



# ECONOMIC DEVELOPMENT

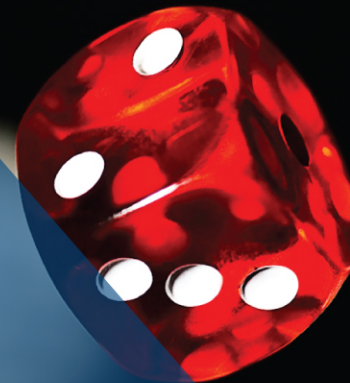
COMMISSIONER BRUCE STEBBINS

PRESENTATION

CATEGORY 1 – REGION A RESORT CASINO

---

SEPTEMBER 9, 2014



# ECONOMIC DEVELOPMENT COMPONENTS

**The Application set out three broad groupings of criteria:**

1. Job Creation
2. Supporting External Business
3. Regional Tourism and Attractions

# ADVISORS AND SUPPORT GROUPS

## Massachusetts Gaming Commission Advisor

- Jill Griffin, Director,  
Workforce, Supplier and Diversity Development



## External Reviewers (Technical Reviewers)

- Lynn Browne, Past Director of Research at the Boston Federal Reserve Bank and current Lecturer in Economics at Brandeis University
- Jennifer James, Undersecretary, MA Department of Labor and Workforce Development
- Betsy Wall, Executive Director, MA Office of Travel and Tourism (MOTT)

## HLT Advisory (Subject-Matter Experts/Consultants)

- Lyle Hall
- Carla Giancola



## Pinck & Co. (Process Advisors/Consultants)

- Nancy Stack
- Melissa Martinez



# OUR APPROACH

- **Individual Review of each Application by Review Group, consisting of:**
  - Commission Staff
  - Technical Experts
  - Subject-Matter Experts
- **Additional input gathered from:**
  - Presentations by Applicants
  - Site Visits
  - Follow-up/background analysis, requests for clarification and data gathering
  - Interviews with economic development officials from other jurisdictions
- **Group Discussion**



# COMPONENTS REVIEWED



1. Tourism & Attractions potential from region and further afield

2. External Business benefits are driven from operational spending and marketing linkages

3. Job Creation is a key priority and a significant focus of the review

# JOB CREATION: COMPONENTS

## 1. Employees

- Number of employees
- Affirmative action
- HR practices
- Retention
- Ethnic Diversity

## 2. Workforce Development

- Hiring and training
- Unemployed and underemployed

## 3. Labor Relations

- Labor harmony

## We Were Looking For:

Detailed quantification and comparability of:

- F/T, P/T, FTE jobs -wages, benefits
- Retention levels
- Union - FTEs, wages and benefits
- Workforce composition

Past experience and plans detailing:

- Awareness of local operating environment such as arrangements with colleges/training institutes/career centers
- Targets for unemployed, underemployed, minorities, women and veterans
- Practices: onboarding, advancement, employee assistance, career paths
- Track record with organized labor



# WHAT WE FOUND/OMISSIONS/CONCERNS

## We Found:

### Mohegan Sun | Revere

- Realistic quantification and description of FTEs, although projected FTE wage/benefit rates significantly lower than Wynn. Hourly wage rates lower than Wynn for key positions
- Comprehensive benefits package
- Good retention at existing facilities; consistent with projections for Revere
- Described approach to accessing unemployed/underemployed
- Detailed HCA/SCA re: hiring, recruitment and training
- Good detail provided for training and development initiatives. Workforce training initiatives through MOUs and demonstrated awareness of MA situation
- Past experience with diversity in hiring
- Completed PLAs for construction

### Wynn | Everett

- Realistic quantification and description of FTEs. Higher overall wages/benefits per FTE and key position hourly wage rates than Mohegan
- Benefits package less on a \$/FTE basis than Mohegan, however, package did not reflect expected contributions to union healthcare
- Good retention rates at existing facilities; consistent with projections for Everett
- Good detail provided for training and development initiatives. Workforce training initiatives through MOUs but lack of detail provided on process to staff the facility
- Commitment for \$5M in pre-opening training and recruitment efforts
- Past experience with diversity in hiring
- Completed PLA for construction, and in discussions for union operation

## Omissions/Concerns:

- Reliance on general contractor to meet construction diversity goals, however no contractor currently identified.
- No projection of union employment/wages and benefits provided.

- Lack of detail on approach to targeting local residents and the unemployed/underemployed. However, demonstrated past experience in targeting these groups.
- No projection of union employment/wages and benefits provided.



# JOB SUMMARY

## Mohegan Sun | Revere

- Construction: 1,579 FYEs @ \$74,000/FYE
- Year 1 Wages and Benefits = \$99.3M
- Total FT and PT Employees = 3,172
- 2,538 FTEs (incl. 600 in 3<sup>rd</sup> party RDE)
- Payroll & Benefits/FTE = \$39,144
- Benefits as % of Payroll = 46.2%
- Projected Employee Retention = 84%
- \$6.6M allocated for pre-opening labor/training (no segmentation)

## Wynn | Everett

- Construction: 1,765 FYEs @ \$117,000/FYE
- Year 1 Wages and Benefits = \$170.2M
- Total FT and PT Employees = 4,382
- 3,287 FTEs (not including an estimated 410 additional 3<sup>rd</sup> party FTEs)
- Payroll & Benefits/FTE = \$51,773
- Benefits as % of Payroll = 25.0% + expected medical contributions
- Projected Employee Retention = 84.4% - 86.3%
- \$41M allocated for pre-opening labor/training (\$5M identified as training)



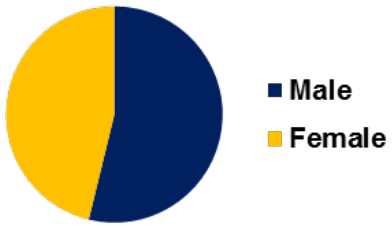
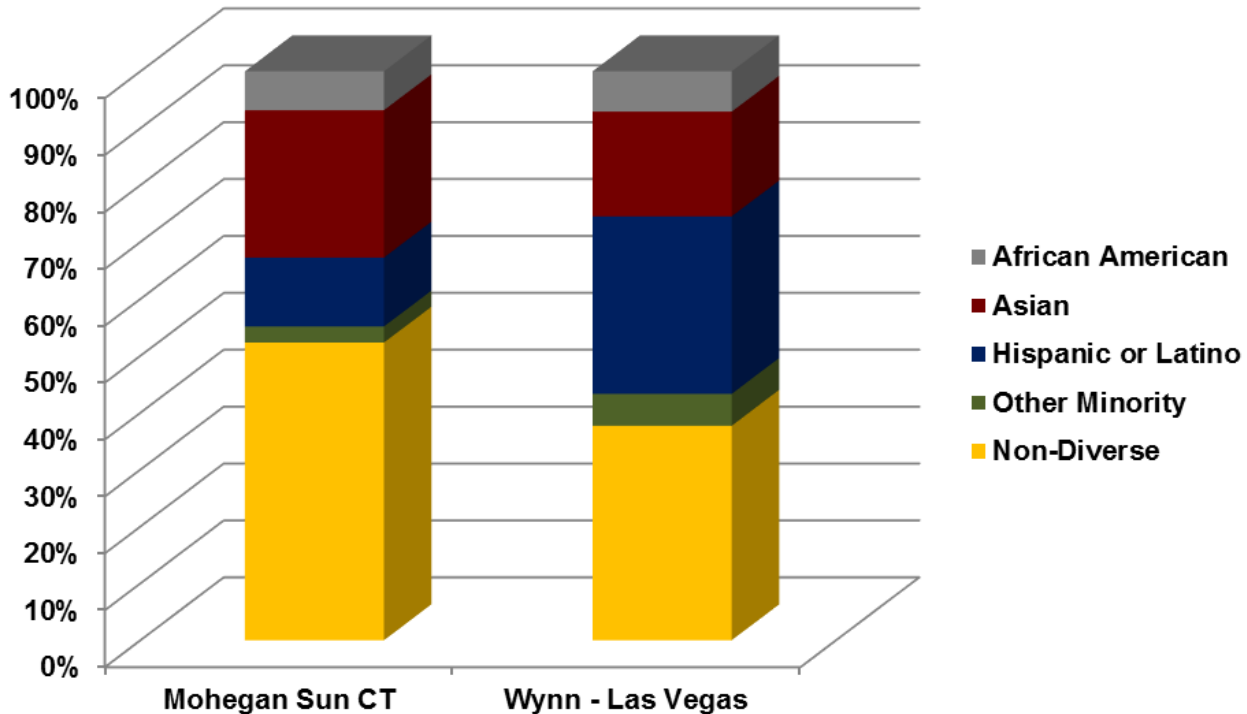
# LABOR MARKET COMPARISON

Host Community	Host Community Demographic Characteristics			
	Mohegan Sun/Revere		Wynn/Everett	
	Revere	Suffolk County	Everett	Middlesex County
Population	51,729	724,502	41,621	1,507,558
Demographics-Age				
<21	23.8%	25.3%	25.0%	25.5%
21-34	21.2%	30.2%	23.7%	19.9%
35-54	29.8%	24.6%	30.0%	29.6%
55+	25.1%	19.9%	21.3%	25.0%
Demographics- Ethnicity				
White alone	62.7%	48.1%	59.7%	77.0%
Hispanic or Latino alone	26.7%	19.9%	19.8%	6.6%
Black or African American alone	2.8%	20.3%	13.3%	4.3%
Asian alone	5.9%	8.3%	3.7%	9.4%
Other	1.9%	3.4%	3.5%	2.7%
Unemployment Rate	6.9%	7.0%	6.5%	4.8%
Average Household Income	\$63,345	\$77,652	\$64,169	\$108,121
Median Housing Price	\$316,600	\$362,600	\$323,900	\$401,300
Source: HLT Advisory Inc. Based on U.S. Census Bureau, 2008-2012 American Community Survey				
Note: Host cities and towns are included in county totals.				



# DIVERSITY COMPARISON

## Employee Diversity



# JOB CREATION: RATING

## Mohegan Sun | Revere

Sufficient/Very Good

- Job creation through construction and operations is not as impactful as Wynn
- Wages and salaries/FTE are substantially lower than Wynn
- Entered into partnerships with community colleges (and Lasell College)
- Well defined HR practice and workforce development initiatives: training and development, ethnic diversity
- HCA/SCAs provide detailed plan for recruitment/training
- Demonstrated strong working relationship with organized labor re: construction, but no detail or plans for operation

## Wynn | Everett

Very Good

- Job creation through construction and operations is significant
- Wages and salaries/FTE are substantially higher
- Entered into partnerships with community colleges
- Well defined HR practice and workforce development initiatives: training and development, ethnic diversity
- Budgeted \$5M in pre-opening recruitment and training efforts
- Demonstrated strong working relationship with organized labor re: construction, and plans for operation

# SUPPORT FOR EXTERNAL BUSINESS: COMPONENTS

## 1. Local Business Promo/Support

- Local business promotion
- Local suppliers, business owners
- Assisting businesses/promoting regional business
- Vendor supplied goods

## 2. Minority, Women, Veteran Business Support

## 3. Regional Impact

- Projected benefit for regional economy
- Regional economic plan coordination

## 4. Gaming Equipment

## We Were Looking For:

Past experience and plans detailing:

- Impacts of cross-marketing initiatives
- Extent of relationships with local suppliers/vendors
- Arrangements to ensure participation from local and WBE/MBE/VBE vendors

Realistic, achievable, experience-based implementation, including:

- Quantification of local spending/vendor arrangements
- Tie-in with local economic development initiatives
- Vendor support
- Identification of key gaming equipment supplies



# WHAT WE FOUND/OMISSIONS/CONCERNS

## We Found:

### Mohegan Sun | Revere

- Quantification of local goods & services spending \$62 million
- Good description of vendor outreach and process for contracting for goods and services
  - Vendor Licensing Specialist on staff, community outreach, job fairs, vendor database
  - Commitment under HCA to purchase \$60 million of goods and services within 15 miles of Revere
- Numerous (400) local businesses signed interest in Momentum point partnership program
- Realistic targets and detailed approach to MBE/WBE/VBE participation with pre-construction activity supporting commitments
- Plans for building awareness, strategies for involvement and training for vendors (e.g., contractor outreach program). Activities to date support commitments
- Development plans consistent with planning goals of City

## Omissions/Concerns:

- Vendor outreach and Momentum program engaged community, but MSM failed to quantify benefits
- Low percentage of visits projected from tourist market and greater reliance on visitation from a local market suggesting less potential for local spending by visitors

### Wynn | Everett

- Quantification of local goods & services spending \$95 million
- Good description of vendor outreach and process for contracting for goods and services
  - “First and Last Look” for locals, job fairs, local business education, distributor/manufacturer introductions
  - Commitment under HCA to purchase locally, but no quantification provided. Commitment to annual purchase of Gift Certificates from local business (through HCA/SCA agreements)
- Identification of various local business partnerships to pursue
- Realistic targets and detailed approach to MBE/WBE/VBE participation with pre-construction activity supporting commitments
- Plans for building awareness, strategies for involvement and training for vendors (e.g., pursue alliance with Initiative for a Competitive Inner City). Activities to date support commitments
- Development plans consistent with planning goals of City and region
- High percentage of visits projected from tourist market suggesting greater potential for local spending by visitors

- Focus on higher end partners may lead to the perception of exclusivity and limit participation of some businesses



# OPERATING EXPENSES

## Mohegan Sun | Revere

- Year 1 Goods and Services Spending = \$138.7M
- \$62 million to be purchased locally

Mohegan Sun/Revere - Projected Goods and Services Spend - Year 1 (\$Millions)			
	Local	Other	Total
Marketing	\$11.4	\$11.4	\$22.9
Food and Beverage Cost of Sales	\$17.5	\$9.2	\$26.7
Other Food and Beverage Expenses	\$11.8	\$27.6	\$39.4
Entertainment Cost of Sales	\$1.7	\$3.2	\$4.9
Retail Cost of Sales	\$3.8	\$8.8	\$12.6
Other Entertainment Expenses	\$0.2	\$0.9	\$1.1
Repairs and Maintenance	\$0.9	\$1.8	\$2.7
Supplies	\$6.1	\$3.3	\$9.3
Other Expenses	\$8.7	\$10.3	\$19.0
<b>Total Goods and Services</b>	<b>\$62.2</b>	<b>\$76.4</b>	<b>\$138.7</b>
Local % of total	44.9%		

## Wynn | Everett

- Year 1 Goods and Services Spending = \$136.1M
- \$95 million to be purchased locally

Wynn/Everett - Projected Goods and Services Spend - Year 1 (\$Millions)			
	Local	Other	Total
Marketing	\$33.6	\$28.8	\$62.3
Food and Beverage Cost of Sales	\$16.1	\$0.8	\$16.9
Other Food and Beverage Expenses	\$2.0	\$0.8	\$2.8
Entertainment Cost of Sales	\$4.4	\$4.4	\$8.7
Other Entertainment Expenses	\$0.6	\$0.6	\$1.2
Gaming Expenses	\$6.3	\$1.6	\$7.9
Repairs and Maintenance	\$8.2	\$0.4	\$8.7
Supplies	\$6.5	\$0.7	\$7.3
Other Expenses	\$17.8	\$2.4	\$20.2
<b>Total Goods and Services</b>	<b>\$95.5</b>	<b>\$40.6</b>	<b>\$136.1</b>
Local % of total	70.2%		



# ECONOMIC IMPACTS

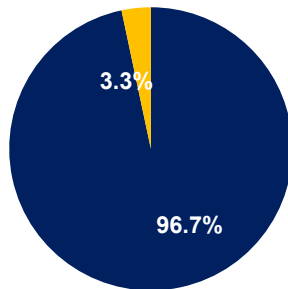
**Three areas of focus:** Jobs, Goods and Services Spending, Visitor Spending

## Mohegan Sun/Revere

- Total FT and PT Employees = 3,172
- Year 1 Wages and Benefits = \$99.3M
- Year 1 Goods and Services = \$138.7M
- \$62 million to be purchased locally

Visitation:

**Visitor Origin (Year 1)**



■ < 120 mins ■ > 120 mins ■ Visitor/Overnight

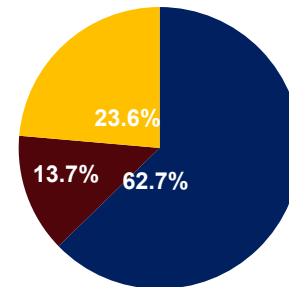
Total Visits (year 1) – 8.1 million

## Wynn/Everett

- Total FT and PT Employees = 4,382
- Year 1 Wages and Benefits = \$170.2M
- Year 1 Goods and Services = \$136.1M
- \$95 million to be purchased locally

Visitation:

**Visitor Origin (Year 1)**



■ < 120 mins ■ > 120 mins ■ Visitor/Overnight

Total Visits (year 1) – 7.4 million



# SUPPORT FOR EXTERNAL BUSINESS: RATING

## Mohegan Sun | Revere

### Sufficient/Very Good

- Quantification of local goods & services (operations) spending \$62 million/annum.
- Demonstrated interest in working with community via partnership and cooperative arrangements (vendor purchases) and Momentum cards.
  - Apparent over commitment to SCAs.
  - No quantification of on-site/off-site Momentum spending.
- Linkage to City economic plans and commitment to non-competition with local entertainment venues.
- Plans for building awareness, strategies for involvement and training for vendors (e.g., contractor outreach program) and realistic targets and detailed approach to MBE/WBE/VBE participation (e.g., partnerships for bonding, corporate purchasing policy). Activities to date support commitments.
- Low percentage of visits projected from tourist market and greater reliance on visitation from a local market suggesting less potential for visitor spending.

## Wynn | Everett

### Very Good

- Quantification of local goods & services (operations) spending \$95 million/annum.
- Demonstrated interest in working with community via partnership and cooperative arrangements (Red Card, WE SAVE, gift certificates).
- Linkage to City and regional economic plans and commitment to non-competition with local entertainment venues.
- Plans for building awareness, strategies for involvement and training for vendors (e.g., pursue alliance with Initiative for a Competitive Inner City) and realistic targets and detailed approach to MBE/WBE/VBE participation (e.g., capacity building plan, breaking down bid packages). Activities to date support commitments.
- Higher percentage of visits projected from tourist market suggesting greater potential for visitor spending.





# TOURISM: COMPONENTS

## 1. Tourism and Regional Promotion

- Local agreements to widen gaming draw
- Cross Marketing
- Collaboration with tourism/other industries
- International marketing efforts
- Record of success

## 2. Other Amenities, Enhancement and Business Strategy

- Unique business and marketing strategies
- Other community enhancements
- Entertainment and athletic events

## We Were Looking For:

Past experience and proposed plans for:

- Entertainment and other amenities (on- and off-site)
- Identification of target markets, marketing initiatives, cross-marketing opportunities
- Collaboration with Tourism organizations and local economic development agencies

Demonstrated awareness/knowledge of area tourism market, including:

- Linkage to marketing activities
- Agreements in place with local tourism agencies

# WHAT WE FOUND/OMISSIONS/CONCERNS

## We Found:

### Mohegan Sun | Revere

- Collaborative approach to working with existing entities (e.g., Citi Center, MCCA, GBCVB)
- Detailed cross marketing programs to promote local businesses (e.g., ground shuttle, virtual concierge kiosk)
- Identification of international marketing initiatives and partnerships (e.g., Attract China, GBCVB)
- Use of player card (Momentum) and player database to drive visitation from regional market, and plans to partner with those efforts
- Significant investment in other community enhancements (e.g., infrastructure, youth center)

### Wynn | Everett

- Collaborative approach to working with existing entities (e.g., TD Garden, BSO, GBCVB)
- Detailed cross marketing programs to promote local businesses (e.g., Concierge program, gift card purchases)
- Identification of international marketing initiatives and partnerships (e.g., Greater Boston CVB). International focus reflected in visitor projections
- Use of player card (Red Card) and international marketing offices (8) to drive visitation
- Significant investment in other community enhancements (brownfield transformation)

## Omissions/Concerns:

- No mention of NY, CT or RI in marketing strategy with a small percentage of casino visits projected from a visitor market.

- No detail of how the international offices will be used to drive visitation.
- Could have demonstrated a greater familiarity of MA tourism entities.

# TOURISM: RATING

## Mohegan Sun | Revere

Sufficient/Very Good

- Collaborative approach to working with existing entities.
- Detailed cross marketing programs to promote local businesses. Reflected in volume of interested parties for Momentum partnership.
- Identification of international marketing initiatives and partnerships, however, efforts are not reflected in visitor projections.
- Use of player card (Momentum) and player database to drive visitation.
- Significant investment in other community enhancements.

## Wynn | Everett

Sufficient/Very Good

- Collaborative approach to working with existing entities.
- Detailed cross marketing programs to promote local businesses.
- Identification of international marketing initiatives and partnerships, reflected in tourist visitation projections.
- Use of player card (Red Card) and international marketing offices (8) to drive visitation.
- Significant investment in other community enhancements.

# FINAL THOUGHTS

## Mohegan Sun | Revere

- Applicant demonstrated understanding of workforce development needs and employee career pathways.
- Applicant provided detail on training and development initiatives (e.g., orientation, leadership training, and supervisor training).
- Job creation projections and associated payroll, while good, are less impactful than Wynn for both construction and operations.
- Applicant provided a description of the vendor outreach process and process for contracting for goods and services.
- Applicant has detailed pre-construction activity that demonstrates intent with respect to MBE/WBE/VBE with a diversity plan, established partnerships, and detailed plans to ensure participation.
- Applicant identified the significant economic benefits a gaming facility could have on the host community (and surrounding area) through employment/payroll, purchasing of goods and services and visitation to the area from casino visitors.
- Applicant demonstrated intention to cross-market with local partners and already has a number of agreements in place with local entities. Applicant has also identified a number of initiatives to pursue for cross-marketing with local tourism.
- Applicant identified international marketing targets and identified partnerships to pursue international market, but projections showed limited non-local patronage.

# FINAL THOUGHTS

## Wynn | Everett

- Applicant demonstrated understanding of workforce development needs and employee career pathways.
- Applicant provided detail on training and development initiatives (e.g., orientation, leadership training, skills training).
- Job creation projections and associated payroll are significantly greater for both construction and operations.
- Applicant provided description of the vendor outreach process and process for contracting for goods and services.
- Applicant has identified a contractor with a history of MBE/WBE/VBE participation. Diversity plan, detailed initiatives/plans and pre-construction activity supports targets.
- Applicant identified the significant economic benefits a gaming facility could have on the host community (and surrounding area) through employment/payroll, purchasing of goods and services and visitation to the area from casino visitors.
- Applicant demonstrated intention to cross-market with local partners and already has a number of agreements in place with local entities. Applicant has also identified a number of initiatives to pursue for cross-marketing with local tourism.
- Applicant identified international marketing targets and identified partnerships to pursue international market.

# OVERALL CATEGORY RATING

## Mohegan Sun | Revere

Sufficient/Very Good

## Wynn | Everett

Very Good

Sufficient/Very Good

Jobs

Very Good

Sufficient/Very Good

External  
Businesses

Very Good

Sufficient/Very Good

Tourism

Sufficient/Very Good