



LEGOLAND Project Economic Impact Review *Final Report*

Prepared for the Orange County IDA

February, 2017



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Executive summary

Executive Summary (1 of 7)

Project Objectives

KPMG LLP (KPMG) was engaged by the Orange County Industrial Development Agency (IDA) to undertake a review of the projected economic impact of the proposed LEGOLAND project in Goshen NY. KPMG undertook the following tasks:

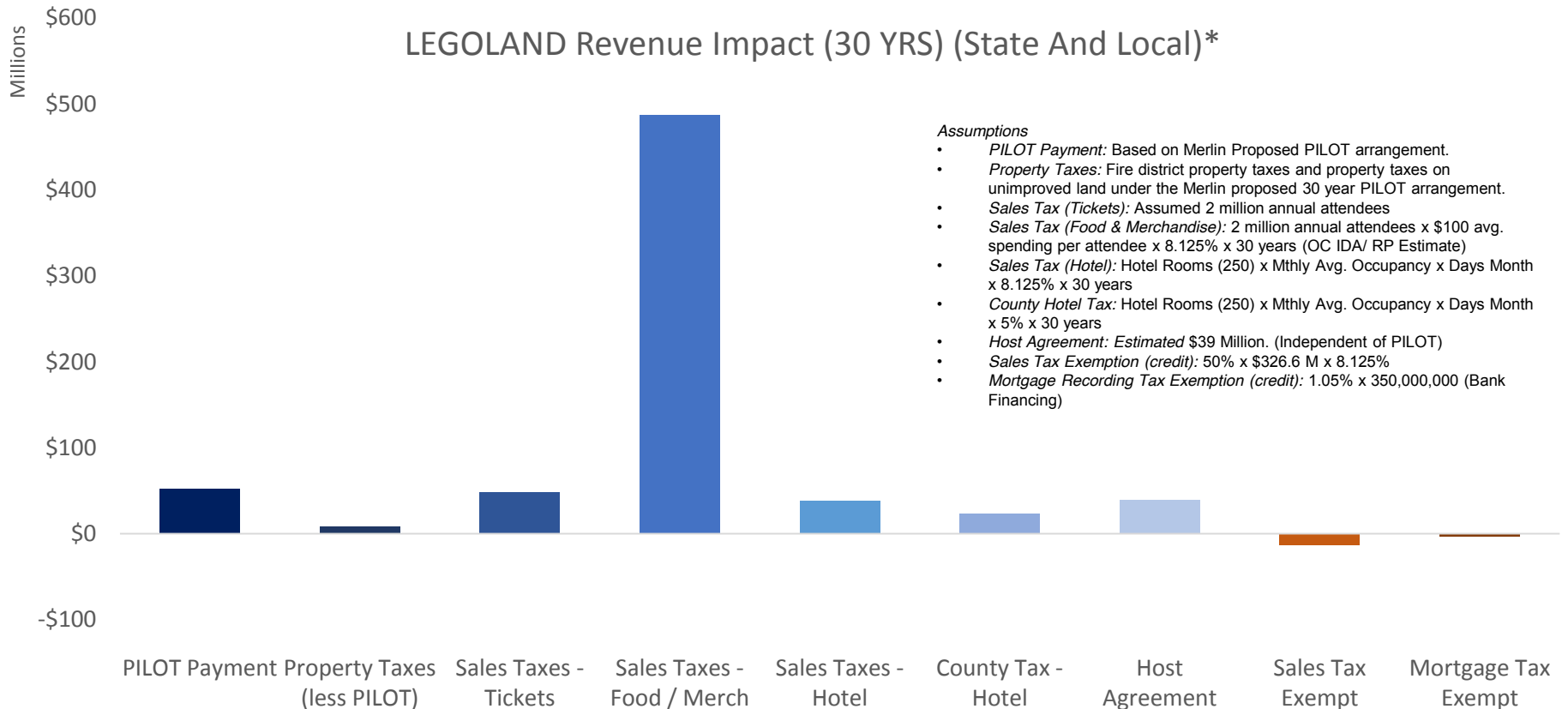
- Compared alternate PILOT payment proposals
- Reviewed and analyzed assumptions provided or used by Merlin Entertainments Group US Holdings, Inc. (Merlin)

Findings

- Merlin's proposed 30 year PILOT arrangement generates approximately \$61 million in PILOT and property tax payments over a 30 year period.
- IDA modeled 20 year PILOT arrangements generate approximately \$87 million in PILOT and property tax payments over a 30 year period.
- Operating assumptions provided by Merlin appear reasonable when compared to LEGOLAND FL and CA properties.
- Sales tax revenues to Orange County are significant and depend on park attendance, average visitor spending, and hotel occupancy.

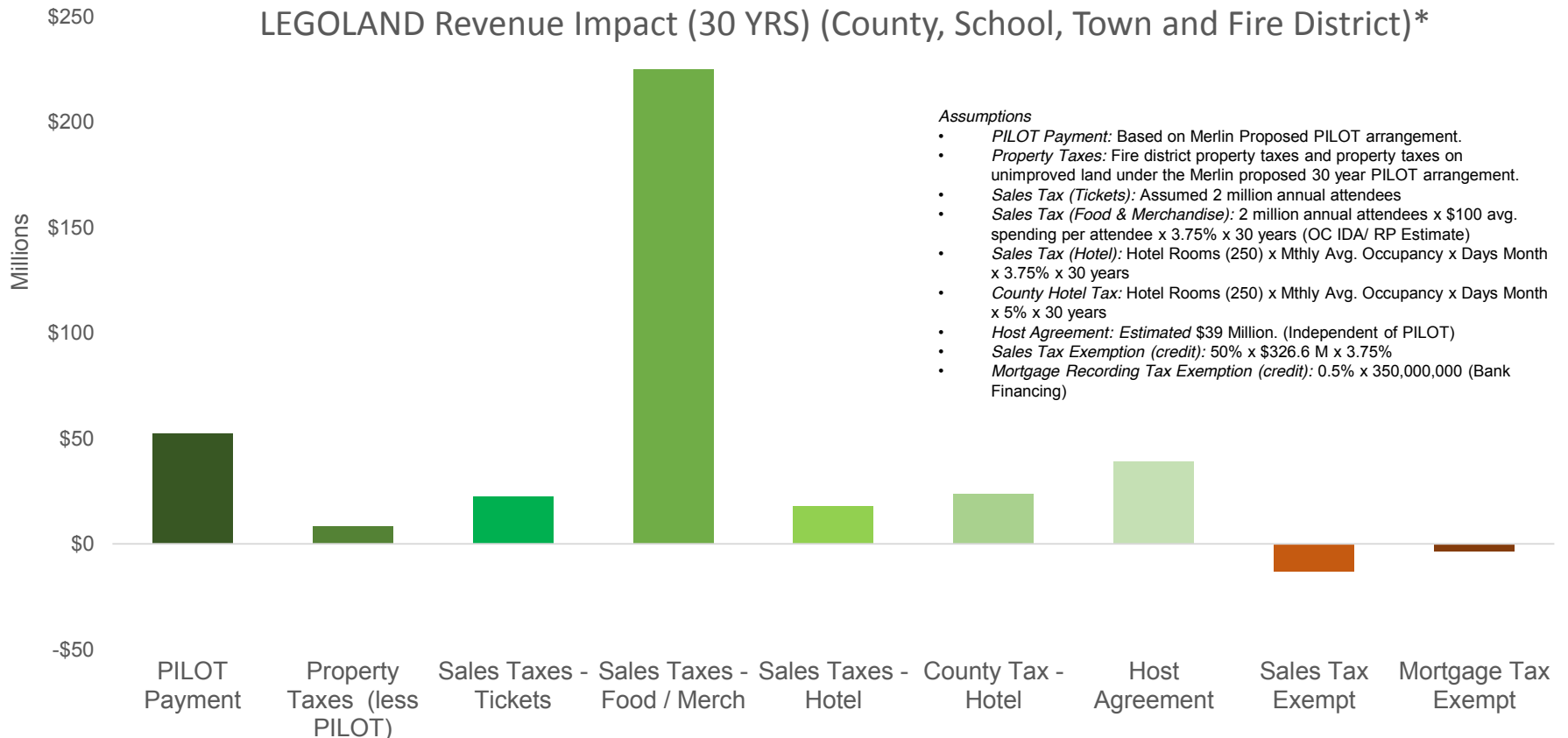
Executive Summary (2 of 7)

The IDA asked KPMG to analyze the projected tax and other payments from the proposed LEGOLAND project. Based on the information provided, multiple revenue impacts were calculated over a 30 year period.



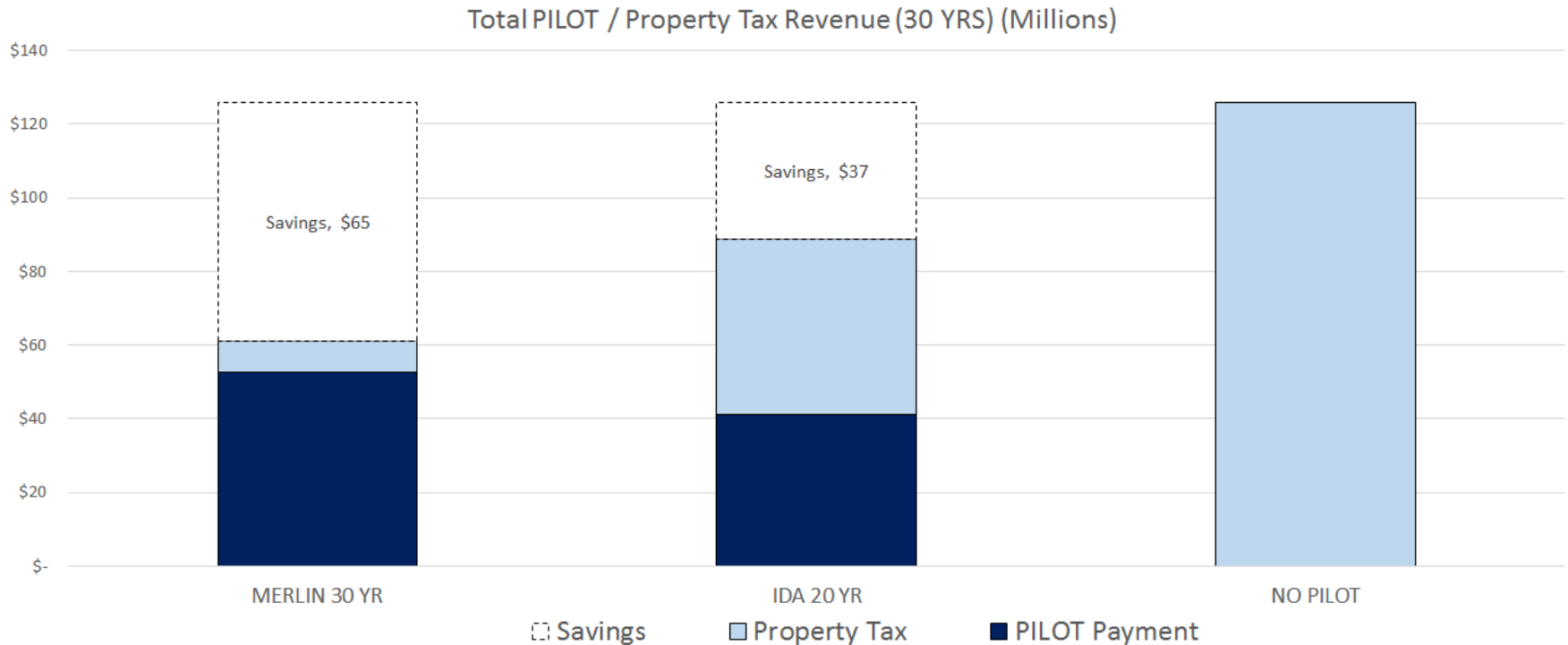
Executive Summary (3 of 7)

The IDA asked KPMG to analyze the projected tax and other payments from the proposed LEGOLAND project. Based on the information provided, multiple revenue impacts were calculated over a 30 year period. This chart below excludes payments to the State of NY and the MTA share of sales tax.



Executive Summary (4 of 7)

KPMG was asked by the IDA to compare the revenues associated with Merlin's proposed 30 year PILOT and other PILOT scenarios developed by the IDA. The revenues to the county, townships, school and fire districts as well as the tax savings benefit to LEGOLAND are shown below.



Executive Summary (5 of 7)

KPMG was asked by the IDA to compare the tax benefit accruing to LEGOLAND NY from a sales tax exemption and mortgage recording tax (MRT) exemption as well as the alternative PILOT agreement options. Based on the information provided to KPMG, the reduction in payments or benefit to LEGOLAND NY are calculated below.

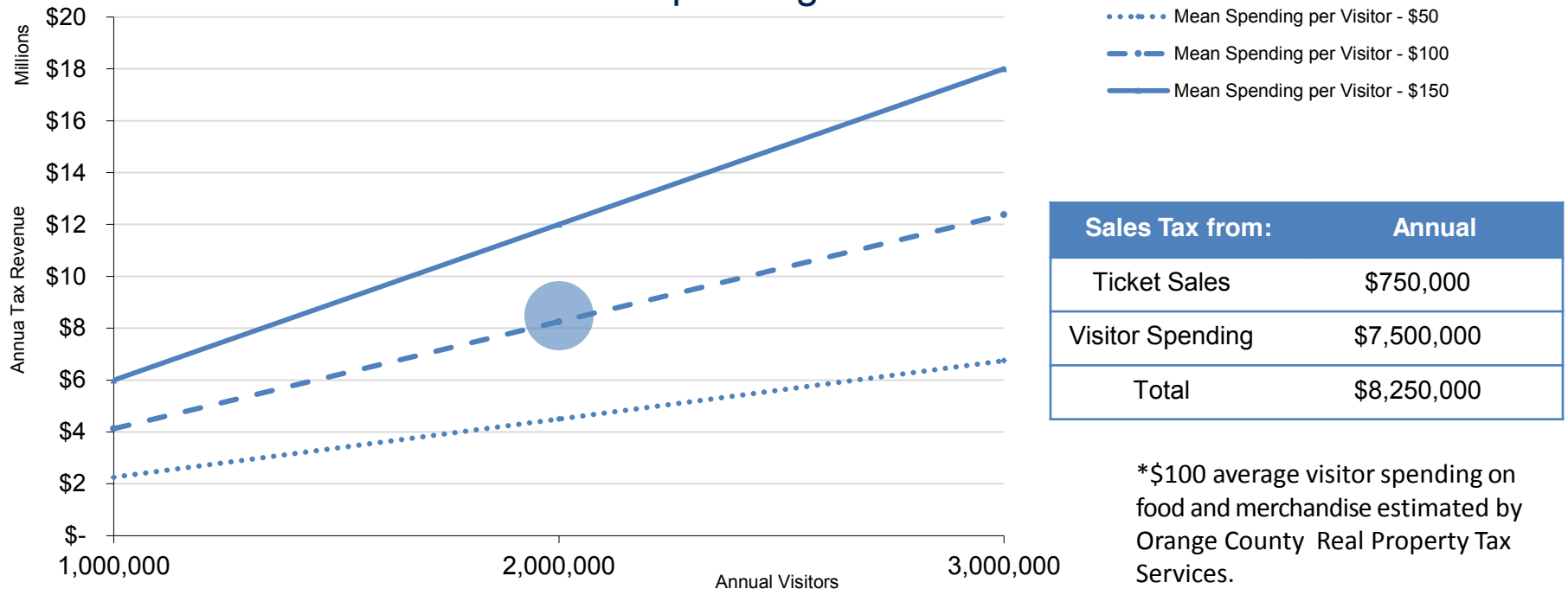
LEGOLAND Tax Benefit by Jurisdiction

Total Payments (30 Years No Discounting)	Total Legoland Benefit	State of NY	Orange County	Town of Goshen	Town of Chester	Goshen School	Chester School	Goshen Fire	Chester Fire	MTA
Sales Tax Exemption	\$13,268,125	\$ 6,532,000	\$ 6,123,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 612,375
MRT Exemption	\$ 1,750,000	\$ 1,750,000	\$ 1,050,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 875,000
Total Non-PILOT Tax Exemption	\$15,018,125	\$ 8,282,000	\$ 7,173,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,487,375
Merlin 30y Adjusted	\$64,821,430	\$ -	\$ 8,219,635	\$ 9,012,557	\$ -	\$ 47,580,882	\$ 8,356	\$ -	\$ -	\$ -
20 Year IDA PILOT	\$37,163,857	\$ -	\$ 4,616,584	\$ 5,223,818	\$ -	\$ 27,256,460	\$ 66,994	\$ -	\$ -	\$ -

Executive Summary (6 of 7)

KPMG modeled the impact on Sales Tax Revenue from Tickets, Food and Merchandise sales. The base case assumption of 2 million annual visitors and \$100 average visitor spending on food and merchandise generates \$8.25 million to Orange County each year.* Depending on assumptions of attendance and average spending per visitor, this estimated tax revenue can range from \$2.25 to \$18 million.

Orange County Sales Tax Revenue on Tickets & Visitor Spending*



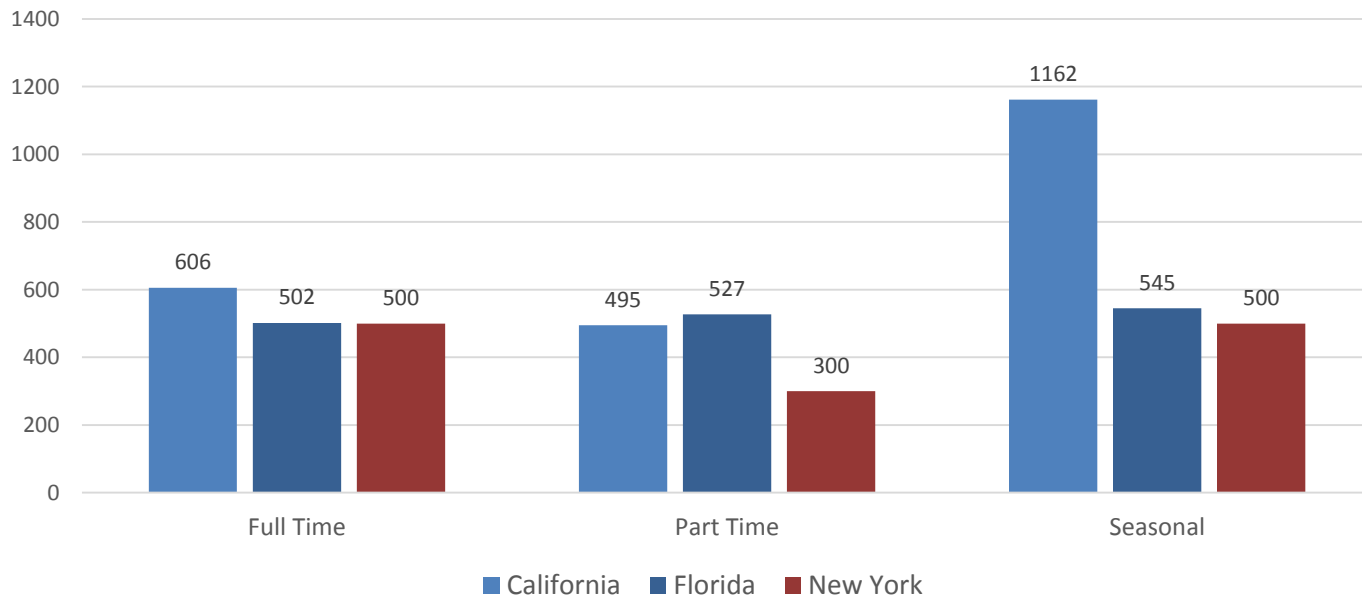
Sales Tax from:	Annual
Ticket Sales	\$750,000
Visitor Spending	\$7,500,000
Total	\$8,250,000

*\$100 average visitor spending on food and merchandise estimated by Orange County Real Property Tax Services.

Executive Summary (7 of 7)

1. LEGOLAND NY is expected to employ 500 Full time, 300 part time and 500 seasonal workers. This is broadly consistent with employment count at other LEGOLAND locations.
2. KPMG estimates an annual LEGOLAND payroll and benefits of approximately \$46 million
3. Merlin has stated that 1,290 of 1,300 positions will be from the local Labor Market Area.
4. It is reasonable to expect that to a certain degree, the total number of actual attendees will impact overall employment at the park.

Employment Type Count by LEGOLAND Location





Project Objectives & Approach

Objectives & Approach

KPMG LLP (KPMG) was engaged by the Orange County Industrial Development Agency to undertake a review of the projected economic impact of the proposed LEGOLAND project in Goshen NY.

As part of this project, KPMG reviewed information provided to the IDA by the Merlin Entertainments Group US Inc. (Merlin) for the proposed LEGOLAND NY project. KPMG performed analysis, designed to review the following areas:

- Project Assumptions
- Tax Revenue Impacts
- Employment Impacts

KPMG undertook the following tasks:

- Compared alternate PILOT payment proposals
 - Modeled Revenues over 30 year period
- Reviewed and analyzed assumptions provided or used by Merlin
 - Compared assumptions to FL/CA parks
 - Performed Sensitivity Analysis



Property Tax / PILOT Payments

Property Tax / PILOT Payments

The proposed LEGOLAND NY development without a PILOT in place would be subject to property tax payments to Orange County, the Town of Goshen and Goshen School District, Goshen Fire District, Chester School District and the Chester Fire District.

Merlin requested in its application, a 30 year Payment in Lieu of Tax (PILOT) arrangement with Orange County.¹ This PILOT arrangement would apply to value of improvements only. The underlying land value would be subject to normal property tax payments.

In response, the Orange County IDA has developed its own 20 year PILOT arrangement.² This section compares these two PILOT arrangements against each other and against a no PILOT scenario.

The descriptions of each PILOT payments are provided on the following pages:

1. Merlin 30 YR PILOT (Revised to match IDA assumptions)
2. IDA 20 YR PILOT
3. IDA No PILOT

Property Tax / PILOT: Relevant Assumptions

Assumption	Value	Source
County Rate - Property Tax	0.59810%	Provided by OC IDA (OC Real Property Tax Services)
Goshen Town Rate - Property Tax	0.67677%	Provided by OC IDA (OC Real Property Tax Services)
Goshen School - Property Tax	3.53991%	Provided by OC IDA (OC Real Property Tax Services)
Chester School - Property Tax	3.52602%	Provided by OC IDA (OC Real Property Tax Services)
Goshen Fire District - Property Tax	0.22993%	Provided by OC IDA (OC Real Property Tax Services)
Chester Fire District - Property Tax	0.14411%	Provided by OC IDA (OC Real Property Tax Services)

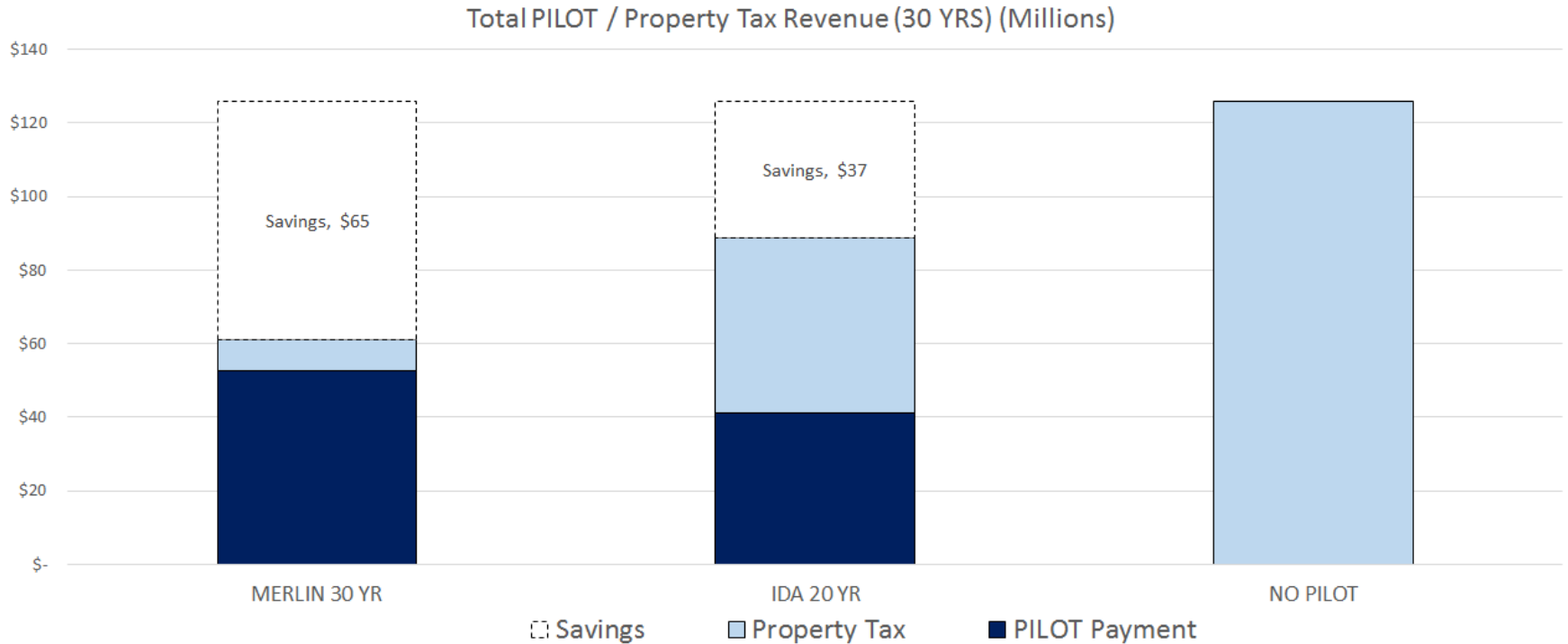
Assumption	Value	Source
County Apportionment	12.1%	Provided by OC IDA (OC Real Property Tax Services)
Town Apportionment	14.2%	Provided by OC IDA (OC Real Property Tax Services)
School Apportionment	73.7%	Provided by OC IDA (OC Real Property Tax Services)

Property Tax / PILOT: Relevant Assumptions

Assumption	Value	Source
Construction Years	2	Provided by Merlin. Confirmed with OC IDA.
Assessed Land Value	\$1,590,200	Provided by OC IDA (OC Real Property Tax Services)
Assessed Land Value w/o Ag Exemption	\$1,767,947	Provided by OC IDA ((OC Real Property Tax Services). Contained in file <i>Removal of Agricultural Exemption on 11-1-46 (+45,671) & 15-1-59 (+132,076)</i>
Chester Land Parcel	\$226,500	Provided by OC Real Property Tax Services - Goshen 11-1-49.2 is located completely in the Chester School District. Calculation used for Chester Schools: land value = 226,500 + 200,000 for improvements.
Improvements Value (IDA Proposed)	\$81,250,000	Provided by OC IDA (OC Real Property Tax Services) 650,000 sq.ft @ \$125/sf = \$81,250,000.
Improvements Value (Merlin Proposed)	\$97,500,000	Proposed by Merlin in initial 30YR (pre-adjustment) PILOT.
Assessed Total Property Value IDA (Land & Improvements)	\$83,000,000	Provided by OC Real Property Tax Services via IDA (Land value plus Improvements)

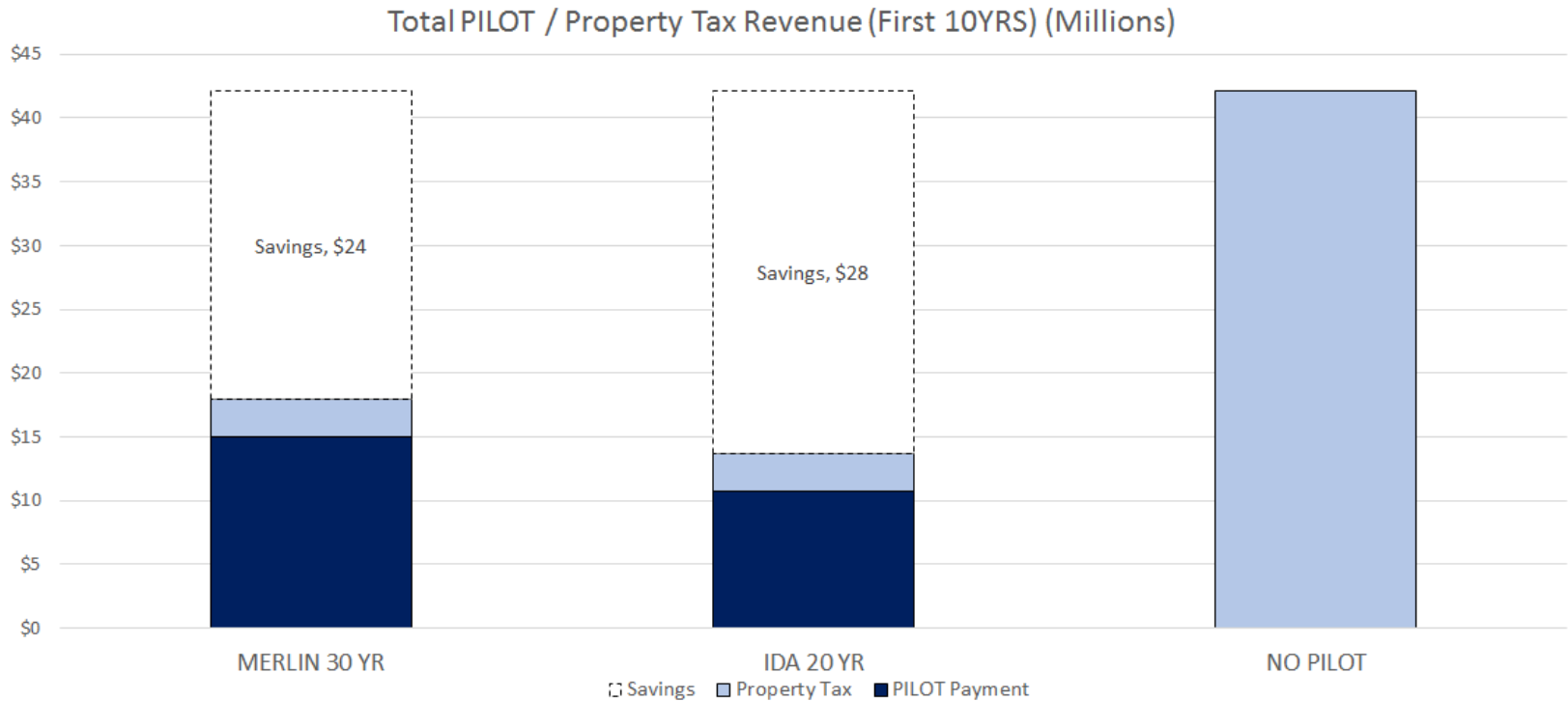
Property Tax / PILOT: Total Payments over 30 Years

KPMG modeled the PILOT arrangement proposed by Merlin as well as the 'No PILOT' scenario, and the 20 year IDA proposed PILOT arrangement. The chart below includes County, Town, School and Fire District revenues. Savings benefit vs. the no-PILOT are also shown.

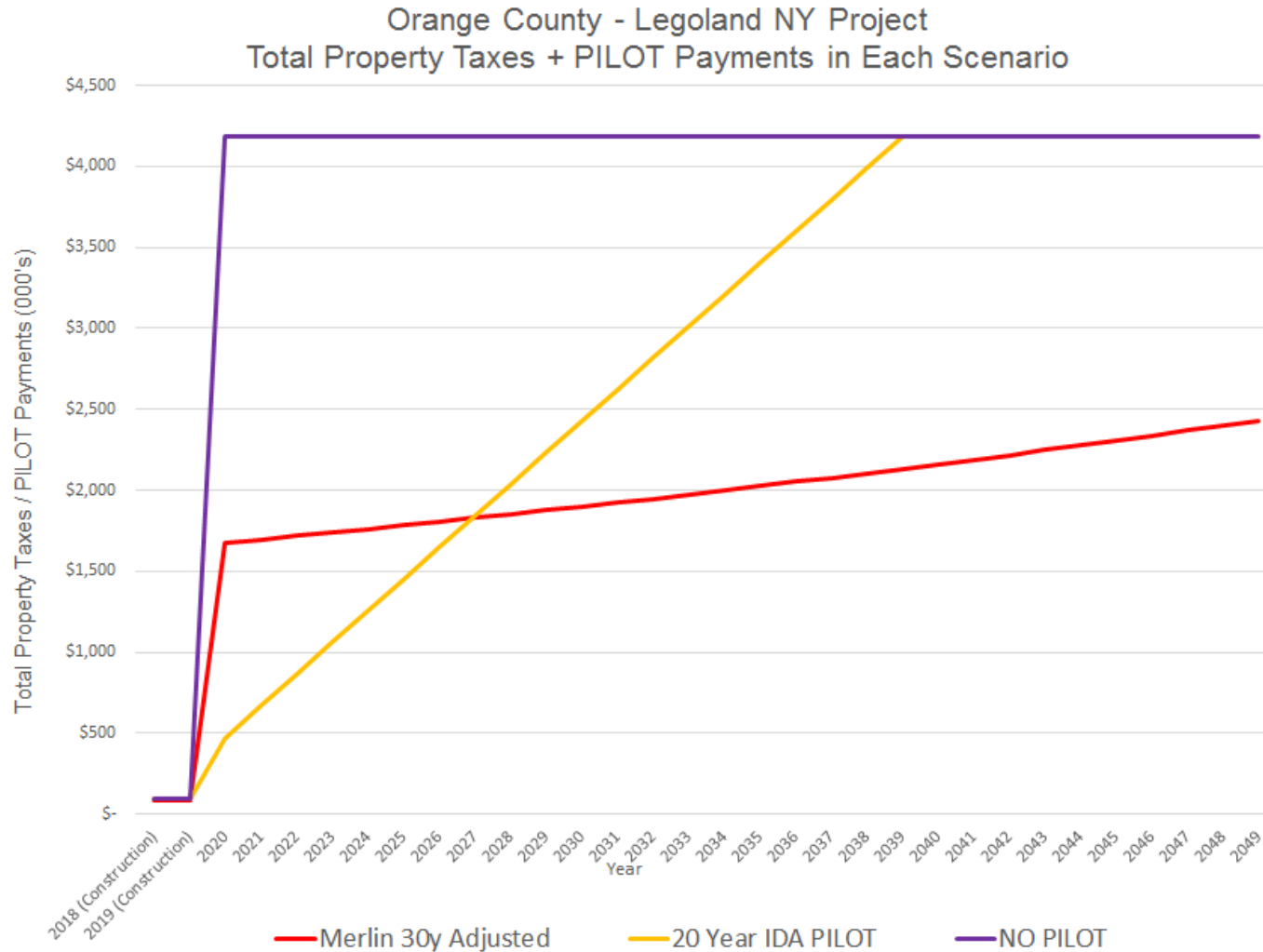


Property Tax / PILOT: Total Payments- First 10 Years

KPMG modeled the PILOT arrangement proposed by Merlin as well as the 'No PILOT' scenario, and the 20 year IDA proposed PILOT arrangement. The chart below includes County, Town, School and Fire District revenues. Savings benefit vs. the no-PILOT are also shown.

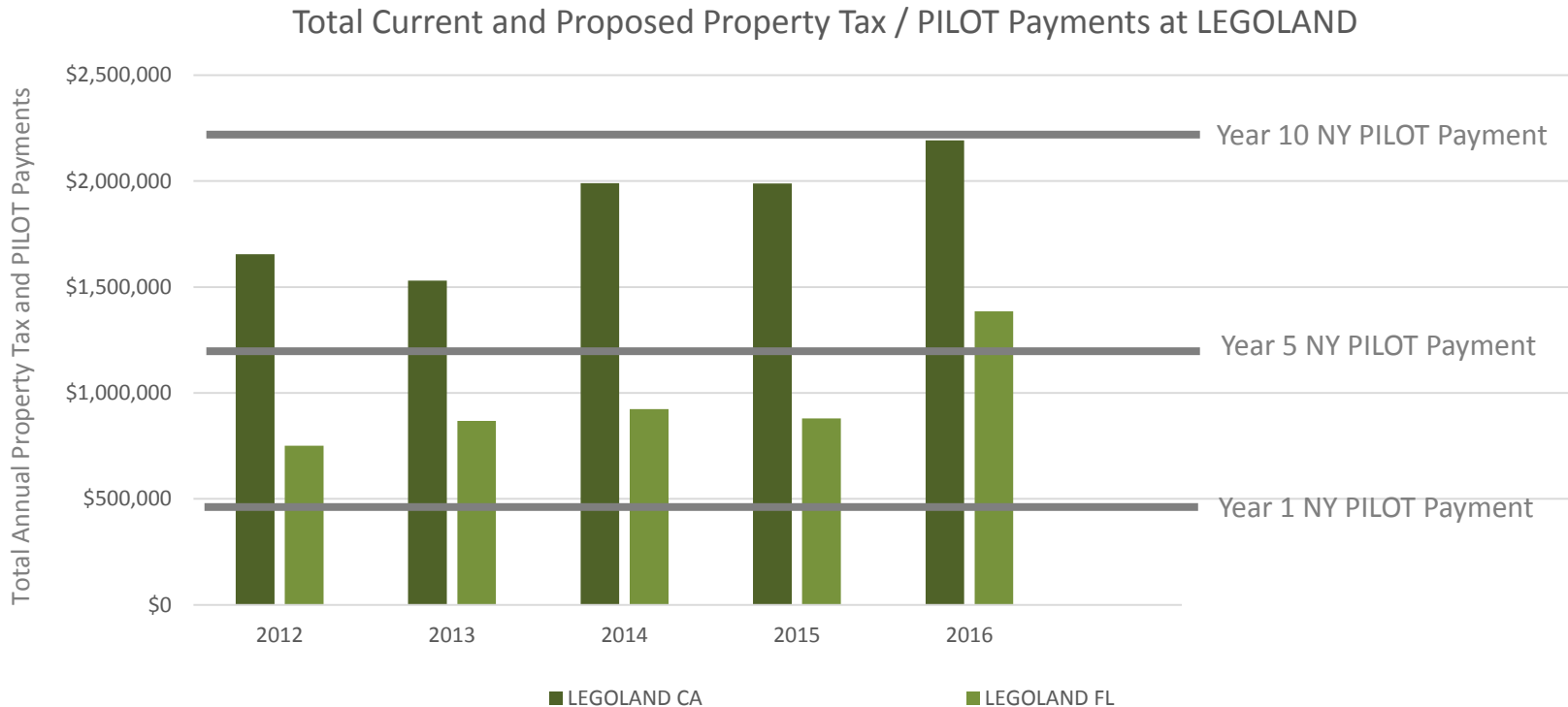


Property Tax / PILOT: Payments over Time



LEGOLAND CA & FL Comparison (Property Tax)

The IDA asked KPMG to compare the proposed property tax and PILOT payments to be made by LEGOLAND NY against property tax payments made by LEGOLAND parks in CA and FL. While each park has different land area and value, the proposed payment schedule sees payments under the 20yr PILOT approximate 2016 payments for LEGOLAND's FL location within 5 years and CA location within 10 years.



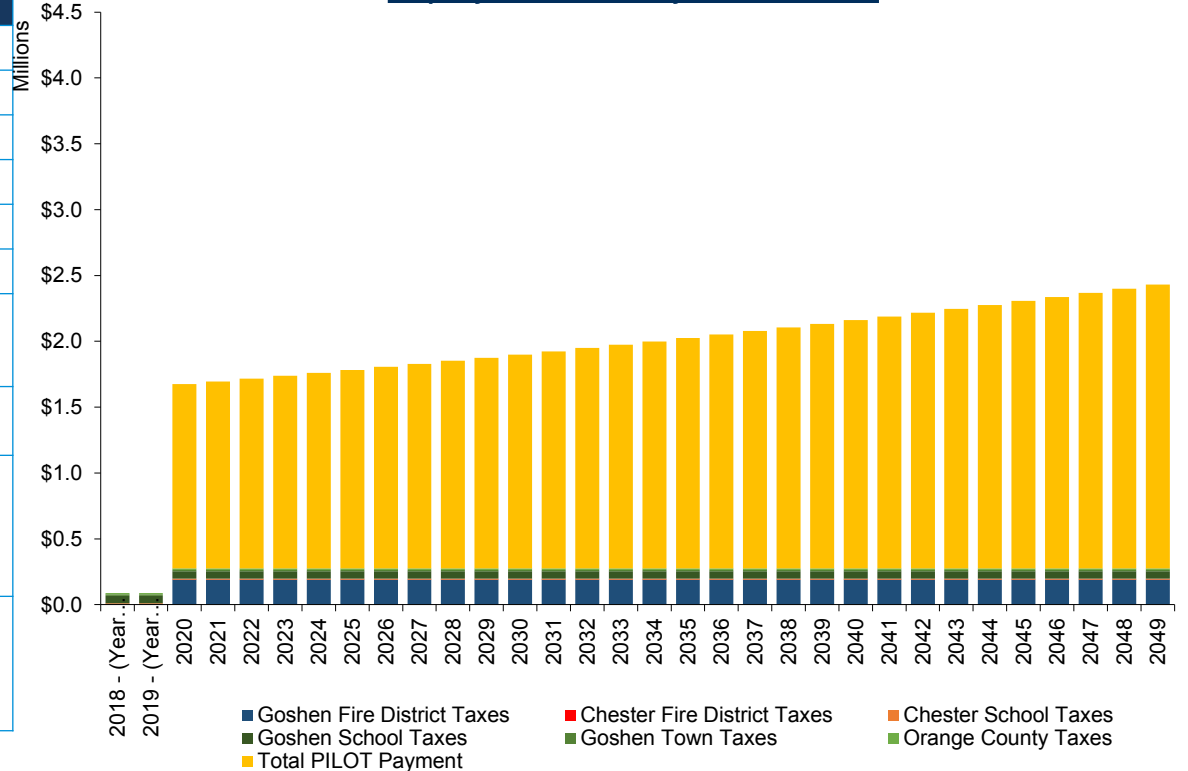
MERLIN 30YR Proposed

LEGOLAND Tax Payments – Merlin 30YR (Adjusted) PILOT

Total Payments (30 Years No Discounting)	Total Legoland Payment	State of NY	Orange County	Town of Goshen	Town of Chester	Goshen School	Chester School	Goshen Fire	Chester Fire	MTA
PILOT Payment	\$ 52,554,154	\$ -	\$ 6,359,053	\$ 7,483,712	\$ -	\$ 38,508,185	\$ 203,205	\$ -	\$ -	\$ -
Property Tax - Fire	\$ 5,733,227	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,731,138	\$ 2,089	\$ -
Property Tax - School	\$ 1,981,345	\$ -	\$ -	\$ -	\$ -	\$ 1,725,779	\$ 255,566	\$ -	\$ -	\$ -
Property Tax - Town	\$ 378,991	\$ -	\$ -	\$ 378,991	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Tax - County	\$ 334,936	\$ -	\$ 334,936	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Tax - Total	\$ 60,982,653	\$ -	\$ 6,693,989	\$ 7,862,703	\$ -	\$ 40,233,964	\$ 458,771	\$ 5,731,138	\$ 2,089	\$ -

Scenario	Description
Name	Merlin Proposal – 30 Year PILOT
Source	Merlin Entertainments Group US Inc.
Const. Period	2 Years
Time Period	30 Years
Initial Payment	\$1.4MM
Payment Growth	1.5% p.a.
Land Value	\$1,590,000. Revised to \$1,750,000 to match IDA, taking into account the loss of agricultural status for some parcels
Value of Improvements	\$97,500,000 Revised to \$81,250,000 to match IDA
Other Property Taxes	-LEGOLAND pays fire district taxes on total assessed value of property, which remains constant -LEGOLAND pays county, town and school taxes based initial land assessment, which also remains constant
Notes	-Tax allocation corrected for Chester parcels -The initial assessed value and the value of improvements for all properties kept constant over the 30 years of the PILOT based on IDA assumptions

Property Tax & PILOT Payments Over Time



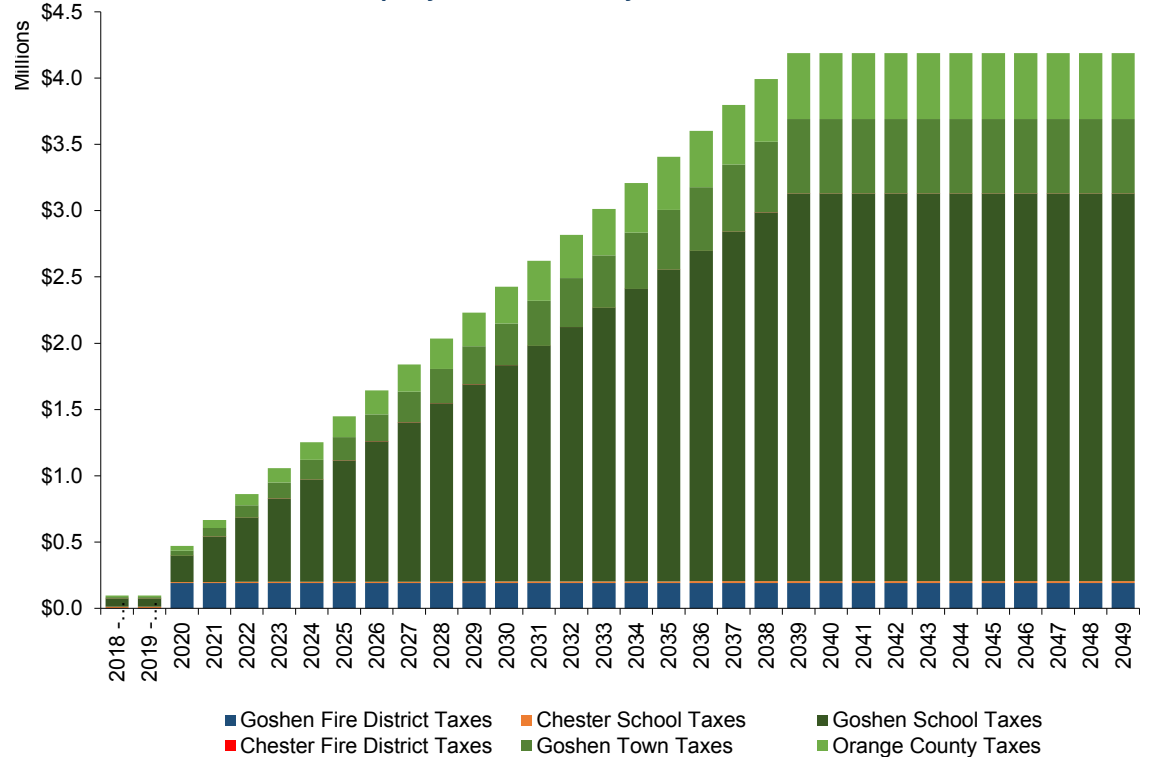
IDA 20YR Proposed

LEGOLAND Tax Payments – 20YR PILOT

Total Payments (30 Years No Discounting)	Total Legoland Payment	State of NY	Orange County	Town of Goshen	Town of Chester	Goshen School	Chester School	Goshen Fire	Chester Fire	MTA
PILOT Payment	\$ 41,001,795	\$ -	\$ 5,102,541	\$ 5,773,694	\$ -	\$ 30,125,561	\$ -	\$ -	\$ -	\$ -
Property Tax - Fire	\$ 5,733,227	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,731,138	\$ 2,089	\$ -
Property Tax - School	\$ 30,832,958	\$ -	\$ -	\$ -	\$ -	\$ 30,432,825	\$ 400,132	\$ -	\$ -	\$ -
Property Tax - Town	\$ 5,877,747	\$ -	\$ -	\$ 5,877,747	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Tax - County	\$ 5,194,499	\$ -	\$ 5,194,499	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Tax - Total	\$ 88,640,226	\$ -	\$ 10,297,039	\$ 11,651,442	\$ -	\$ 60,558,386	\$ 400,132	\$ 5,731,138	\$ 2,089	\$ -

Scenario	Description
Name	OC IDA – 20 Year PILOT
Source	IDA
Const. Period	2 Years
Time Period	30 Years
Initial Payment	5% of estimated property tax payment
Payment Growth	Increasing 5% of estimated property tax payment
Land Value	\$1,750,000
Value of Improvements	\$81,250,000
Other Property Taxes	-LEGOLAND pays fire district taxes on <i>total assessed value</i> of property -School and fire taxes are paid to the town of Chester in proportion to the value of the parcel in their jurisdiction
Notes	-The initial assessed value and the value of improvements for all properties kept <i>constant over the 32 years</i> based on IDA assumptions -In year 22 LEGOLAND is paying all taxes based on 100% of total assessed value of the property

Property Tax & PILOT Payments Over Time



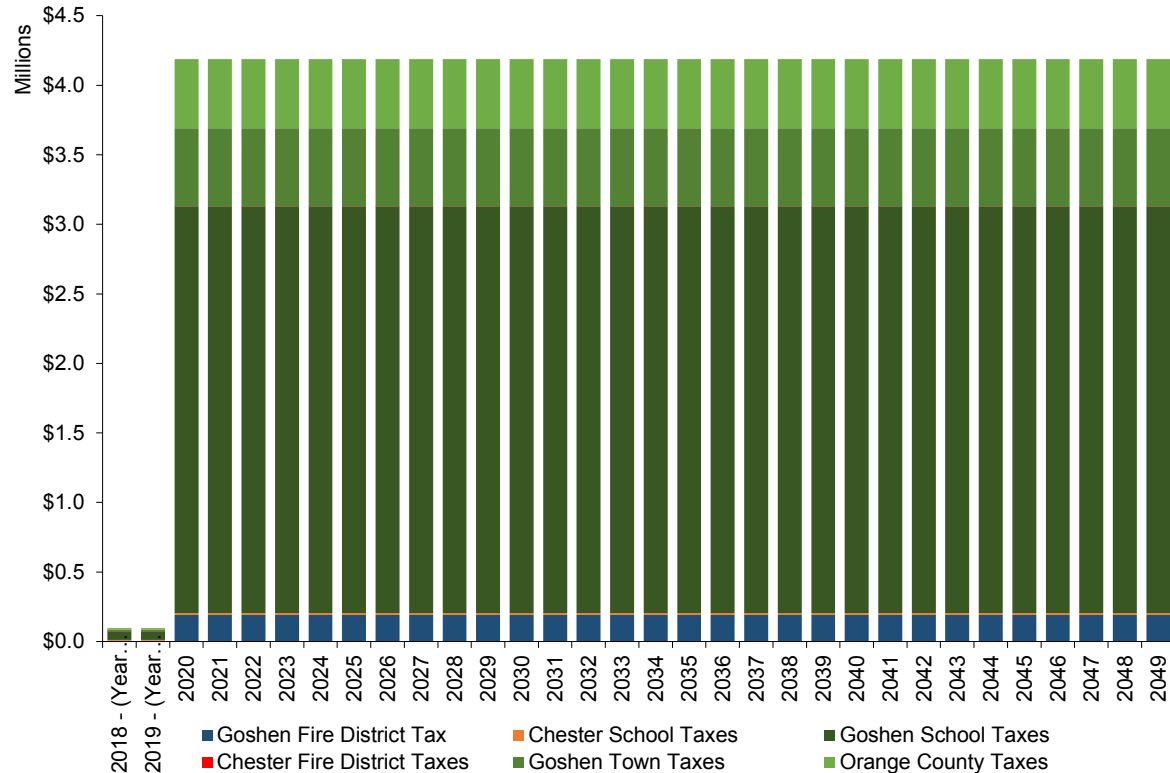
NO PILOT

LEGOLAND Tax Payments – No PILOT

Total Payments (30 Years No Discounting)	Total Legoland Payment	State of NY	Orange County	Town of Goshen	Town of Chester	Goshen School	Chester School	Goshen Fire	Chester Fire	MTA
PILOT Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Tax - Fire	\$ 5,733,227	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,731,138	\$ 2,089	\$ -
Property Tax - School	\$ 88,281,973	\$ -	\$ -	\$ -	\$ -	\$ 87,814,846	\$ 467,127	\$ -	\$ -	\$ -
Property Tax - Town	\$ 16,875,260	\$ -	\$ -	\$ 16,875,260	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Tax - County	\$ 14,913,624	\$ -	\$ 14,913,624	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Tax - Total	\$ 125,804,083	\$ -	\$ 14,913,624	\$ 16,875,260	\$ -	\$ 87,814,846	\$ 467,127	\$ 5,731,138	\$ 2,089	\$ -

Scenario	Description
Name	OC IDA – No PILOT
Source	IDA
Const. Period	2 Years
Time Period	30 Years
Initial Payment	100% of estimated property tax payment
Payment Growth	Constant
Land Value	\$1,750,000
Value of Improvements	\$81,250,000
Other Property Taxes	LEGOLAND all taxes on <i>total assessed value</i> of property Taxes
Notes	-The initial assessed value and the value of improvements for all properties kept <i>constant over the 32 years</i>

Property Tax & PILOT Payments Over Time





Other Taxes & Payments

Other Taxes & Payments

In addition to property taxes and PILOT payments, the OC IDA asked KPMG to analyze the other payments to Orange County, as well as the State and other local entities.

The proposed LEGOLAND NY development will be subject to sales tax on ticket sales, food and merchandise sales and hotel sales. These payments will be split between the State of New York, Orange County and the MTA. In addition, the proposed hotel at LEGOLAND NY will be subject to a County Hotel Tax.

Merlin has not requested and the IDA has not suggested any change to the Sales Tax arrangement in place. (Merlin has requested a Sale Tax Exemption on initial construction which is addressed later in this report.)

Other Taxes & Payments: Relevant Assumptions

Assumption	Value	Payments Impact	KPMG Comment
Attendance	2 Million (1.5M – 2.5M range)	Food & Merchandise Taxes, Ticket Taxes, Goshen Host Agreement	Public Hearing Presentation. Falls within the range of attendance at LEGOLAND FL and CA parks.

Assumption	Value	Payments Impact	KPMG Comment
New York State Sales Tax	4.00%	Food & Merchandise & Hotel Taxes	Orange County Website
Orange County Sales Tax	3.75%	Food & Merchandise Taxes, Ticket Taxes & Hotel	Orange County Website
MTA Sales Tax	.375%	Food & Merchandise Taxes & Hotel Taxes	Orange County Website
Amusement Park Ticket Sales Tax	Sales Tax on 25% of ticket value	Ticket Taxes	<i>New York Tax Bulletin ST-30 (TB-ST-30)</i>
Orange County Hotel Tax	5.00%	Hotel Room Rental Taxes	Orange County Website

Other Taxes & Payments: Overview

Under the base case assumptions, Orange County will receive approximately \$283 million over thirty years from its share of Sales Tax on tickets, food and merchandise, and lodging, in addition to the County Hotel Tax.

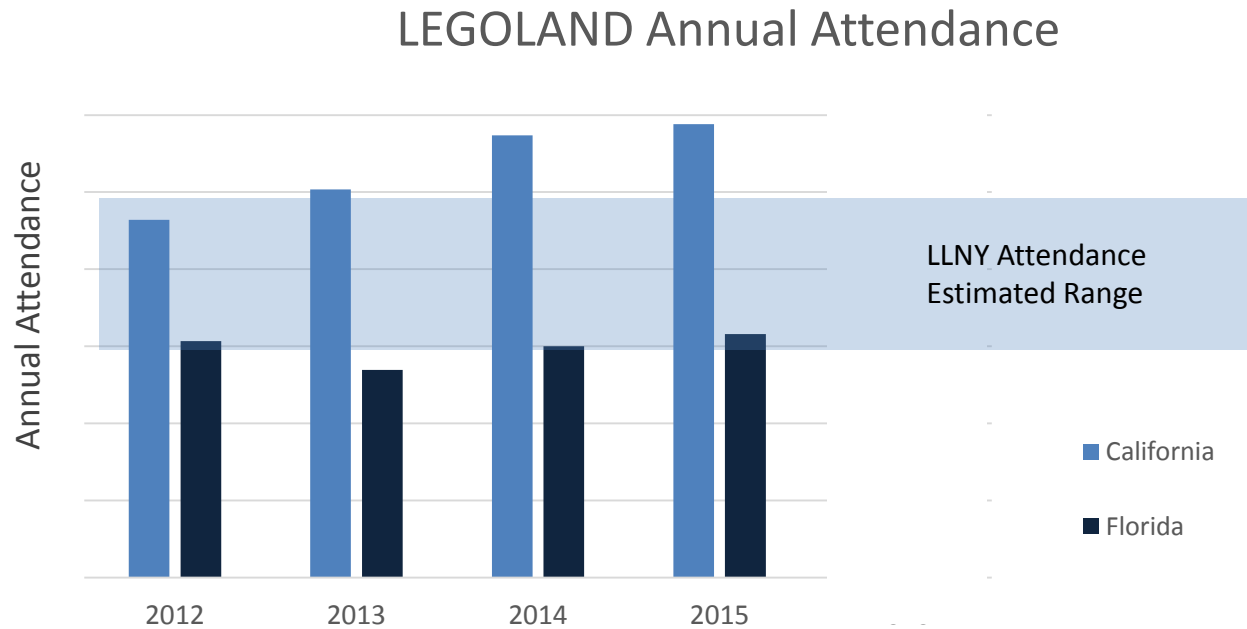
Legoland Non-Property Tax Payments

Total Payments (30 Years No Discounting)	Total Legoland Payment	State of NY	Orange County	Town of Goshen	MTA
State Sales Tax - Tickets	\$ 24,000,000	\$ 24,000,000	\$ -	\$ -	\$ -
County Sales Tax - Tickets	\$ 22,500,000	\$ -	\$ 22,500,000	\$ -	\$ -
MTA Sales Tax - Tickets	\$ 2,250,000	\$ -	\$ -	\$ -	\$ 2,250,000
State Sales Tax - Food & Merchandise	\$ 240,000,000	\$ 240,000,000	\$ -	\$ -	\$ -
County Sales Tax - Food & Merchandise	\$ 225,000,000	\$ -	\$ 225,000,000	\$ -	\$ -
MTA Sales Tax - Food & Merchandise	\$ 22,500,000	\$ -	\$ -	\$ -	\$ 22,500,000
State Sales Tax - Hotel	\$ 18,982,816	\$ 18,982,816	\$ -	\$ -	\$ -
County Sales Tax - Hotel	\$ 17,796,390	\$ -	\$ 17,796,390	\$ -	\$ -
MTA Sales Tax - Hotel	\$ 1,779,639	\$ -	\$ -	\$ -	\$ 1,779,639
County Hotel Tax - Hotel	\$ 23,728,520	\$ -	\$ 23,728,520	\$ -	\$ -
Host Agreement with Goshen	\$ 39,000,000	\$ -	\$ -	\$ 39,000,000	\$ -
Sales Tax Exemption	\$ (13,268,125)	\$ (6,532,000)	\$ (6,123,750)	\$ -	\$ (612,375)
Mortgage Tax Exemption	\$ (3,675,000)	\$ (3,675,000)	\$ -	\$ -	\$ -
Non Property - Total	\$ 620,594,239	\$ 272,775,816	\$ 282,901,159	\$ 39,000,000	\$ 25,917,264

*Note that throughout the document, projected values are neither adjusted for inflation nor discounted to present value.

LEGOLAND CA & FL Comparison (Attendance)

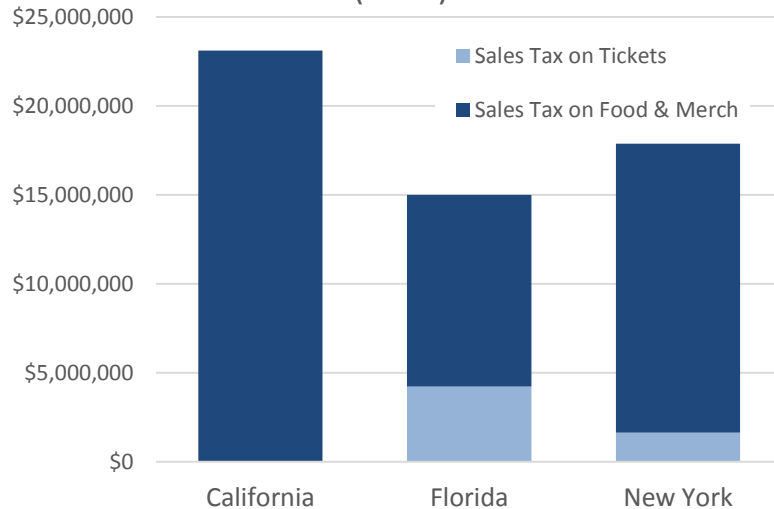
Projected attendance at LEGOLAND NY of 1.5-2.5 million annual visitors falls within the range of the two LEGOLAND parks operating in Florida and California.



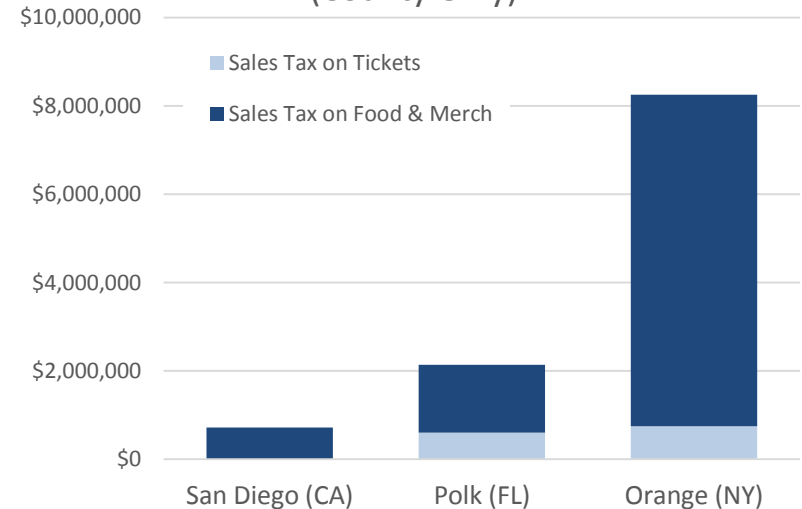
LEGOLAND CA & FL Comparison (Sales Tax)

KPMG compared the projected sales tax revenues associated with LEGOLAND NY against derived historical values for the CA and FL locations. The amount flowing to Orange County exceeds San Diego County (CA) and Polk County (FL) substantially despite projected attendance at LEGOLAND NY 1/3 less than the CA location.

LEGOLAND Annual Sales Tax Payments
(Total)



LEGOLAND Annual Sales Tax Payments
(County Only)



Notes:

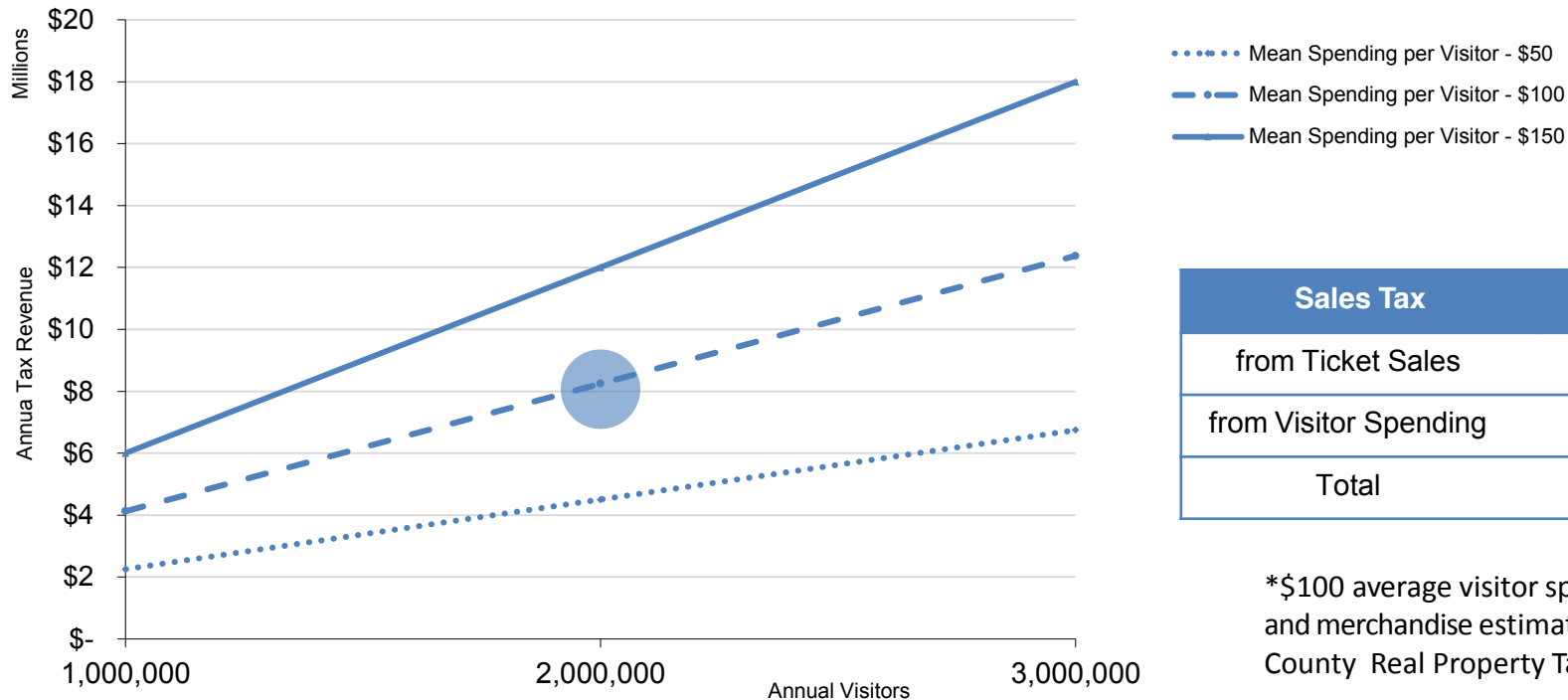
- Values derived from 2015 attendance figures and projected NY attendees
- California does not apply sales tax on ticket sales.
- New York sales tax applies to 25% of ticket value.
- Other Sales Tax (CA 'Special Tax' and NY MTA Tax).

Park Location	CA	FL	NY
State Sales Tax	6.25%	6.00%	4.00%
County Sales Tax	0.25%	1%	3.75%
Other Sales Tax	1.5%	0%	0.375%

Projected County Sales Tax Revenue

KPMG modeled the impact on Sales Tax Revenue from Tickets, Food and Merchandise sales. The base case assumption of 2 million annual visitors and \$100 average visitor spending on food and merchandise generates \$8.25 million to Orange County each per year. Depending on assumptions of attendance and average spending per visitor this estimated tax revenue can range from \$2.25 to \$18 million.

County Sales Tax Revenue on Tickets & Visitor Spending*



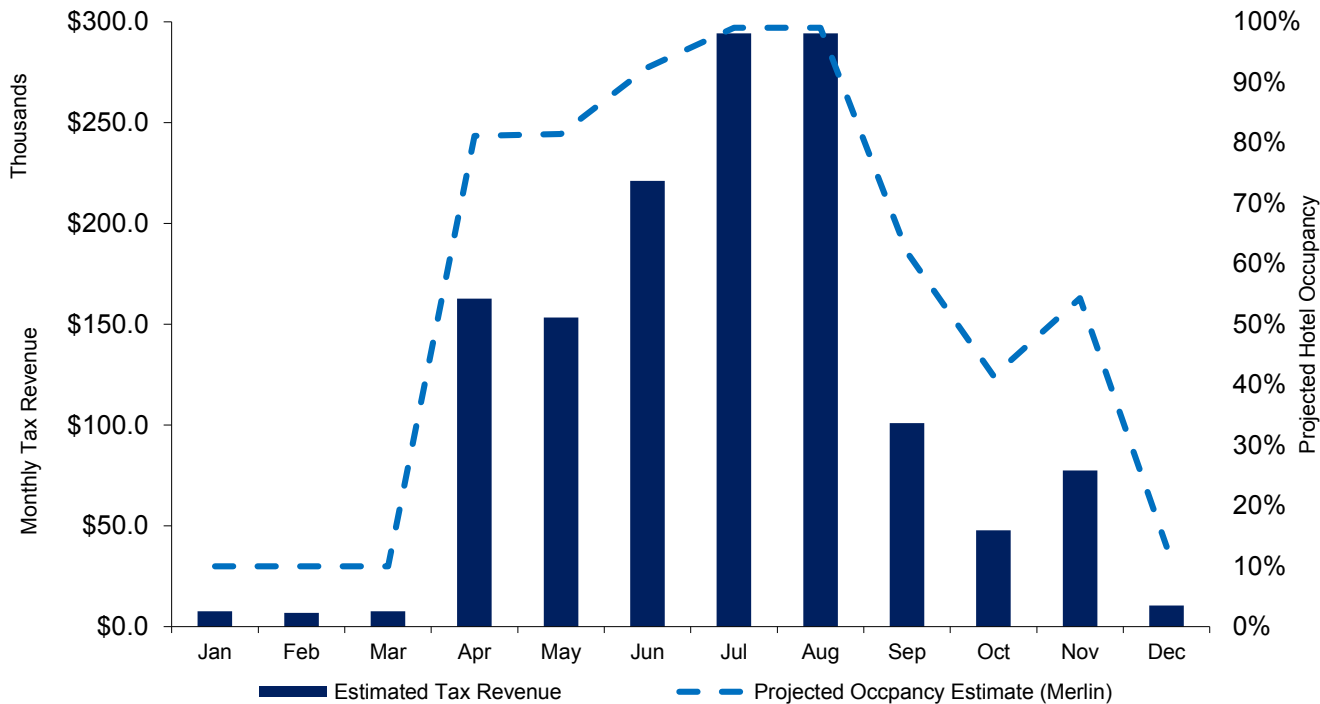
Sales Tax	Annual
from Ticket Sales	\$750,000
from Visitor Spending	\$7,500,000
Total	\$8,250,000

*\$100 average visitor spending on food and merchandise estimated by Orange County Real Property Tax Services.

Projected County Hotel Tax Revenue

According to Merlin, LEGOLAND NY will be open from approximately early April to the end of October each year. This correlates with Merlin's projected occupancy at LEGOLAND hotels and average room rate.

Monthly Hotel Occupancy and Tax Revenue to Orange County (Projected)



Hotel Rooms	
250	
Tax on Hotel Rooms	
State Sales Tax	4.00%
MTA Sales Tax	0.375%
County Sales Tax	3.75%
County Hotel Tax	5.00%
Total	13.25%



Employment Impacts

Employment Analysis Overview

The IDA asked KPMG to analyze the statements made by Merlin regarding the employment impact of LEGOLAND NY on the county. To do so, KPMG reviewed

- LEGOLAND NY Employment Expectations
- LEGLOLAND CA & FL Employment Data
- Sample LEGOLAND NY Job Descriptions
- New York State Minimum Wage
- BLS wage data for Orange County

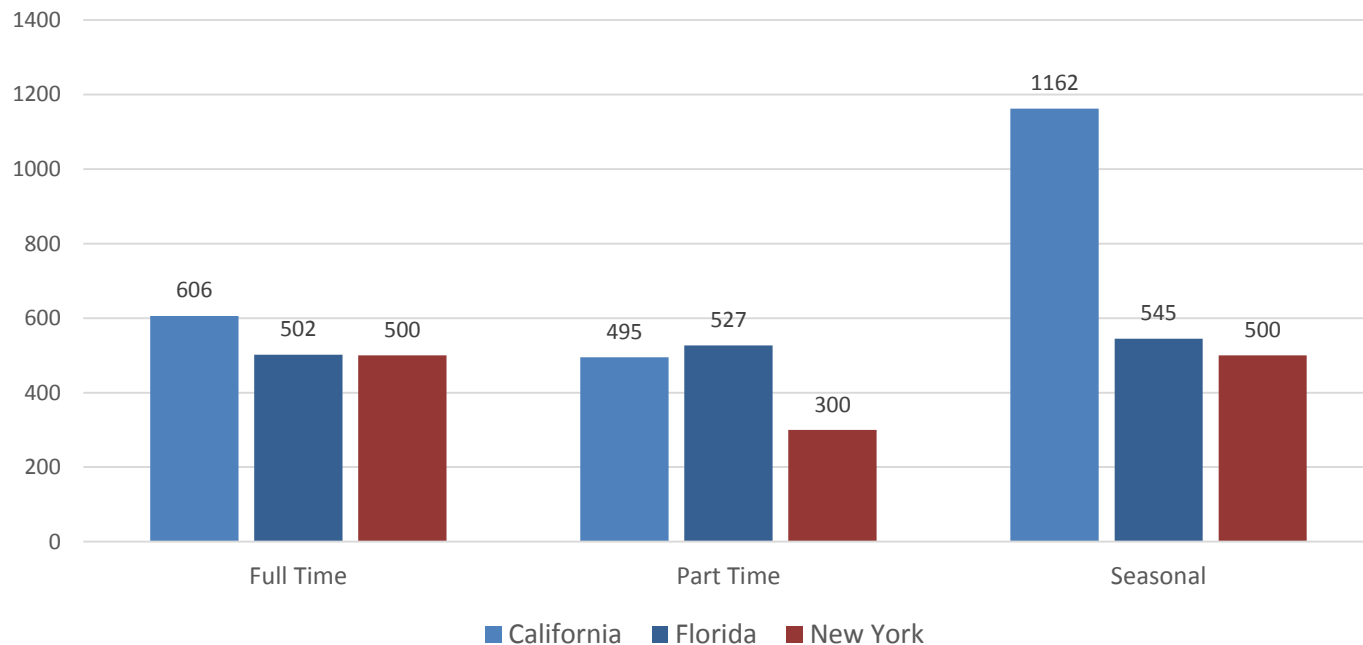
Findings:

1. LEGOLAND NY is expected to employ 500 Full time, 300 part time and 500 seasonal workers. This is broadly consistent with employment count at other LEGOLAND locations.
2. KPMG estimates an annual LEGOLAND payroll and benefits of approximately \$46 million
3. Attendance at the NY park is projected between 1.5 million and 2.5 million visitors per year. It is reasonable to expect that to a certain degree, the total number of actual attendees will impact overall employment at the park.
4. LEGOLAND NY will open from April-October. For all or part of this period, seasonal workers will supplement the permanent workforce.

Employment Impact: Count

Merlin has stated its expectation that construction of LEGOLAND NY will generate 800 jobs for two years. In addition, Merlin has provided estimates of the ongoing jobs at the park. These are similar albeit lower than LEGOLAND Florida and California. Differences that can be explained by the larger size of the LEGOLAND California facility and possibly the shorter season of LEGOLAND NY.

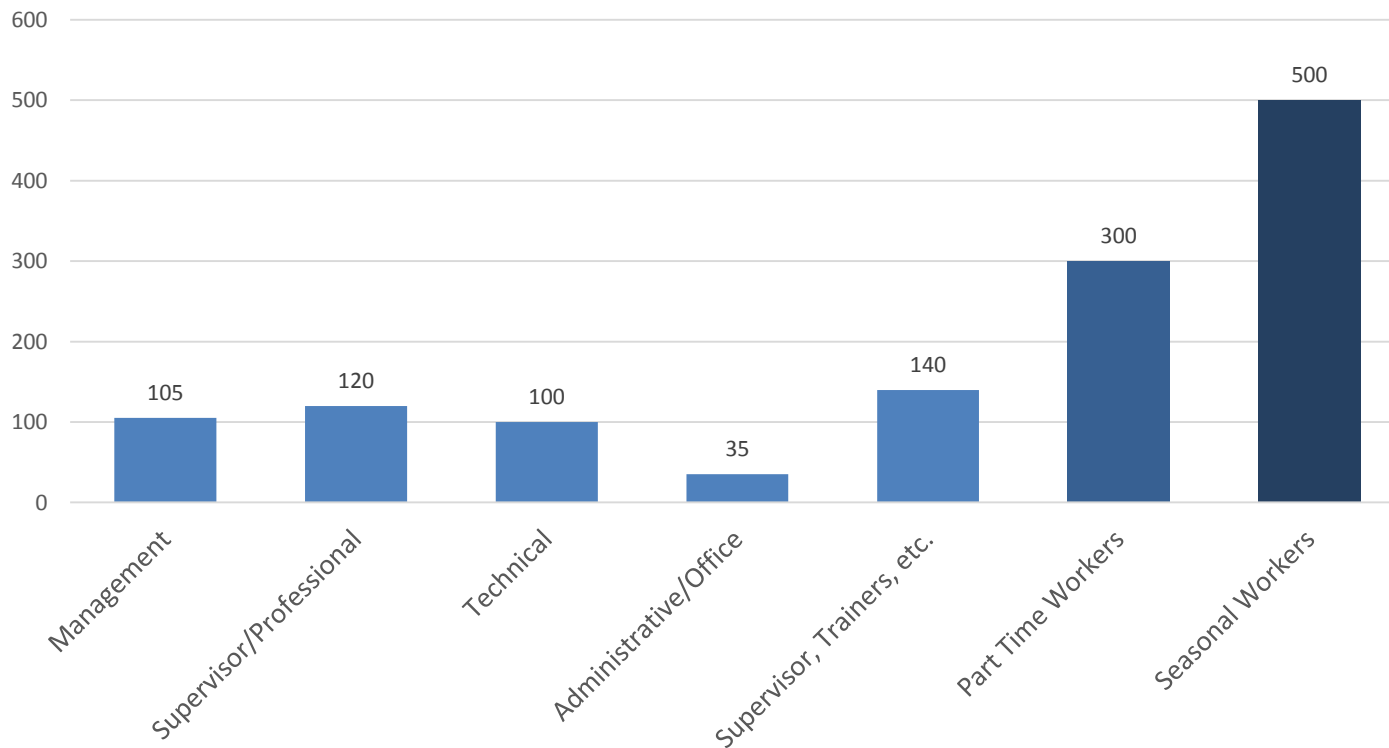
Employment Type Count by LEGOLAND Location



Employment Impact: Composition

In addition to total numbers of employees at LEGOLAND NY and its other parks, Merlin provided a breakdown of the expected full time jobs by job category. No comparable numbers for other parks were provided. The employee count is dominated by part time and seasonal workers.

LEGOLAND NY Projected Annual Workforce Composition



Employment Impact: Earnings

KPMG estimated an initial total payroll of approximately \$46 million per year based on the employee count and compensation values provided by Merlin. While LEGOLAND NY is projected to employ a proportionally large number of part time and seasonal workers, the relatively lower pay and number of hours worked make their share of total payroll small compared to the full time and more senior staff.

Position Description	Assumed Pay Category	Open Positions	Pay Category Annual Compensation	Benefits (% of Salary)	Total Estimated Compensation
Senior Management	Management	40	\$75,000-\$100,000	25%-40%	\$12,173,438
Management	Management	65			
Supervisor/Professional	Professional	120	\$50,000-\$90,000	25%-40%	\$20,405,000
Senior Technical	Professional	50			
Technical	Professional	50			
Administrative/Office	Administrative	35	\$40,000-\$70,000	25%-40%	\$2,550,625
Area Lead/Shift Supervisor	Production	45	\$15-\$20/hour	25%-40%	\$3,246,250
Trainers	Production	50			
Between	Production	45			
Part-Time	Part-Time	300	\$15/hour	N/A	\$4,680,000
Sesonal	Seasonal	500	\$12.5/hour	N/A	\$3,500,000
Total Annual		1300			\$ 46,555,313

Note: The categories provided by Merlin for open position count and compensation do not match exactly. The KPMG team has applied its judgment to match these in the table above.

Employment Impact: Benefits

Full time workers receive benefits at other LEGOLAND locations including medical, dental insurance. Merlin stated in its financial application that full time worker benefits account for between 25%-40% of base salary. This is in line with private sector average based on BLS estimates that in 2016, benefits account for 31.4% of total compensation.

The benefit package provided to part time and seasonal employees is more limited, and does not offer medical, dental insurance. Merlin offers 401K match to all employees subject to age and other requirements.

In addition, LEGOLAND NY employees will be entitled to other benefits, which include:

- Complimentary tickets for LEGOLAND NY
- Internal and external training programs for career development
- Complimentary admission for various other attractions in the local area
- Discounted meals in our staff food locations
- Discount of LEGO toys and retail merchandise
- Health wellness screening
- Access to 24hr Employee Assistance Program
- Discount on car rentals

<http://www.bls.gov/news.release/ecec.nr0.htm>

Employment Impact: Local Participation

Local Participation

Of the 1,300 ongoing jobs at LEGOLAND NY, Merlin has stated its expectation that 1290 will come from residents of the Labor Market Area including all of the Part Time employees and 490 of the 500 full time employees. KPMG has not reviewed whether the regional labor market can provide skilled labor for management and technical positions which account for the majority of the full time workforce.

Low Skill Workforce

A large proportion of LEGOLAND's workforce requirement appears to be low skilled, including much of its part-time and seasonal workforce. Merlin provided job descriptions for various positions at LEGOLAND NY. These included jobs for which no formal education was required such as the 'Guest Services Associate' job description (from the California park) reproduced on the following page.

LEGOLAND stated in its application that "Front line customer service roles are generally paid at an hourly rate above minimum wage/market rate to attract quality staff." According to Merlin, the weighted average hourly pay of its seasonal workers is \$12/hour (\$2 higher than the 2016 CA minimum wage) and higher than New York's \$9/hour minimum wage (rising to \$12.50 by 2021 in non-NYC regions).

Local Resident Employment Opportunities

Position Title: Guest Service Associate – Rides & Attractions
Reports To: Guest Service Team Leads, Guest Service Area Lead, & Guest Service Supervisor – Rides & Attractions
Department: Operations – Rides & Attractions
Job Classification: Non-exempt (hourly)

Job Purpose: As a Model Citizen (employee) at LEGOLAND California Resort, your purpose is to provide memorable experiences to our guests. Guests travel from all around the world to make memories with their families and our job is to help those come to life. Each Model Citizen, regardless of which department they work in or which position they hold, is required to understand and focus on our main guest expectations, which are as follows:

- **Focus on Children** – Our key age demographic is children ages 2-12. Because of this, children are the primary reason anyone is visiting the park. It is our job to engage them and make them feel special.
- **Take care of each guest as an individual** – A lot of planning and cost goes into taking a family trip to a theme park. Each of our guests deserves to feel special and like they are the most important guest at the park. It's our job to treat each guest as if they are the first guest we've seen all day and take ownership to solve any guest difficulties we encounter.
- **Be knowledgeable** – It is imperative for each Model Citizen to be knowledgeable and learn the answers to the frequently asked questions in their area of the park. Guests view each employee as a representative of LEGOLAND and a resource for any assistance they need throughout their day.

To deliver a consistent high level of guest service, all Model Citizens are required to embody the park's Service Excellence Guidelines:

- **Smile** – Make eye contact and be friendly
- **Interact** – Say hello to anyone within 5-10 feet of you
- **Maintain** – Maintain a welcoming demeanor. Don't cross your arms, lean, etc.
- **Own** – Own the situation. You are LEGOLAND; fix the problem or get help.
- **Thank** – Thank every guest to make them feel appreciated.

Job Role:

As a Guest Service Associate for Rides & Attractions, your role is to ensure our guests safely enjoy our attractions. The job duties and abilities are listed below:

- Learn and follow detailed ride operating procedures listed in Standard Operating Procedures manuals
- Strong verbal communication skills to instruct guests and maintain effective communication with other ride operators
- Work effectively in busy environments with high noise levels
- Work effectively under pressure in situations such as ride breakdowns or upset guests
- Maintain a high level of focus to ensure safe operation
- Comfortable speaking to guests both one-on-one and in groups using a public address system
- Check rider height and screen for other riding restrictions
- Ensure all safety policies, rules and procedures are followed at all times
- Physically check ride restraints (seat belts, lap bars, doors, etc.)
- Utilize ride controls to operate ride (send vehicles in motion, start ride cycle, stop ride cycle, lock lap bars, etc.)
- Assist guests utilizing passes, such as disability access passes
- Follow set procedures during ride break downs, including proper guest communication and carrying out ride evacuation
- Maintain basic cleanliness and order of ride queues, storage areas, and play areas

Other Requirements:

- Must speak English fluently.
- Must be willing to work flexible hours, including evenings, weekends, and holidays to support park operation.
 - o The earliest shifts in the Rides & Attractions department can begin as early as 8:15am. The latest shifts in the Rides & Attractions department can end as late as 8:45pm.



Procurement Practices

Procurement Impacts

Merlin has stated that it does not have any procurement policies in place that would exclude local manufacturers / suppliers from doing business with LEGOLAND NY.

Assuming 2 million visitors, annual revenues for LEGOLAND NY (excl. hotels) could total \$280 million. Depending on the relative size of non-labor operating expenses, the impact on the region's businesses could be substantial. KPMG has not requested projected annual budgets from Merlin nor sought to estimate this additional economic impact.



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