



OVERVIEW

COMMISSIONER STEPHEN P. CROSBY

PRESENTATION

CATEGORY 1 – MGM SPRINGFIELD RESORT CASINO

JUNE 10, 2014



INTRODUCTION

In order to assess 8 of the 9 questions in the “Overview of Project” section of the RFA-2 Application for MGM Springfield in Region B, I convened a diverse group of advisors to help me review and evaluate the proposals. The Advisory Group consists of:

- Theresa Cheong, Senior Development Coordinator, Asian American Civic Association
- Philip Clay, Professor of City Planning, and former Provost, Massachusetts Institute of Technology
- Elizabeth Devlin, Founder & Digital Curator, FLUX Boston
- Ruth Ellen Fitch, former corporate attorney and President, Dimock Community Health Center
- John Harthorne, Founder & CEO, MassChallenge, Inc.
- Ira Jackson, Dean, McCormack Graduate School, University of Massachusetts Boston
- John Mullin, Professor of Regional Planning, UMass Amherst
- Lily Mendez-Morgan, Chief Operating Officer, Massachusetts Red Cross
- Joseph Thompson, Director, Mass Museum of Contemporary Art

MGM made an impressive commitment to addressing questions 1-8 in this section. We did not rate answers to question 9, since the MGM answer to question 9 was principally a call for modifications in the Expanded Gaming Law. Those requested changes are addressed elsewhere in the Commission’s work.

The Advisory Group and I exhaustively reviewed the MGM application materials for questions 1-8, spent nearly a day visiting the MGM site and surrounding areas, and received in-depth briefings from consultants working on other parts of the application, such as finance and economic development.



RATING SYSTEM



Insufficient – Response failed to present a clear plan to address the topic, or failed to meet the minimum acceptable criteria of the Commission



Sufficient – Response provided was comprehensible and met the minimum acceptable criteria of the Commission; and/or provided the required or requested information



Very Good – Response was comprehensive, demonstrates credible experience and plans, and/or excels in some areas



Outstanding/Excellent – Response was of uniformly high quality, and demonstrates convincing experience, creative thinking, innovative plans and a substantially unique approach

SUMMARY

As a general matter, there are a couple of particularly notable factors in my review of the Overview section criteria:

- The MGM proposal is a genuinely ambitious and unusual effort to use the economic muscle of a casino development to drive redevelopment of an entire depressed urban area. The MGM proposal includes not only hotel, restaurants and retail, which is relatively standard, but also outdoor activity space, a skating rink, a luxury movie theater, a bowling alley, and 54 units of market priced housing. This demonstrates just how seriously MGM is taking this effort. The MGM proposal takes “city integrated resort” and “inside-out” casino development to a dramatic and unique new level.

Members of my Advisory Group were impressed by this level of ambition, deeply aware that there is no clear example of such a strategy having worked in comparable cities, and are excited and hopeful for its prospect.

- I would reiterate the list of generic priorities that my Advisory Group and I hope will be achieved by this project and which establish values for measuring the future success of the project and criteria for the renewal of the license. Each of these objectives is tied to the core values espoused by the Legislature in the Commission’s enabling legislation:
 - Generating good jobs (at living wages or better), with substantial retention rates, thus reducing unemployment in the region.
 - Increasing home values, by increasing demand and by developing favorable amenities.
 - Helping to develop and lead a coherent economic development plan for the region.
 - Developing a positive, collaborative relationship with regional travel and tourism facilities, which nets to growth for all.

The more my Advisory Group and I reviewed the MGM proposal and visited the Springfield location, the more impressed we became with the proposal.



QUESTION 1

Massachusetts Brand: How does the project you propose manifest an appreciation for and collaboration with the existing Massachusetts “brand,” i.e., our intellectual/knowledge economy; our biomedical, life sciences, educational and financial services economic driver; and our long history of innovation and economic regeneration over the 400 years of our existence?

Very Good

The MGM proposal demonstrates a strong commitment to the history of Springfield and promises to maintain a commitment to Massachusetts’ historic themes of “innovation, inclusion and community” in its development. The proposal is responsive to sustaining the existing Springfield brand, built now on finance, health care and education, and to expanding it with arts and entertainment. With its repurposing of four or more historic buildings into the project site, MGM demonstrates its sensitivity to both the old and new branding of Springfield and Western Mass.

QUESTION 2

Destination Resort: Some visionaries in the gaming business describe an evolution of gaming facilities from “convenience casinos” to “destination resorts” to “city integrated resorts.” Explain what, if any, meaning “city integrated resorts” has to you, and how you anticipate following its principles, if in fact you subscribe to them. Additionally, please explain how the project you propose embraces the Legislature’s mandate to present “destination resort casinos” rather than “convenience casinos”?

Very Good +

The MGM proposal is an ambitious attempt to develop a truly “city integrated resort”—basically a concept that drives mixed use development in a depressed urban area with the economic engine of a casino and the cash flow of slot machines. The proposal takes very seriously the integration with local venues, hotels, tourist attractions, restaurants and retail, with its permeable access and egress, trolley service to other city attractions, venue partnerships, and local hiring and purchasing.

The project is appropriately realistic on attracting most of its customers from a relatively nearby radius, including many people from Massachusetts. But with the help of its international marketing network, the proposal is as attentive as possible to bringing in outside dollars, particularly attracting Connecticut customers, since Springfield is closer to Hartford than is Mohegan Sun and Foxwoods.

QUESTION 3

Outward Looking: How do you propose to merge the creation of a destination resort casino or slots parlor with the concept of creating an outward looking physical structure; that is, an establishment that relates to and is integrated with the host and surrounding communities, leverages Massachusetts' existing assets, and enhances and coordinates with Massachusetts' existing tourism and other leisure venues?

Outstanding

The MGM proposal is perhaps uniquely “outward looking,” in that the casino itself is surrounded by other attractions and amenities, including hotel, movie theater, outdoor spaces for skating and summer events, restaurants and retail. All amenities at the perimeter of the facility have ready access from many points. The “live/work/play” concept is actually plausible because of the mixed use development, and the combined effort of MGM and the city to drive further redevelopment in the area.

A signature feature of the MGM proposal, that reinforces its “outward looking” commitment, is its reliance on existing performance venues and hotels for its success.

QUESTION 4

Competitive Environment: Describe the competitive environment in which you anticipate operating over the next 10 years and how you plan to succeed in that environment without taking revenues away from other Massachusetts gaming establishments, race tracks or businesses.

Very Good

This proposal has a very realistic assessment of the competitive environment, and demonstrates a corporate history of successful performance in competitive markets. MGM has positioned itself as the only urban facility among its principal competitors, with a broader array of activities in the surrounding area, as a key competitive advantage. (See question 6.) MGM reasonably promotes its closeness to Hartford for its ability to attract Connecticut dollars, as well as its plans to merely repatriate Massachusetts dollars.

QUESTION 5

Meeting Unmet Needs: How do you propose to work with affiliated attractions and amenities to broaden the market base of the gaming facility and to meet unmet needs in our array of entertainment, education and leisure resources?

Very Good

The MGM proposal has a number of entertainment attractions which are not otherwise readily available, including an ice skating rink, bowling alley, and luxury movie theater. MGM will help to market unique new attractions in its partnerships with local performance venues, and is clearly committed to working with local attractions, chambers of commerce, convention and visitor bureaus, and MOTT, to broaden the impact of the casino audience on the whole of Pioneer Valley.

QUESTION 6

Collaborative Marketing: How do you intend to market aggressively outside Massachusetts and internationally, perhaps in cooperation with our existing industries and organizations such as MassPort and the Massachusetts Office of Travel and Tourism (“MOTT”), and certainly in collaboration with our existing institutional drivers of economic and international development?

Very Good

Although the MGM proposal does not particularly position itself this way, it is distinctive in its approach to collaborative marketing because it is done out of a genuine need, rather than as window dressing. MGM Springfield’s competitive advantage will be its urban setting, and its access to the host of other attractions and amenities in Springfield and in the region. If people just want fancy casinos, there will be bigger and better ones at Foxwoods, Mohegan Sun, and Region A. But MGM Springfield can be positioned as a gateway to tourism and leisure in Western Massachusetts, something none of the other locations can offer. One measure of this mutual interdependence is MGM’s plan to run a subsidized trolley from its property to other Springfield attractions.

MGM combines this intrinsic tie with other attractions in Springfield and the region with its global brand and global reach, established working relationships with many international travel and promotional organizations, and trade show strengths. A combination of the MGM marketing muscle with the appeal of a rejuvenating Springfield and the regional appeals of Western Mass make for an extraordinary commitment to collaborative marketing.

QUESTION 7

Diverse Workforce and Supplier Base: Describe your commitment to a diverse workforce and supplier base, and an inclusive approach to marketing, operations and training practices that will take advantage of the broad range of skills and experiences represented in our Commonwealth's evolving demographic profile. Further, identify and discuss the diversity within the leadership and ownership of the applicant, if any.

Sufficient

MGM seems to have an impressive track record for both supplier and employment diversity, and its inclusion and diversity training programs appear to be of high quality. As with the Category 2 applications, my Advisory Group and I are disappointed that the commitments tend to be only aspirational and best efforts, but we recognize that the actual diversity plans for construction and operations are not formally due until after an award is made.

QUESTION 8

Broadening the Region’s Tourism Appeal: What is your overall perspective and strategy for broadening the appeal of your region and the Commonwealth to travelers inside and outside of Massachusetts?

Very Good +

The MGM “inside-out” and “city integrated resort” strategies give MGM a unique differentiator to compete with Foxwoods and Mohegan Sun. This positioning and its location as a point of entry to Pioneer Valley from the south, with ready highway and transit access, offers enormous potential to both retain Massachusetts travelers who now go to casinos out of state, as well as to pull tourists and guests from New York and Connecticut who now frequent Foxwoods and Mohegan Sun. The MGM proposal makes a very persuasive case for broadening the tourism base for Springfield and the entire Pioneer Valley region, a case articulated well in four areas: design, marketing, partner/community engagement, and brand. As stated previously, to be successful, MGM must successfully market the non-casino attractions and amenities in Springfield and the region.

I believe there is a real possibility that MGM Springfield will lift the fortunes of the entire region, especially the broader Springfield community.

CONCLUSION

Springfield/MGM

Very Good +

The project is ambitious, innovative and exciting, in the context of a city shrewdly and comprehensively attempting to renew its economic, social and cultural health.

Our Governor and Legislature made the decision to support expanded gaming as a key new economic development tool, in a culturally sensitive way.

This proposal takes every opportunity to capitalize creatively on those objectives.