tax revenue produced via Presque Isle Downs and Casino. Other possible scenarios include an extended stay by the Court and an unlikely lame duck legislative fix.

After investing \$40 million into the regional economy, setting the current crisis aside, the time has come to assess ECGRA's impact and assert its value to the community it continues to

serve. Building a narrative that draws comparisons to other gaming authorities across Pennsylvania and placing a spotlight on ECGRA's unique and innovative approach to its mission, i.e. Ignite Erie adds value to ECGRA's work and sets it apart as a leader in the state. For example, Northampton County Gaming Revenue and Economic Development Authority awarded \$188,107 in its most recent round of funding—almost exclusively to fund police and fire equipment. This is a local decision, but when you compare it to the reach and continued influence ECGRA money has in the Erie region, it pales in comparison. We will highlight ECGRA's strategic decision-making to inspire innovation in the region.

The economic impact study will accomplish four things for ECGRA:

- 1) Provide a cumulative and annual impact for all funding provided to ECGRA on the County and State level. We will work with ECGRA to determine the best clusters of activity to breakout, e.g., arts and culture, contribution to innovation, health and human services, government, safety, small business development, debt service payments by the County of Erie, the Erie County Library.
- 2) Utilizing the economic analysis and interviews with grant recipients that rely heavily upon ECGRA and County gaming funds, the study will show through the economic analysis as well as vignettes detailing the impact of funding cuts to constituencies.
- 3) Provide a clear statement and defense about why funding generated from tax revenue at Presque Isle Downs and Casino must remain in the County and not be part of a statewide pool of funds. Where possible, we will draw upon best practices in other markets and socioeconomic data of the Erie market to show how funds are a vital part of Erie's continued resurgence and transformation.

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- 4) Make recommendations to ECGRA about how and what to request from grantees to build a solid database of operating, jobs supported/created, and impact of the funding streams.
- 5) Provide breakouts of impact on three geographic levels: Summit Township, Erie County and the Commonwealth of Pennsylvania.

SCOPE OF WORK

ECONOMIC ANALYSIS

This analysis will seek to show how money distributed to the grantees makes an impact on the economic vitality and overall health and well being of the community. We will look at Erie County and Pennsylvania geographies as an impact; seek to show numbers of people impacted, jobs created, and state and local taxes generated as a result of the support. Further, this impact includes by the funding of funders, and how these initial investments have been a catalyst of growth for the region.

Breaking out the impact into specific clusters will also show the broad reach of gaming dollars and ECGRA's impact. We will clearly demonstrate how ECGRA's contribution and strategic decisions to fund certain organizations in fields such a innovation, arts and culture, health and human services, government, safety, and other areas as defined through the process, have had an impact.

We will work with ECGRA to:

- Define the key areas/strategic priorities that gaming dollars support (cumulatively and previous fiscal). For example, Ignite Erie, support of the Erie County Library, Erie

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County debt service payments, and other key areas and priorities as defined by ECGRA and summarized into one comprehensive report.

- Gather data about the segment which will include: names of organizations, amounts granted by ECGRA, years of dollars granted, organizational profiles (total operating budget, total number of employees, total payroll including pay and benefits, funding leveraged as a result of ECGRA grant), and selection of key organizations/companies to profile in the narrative.
- Calculate impacts by ECGRA's strategic priorities/key areas and by industry segment to show how this original funding stream of grantmaking activity has spurred growth in the region.
- Highlight the funds and impact that ECGRA has leveraged through its small business investments in funds managed by Bridgeway Capital, the Progress Fund, and the Enterprise Development Fund.
- The analysis will be conducted on three geographic levels: Summit Township, Erie County and the Commonwealth of Pennsylvania and summarized in one report.

Data captured will seek to complete a cumulative impact (ECGRA, Erie County, Summit Twp.) as well as the most recent grantmaking period/fiscal year. Data needed to complete the analysis includes: capital expenditures, operating expenditures, pay and benefits for staff, headcount data, and money donated by organization/type of organization. We will work extremely hard to make the data collection process as simple as possible for ECGRA, but certain data points will be required to accurately complete an analysis.

The data will also be collected at specific geographic levels in order to deliver a county and statewide analysis. The team understands that data may not be collected in this manner at ECGRA; therefore it will be extremely important to have a data collection team quickly assembled. If the data for all entities included in the study is centralized, the process will be much easier, but if not then it is vital to report financial data in the same manner for all entities. The analysis will look at "in" and "out" of area spending to provide a true picture of



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how money to grantee organizations and their expenditures, expands employment and is leveraged to generate an even greater impact. The analysis will look at how critical these grant funds are into each defined type of grantee activity. This will showcase the key areas that are a strategic focus of ECGRA's grantmaking activity.

To complete the analysis, we will utilize IMPLAN (IMpact Analysis for PLANing), an econometric modeling system developed by applied economists at the University of Minnesota and the U.S. Forest Service. The IMPLAN modeling system has been in use since 1979 and is widely considered to be the gold standard for completing economic analysis. IMPLAN combines the U.S. Bureau of Economic Analysis' Input-Output Benchmarks with other data to construct quantitative models of trade flow relationships between businesses and between businesses and final consumers. The IMPLAN input-output accounts capture all monetary market transactions for consumption in a given time period. The IMPLAN input-output accounts are based on industry survey data collected by the U.S. Bureau of Economic Analysis and follow a balanced account format recommended by the United Nations.

IMPLAN's Regional Economic Accounts and the Social Accounting Matrices are used to construct state-level multipliers, which describe the response of the state economy to a change in demand or production as a result of the activities and expenditures. Each industry that produces goods or services generates demand for other goods and services; and this demand is multiplied through a particular economy until it dissipates through "leakage" to economies outside the specified area. IMPLAN models discern and calculate leakage from local, regional, and state economic areas based on workforce configuration, the inputs required by specific types of businesses, and the availability of both inputs in the economic area. Consequently, economic impacts that accrue to other regions or states as a consequence of a change in demand are not counted as impacts within the economic area.


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We will report and detail: the total jobs supported (direct effect, indirect effect, and induced effect), total economic impact (direct, indirect, and induced) and state and local taxes generated (direct, indirect, and induced). Simply summarized, direct effect is what ECGRA invests in the regional and statewide economy, indirect effect is the impact of suppliers, and induced effect is the household spending that occurs in the economy as a result of employees and the employees of your suppliers (e.g., mortgages, rent, groceries). We will also make clear that beyond sheer economics, how vital this funding is in supporting Erie's development. ECGRA's grantmaking activity has many ripples through the local economy and this study will seek to articulate how one rock hitting the pond ripples out to many sectors and funders.

It is important to note that while many firms can complete an economic impact analysis utilizing IMPLAN, the skill of the user is vital in insuring that the software is used properly and that the findings are defensible. Our lead analyst, Nichole Parker, is widely regarded as an expert in IMPLAN and has delivered more than 400 economic impact studies using this tool. IMPLAN is a valuable tool but understanding the financials and expected outputs of an organization on the scale of ECGRA is our team's job and role.

We will deliver the highest quality analysis, report narrative and economic impact marketing collateral, including digital infographics that suit the needs of ECGRA. We will work collaboratively with the ECGRA team to get familiarized with its system and understand what must be included in the study for it to be successful.

There are two parts to an economic impact study: 1) the economic analysis, and 2) the narrative that describes ECGRA and its unique role in the region. With an enterprise the size and complexity of ECGRA, we need to cull down information and get to a narrative that resonates with ECGRA's key constituencies. *We want to help you tell your story.* Parker Philips recommends doing between 7-10 interviews with key stakeholders at ECGRA and its grantee organizations to get an understanding of what elements must be included in the


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project narrative and roll-out of the study to the legislature. To accomplish this, we will design a discussion guide with open-ended questions and work collaboratively with ECGRA to identify an appropriate list of interviewees.

Finally, we will request reports and data about your grantees, community giving and events and all other community activity in the region for inclusion in the economic impact study. We want to show things such as numbers served, community members engaged, highlight the differences made in people's lives and describe how the funding of funders in the area has increased economic potential and growth.

We will develop a defense of the continued ECGRA funding and current mechanism for distribution. Through economic impact analysis and report, we will build the narrative and numbers to show why this funding is so vital to the region.

The final deliverables for the economic impact study will include:

- ✓ Comprehensive analysis by geography (Summit Township, Erie County and Pennsylvania) in one report,
- ✓ Specific breakouts of priority and strategic funding areas, e.g., Ignite Erie, Erie County Library, and other key segments as defined.
- ✓ Narrative report summarizing the impacts with a complete methodology and explanation of approach,
- ✓ Executive summary,
- ✓ Digital infographics,
- ✓ Final print brochure, and;
- ✓ Communications materials including Op-Ed, talking points and press release.

RETURN ON INVESTMENT OF FUNDING

We will need to show that this funding is leveraged when possible and what hangs in the balance for ECGRA and its grantees if this funding is cut. Whether the grant amount is small



or large, often times the funding can make up a significant percentage of funding for an event or specific event. The analysis and report needs to show, if possible, the percentage of ECGRA dollars as a part of the organizational or program/event budget.

RECOMMENDATIONS ON DATA COLLECTION FROM GRANTEES

We will review best practices and current methods employed by ECGRA with regard to how they collect data and information from their grantees. This is particularly relevant to ECGRA's Lead Assets, arts and cultural institutions that provide quality of benefits for the Erie region. Evaluating models from the Pew Charitable Trust, PA Cultural Data, and others as identified, we will provide a recommended structure to enhance ECGRA's reporting and data collection and reporting strategy.

COMMUNICATIONS AND PRINT MATERIAL

A professional marketing and communications team can be the key to successfully communicating relevant information to community members, influencers and lawmakers as well as shining a spotlight on ECGRA's role in the greater community. Our expert team will provide content and recommendations for a communications strategy working collaboratively with ECGRA. The brochure content will include compelling infographics and leave the reader with a clear picture of the economic, employment, government revenue and investment impacts of ECGRA. We will provide specific examples of effective brochures and create a document, which embodies the communications strategy of ECGRA for the upcoming legislative session. Parker Philips will develop a compelling narrative based on its findings; carry narrative throughout copywriting and creative direction of all communications efforts to include:

- Talking Points,
- Press Release,

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- Op-ed by ECGRA designated official,
- Economic Impact Infographic and Brochure, and
- Social Media Graphics & Sample Communications.

Parker Philips will counsel ECGRA's leadership on potential strategies including presentations and public affairs efforts that would be an additional charge and could go under an extension of this agreement.

PROJECT TEAM

To complete this project, we have assembled a team of consultants from Parker Philips Inc. and Palo Alto Partners.



Parker Philips, Inc. is a women-owned boutique-consulting firm that puts our clients first. We pride ourselves on delivering high quality work that is not cookie-cutter and is unique to each client and their needs. We do not believe in the concept of

“Save As” and provide our clients with the highest quality work. Because we only accept a certain number of projects at a time, we do not over commit our staff or ourselves. We keep client data confidential and secure. The Principals are the project contacts and will deliver the project; you will not have to train a new employee on the job. It is our promise as a firm to make this project about your organization's needs and objectives — our clients are the priority. We are based in Erie, PA with employees working in Pennsylvania and Minnesota.



Established in 2009, Palo Alto Partners offers a wide range of consulting and financial planning services to businesses and not-for-profit organizations, including:

- Business Planning
- Community Planning





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- Financial Analysis & Modeling
- Market Research
- Real Estate Development

Whether you're looking to attract investors or government funding, analyze the cost structure of a potential project, identify products or services that could help you improve profitability, or buy, sell or develop real estate, our depth and breadth of experience can help you make the right decisions.

Tom Hardy, AICP established a consulting practice, Palo Alto Partners, in 2009 after more than a decade of various leadership positions within community development corporations including the South Side Local Development Company and Manchester Citizens Corporation. The consulting practice specializes in advising businesses and public sector organizations on financial and real estate matters.

Mr. Hardy has extensive experience in financial feasibility studies and economic analysis. With a background in both finance and urban planning, he is able synthesize economic analysis with an understanding of the real-world impacts on communities and neighborhoods. Mr. Hardy's work has received public recognition, including the receipt of a Commonwealth Design Award.

Mr. Hardy earned an MBA from Carnegie Mellon University and a Master's Degree in Urban Planning from the University of Pittsburgh. He received his Bachelor's Degree in Public Policy Studies from Duke University. Mr. Hardy holds the American Institute of Certified Planners' AICP designation and is pursuing certification from the Turnaround Management Association.

Mr. Hardy has worked both as a lead consultant and a subcontractor on projects primarily in Pennsylvania, but also in West Virginia, Texas, and Louisiana. Recently he worked as part of a team on projects in downtown Johnstown and Washington County. Mr. Hardy previously provided technical assistance to organizations working to re-build Gulf Coast communities in New Orleans and Galveston.

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Mr. Hardy serves on the Board of the Pittsburgh Economic and Industrial Development Corporation and The Midwife Center. He also serves on the advisory board of Pittsburgh Urban Initiatives, the Urban Redevelopment Authority's subsidiary that manages a New Markets Tax Credit Allocation.

Nichole Parker has been completing economic impact studies since 1999 utilizing a multitude of methodologies including REMI, linear cash flow, RIMS II, and IMPLAN. She is co-founder of Parker Philips and has over 25 years experience in the economic impact and consulting field.

Nichole is recognized as an expert in the field of economic impact having personally completed over 400 economic impact studies in the past 25 years. Some examples of economic impact studies completed for large academic health centers, health systems, or research collaboratives include: The University of Washington/UW Medicine (Washington), Association of Faculties of Medicine — AFMC (all Canadian Provinces), University of Connecticut/John Dempsey Hospital, University of Minnesota and owned health clinics and facilities, Indiana University/Indiana Health, Lancaster General Health System (Pennsylvania), Penn Medicine, University of Kansas Medical Center, Norton Healthcare (Kentucky), UAB (Birmingham, AL), University of Kentucky/Kentucky Cancer Consortium, University of Nebraska/University of Nebraska Medical Center, Paul L. Foster School of Medicine Texas Tech University Health Sciences Center, University of Pittsburgh, and University of Arizona/University of Arizona Health Network/Banner Health.

Prior to founding Parker Philips, Parker was a Principal Project Director at Tripp Umbach for 15 years and established them as a national leader in economic impact studies for academic health centers, colleges and universities, corporations, major tourist events, and non-profit entities. She worked as an independent consultant for many years and completed economic impact and community benefits work for Joint Commission International (Trinidad & Tobago), MinSec (Pennsylvania), Heritage Health Foundation (Pittsburgh, PA), and the Knoxville Public Safety Collaborative (Knoxville, TN).

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Ms. Parker holds a Master's in Economic and Social Development from the University of Pittsburgh's Graduate School of Public & International Affairs. She also completed her undergraduate work at the University of Pittsburgh with a focus on Political Science, Anthropology and Latin American Studies.

Kate Philips is the co-founder of Parker Philips and has 25 years experience in the communications field. Kate is an accomplished and respected executive marketing and communications professional experienced in long term strategic planning, public affairs and an expertise in crisis communications. She is valuable resource on numerous Executive Management teams with proven ability to support and advance business goals through creative and effective communications planning.

Prior to her work in the private sector, Philips served as Pennsylvania Governor Edward. G Rendell's Press Secretary for nearly six years, before taking a leave of absence to serve as communications director for Pennsylvania Congressman Bob Brady's campaign for mayor of Philadelphia. Ms. Philips finished her tenure on the Governor's Executive staff as a Senior Advisor to the Governor overseeing the Southport seaport development project at the Port of Philadelphia, and working to advance the deepening of the Delaware River by successfully helping execute a Project Partnership Agreement with the U.S. Army Corps of Engineers.

As Chief Spokesperson for Governor Rendell's administration she developed messages for and defended five multi-billion dollar executive budgets. During her tenure, she directed communications for legislative achievements including: the Pennsylvania Race Horse Development and Gaming Act of 2004; the \$2.8 billion economic stimulus legislation of 2004, Growing Greener II, which established a \$625 million fund to protect and preserve the Pennsylvania environment; the first increase in the Pennsylvania minimum wage in more

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than a decade; and the successful passage and implementation of “Cover all Kids,” which extends healthcare coverage to all Pennsylvania children.

Philips served as Vice President of Marketing & Communications for MinSec, a \$20MM portfolio company of NewSpring Capital and Camden Partner private equity groups, providing Community Transition and Behavioral Health treatment. Previously she served as Managing Director of the Karma Agency, a Philadelphia based Marketing and Public Relations firm. Ms. Philips opened Ten 53 Newton, LLC a strategic marketing and communications firm in 2009, which has served a range of clients which include: The Philadelphia School District, Penn Medicine, Philadelphia Regional Port Authority, Pre-K for PA, Early Learning Pennsylvania, Benefits Data Trust, American Education Services, Gladwyne Montessori School, Mercyhurst Preparatory School, Delaware Valley Association for the Education of Young Children, Public Citizens for Children and Youth (PCCY), Gettysburg Festival, Erie Police Athletic League, Empower Erie, and Liberty Mortgage Corp.

Ms. Philips earned her Bachelor of Science at West Virginia University.

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TIMELINE

To complete a project of this scope, the work would need to begin immediately. The timeline below is aggressive and will require continuous communication between ECGRA and the project team. The timeline and deliverables of the project can be adjusted to meet project demands and meet the deadline of the legislative session. However, the data must be provided by ECGRA in a timely fashion for analysis. Following completion of the project, Parker Philips will be available to ECGRA help with communications, answering questions about the economic impact study and providing ECGRA support for success.

Proposed Timeline for ECGRA	
Week 1	Initial GoToMeeting, Data Collection Form Development and Finalization, Interview Guide Development and Finalization, and Identification of Interviewees
Week 2 and Week 3	Financial data Collection, Interviews with Key Stakeholders, Conference Call with ECGRA Communications Team, Economic Model Development
Week 4	Economic Impact Analysis and Report Writing
Week 5 and Week 6	Final Report and Brochure Writing and Review
Week 6	Final Presentation/Public Release
Week 7 and beyond	Ongoing Communications Support, as requested





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FEES

The project pricing structure is based upon key components and deliverables. Any travel costs incurred as a result of this project will be billed at actual and be approved by ECGRA prior to the trip to insure that we are compliant with policies and procedures. Parker Philips will be purchasing data from IMPLAN to complete this analysis, that cost is included within the project price. No printing fees for brochures are included within this pricing matrix.

Embedded within the pricing matrix is the assumption of a \$180 hourly rate, which is our discounted rate for non-profit organizations.

Pricing Matrix	
Project Management	\$2,500
Economic Impact Analysis, ROI Calculation, IMPLAN Data Acquisition (three geographies), Interviews	\$27,500
Narrative Report and PowerPoint Development	\$10,000
Brochure and Communications Materials	\$9,500
Total	\$49,500

