



ECONOMIC DEVELOPMENT

COMMISSIONER STEBBINS

PRESENTATION

CATEGORY 2 – SLOTS PARLOR

FEBRUARY 26, 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**

OUR APPROACH

- Individual Review of each Application by Review Group, consisting of:
 - Commission staff
 - Technical Experts
 - Subject-Matter Experts
- Group Discussion
- Additional input gathered from site visits, presentations by Applicants, follow-up/background analysis and interviews
- Reviewed slots parlor elements of each applicant first.



ADVISORS AND SUPPORT GROUPS

Massachusetts Gaming Commission Advisor

- Jill Griffin, Director, Workforce Development and Supplier Diversity



External Reviewers (Technical Reviewers)

- Lynn Browne, Former Director of Research and 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)
- Jonathan Hyde, MA Office of Travel and Tourism

HLT Advisory (Subject-Matter Experts/Consultants)

- Lyle Hall
- Carla Giancola



Pinck & Co. (Process Advisors/Consultants)

- Nancy Stack
- Melissa Martinez

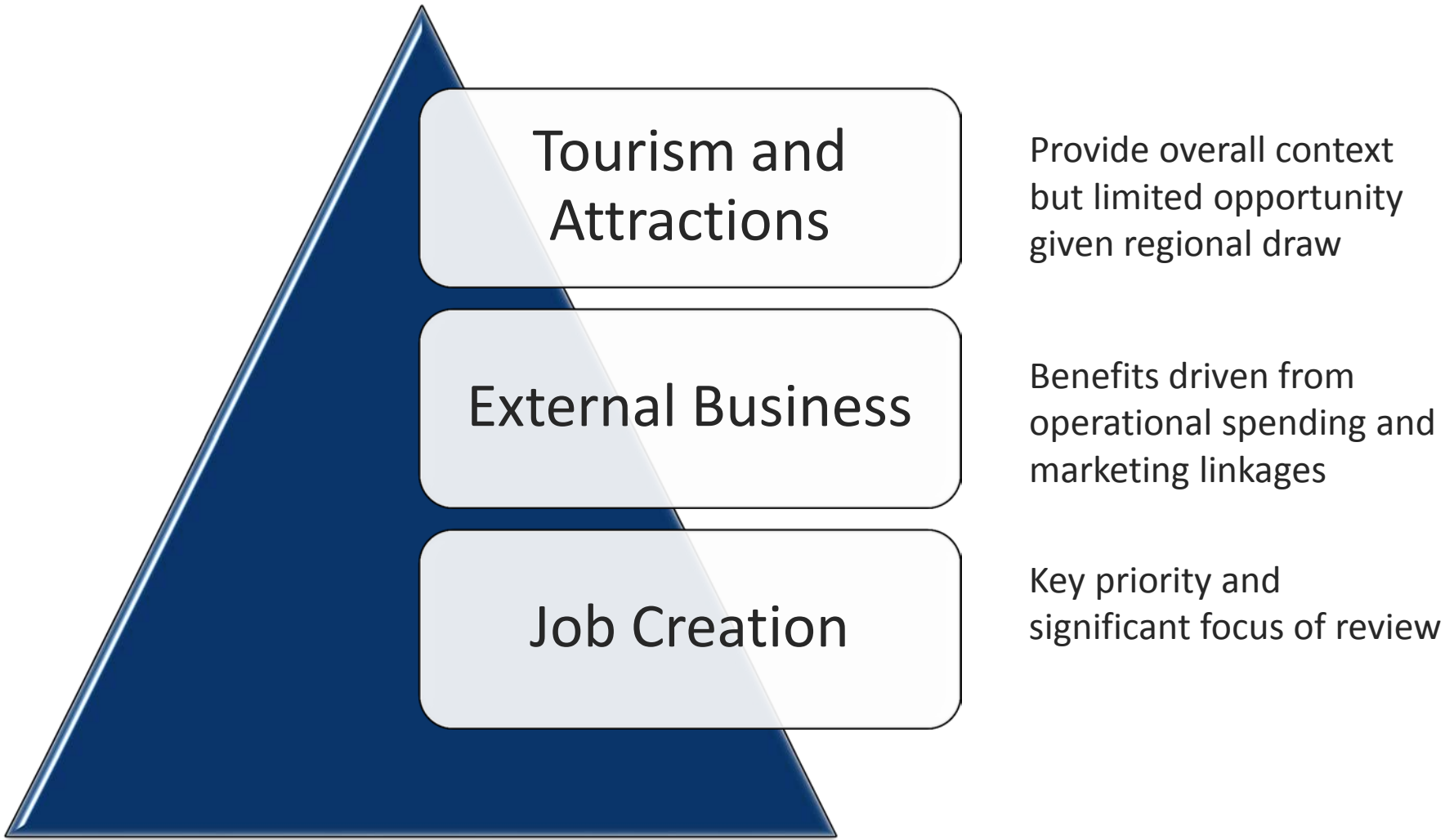


OVERALL OBSERVATIONS

- Unquestionably, each applicant has the experience necessary to run a successful Category 2 facility.
- Category 2 license Applications are focused on a regional draw
- Tourism industry benefits much less pronounced than expected for Category 1 (destination casinos) Applicants.
- Applicants focused on demonstrating capability of delivering job creation and operational spending consistent with Host Community and Surrounding Community Agreements.
- Applicants understood impact of future competition (Category 1 casinos) on employment and business spending
- Evidence that applicants knew their region, economic players, and organizations helpful to their success so that they could effectively “hit the ground running” upon award of a license.



APPROACH TO PRESENTATION



TOURISM COMPONENTS

Tourism was reviewed in **TWO PARTS:**

1. Tourism and Regional Promotion and Marketing
 - Local agreements to expand gaming draw
 - Cross Marketing
 - Collaboration with tourism and other industries
 - International marketing efforts
 - Record of success
2. Other Amenities Enhancement and Business Development
 - Unique business and marketing strategies
 - Other community enhancements
 - Entertainment and athletic events

TOURISM DISCUSSION

We Were Looking For:

Past experience and proposed plans for:

- entertainment and other amenities
- identification of target markets, marketing initiatives, cross-marketing with local business/attractions
- collaboration with Tourism organizations and local economic development agencies.

Demonstrated awareness/knowledge of new local tourism market, including:

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

We Found/Didn't Find:

- Experience with and plans for a range of traditional marketing, partnership, advertising and reward (i.e., player card) programs.
- Limited detail on connections to existing Massachusetts marketing infrastructure (e.g., Massachusetts Office of Tourism), attractions/ infrastructure and market segments.



TOURISM RATINGS

Leominster | PPE

Very Good

Leominster:

- MOUs with local partners
- Goals linked to regional economic development plan.
- Endorsements from other cities provided.
- History of financial support for community organizations and events
- Extensive entertainment experience.

Plainville | SGR

Very Good

Plainville:

- MOUs with local partners
- Extensive past experience – marketing/loyalty programs, working with convention & visitors bureaus/tourism bodies
- Significant number of endorsement letters and references.
- Most likely avenue to maintain uninterrupted harness racing activity.
- Start new regional economic development organization.

Raynham | RP

Sufficient

Raynham:

- Little detail/description on plans for: cross-marketing, working with local organizations.
- Focus on sports partnerships.
- Entertainment and advertising budgets not well explained or linked to proposed development.
- Potential for supporting harness racing operations at Brockton Fairgrounds.



SUPPORT FOR EXTERNAL BUSINESS COMPONENTS

External Business was reviewed in **FOUR PARTS:**

1. Local Business Promotion and Support
 - Local business promotion
 - Local suppliers, business owners
 - Assisting businesses/Promoting regional business
 - Vendor supplied goods
2. Minority-, Women-, and Veteran-Businesses Support (“MBE, WBE, VBE”)
3. Regional Impact
 - Projected benefit for regional economy
 - Regional economic plan coordination (Tourism section)
4. Domestic Gaming Equipment

SUPPORT FOR EXTERNAL BUSINESS DISCUSSION

We Were Looking For:

Past experience and plans detailing:

- impacts of cross marketing initiatives
- extent of relationships with local suppliers/vendors,
- arrangements in place with local and WBE/MBE/VBE vendors.

Realistic, achievable, experience based projections, including:

- quantification of local spending/vendor arrangements
- number of arrangements and
- types of partnerships

We Found/Didn't Find:

Past experience and projections of:

- local spending/vendor arrangements
- direct/indirect economic benefit on the host community (and surrounding area). .
- Emphasis on intention to buy locally and facilitate buy-local policies.
- Record of success in meeting vendor requirements.
- Limited detailed information about plans specifically aligned for Massachusetts.

OPERATING EXPENSES

Operating Expenses Summary

Year 1

Year 2

Year 3

Year 4

Year 5

Operating Expenditures/COGS

Leominster/PPE

Plainville/Penn National

Raynham/PR

Marketing Hard Costs

Leominster/PPE

Plainville/Penn National

Raynham/PR

Entertainment Expenses

Leominster/PPE

Plainville/Penn National

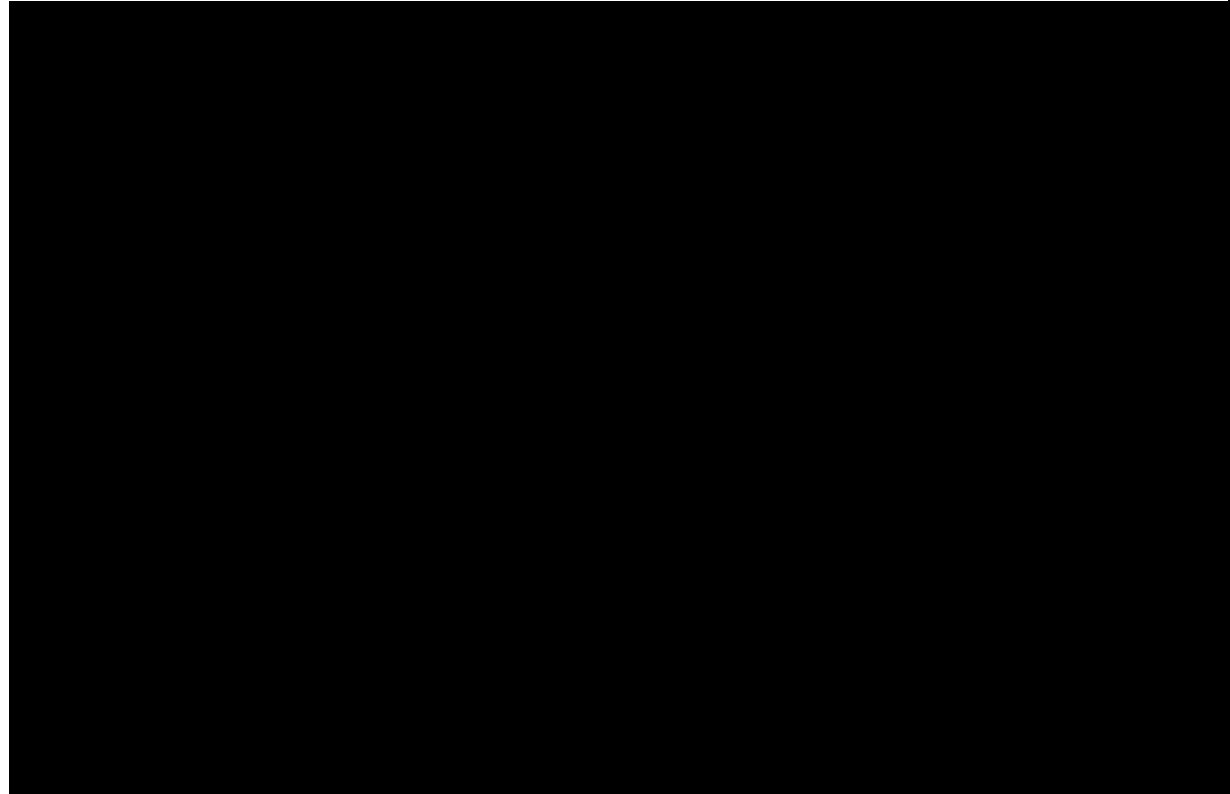
Raynham/PR

Total

Leominster/PPE

Plainville/Penn National

Raynham/PR



SUPPORT FOR EXTERNAL BUSINESS RATINGS

Leominster | PPE

Very Good

Leominster

- Details provided on outreach plans for contractors (sub trades), and suppliers during operations.
- Substantive MOU's to demonstrate partnerships.
- M3D3 proposal - unique approach to business stimulation -guaranteed financial commitment and Gateway City focus.

Plainville | SGR

Very Good

Plainville

- Broadest operational track record including detailed financial impacts.
- Detailed outreach plans for contractors (sub trades) and suppliers during operations.
- Maintenance of existing racing operation at Plainridge Racecourse.

Raynham | RP

Sufficient

Raynham

- Discussed modeling of Community Partners program used in Bensalem.
- Past experience shown, but lacking detail on detailed plans for Raynham
- Marketing and entertainment spending is insufficiently explained/backed-up.



JOB CREATION COMPONENTS

Job creation was reviewed in **THREE PARTS:**

1. HR Practices and Employment

- Employees
- Affirmative action
- HR practices (e.g., workplace safety, employee assistance programs)
- Employee Retention
- Ethnic diversity

2. Workforce Development

- Hiring and training (generally as well as the unemployed/underemployed)
- Workforce development

3. Labor Relations

- Organized labor contracts
- Labor harmony

JOB CREATION DISCUSSION

We Were Looking For:

Detailed and realistic quantification and description of:

- F/T, P/T, FTE jobs -wages, benefits, retention.
- Union - FTEs, wages and benefits

Past experience and plans detailing:

- arrangements with colleges/training institutes, and career centers,
- targeting unemployed, underemployed, minorities, women and veterans,
- workforce development and HR practices (onboarding, advancement, employee assistance).

We Found/Didn't Find:

- Solid awareness of staffing requirements through quantification and description of jobs
- Experience, sensitivity and awareness of affirmative action requirements.
- Limited detail on workforce development and HR practices:
 - little focus on career path/advancement opportunities and onboarding initiatives
 - little detail on how staff would be identified, trained and retained—notably the underemployed and unemployed.



JOB CREATION RATINGS

Leominster | PPE

Very Good

Leominster

- Stable payroll/FTE and employee counts over 5 year period.
- Demonstrated awareness of Mass situation and past experience in Maryland
- M3D3 proposal has potential for job creation outside the gaming/hospitality area.

Plainville | SGR

Very Good

Plainville

- Most realistic payroll and labor estimates.
- Demonstrated positive track record in union relationships.
- History of human resource management and job development.
- Maintains racing employment at Plainridge.

Raynham | RP

Sufficient

Raynham

- Payroll and employee estimates – believed to be aggressive.
- Unsupported projection of increased non-gaming payroll in year 3 and beyond.
- Referenced past experience but provided limited detail and linkages to their a Massachusetts facility.

JOB SUMMARY

First Full Year of Operations - Job Summary			
	Leominster/PPE	Plainville/Penn National	Raynham/PR
FTEs			
Gaming			
Non-Gaming			
Other			
Total	671	575	471
Payroll & Benefits			
Gaming			
Non-Gaming			
Other			
Total			
Union FTEs	477	420	236
Union Payroll & Benefits			
Payroll & Benefits/FTE			



FINAL THOUGHTS

- Very competitive applications from all three applicants.
- Looking for applicant who has the best opportunity to meet their projections so expectations to the Commonwealth and Communities are met.
- Connection between success in other jurisdictions and detailed plans as to how that would translate for their new Massachusetts facility was critical.
- Strong evidence that the applicant was building relationships with key partners, small businesses and other organizations was key for licensee to hit the ground running.
- We first viewed all applications based on their ability to operate a successful slots parlor.



OVERALL CATEGORY RATING

Leominster | PPE

Very Good

Job Creation

External Business

Tourism

Plainville | SGR

Very Good

Job Creation

External Business

Tourism

Raynham | RP

Sufficient

Job Creation

External Business

Tourism

