



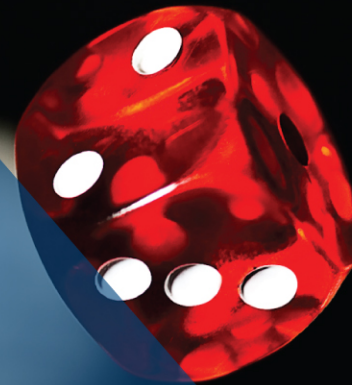
ECONOMIC DEVELOPMENT

COMMISSIONER STEBBINS

PRESENTATION

CATEGORY 1 – MG&E BROCKTON

APRIL 26, 2016



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



Independent Evaluators

- Lynn Browne, Past Director of Economic Research at the Boston Federal Reserve Bank
- Patrick B. Moscaritolo, CEO and President, Boston Convention and Visitors Bureau
- Nancy L. Snyder, President and Chief Executive Officer, Commonwealth Corporation

HLT Advisory (Subject-Matter Experts/Consultants)

- Lyle Hall
- Adam Black



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
 - Due diligence visits to Applicant's casinos in Pittsburgh and Philadelphia
 - Follow-up/background analysis and data gathering
 - Interviews in comparable destinations
 - Group Discussion



PROJECT COMPARISON

MG&E Brockton



Rivers Des Plaines



Rivers Pittsburgh

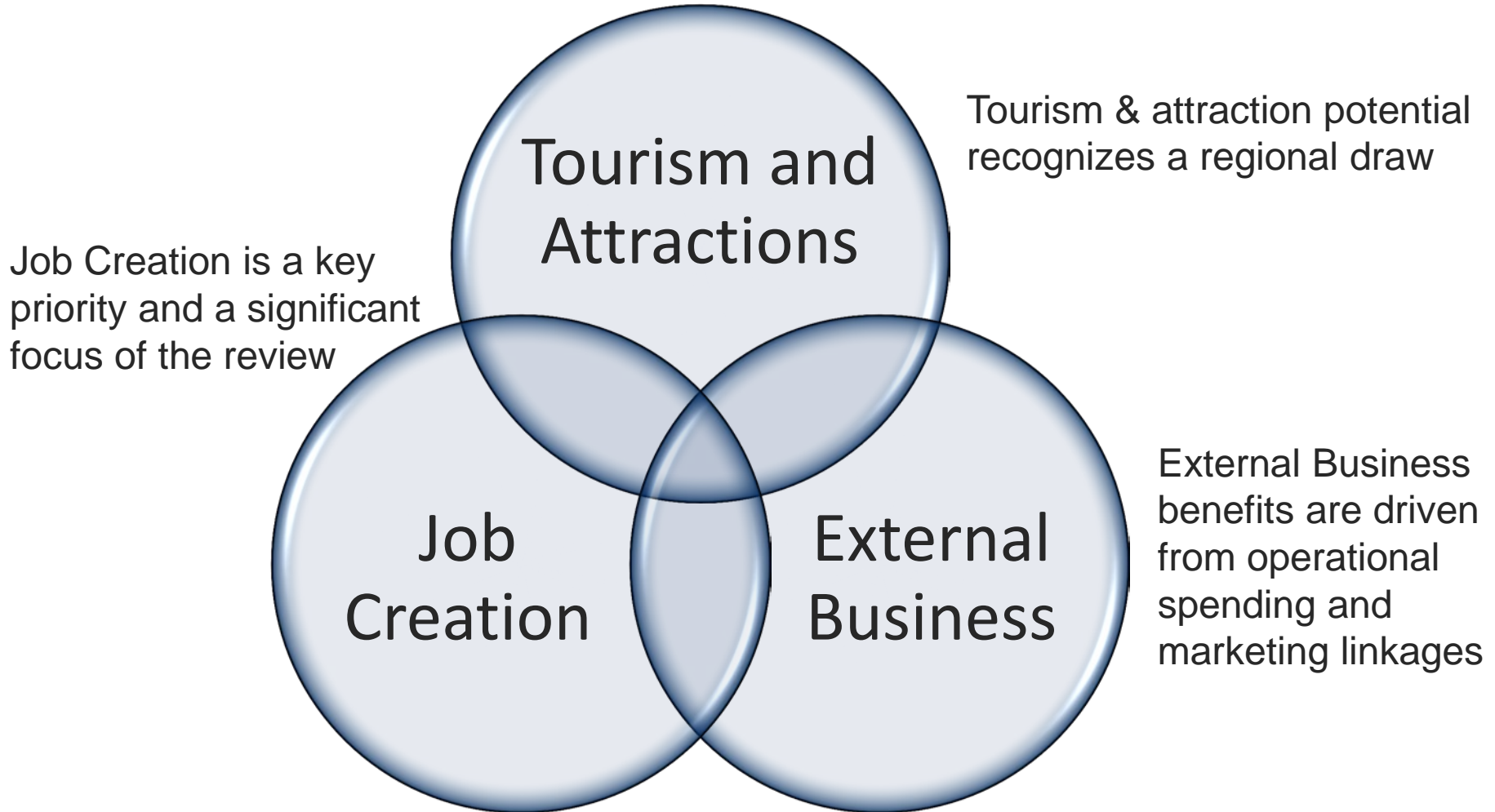


Facility	MG&E Brockton	Rivers Des Plaines	Rivers Pittsburgh
Slot Machines	2,100	1,024	2,981
Table Games	100	54	84
Hotel Rooms	250	-	-
Restaurants	6	6	5
Gaming Revenue	\$431M (YR 5)	\$425M (FY15)	\$348M (FY15)

Source: HLT Advisory Inc. based on MG&E submission, and most recent Illinois Gaming Board Annual Report & Pennsylvania Gaming Control Board Annual Report



COMPONENTS REVIEWED



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 Brockton 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/DIDN'T FIND

We Found:

- Realistic quantification and description of FTEs
- Modest pre-benefit salaries and wages (compared with other Category 1 licensees)
- Comprehensive benefits package
- Fairly high turnover rates at existing facilities and projections for Brockton
- Demonstrated examples of other facilities embracing diverse hiring practices and employee progression
- Past experience engaging and collaborating with local communities/organizations

We Didn't Find:

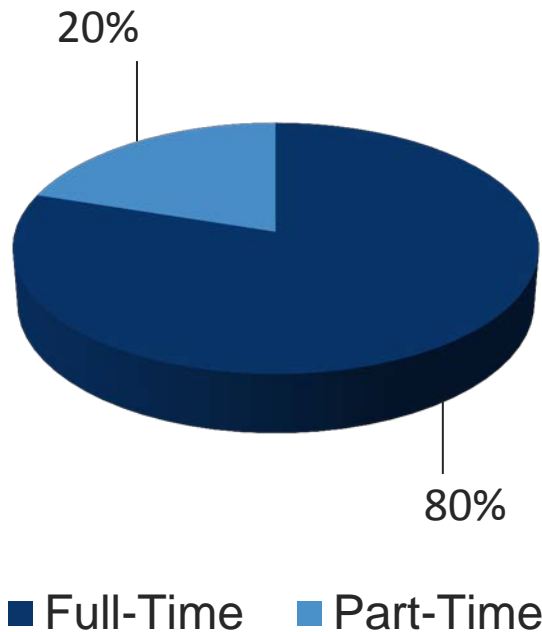
- Quantified commitments from MG&E for local construction and operational jobs
- An awareness of Brockton/regional training, development, and related support infrastructure
- Detailed planning for underemployed/unemployed hiring practices

MG&E BROCKTON JOB SUMMARY (YEAR 1)

Wages (\$42.7 M) and Benefits* (\$19.9 M) = \$62.6 M

Total FTEs = 1,477

1,741 Total FT & PT Employees



- Payroll/FTE = \$28,935
- Payroll & Benefits/FTE = \$42,392
- Employee turnover projected at between 22% and 28%/annum

**Benefits exclude taxes and required payments
Source: HLT Advisory Inc. based on MG&E submission*

MG&E MARKET COMPARISON

Appendix B						
Host Community Demographic Characteristics						
Host Community	MG&E Brockton		Rivers Des Plaines		Rivers Pittsburgh	
	City of Brockton	Plymouth County	Des Plaines	Cook County	Pittsburgh	Allegheny County
Population	94,267	500,772	58,802	5,227,827	306,045	1,229,172
Demographics-Age						
<21	30.6%	27.1%	22.7%	27.1%	24.0%	23.5%
21-34	18.3%	14.7%	18.5%	21.9%	28.5%	19.5%
35-54	27.0%	29.3%	26.9%	27.1%	21.8%	26.0%
55+	24.2%	28.9%	32.0%	24.0%	25.6%	31.0%
Demographics- Ethnicity						
White alone	43.4%	83.5%	66.1%	43.4%	65.1%	80.0%
Hispanic or Latino alone	10.0%	3.4%	17.7%	24.5%	2.7%	1.7%
Black or African American alone	37.3%	8.4%	1.6%	23.9%	24.3%	12.8%
Asian alone	1.7%	1.2%	13.1%	6.6%	4.8%	3.1%
Other	7.6%	3.5%	1.5%	1.6%	3.1%	2.4%
Unemployment Rate	9.1%	6.0%	4.5%	7.8%	5.8%	4.9%
Average Household Income	\$61,096	\$95,541	\$79,416	\$79,147	\$60,922	\$73,790
Median Housing Price	\$221,200	\$328,200	\$236,800	\$222,200	\$91,500	\$124,800

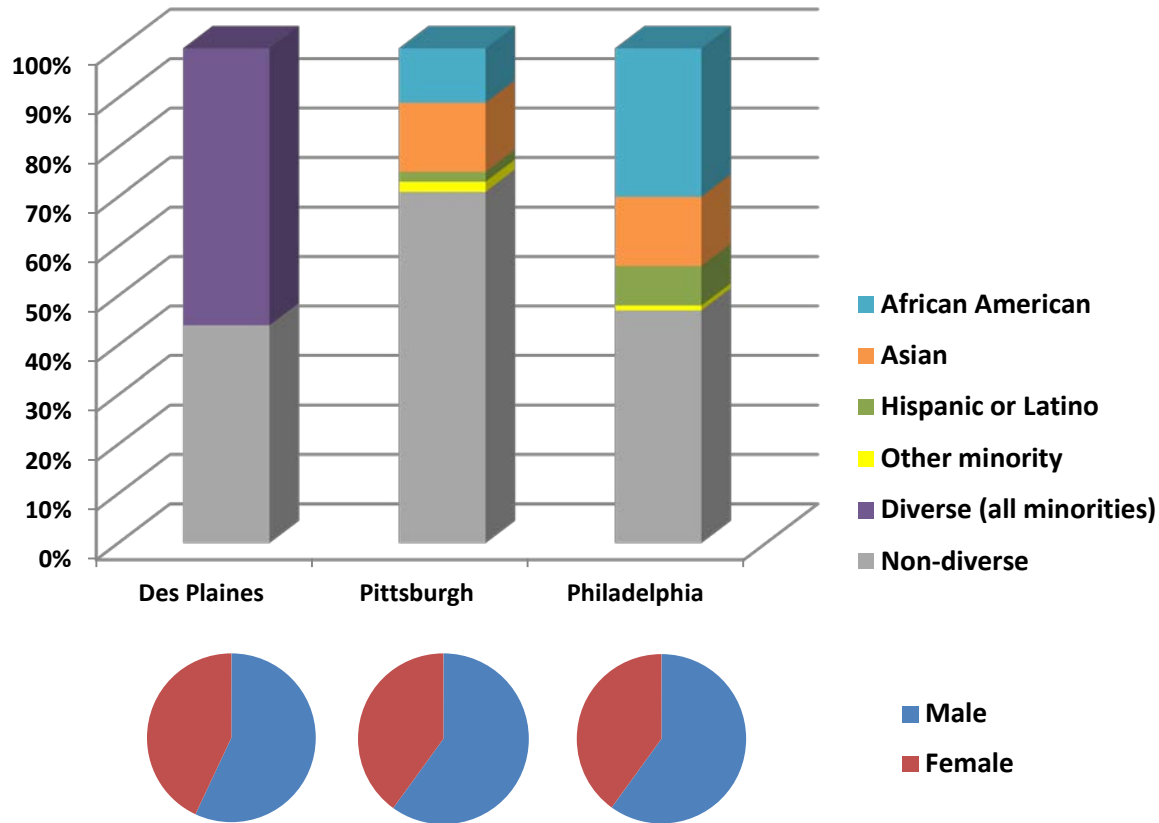
Source: HLT Advisory Inc. Based on U.S. Census Bureau, 2010-2014 American Community Survey

Note: Host cities and towns are included in county totals.



DIVERSITY COMPARISON

Property Employee Diversity



Source: HLT Advisory Inc. based on MG&E submission and most recent Pennsylvania Gaming Control Board Annual Diversity Report



JOB CREATION: RATING

MG&E Brockton

Sufficient

- Strong job creation from construction (**2,033 FYEs**) and ongoing operations (**1,477 FTEs** – Year 1).
- Modest rates of pay (**\$28,935/FTE**) and reasonably strong benefits package for combined **\$46,970/FTE** in Year 1.
- Workforce development and diversity plans were not comprehensive although demonstrated experience at other facilities partially mitigates concerns.
- Limited union representation in mostly support areas (facilities) at other properties.

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



WHAT WE FOUND/DIDN'T FIND

We Found:

- Modest targets for local goods & services spending (reflects location in “greater” Boston)
- Intentions to integrate local businesses (retailers, F&B) with rewards program and casino property
- Intentions to build awareness of local businesses and cross-promote
- Demonstrated examples of local/regional business integration and support at other facilities
- Tie-in with local economic development initiatives
- Brockton will be first casino operated by Applicant outside a major city

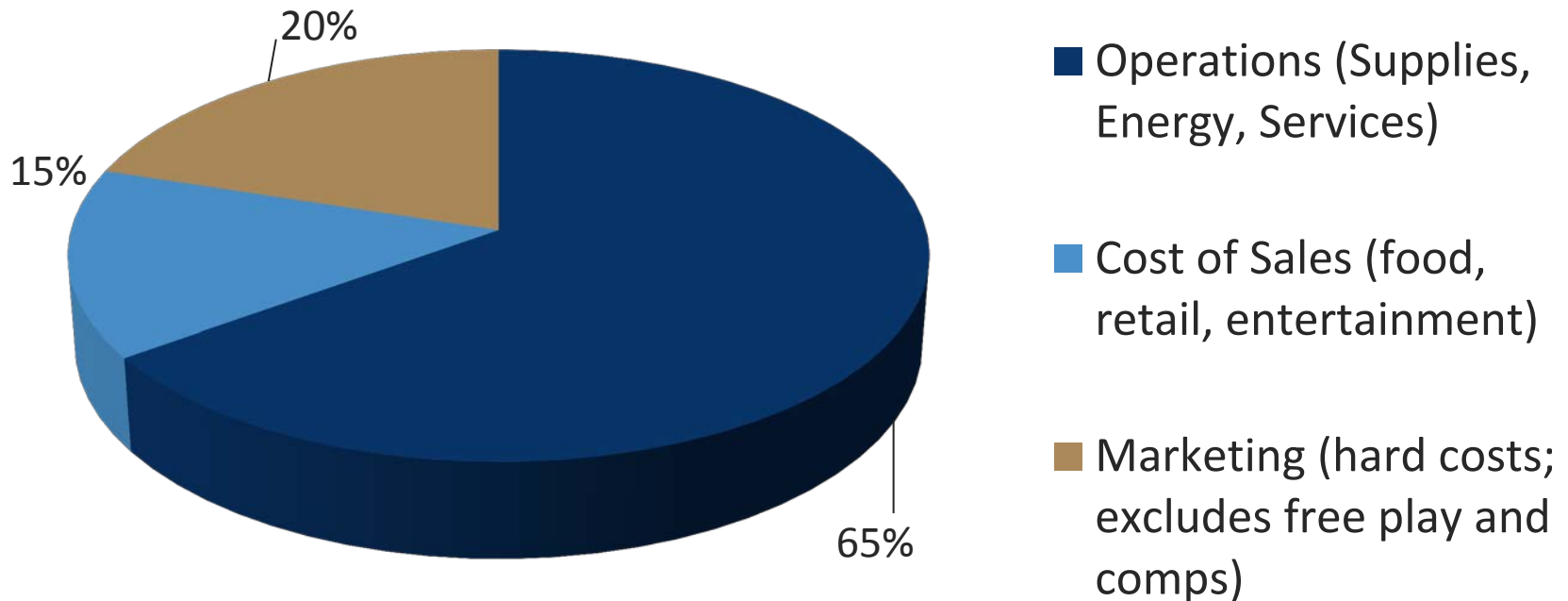
We Didn't Find:

- Any commitment for construction and operation spending within the local area or plans to identify/purchase from local suppliers.
- Specific plans/quantified spending goals to ensure participation from WBE/MBE/VBE vendors
- Multiple formal agreements in place with various businesses, institutions and agencies



OPERATING EXPENSES

MG&E Year 1 Operating Expenses* = \$94.4 million



\$15.44 million to be purchased “locally”

**Operating Expenses excludes gaming taxes, free play and comps, and bad debts
Source: HLT Advisory Inc. based on MG&E submission*



ECONOMIC IMPACTS

Third-party economic impact assessments reasonably consistent with Applicant plans.

One-Time Construction Impacts			
	Direct	Indirect/Induced	Total
Value Added (million)	\$152.2	\$137.0	\$289.2
Jobs (FYE)	2,018	1,466	3,484

Ongoing/Annual Impacts from Operations			
	Direct	Indirect/Induced	Total
Value Added (million)	\$95.2	\$196.8	\$292.0
Jobs (FTEs)	1,797	1,799	3,596

Source: Innovation Group – Economic Impact Analysis



SUPPORT FOR EXTERNAL BUSINESS: RATING

MG&E Brockton

Sufficient

- Stated intentions to partner with local organizations and commit spending to such initiatives but limited detail provided
- Identified examples of vendor outreach process and intentions to replicate such efforts in Brockton
- Plans to promote businesses lacked local tailoring, relying almost exclusively on track record at other casinos
- Lack of sufficient MWVBE spending targets or capital spending with local suppliers

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 Brockton/Plymouth Country and area tourism market, including:

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



WHAT WE FOUND/DIDN'T FIND

We Found:

- Demonstrated financial commitments to economic development research and business planning
- Identified alignment to local development plans
- Extensive examples of Applicant's other casinos collaborating with local/regional tourism and economic agencies
- Examples of other facilities boosting destination attractiveness (both tourists and locals)

We Didn't Find:

- Evidence of local knowledge or initiative to formalize relations with local partners
- Detailed planning to execute cross-promotional/collaborative partnerships with local businesses and tourism/economic entities
- Any discussion of integration with Plymouth County and Cape Cod travel markets...an area where we thought some focus could be placed on international visitors to MA.

WORKING RELATIONSHIPS

- Commitment to working collaboratively with Brockton 21st Century (owner of The Shaw's Center and Campanelli Stadium)
- Stated intentions to work with existing entertainment, sports, cultural venues, and local/regional tourism agencies



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TOURISM: RATING

MG&E Brockton

Sufficient

- Demonstrated examples of other properties playing a role in local promotion and partnership
- Light on specifics/initiative for formal partnerships
- Reliance on Boston and area tourism marketing entities and products
- Little knowledge demonstrated of Brockton/Plymouth County
- Identified commitment to local economy aid and alignment to local tourism/economic planning

FINAL THOUGHTS

- Applicant demonstrated ability to operate a casino of the size and scale to that proposed
- Application barely addressed the Applicant's plans for Brockton, relying on past practice at other casinos to demonstrate "what we've done" rather than explain "what we intend to do"
- Job creation strong and consistent with size scale of proposal however, workforce development and training plans not well laid nor not commitment to WMV employment targets or business enterprises.
- Almost no quantifiable commitments to hiring and local suppliers in HCA
- Openness to working with local tourism, business and economic development entities but lack of detail provided.
- Several individual questions rated as "Insufficient" but past practice demonstrates capability
- Possible licence conditions with respect to retention plans

OVERALL CATEGORY RATING

MG&E Brockton

Sufficient

Job Creation

Supporting for External Business

Tourism