



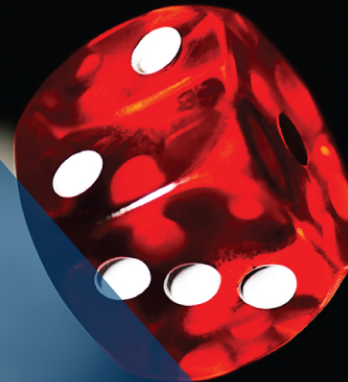
OVERVIEW

COMMISSIONER CROSBY

PRESENTATION

CATEGORY 2 – SLOTS PARLOR

FEBRUARY 25, 2014



INTRODUCTION

In order to assess the 9 questions in the Overview of Project section of the RFA-2 Applications, 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



INTRODUCTION

Although the Overview section of the application is colloquially referred to as the “WOW Factor,” it quickly became clear to the Advisory Group that the WOW Factor considerations were much more applicable to the Category 1—Destination Resort Casino—applications than to the much more modest Category 2—Slots Parlor—applications. Generally, the Category 2 Applicants made a good faith effort to expand and explain dimensions of their proposals that addressed 8 of the 9 questions (there were no meaningful responses to question 9), but the reviewers realized that it was often a bit of a stretch. (For example, Question 1-2 reads “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 Legislative mandate to present “destination resort casinos” rather than ‘convenience casinos’”? This question was actually made optional for Category 2 Applicants.)



INTRODUCTION

As a general matter, there were a handful of particularly notable factors in my review of the Overview section criteria, sometimes overlapping into other criteria as well.

- Although there are a number of different arguments in favor of the strategic value of the 3 different locations, the groups' intuitive reaction judged that a slots parlor in or near Southeastern Mass. is unlikely to compete very effectively with the more elaborate casinos in Rhode Island and Connecticut, particularly since there is the substantial likelihood of either a commercial or a Tribal casino in Southeastern MA. Thus our analysis suggests that the strategic value of the Leominster location, filling a relatively unserved part of the state and creating a bulwark to a potential Southern New Hampshire facility, has the highest strategic competitive value. But I am interested in more detailed analysis of this question from other evaluation teams.
- The respect and appreciation afforded to Mr. Carney by the citizens and businesses of Raynham and surrounding communities is quite striking, and there was a clear sense that this should be a noted factor of value on behalf of the Raynham proposal in the evaluation process.
- The Commission has made a point of urging Applicants to find ways to support other leading industries in the Commonwealth. Although the Raynham and Plainville proposals do not particularly highlight in their responses to these questions their commitment to the standardbred racing industry as meeting that objective, their proposals do nevertheless significantly support an existing industry. That is important. The Cordish proposal in Leominster, to meet this criteria, reached way "outside the box" to offer \$1-1.5M annually to the UMass M3D3 Program to support the development of the medical device industry in the region. That was quite a creative and notable evaluation factor.



INTRODUCTION

- I made particular note of the fact that the Leominster site was previously approved for a large mall development, before the financial crash of 2008. Impacts from a slots parlor licensed for 1,250 slots, especially traffic, will be less adverse than those of a major mall development. And while we have no detail about the issues raised and addressed in that approval process, the approval was granted. It suggests that the abutters and surrounding neighborhoods did have ample opportunity to be aware of substantial development on this site. Thus the extent of concern and opposition expressed, while greater than the other two applications, might be best weighed against the impacts from other likely developments at this location.
- As I assessed the 3 proposals, and heard the observations of my advisory group, I set out a list of priorities I hope will be achieved by this project, and which establish values for the future success of the project and criteria for the renewal of the license. Each is tied to the core values espoused by the Legislature in the Commission's enabling legislation. These values are as follows:
 - 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 increasing favorable amenities.
 - Developing and leading 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.



INTRODUCTION

In summary, while there was skepticism in my advisory group about the wisdom of a standalone slots parlor, the group set aside that skepticism to look for the strengths in each of the proposals and expressed a clear wish that the winning bidder would be available to partner with people of good will in the region and the Commonwealth to build on the strengths of their proposals, to solidify commitments made in the heat of the competitive process, and to develop a strong regional working relationship that will keep any negative impacts of a slots parlor to the barest possible minimum and build a better economic future for the people of the region.



INDIVIDUAL QUESTION RATING

	Leominster PPE	Plainville SGR	Raynham RP
1. Massachusetts Brand	Very Good M3D3 is excellent innovation. Medical devices and entrepreneurship are part of Mass Brand. Proposal understands Gateway City strategy and has regional development focus	Sufficient Plainville benefits from racing and agriculture as part of Mass Brand. Promotes recycling quarry, good “green” policies and innovation as themes	Sufficient Raynham benefits from racing and agriculture as part of Mass Brand. Promotes history of innovation and local vendor support
2. Destination Resort*	Sufficient + Leominster/PPE has 3 restaurants and a small entertainment venue, along with clear appreciation of ties to related area tourism; details “city integrated resort”	Very Good Plainville/SGR aggressively promotes ties with other major regional attractions and harness racing	Sufficient Modest view as “community integrated resort.” The Raynham proposal promises a partial harness season and an unexplained use of “special event” space; its transit related development (South Coast Rail) is highly speculative
3. Outward Looking	Very Good Leominster/PPE has quality landscaping, outward door opening restaurants, a mall-like culture and aspirations, with strong sense of the region and regional collaboration and marketing	VG S+ Plainville/SGR promotes continued reuse of quarry, maintenance of track and racing, historic design considerations, and cross-marketing with regional venues	Insufficient + Raynham stresses community marketing ties and hopes for rail development
4. Competitive Environment	Very Good + Leominster demonstrates highest marginal competitive advantage: unserved area; stops “leakage” to New Hampshire; minimizes cannibalization of other Mass facilities. Reviewers believed a Region C Resort Casino has better potential to “recapture” gaming dollars from Rhode Island and Connecticut	Sufficient Plainville proven casino operator with customer lists, can compete with Rhode Island and Connecticut. Minimal attention to SE Mass Category 1 casino and no mention of possibility of Tribal casino in Taunton	Sufficient - Raynham doesn’t mention Southeastern Mass competitors, Taunton or Rhode Island/Connecticut competitors; cites Greenwood Racing and Carney past performance, letters of support, and maintaining harness racing & simulcast. Commits to support limited racing at Brockton Fairgrounds and to maintain simulcast racing



INDIVIDUAL QUESTION RATING

	Leominster PPE	Plainville SGR	Raynham RP
5. Meeting Unmet Needs	<p>Very Good</p> <p>Strong relations with local tourism like Great Wolf Lodge & Johnny Appleseed Trail, and general North Central Mass development and coordination</p>	<p>Sufficient+</p> <p>Promotes cross-marketing with major venues and increased visitation as regional catalyst</p>	<p>Sufficient</p> <p>Promotes impact as a new entertainment venue, and collaboration with community colleges for job development</p>
6. Collaborative Marketing	<p>Very Good</p> <p>Most realistic response that primary market is 60 mile radius; but within radius, push marketing partnerships and promotion of North Central Mass region. High aspirations for marketing relations with MassPort</p>	<p>Sufficient</p> <p>Market Penn National database; aggressively target Rhode Island customers especially local and regional motor coach operators; general advertising and cross-promotions</p>	<p>Insufficient</p> <p>Few specifics on marketing strategies—just run a good facility. Little focus on Rhode Island or Connecticut. Commits to coordination with state, local and regional tourism organizations and area businesses</p>
7. Diverse Workforce and Supplier Base	<p>Sufficient +</p> <p>Took task seriously—impressive track record in Maryland; good formal policies. Partnership with ARC creative/impressive</p>	<p>Sufficient +</p> <p>Strong promises (and documentation from other facilities found in other evaluation categories)</p>	<p>Sufficient</p> <p>Reached out to NAACP; some track record, but fewer specifics</p>
8. Broadening the Region’s Tourism Appeal	<p>Sufficient/Sufficient +</p> <p>If PPE keeps commitments and takes it seriously, could become a leader in North Central Mass and lead Gateway City development</p>	<p>Sufficient</p> <p>Coordination with other venues central to strategy; detailed collaborative marketing; track record with racing/gaming in other jurisdictions; MOTT coordination</p>	<p>Insufficient</p> <p>Best attraction a good product; routine references to cross-marketing and collaborative tourism</p>



OVERALL RATING

Introduction

The general thrust of questions 1-9 of Evaluation Category 1 was designed to elicit a commitment to criteria established by the Legislature and the Commission that go substantially beyond the basics of the gaming facility itself. These criteria are much less applicable to the Category 2 applications, due to the much smaller facilities and capital investment. A “slots parlor” is by definition and intrinsic limitations a far less ambitious and multi-faceted undertaking than a “destination resort casino.” Nevertheless, the Overview evaluation team looked for applicants to stretch their commitments, to think “outside-the-box” in their answers to the evaluation criteria, and to demonstrate unique levels of creativity and excellence to the basic components of their projects.

<p>VG-</p>	<p>Leominster PPE</p> <p>In the context of the relatively modest applicability of these questions to be Category 2 Applicants, the Cordish responses stood out, and earned the highest rating in 7 of the 8 questions to which the Applicants responded.</p> <p>The applicant demonstrated a coherent sense of the Lowell to Worcester crescent as an economic unit, of the Leominster/Fitchburg/Gardner area and surroundings as a tourist area, and has reasonable aspirations to anchor regional economic development. And in the final analysis, Leominster/PPE also was judged to be the most effective regional location for a gaming facility, on the theory that in the long run, the region is least likely to be served by the other Mass gaming facilities, the location will serve as a competitive buffer to a potential Southern New Hampshire facility, and there are very likely to be much stronger Region C Casino (Southeastern Mass) facilities to compete with Rhode Island and Connecticut.</p>
<p>S/S+</p>	<p>Plainville SGR</p> <p>The strength of the Plainville/SGR proposal is its commitment to maintaining the harness track, and the broad support for that track and the facility within neighboring communities and the harness industry. The applicant tried hard to establish a regional appeal with the “stop, shop, play” concept, a concept which the evaluation team found difficult to assess for the extent of its impact</p> <p>The Penn National Applicant did an acceptable job answering the questions, with few really distinctive features.</p>
<p>S-</p>	<p>Raynham RP</p> <p>The Greenwood Racing/Carney proposal was often minimally responsive to the questions, and seemed to make little effort to tie the components of the application to these criteria.</p> <p>The singular strength of the Raynham/PR proposal is the distinguished business record of Mr. Carney and the virtually unanimous and genuine support he has in Raynham and nearby communities. Most of the specific questions in this category were addressed with relatively little substance or imagination.</p>

