

The Construction of Encore Boston Harbor: Spending, Employment, and Economic Impacts

EXECUTIVE SUMMARY

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Executive Summary

The UMass Donahue Institute ([UMDI](#)) is a member of the Social and Economic Impacts of Gambling in Massachusetts ([SEIGMA](#)) research team charged with carrying out aspects of the research agenda of the Massachusetts Gaming Commission (MGC). This report seeks to inform stakeholders about the construction of the Encore Boston Harbor casino and its economic impacts in the Commonwealth. Over the course of the casino's construction, UMDI worked with the Massachusetts Gaming Commission and the project's construction managers at Suffolk Construction Company to obtain data on the spending, employment, and wages related to the construction of the casino. These data are summarized here along with an estimate of the total economic impacts to the Commonwealth of Massachusetts resulting from the casino construction.

Wynn Resorts spent nearly \$1.6 billion to build the Encore Boston Harbor casino. This amount differs from the larger amount that is commonly reported in the press. The larger amount represents total investment of which construction is a component. The difference between investment and construction includes design fees; furniture, fixtures, and equipment (FF&E); operating supplies and equipment (OSE); license/application fees; and pre-opening expenses.

Where were the construction dollars spent?

- Almost three-quarters of the construction budget (\$1.1B of \$1.6B) went to firms based in Massachusetts. Nearly 60 percent of Massachusetts' share (\$662M) (or 40 percent of the total) remained in Middlesex and Suffolk Counties.
- Firms based in the City of Everett received \$32 million in contracts.
- The remaining quarter that went out of state (\$446M) was distributed among 36 states. Rhode Island, Connecticut, and New York accounted for over \$200 million of that amount while \$71 million went outside of the country.
- Thirteen percent of the total contract value went to firms that met at least one element of the diversity criteria while another fifth went to local businesses from the region.

Where did construction workers reside and was it a diverse workforce?

- In total, half of in-state workers lived in Middlesex and Suffolk Counties. Residents of Everett did about five percent of all the work.
- Workforce diversity statistics suggest that the Encore Boston Harbor construction workforce largely reflected the composition of the populations from which they were drawn.
- Members of minority groups did one-quarter of the work on the Encore Boston Harbor construction site, which is similar to their share of statewide construction workers. Overall, the construction workers were over 90 percent male and non-veteran, which is also similar to statewide shares.
- The share of the work done by minority construction workers from Everett was less than the city's minority share of working age population. Our findings showed that non-White workers did 46 percent of all the work compared to 63 percent of Everett's working age population being Black, Hispanic, Native American, or Asian. We could not find reliable data on the racial/ethnic mix of only those workers who are in construction occupations.

What were the total statewide economic impacts of constructing Encore Boston Harbor?

- Increases in company revenues and employment drive larger changes in the economy, which are estimated using an economic model.
- Overall, total statewide economic activity (also known as output) increased by \$2.6 billion over the five-year construction period.

- Net new economic activity (i.e., value added or gross state product) totaled almost \$1.6 billion.
- About 2,500 jobs were created or supported by this economic activity. These jobs accrued \$1 billion of income.
- When the estimates of total economic impacts are compared to Encore Boston Harbor's construction expenditures, the results show that every \$1.55 of construction spending created about \$1 of additional economic activity in Massachusetts and every in-state job created another 0.85 jobs elsewhere in the Commonwealth.