



# FINAL REPORT

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PHILADELPHIA GAMING ADVISORY TASK FORCE

**Submitted to Mayor John F. Street**  
*October 27, 2005*



**Final Report**  
**Philadelphia Gaming Advisory Task Force**

**Submitted to Mayor John F. Street, Esq.**

*October 27, 2005*

by

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**Paul R. Levy**

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# INTRODUCTION

In January 2005, Mayor John F. Street created the Philadelphia Gaming Advisory Task Force and charged it with making recommendations about how best to integrate two, slots-only gambling facilities approved for Philadelphia under the Pennsylvania Race Horse Development and Gaming Act (Gaming Act). The implementation of the Gaming Act presents many opportunities and challenges for the city. Fully realizing the impact that gaming may have on city's finances, public safety, transportation, social services, education, workforce development, and associated economic development is essential to protecting the integrity of our communities while at the same time strengthen our local economy.

*“Local stakeholders must have a significant voice in determining how gaming will be integrated into the social and economic fabric of our city. We have worked too hard to have others not invested in our city make uninformed decisions that could dramatically impact our business environment and quality of life. For gaming to work, it must be done right.”*

**– Mayor John F. Street, January 2005**

There are many quality of life concerns that individuals may have regarding the arrival of gaming. The Philadelphia Gaming Advisory Task Force, appointed by the Mayor, has now completed its mission to examine all the possible advantages and disadvantages of gaming and list its findings on its impacts on the citizens and neighborhoods of the city. The Task Force has also developed a list of recommendations to maximize any potential benefits that derive from gaming in the city as well as address any negative impacts that could result from its implementation and operation.

The Philadelphia Gaming Advisory Task Force Final Report is a compilation of data, observations, and projections based on research and analysis conducted, collected, and/or reviewed by the Task Force and its consultants. This report is intended to be used to assist the Mayor in making recommendations to the Pennsylvania Gaming Control Board on the introduction, implementation, and integration of gaming within the City of Philadelphia.

This report assesses the overall impact that the slots-only gaming industry will have on the City. It provides analysis of the preferences and habits of those who will come to casinos located in Philadelphia and also discusses potential casino sites, design as well as the economic, fiscal, and social impacts of these casinos. The final report will interpret many of these facts and convey recommendations.

It is clear that the gaming industry will have a significant impact on the city of Philadelphia, including, wage tax reductions, new economic development, funding for the convention center expansion, new jobs, and addition revenue for the city's general fund. The introduction of this new industry also provides the opportunity to strengthen the city's entertainment and tourism experience, redevelop underused sections of the city, and recapture gaming dollars currently leaving Pennsylvania and Philadelphia. This document should serve as a tool to aide our community leaders in better understanding these crucial impacts as they continue the process of planning for this new industry.

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# MISSION AND OBJECTIVES

## Mission

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To present to the Mayor: (1) appropriate land use and urban design standards for Philadelphia licensed gaming facilities; (2) recommendations on acceptable locations for such licensed facilities; (3) recommendation of a mechanism for future governance and operations; and (4) a report assessing the overall impact of such licensed facilities.

## Objectives

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- Create an open and robust dialogue including affected stakeholders
  - Prepare a study that would assess the impact of gaming on city finances, public safety, transportation, social services, education, workforce development, and economic development associated with licensed facilities generally as well as major site options
  - Develop land use and urban design criteria and standards for proposed gaming facilities
  - Make recommendations on a mechanism for future governance of gaming-related issues
  - Make recommendations on budget items and programs that could be funded with gaming revenue
  - Present interim report of findings to the Mayor for review
  - Present final report to Mayor
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## BACKGROUND

The gaming industry is one of the largest growing industries in the United States, generating over \$70 billion in annual revenue. In fact, gaming revenues in the United States represent the largest share of entertainment expenditures and only appear to be growing. Currently 26 percent of the United States population has visited a casino with the average visitor making approximately 5.6 trips per year.

As local and state governments continue to seek ways of lowering tax burden while expanding investments in popular programs, states are increasingly relying on revenues derived from gaming. All but two states, Utah and Hawaii, have legalized various forms of gambling. These states now rely on money generated by a variety of gaming options including lotteries, slot parlors, casino resorts and horse racing. Approximately 20 states are now considering legalizing casino gambling or expanding their current operations.

Pennsylvania is among the most recent states to expand the use of legalized gaming to increase tax revenue. On July 5, 2004, Governor Edward G. Rendell signed the Gaming Act. In December 2004 Pennsylvanians Against Gambling Expansion Fund, Inc. filed a suit in the Pennsylvania Supreme Court questioning the legality of the Gaming Act. On June 22, 2005, the Supreme Court upheld the Gaming Act; however the court overturned the Gaming Act provision which superceded municipal zoning rights, restoring municipality zoning authority.

The Gaming Act legalized slot machine gambling at designated locations throughout the state and set a tax rate of 52 to 54 percent of all gaming revenues with hopes of generating \$1 billion for tax reduction annually. Thirty-four percent of all gaming revenue will be dedicated to cutting the wage tax in Philadelphia and property taxes throughout the rest of the state.

The Gaming Act also created the Pennsylvania Gaming Control Board to regulate the gaming industry in the state and to oversee the issuance of licenses to slot machine manufacturers and gaming operators.

The Gaming Act designates three categories of slot facilities. Category 1 facilities are race tracks that will be outfitted with slot machines, and these will be the first to be implemented. Category 2 facilities are stand alone, slots-only casinos. Both Category 1 and Category 2 facilities will have 1,500 to 3,000 machines initially, with an option to increase inventory to a maximum of 5,000 machines each, at the discretion of the Gaming Control Board. Category 3 facilities will be smaller resort facilities.

Two Category 2 facilities will be built in Philadelphia. The facilities will likely have restaurants and shops, and eventually hotels and entertainment, yet still be significantly smaller than those in Las Vegas and Atlantic City. Also, the Gaming Act restricts the location of these two facilities in Philadelphia by requiring them to be more than 10 miles away from the Category 1 facilities in Bucks and Delaware Counties. This limits the venue location options by placing exclusionary zones in the northeast and southwest sections of the City.

While the benefits associated with gaming are apparent, there are also many quality of life

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concerns that individuals have regarding the advent of gaming. To best prepare for any potential impacts on the city, Mayor John F. Street created the Philadelphia Gaming Advisory Task Force in January 2005. The Mayor appointed a diverse group of 47 civic leaders from across the city representing a wide range of constituencies. The Mayor charged three distinguished leaders to direct this Task Force: Wharton Professor Bernard E. Anderson, School Commission member Sandra Dungee Glenn, and Center City District President and CEO Paul R. Levy. With the aid of a full time professional staff and a team of consultants, this Task Force prepared the following report.

# TASK FORCE STRUCTURE

Early this year Mayor John F. Street announced the creation of the Philadelphia Gaming Advisory Task Force and appointed a diverse group of 47 civic leaders to advise him on issues related to the introduction of the gaming industry to Philadelphia.

In order to take on a project with such a sweeping mission in a short period of time, the Task Force organized itself into three committees to best divide up responsibilities. Many of the issues considered by the Task Force overlapped, and often the committees or members of committees collaborated to bring varying perspective and expertise to specific issues.

## Chairs

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The three co-chairs selected by the Mayor to lead the Task Force are:

□ **Dr. Bernard E. Anderson, Chair of the Economic Impact Committee**

Dr. Anderson is a nationally respected economist currently serving as the Whitney M. Young, Jr. Professor of Management at the Wharton School, University of Pennsylvania. Having grown up in South Philadelphia, Dr. Anderson has held many leadership positions in academia, public service, and civic life. He has served as a member of the board of directors of Provident Mutual Life Insurance Company, United Bank of Philadelphia, Philadelphia Urban League, and the Greater Philadelphia Urban Affairs Coalition. He was also chairman of the board of trustees of Lincoln University. He received an A.B. degree from Livingstone College, an M.A. degree from Michigan State University, and a Ph.D. from the University of Pennsylvania. He has spent much of his career working on efforts to achieve equal opportunity for all Americans, and to eliminate racial inequality in American economic life.

□ **Sandra Dungee Glenn, Chair of the Social Impact Committee**

Ms. Glenn currently serves as President of the American Cities Foundation, an organization committed to the development and implementation of national urban policy and to defining a new relationship between our cities and the federal government. Leadership in community service has been a constant in Ms. Glenn's career. She was named to the newly created School Reform Commission on January 14, 2002, as one of five Commissioners committed to providing a quality education to Philadelphia's 214,000 public school students, and previously served on the nine member Board of Education for the School District of Philadelphia. As a Commissioner of the Philadelphia Housing Authority from 1991-1995, she served in various leadership positions including chairperson of the Board of Commissioners. In 1998, Ms. Glenn spearheaded the creation of the Pennsylvania Campaign for Public Education and served as co-convenor. Ms. Glenn graduated from Pennsylvania State University in 1978 with a Bachelor of Science degree. She is the recipient of various awards including the Arts & Entertainment Network 2002 Biography Community Heroes Award and the National

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Coalition of 100 Black Women, Inc., Pennsylvania Chapter Women of the Year Award.

□ **Paul R. Levy, Chair of the Site Evaluation Committee**

Mr. Levy is the President and CEO of the Center City District (CCD), serving in that capacity since 1991. Mr. Levy planned, received property owner and legislative approval for, and now directs the \$14-million downtown management district, which provides security, hospitality, cleaning, place marketing, promotion, and planning services for the central business district of Philadelphia. Mr. Levy also serves as executive director of the Central Philadelphia Development Corp., an advocacy and planning organization supported by the downtown business community. Among its recent initiatives are: advocacy and advertising efforts to increase the downtown residential population through the conversion of vacant office buildings to apartments; business retention and recruitment focused on the commercial office sector; preparation of a master plan for new cultural developments and streetscape enhancements for the Benjamin Franklin Parkway, the setting for Philadelphia's major museums and libraries; and a neighborhood marketing initiative to attract regional residents to six Philadelphia communities outside the city center area; and new marketing initiative to promote the school options available to the children of Center City's families.

## General Counsel

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The General Counsel to the Philadelphia Gaming Advisory Task Force served as the body's chief legal advisor and was responsible for investigating the various legal interpretations and implications that come with bringing gaming to Philadelphia. Additionally, the General Counsel served as the lead integrity officer for the Task Force ensuring that all of the operations of the Task Force adhered to a high standard of integrity and ethics.

□ **Romulo L. Diaz, Jr., Esq., General Counsel to the Philadelphia Gaming Advisory Task Force**

As City Solicitor, Mr. Diaz leads the City of Philadelphia's Law Department, which he joined in March 2002. For most of his career, Mr. Diaz worked for the federal government, serving as both Assistant Administrator for Management at the Environmental Protection Agency and as Deputy Chief of Staff and Counselor to the Secretary of Energy. Mr. Diaz received both his bachelor and law degrees from the University of Texas. He is a Charter Fellow of the Federal Bar Association and Treasurer of the Hispanic Bar Association of Pennsylvania.

## Committees

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The Task Force divided into three committees, each headed by one of the Task Force chairs. The committees were:

- 1) **The Site Evaluation Committee** whose mission was to review proposed and
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other potential locations for licensed slot-machine facilities within the city of Philadelphia and develop criteria to determine appropriate site locations that provide the best opportunity to integrate gaming facilities into the fabric of our city in a way that maximizes benefits while minimizing adverse effects. The following civic leaders served as members of this committee:

Paul R. Levy, Chair	Reuben T. Jones, Jr.
Vern Anatasio	Tunde Kazeem
Ann M. Butchart, Esq.	Emanuel Kelly
E. Steven Collins	Cheryl McKissack Felder
Jeffrey Featherstone	Tom Muldoon
Abbe F. Fletman, Esq.	Mark Squilla
Anthony Forte, Esq.	Steven Star
Kenneth Gamble	Keke Wang
Patrick B. Gillespie	

- 2) **The Economic Impact Committee** whose mission was to study the impact that two licensed slot-machine facilities within the city of Philadelphia will have on the City's economy and on the generation of municipal tax revenues. The following civic leaders served on this committee:

Dr. Bernard E. Anderson, Chair	Anthony Greco
Dan Anders, Esq.	John J. Kroll
David Auspitz	Meryl Levitz
Patrick J. Eiding	Donte Mattioni, Esq.
H. Robert Fiebach, Esq.	Robert Mulgrew
Lynne Fox	Sam Patterson
Sallie Glickman	Paul Steinke
Blonde Grayson Hall, Esq	Julie Wong

- 3) **The Social Impact Committee** whose mission was to study the impact that two licensed slot-machine facilities within the city of Philadelphia will have on the quality of life of Philadelphia’s residents, on the community in which they are located, and on the city’s ability to deliver services necessary to maintain or improve the quality of life for youth and families. The following civic leaders served on this committee:

Sandra Dungee Glenn, Chair  
Steven S. Bradley  
Casey Cook  
Patricia DeCarlo  
Dr. Arthur C. Evans  
Benjamin Fisher  
Michael Lutz  
Mary Mason

Edward McBride  
Carolyn Nichols, Esq.  
Colleen Puckett  
Joseph T. Quinones  
Sonte Anthony Reavis, Esq.  
Dr. H. Jean Wright  
Cecilia Yep

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## Staff

A full-time professional staff was assembled to work with the Task Force committees. Staff members worked closely with the chairs to set the scope of work for the committees and the consultants. They acted as project managers to direct the work of the consultants. Staff members were also responsible for coordinating meetings, conducting and compiling committee research, and helping each committee chair prepare information for the committee to review and analyze.

The staff of the Philadelphia Gaming Advisory Task Force are:

- Shawn L. Fordham, Executive Director
- Micah Mahjoubian, Operations Director
- Kevin Greenberg, Esq., Economic Impact Committee Coordinator
- Howard Moseley, Social Impact Committee Coordinator
- Joshua Sevin, Site Evaluation Committee Coordinator
- Iola Carter, Deputy Committee Coordinator and City Council Liaison
- Robert Henon, Senior Advisor
- Patrick B. Mulligan, Parking and Traffic Advisor
- Thomas Mosher, Special Assistant
- Sabrin Abdullah, Receptionist

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## Consultants

The Task Force also assembled a team of consultants to prepare a body of original research necessary for the Task Force to complete its work. The consultant team included:

- The Innovation Group**—Based in New Orleans, the Innovation Group is one of the
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nation's premier providers of consulting services for the leisure and hospitality industry, including the gaming industry. The Innovation Group provided the Task Force with site and market assessments, revenue, spending, and visitation projections, and gaming industry expertise.

- **Alea Advisors**—Based in Philadelphia, Alea Advisors is a full-service consulting firm dedicated to the needs of private clients and public institutions specializing gaming industry trends. Alea Advisors performed a market research survey for the Task Force and provided gaming industry expertise.
- **Econsult Corporation**—Founded in Philadelphia in 1979, Econsult provides economic research and statistical and econometric analysis to assist business and public policy decision-makers. Econsult provided the Task Force with local economic and fiscal impact projections.
- **Five Design Group**—Based in Hollywood, CA, Five Design is an architecture and planning firm with extensive experience in designing mixed-use developments and casinos worldwide. Five Design Group has assisted the Task Force in creating casino design guidelines for Philadelphia.
- **Lester and Associates**—This Washington, DC, based polling research firm conducted a public opinion poll of residents of the Philadelphia region to advise the Task Force on the attitudes and concerns of the general public as it pertains to gaming in Philadelphia and in general.
- **The Response Center**—This Ft. Washington, PA, based polling research firm conducted a market survey of residents of Philadelphia and the surrounding region to gauge gaming behaviors and preferences regarding slot venues located in Philadelphia.
- **Sue Cox and Associates**—Based in Waco, Texas, Sue Cox is a national expert in the study of the social implications of gaming who advised the Task Force on areas of quality of life concerns, pathological gambling, and available remedies.
- **Urban Systems, Inc.**—Based in New Orleans, Urban Systems is a leading expert in the entertainment industry who provided the Task Force expertise in the areas of transportation, traffic, and parking.

The consultant team worked under the direction of the Task Force chairs and staff to prepare the research that formed the basis of this report.

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# METHODOLOGY

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## QUANTITATIVE RESEARCH

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Working with the consultant team, the Task Force prepared a large body of original quantitative research. Quantitative research is the numerical representation and analysis of observations for the purpose of describing and explaining the phenomena that those observations reflect. In this case, the quantitative research included:

- A market research survey to quantify the habits and preferences of gamers in the Philadelphia region
- A public opinion poll to determine the attitudes of Philadelphia residents to gaming generally, and casino gambling in Philadelphia specifically
- Transportation and parking studies
- Surveys of hotel patrons and bar and tavern patrons
- Revenue projections for the casinos
- Economic impact projections
- Fiscal impact projections

## Philadelphia Gaming Market Surveys

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The Task Force worked with the consultant team to conduct primary and secondary market research analyses in order to come to a better understanding of the nature of the Philadelphia gaming market. This market and consumer research will generate the inputs needed for subsequent revenue and visitation models.

### Primary Market Research

A gaming market research survey was conducted to include residents of the City and the wider region, which provided baseline gaming participation rates for the Philadelphia region. This survey addressed the following issues:

- Current gaming patterns and behavior
  - Response to gaming development in Philadelphia, including whether gaming is good for Philadelphia and whether it will create more problems or benefits
  - The ability of Philadelphia casinos to recapture current of out-of-state gaming visits
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- Locational preferences, preferences and perceptions of prototypical locations
- Facility preferences, including what is, or is not attractive to gamblers
- Current and projected activities of gamblers while they are in Philadelphia

## Secondary Market Research

The Task Force collected an assessment of likely gamers in the Philadelphia market, their behavior, likes, and dislikes based upon analysis of in-house secondary research data, including:

- Extensive nationwide and regional survey data and focus group information
- Detailed lifestyle descriptions of casino gamers, who they are, what they are like, where they live and what types of products and services they purchase

## Transportation and Parking

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Understanding the impact of increased traffic on City streets as a result of new gaming facilities was a critical objective of the Task Force. To do this, the Task Force collected data that illustrates the following:

- Current traffic counts and patterns on city streets surrounding potential gaming facilities
- The maximum capacity of those roadways under current conditions
- The amount of additional traffic and resulting traffic patterns as a result of casino visitations

The Task Force relied on the expertise of our consultant team and information from the City Department of Streets.

## Baseline Traffic Data

Working with traffic engineers, the Task Force documented roadway and intersection geometry and collected field traffic data that included peak period turning movement counts at key intersections and 24 hour mechanical counts at selected locations around each potential gaming site. Twenty-four hour counts were conducted for the period of an entire week to obtain both weekday and weekend data. Turning movement counts were conducted during the weekday peak period and during casino peak demand periods on weekends. Machine counts data was collected for a total of 29 locations around the gaming sites evaluated in this report.

## Determining Capacity

The traffic engineers prepared capacity and “Level of Service” evaluations at key intersections during peak demand periods. This exercise provided a baseline snapshot of each site under

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current peak weekday and weekend demand conditions. Excess capacity and capacity constraints were identified for both weekday and weekend conditions.

### **Traffic Assignment and Capacity Evaluation**

The Task Force has predicted additional traffic patterns and counts as a result of two new gaming facilities. Utilizing data collected from our survey of potential gamers in the region, along with the industry expertise of our gaming consultants, the Task Force determined the “mode split” associated with this gaming market. In other words, the Task Force determined what percentage of gamers would arrive in each of the various types of transportation. The Task Force was able to then predict the number of additional cars on city streets as a result of the new casinos.

These estimates were then used to evaluate future conditions of city roadways at key intersections during peak demand periods. Capacity constraints and/or deficiencies were then identified.

### **Economic and Fiscal Impacts Research**

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Quantitative economic and fiscal research generally consisted of analysis of existing data and the collection of some market-behavior information that would fill in the gaps in the local application and existing knowledge.

#### **Assessment of Economic Impacts in Other Gaming Markets**

The Task Force reviewed economic impact elsewhere, both through original analysis of data collected by federal agencies, industry groups, and state regulators and by reviewing a series of economic impact projections and reflections elsewhere to determine the effect that gaming has had in other markets.

#### **Original Analysis on Visitors and Revenues**

The Task Force generated casino visitor and revenue projections utilizing a series of gaming industry-specific models. These models, which are proprietary to the Innovation Group, incorporate the location of patrons and competitors, information about existing and planned competition, population demographics, existing gambling behavior, information developed by the Task Force market survey, and projections about amenities that will be offered and strategies that will be employed by casino operators. When combined with projected operations and tax expenses, the model also allowed the Task Force to assess the profitability of the various projected casino operations. Further information about the methodology behind these projections can be found on page 290.

#### **Original Analysis on Local Economic Impact**

The Task Force also applied the projections about casinos into a Philadelphia-specific context to develop projections about spin-off spending and job creation. This analysis utilized Econsult’s

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econometric input-output model of the City of Philadelphia based on a Department of Commerce model. Further information about the methodology behind these projections can be found on page 294.

### **Fiscal Impact Assessment**

Assessing the fiscal impact on Philadelphia involved original analysis by the Task Force, specific review by relevant City agencies, and an analysis of fiscal impacts of gaming elsewhere. The impacts on Philadelphia tax revenues and the economic impact of wage tax reduction were assessed for the Task Force by Econsult, utilizing a variation on a model utilized in previous work for the Tax Reform Commission. Additionally, budget projections were made by the Philadelphia Police, Fire, and Water Departments, by Philadelphia Gas Works, and by several social service agencies. Broader fiscal consequences of social service costs were also assessed. Assessments related to street improvements are on-going. Further information about the methodology behind these projections can be found on page 295.

### **Local Hospitality Industry Impact Research**

Much of the review of the hospitality industry impact, including the impact of the expansion of the Pennsylvania Convention Center, was developed from review and analysis of existing research and projections. However, the Task Force determined that additional surveys were needed of both existing hotel guests and of tavern and bar patrons. The hotel guests were surveyed through a voluntary survey presented at checkout over a week at several area hotels. Tavern patrons were polled on a voluntary basis in a survey distributed by the local industry association.

### **Public Opinion Poll**

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The Task Force contracted with Lester & Associates to conduct a public opinion poll. This survey, taken May 12-18, 2005, of 598 Philadelphia residents, is intended to quantify the attitudes and opinions the adult residents have towards selected gaming issues. The profile of the respondents in regards to race, gender, age, education, and family income mirror that of the voting population in the City of Philadelphia. The margin of error is 3.5 percent.

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## **QUALITATIVE RESEARCH**

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In addition to the large body of quantitative research gathered by the Task Force, the group also gathered a large body of qualitative research. Qualitative research typically uses observation, interviewing, and document review to collect data relevant to the study. In the case of the Task Force, this research involved meeting with industry experts both locally and nationally, conducting small focus-group meetings with affected stakeholders, and gathering public input through a series of public hearings throughout the City.

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## Meetings and Interviews with Local and Industry Experts

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The Task Force has heard from a series of experts on the wide range of issues included in this report. These sessions included public plenary sessions of the entire Task Force, public and working sessions of committees and working groups, and in interviews conducted by small groups of chairs, members, and staff.

## Potential and Existing Gaming Site Visits

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There was also a substantial component of first-hand research. Task Force chairs, members, staff, and consultants all spent substantial time reviewing the potential sites, in many cases walking the properties. The Task Force also worked with city planning, police, fire, streets, water, PGW, and other officials to understand the existing infrastructure and needed improvements to the various potential gaming sites. Additionally, several Task Force members visited casinos elsewhere and spoke to local tourism and gaming officials. And members of the Task Force took trips to Atlantic City to review design issues, training programs, new development, and to meet with local officials.

## Plenary Sessions

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The Task Force had a series of public plenary sessions designed to educate the Task Force members and the general public on background and details of gaming issues. These sessions presented overviews of many issues where further work was developed by the committees and consultants. Topics included background on the Gaming Act and the gaming industry, pathological and problem gambling, city planning, the economic and social impact, casino design, and the roles of casinos in urban planning. One of the sessions showcased the work of the design charette undertaken by students at the University of Pennsylvania and supported by Mayor Street and The Philadelphia Daily News.

## Public Hearings

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For two weeks in May 2005, the Task Force held a series of 10 public hearings in neighborhoods across the city to get input from the broadest range of city residents on their ideas and concerns about the introduction casino gambling to our city.

Public hearings were held in each of the City's 10 councilmanic districts. Each public hearing was presided over by one of the Task Force chairs, with several members of the committee and staff in attendance. A brief presentation was given to educate the public on the mission and process of the Task Force as well as some background information on gaming. The Mayor and resident City Council person addressed each group and then the meeting was open to the public. A court reporter recorded the proceedings at each hearing.

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Members of the public discussed a wide range of issues, including siting, traffic concerns, public safety, potential neighborhood impacts, and jobs.

## **Stakeholder Meetings**

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The Task Force committees and working groups all conducted a series of meetings with stakeholders. These meetings took various forms, including interviews, round-table discussions, and focus groups. But they all shared a purpose of ensuring that potentially impacted neighborhoods, businesses, leaders, and organizations were able to share their expertise and contribute their perspective to this process.

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# SECTION 1

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## DEFINING THE GAMING MARKET

## National Gaming Market

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In order to better understand what gamers want in a gaming experience and who they are we have culled information from a variety of primary research studies conducted by the Innovation Group over the last few years. This information is not geographically specific to Philadelphia but in general reflects the specifics of gamers in the northeast portion of the US. This information has been developed from a number of sources, which include:

- A general summary of focus group findings related to gamer preferences for casino amenities
- A summation of several telephone surveys of gamers
- A summary of player demographics in West Virginia
- A summary of the 2004 Harrah's Survey
- A subset of the 2004 Profile of American Gamers
- A description of the major lifestyle types which have a high proclivity to gamble and who are represented in significant numbers in the population within 25 miles of Philadelphia.

**FINDING: About one quarter of Americans gamble annually. This includes about one third of Philadelphians.**

A 2004 national gaming survey found that 26 percent of Americans had gone to a casino in the past year, with higher numbers in certain areas, including those more proximate to casinos. Proximity to Atlantic City, possibly combined with other factors, resulted in 33 percent of Philadelphia-area residents self-reporting a casino visit.

**FINDING: Gamblers tend to be slightly wealthier and spend more money on entertainment, restaurants, and travel than non-gamblers.**

Demographically, the median age of a casino gambler is 48, while the median age of all “casino legal” Americans is 46. Compared to the population as a whole, casino gamblers live in slightly smaller households, are more likely to be college educated, and more likely to have white collar jobs. They also make slightly different resource and entertainment choices than non-gamers. Specifically:

- **Income Differences In Casino Participation**—The higher a person's income, the more likely he or she is to play casino games. The median household income of U.S. casino gamblers (\$53,204) is 16 percent higher than that of non-gamblers (\$45,781).
  - **Home Ownership**—Home ownership is higher among casino players, with more than three-quarters of casino players owning a home.
-

- **Charitable contributions**—Casino gamblers and non-gamblers are more likely to contribute to religious organizations than to other organizations. Gamblers are more inclined than non-gamblers to donate money to political organizations.
- **Current Investments and Savings**—Gamblers are more likely than non-gamblers to have a variety of common investments. In addition, gamblers are more likely to be comfortable with their financial standing as they age; whereas non-gamblers are more likely to worry they will not have adequate funds for retirement.
- **Professional Services**—Gamblers, who generally have more disposable income and a more active lifestyle, are more likely than non-gamblers to use professional services to complete their chores.
- **Customer Loyalty Programs**—Gamblers are savvier about taking advantage of the cost savings and perks offered by loyalty programs for travel and shopping. Potentially there is an education component derived from experience with somewhat similar casino player reward programs.
- **Long Vacation/Travel Trips**—Two out of three casino gamblers take at least one long trip per year, while less than half of non-gamblers do.
- **Entertainment**—Gamblers are more likely to go out for a night on the town than non-gamblers.
- **Dining**—Casino gamblers tend to eat out more often than non-gamblers, regardless of the type of restaurant.

**FINDING: Gamblers and non-gamblers generally make similar lifestyle choices, although non-gamblers are more likely than gamblers to go to church more than once a week.**

- **Church Attendance**—Non-gamblers, however, are more likely than gamblers to report going to church at least twice a week, although casino gamblers and non-gamblers are just as likely to attend church less frequently.
  - **Certain Sports Activities**—Exercise and recreational activities are a significant part of casino gamblers' more active lifestyles. In particular, gamblers are more inclined than non-gamblers to go golfing, bowling, swimming or fishing.
  - **Environmentalism**—As a population, casino gamblers are slightly less “green” than non-gamblers.
  - **Diet and Exercise**—There is very little difference between gamblers and non-gamblers when it comes to exercise, but non-gamblers eat a more balanced diet than gamblers.
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**FINDING: An overwhelming majority of casino gamblers are slots players, both nationally and in the Northeast region.**

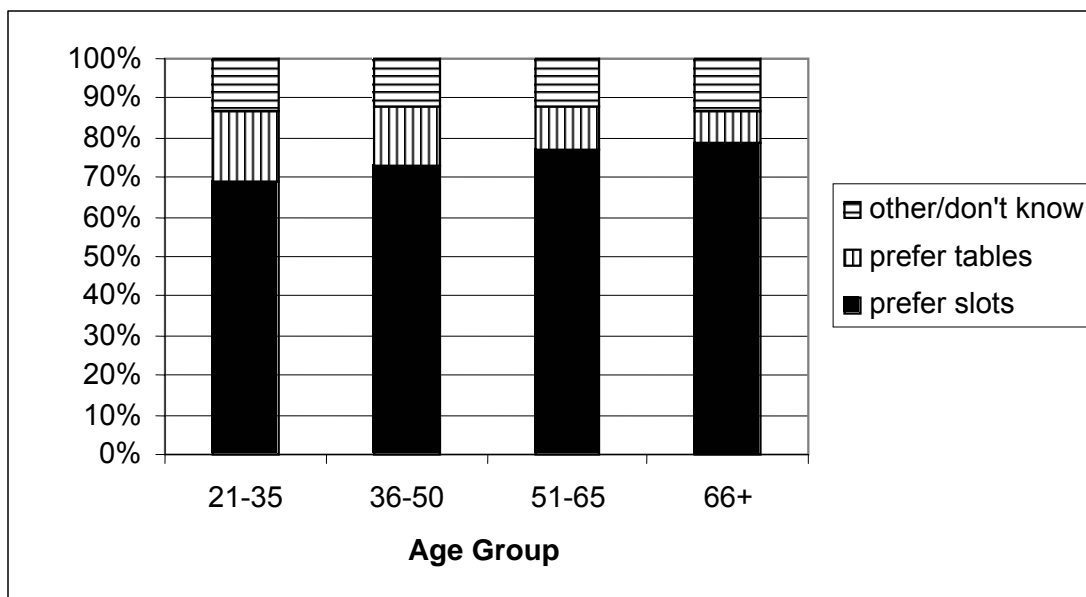
A 2004 national gaming industry survey found that three-quarters of American gamers prefer to play slots, while 13 percent prefer to play table games. The remaining twelve percent preferred other games, or had no response. This preference is effectively the same for people who live in our region (75 percent slots and 14 percent table games).

Slots are the top attraction for both men and women on the casino floor. Men show a far greater preference for playing table games, particularly blackjack/21 and craps. Roulette play is equal among women and men, with 81 percent of females preferring slots compared to 66 percent of men.

**FINDING: While every demographic prefers slot play, the preference is stronger among older gamblers.**

Every recent industry survey has demonstrated that slots are the top gaming attraction across the board, but with varying rates. For example, women play slots at a higher rate than men do, with slots the preferred gaming activity for 81 percent of female casino-goers and the choice of 66 percent of their male counterparts. Slots players also skew slightly older with slots being preferred by 69 percent of 21-35 year olds but 79 percent of senior citizens.

**GRAPH 1.1: Gaming Preference**



Source: Harrah's 2004 Profile of the American Casino Gambler

In West Virginia, where gaming only consists of slot machines, a similar trend holds true, with those over 45 gaming at a rate disproportionate to those of 21-45 year olds. Industry expertise indicates this dichotomy is universal and reflects increased free time and a shifting preference in leisure activities.

**TABLE 1.1: West Virginia Gaming Participation**

Age group	% of gamers	% of adults
65-90	30.9%	18.8%
46-65	45.0%	29.8%
36-45	12.2%	20.9%
18-35	12.0%	30.6%

**Note: Percent of adults considers both West Virginia and Pennsylvania population bases. There is minimal difference between the percentage representations between the two states.**

In contrast to gaming machine players, table game players generally fall into younger age groups, with a significant drop-off for seniors relative to slot players. For table games, not currently legal in Pennsylvania, people under 45 are far more active players than people over 65.

**FINDING: Gamblers attend both “destination” and “convenience” casinos.**

Casinos can be generally grouped into two categories: destination and convenience. The term destination casino refers to a casino that is the general motivation for a traveler to choose that location as their trip destination. Atlantic City and Las Vegas are locations made up of destination casinos. Tourists tend to travel to these cities for the primary purpose of gambling. Convenience casinos, while they can be comparable in size and amenities to some destination casinos, differ from destination casinos because they are not often thought of as the primary purpose of a traveler’s excursion. In fact, convenience casinos tend to be frequented by locals and travelers for whom it is secondarily convenient to visit.

The majority of gamblers have higher expectations of destination casinos than they do of convenience casinos. While the physical casino atmosphere is a key component to the energy and excitement they expect to feel at all casinos, the expectation does not exist that the convenience casinos will have the same kind of energetic atmosphere as destination casinos. Destination casino trips typically involve extended psychological build-up and greater travel time and expense. Thus, the gambler’s expectations are higher when visiting destination casinos and those expectations transfer to demands for atmosphere and amenities.

Conversely, easy-to-access convenience casinos still need to feel exciting, but need not compete directly with destination casinos. Therefore, the opportunity exists to capture a larger audience share by focusing on elevating the overall atmosphere of the casino and surrounding restaurant and retail areas, while maintaining the perception of a fun and exciting atmosphere that is revealed as a key driver in almost all primary research related to casinos.

Other than some of the ancillary Nevada casino towns, and Nevada is often a unique case, there are few, if any, convenience casinos, located as near to destination casinos as Philadelphia is located to Atlantic City. With the relatively low travel costs (both in terms of dollars and time), Philadelphia’s casinos may need to be more like destination casinos than convenience casinos to effectively compete.

## Philadelphia-Area Gamblers

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The Task Force delved deeper in trying to understand the Philadelphia gaming market by conducting a survey of regional residents. This regional survey asked questions concerning current and future expected gaming behavior. The resulting data provided inputs for subsequent Task Force revenue and visitation models and also yielded useful information regarding Philadelphia visitation patterns, casino location preferences, and gaming facility and amenity preferences.

The survey, conducted in May 2005, was answered by 704 respondents, including 404 from the City of Philadelphia, 100 from the Pennsylvania suburbs, 100 from the New Jersey suburbs, and 102 from other areas within a 75-mile ring from the city. Below are key findings about Philadelphia-area gamers that came out of this regional survey.

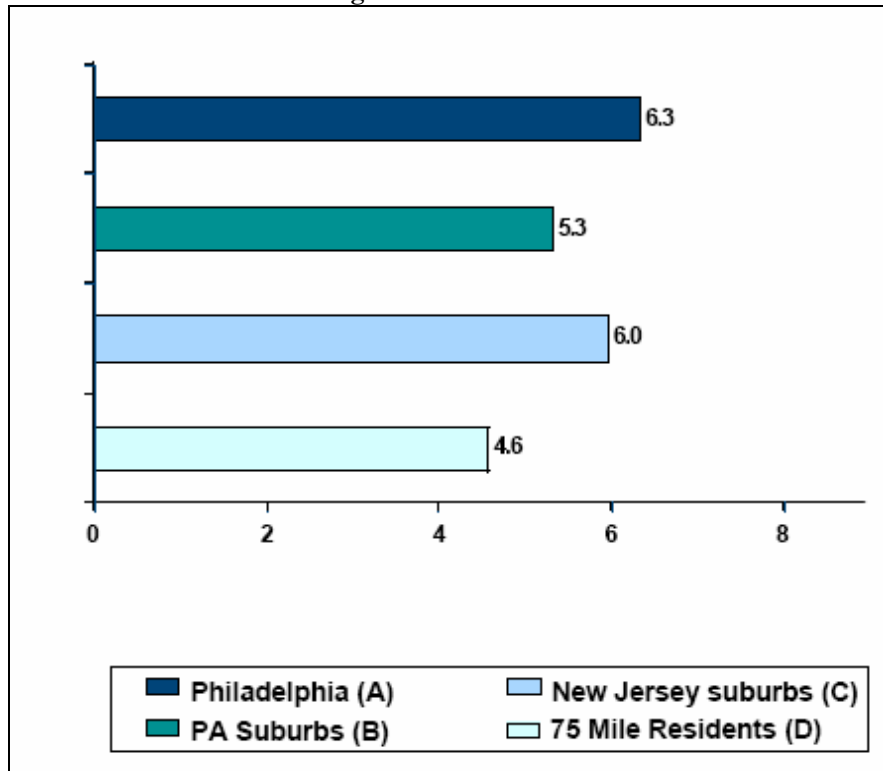
**FINDING: More than 40 percent of regional residents already visit casinos, with the overwhelming majority of their trips going to Atlantic City.**

Approximately two out of five regional residents (43 percent) who were polled say they visited a casino at least once within the past year. Of this 43 percent, Philadelphia residents had the highest average number of annual visits (6.3), followed by residents of the New Jersey suburbs (6.0), Pennsylvania suburbs (5.3), and those within 75 miles of the city (4.6).

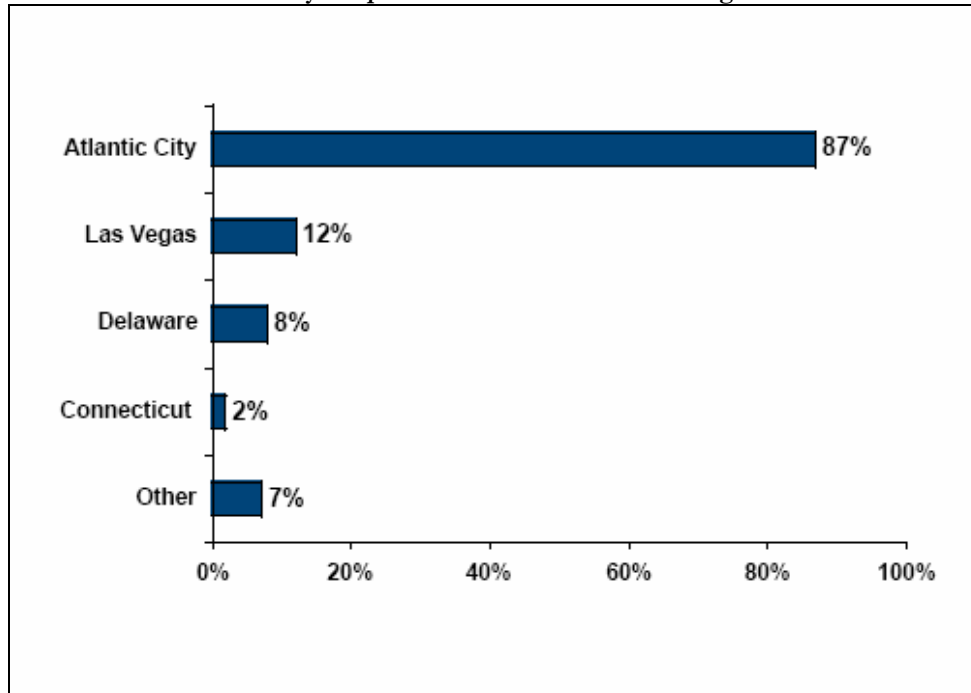
The overwhelming majority of these casino visits are to Atlantic City, with 87 percent saying they had visited an Atlantic City casino in the past year. More than one in 10 had visited a casino in Las Vegas (12 percent) and slightly fewer for the Delaware racinos (8 percent).

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GRAPH 1.2: Average Number of Casino Visits Per Year



SOURCE: Alea Advisors/Response Group

**GRAPH 1.3: Percent of Survey Respondents Who Visited a Gaming Location in the Past Year**

SOURCE: Alea Advisors/Response Group

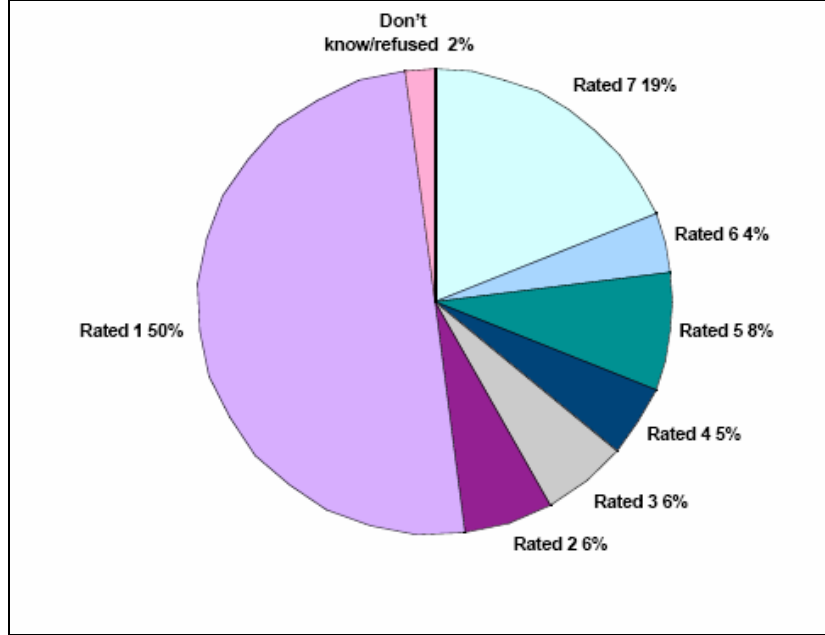
**FINDING: Regional residents indicate a high propensity to visit slots-only casinos, with almost half saying that they are likely to visit a slots-only casino in Philadelphia and one in four extremely likely to do so.**

Almost half (48 percent) of all survey respondents said they are likely to visit a Philadelphia slots-only casino. Philadelphians expressed the greatest likelihood, with 61 percent saying they were likely to visit. Slightly less than half of residents in the New Jersey (49 percent) and Pennsylvania (46 percent) suburbs said that they would go to a Philadelphia slots parlor.

Beyond this general interest, almost one in four respondents said that they were extremely likely to visit a Philadelphia slots-only casino. Current gaming behavior combined with this expression of interest in visiting Philadelphia casinos indicates that regional residents have a high propensity to visit a slots-only gaming facility in Philadelphia.

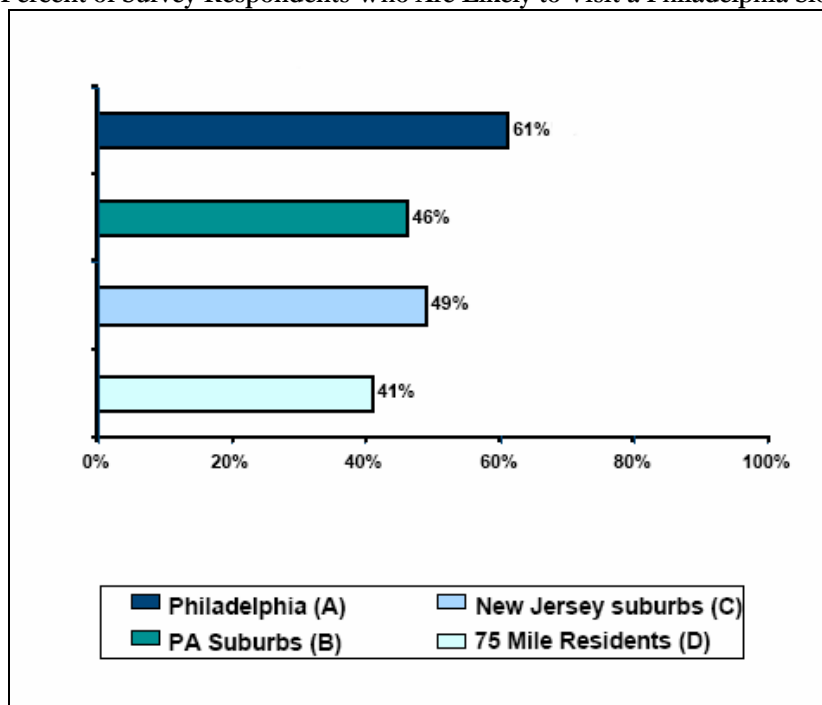


**GRAPH 1.4: Ranking of Likelihood to Visit a Philadelphia Slots-Only Casino**



**SOURCE: Alea Advisors/Response Group**

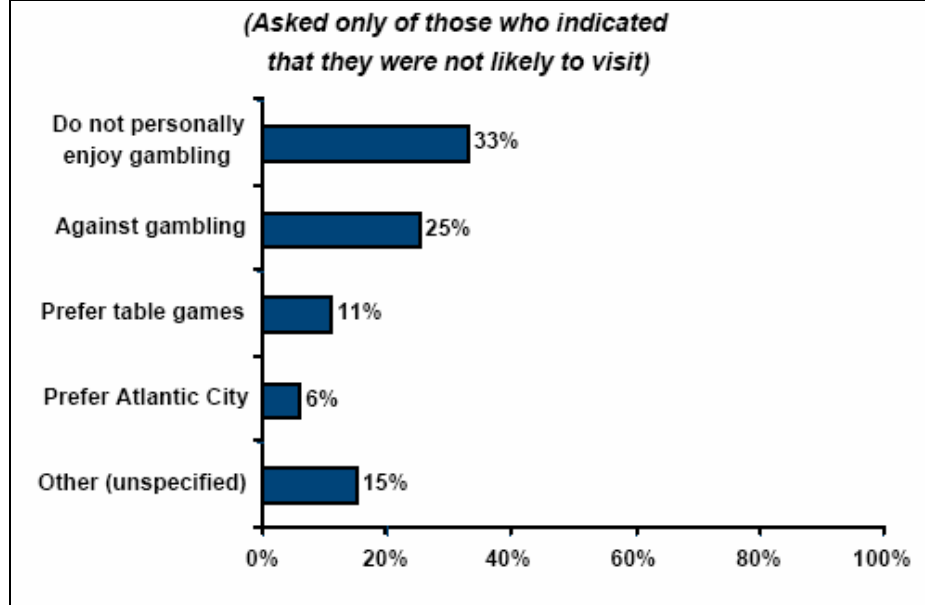
On a scale of 1 to 7, where 1 means “not at all likely” and 7 means “extremely likely,” how likely will you be to visit a casino with just slot machines and no table games in the City of Philadelphia?”

**GRAPH 1.5: Percent of Survey Respondents Who Are Likely to Visit a Philadelphia Slots-Only Casino**

SOURCE: Alea Advisors/Response Group

**FINDING: Most regional residents who say they would not visit a Philadelphia gaming facility either do not personally enjoy gambling or object to it.**

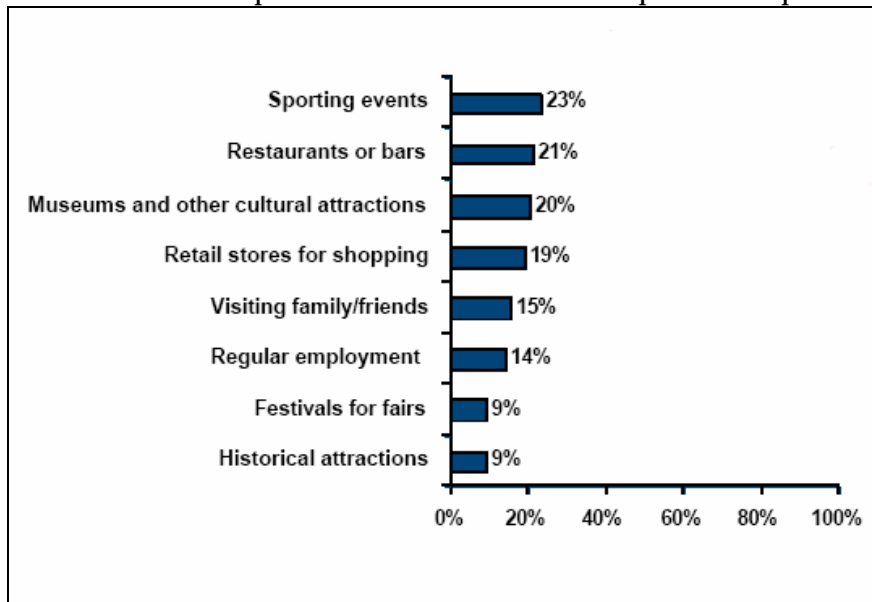
Survey respondents who indicated that they were not likely to visit a Philadelphia slots-only casino were asked the reason for their choice. One-third (33 percent) said that they did not personally enjoy gambling, while one-quarter (25 percent) said that they were “against gambling.” Approximately one in 10 (11 percent) said they would not visit a Philadelphia slots-only venue since they preferred table games. Only six percent of respondents said they would not visit a Philadelphia casino because they preferred Atlantic City.

**GRAPH 1.6: Reason for Not Visiting a Philadelphia Slots-Only Casino**

SOURCE: Alea Advisors/Response Group

**FINDING: Non-Philadelphia residents who are likely to gamble in Philadelphia already visit the city frequently for a variety of activities.**

When non-Philadelphia residents who are likely to gamble in Philadelphia were asked how frequently they visit the city, two-thirds (68 percent) said that they do so more than once a year and 39 percent said they visit once a month or more. The most commonly cited reasons for these visits were sporting events (23 percent), restaurants or bars (21 percent), museums or other cultural attractions (20 percent), and retail shopping (19 percent). For an analysis of what kinds of attractions or events respondents said they would likely visit during a trip to a Philadelphia slots-only casino, see page 263.

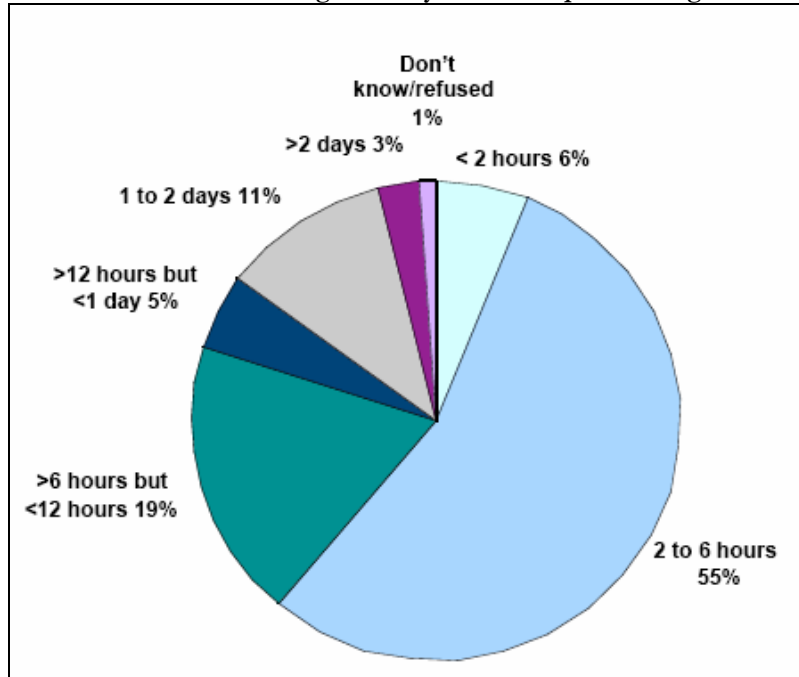
**GRAPH 1.7: Purpose for Recent Non-Resident Trip to Philadelphia**

SOURCE: Alea Advisors/Response Group

**FINDING: More than half of non-Philadelphia residents said that they would stay in the city for between two and six hours during a gaming visit.**

Among non-Philadelphia residents, more than half (55 percent) said that they would stay in the city between two and six hours during a visit to the casino. The survey question did not differentiate how much of this time was anticipated to be spent inside or outside of the casino. One in six (14 percent) said that they would stay for one day or more and 62 percent of this group said that they would stay in a Philadelphia hotel.

**GRAPH 1.8: Estimated Non-Resident Length of Stay in Philadelphia During a Slots-Only Casino Visit**

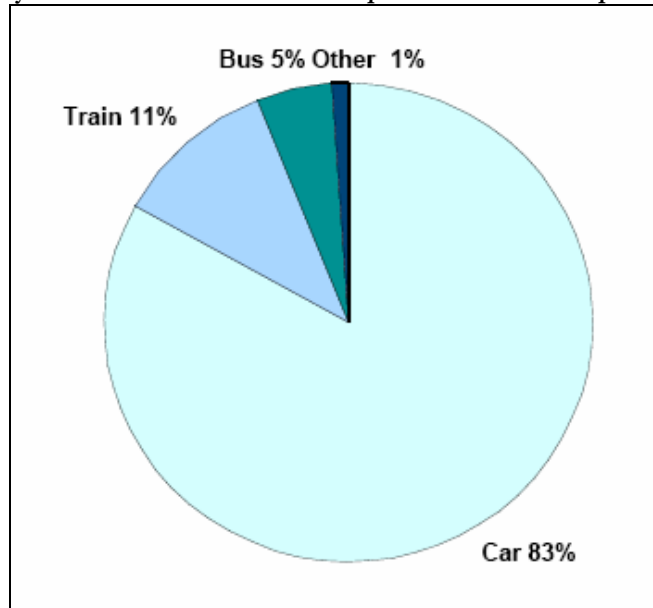


SOURCE: Alea Advisors/Response Group

**FINDING: Regional residents overwhelmingly use personal automobiles to travel to Philadelphia for leisure, but more than half still say that they think that having public transportation proximate to a Philadelphia casino is important.**

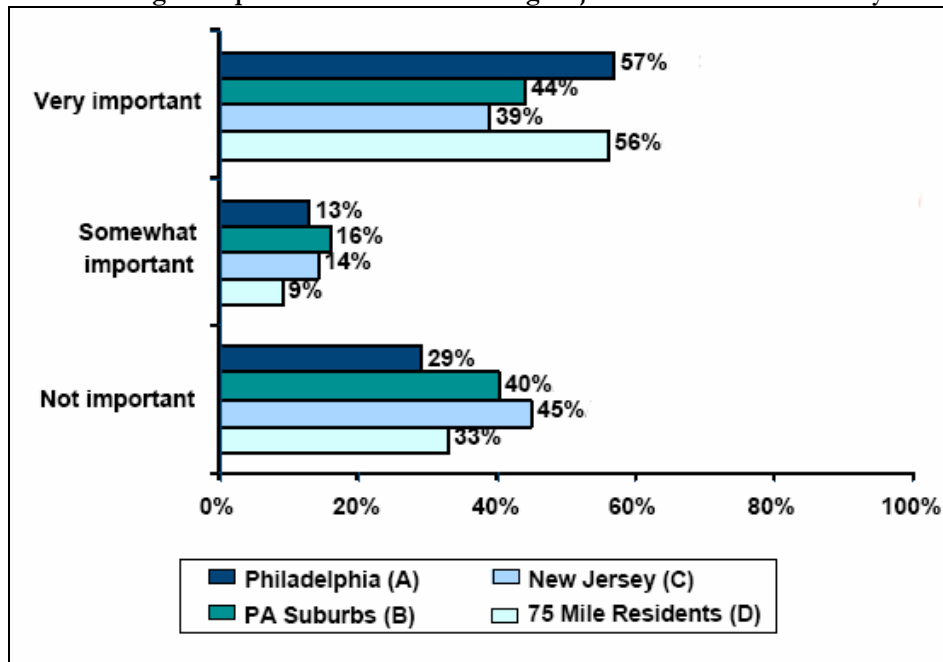
Looking at current travel behavior, 83 percent of non-Philadelphia residents say that they drive into the city for leisure visits. Only 16 percent said they use a form of public transit – 11 percent for the train, five percent on the bus – to get to Philadelphia for leisure activities. This actual behavior contrasts with the claim made by 52 percent of survey respondents who said they believed having public transportation proximate to a casino was important.

**GRAPH 1.9: Primary Non-Resident Mode of Transportation to Philadelphia for Leisure Activities**



SOURCE: Alea Advisors/Response Group

**GRAPH 1.10: Ranking of Importance of a Casino Being Adjacent to and Accessible by Public Transit**



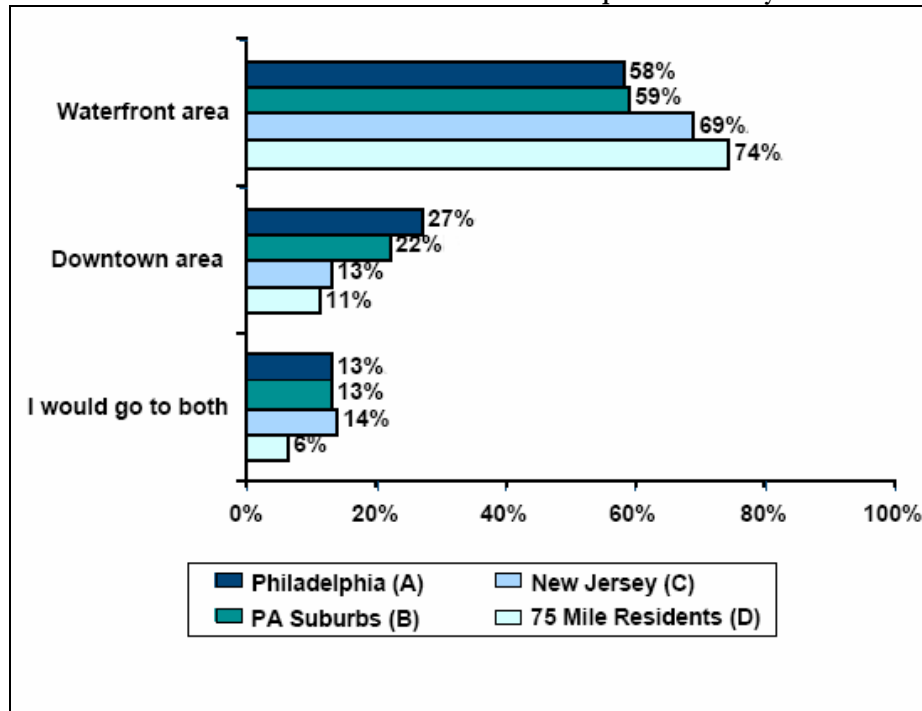
SOURCE: Alea Advisors/Response Group

**FINDING:** When asked whether they would be more likely to visit a Philadelphia slots-only casino at either a Center City or a waterfront location, respondents favored the waterfront by a ratio of three-to-one.

If given the choice between visiting a Center City or a waterfront casino location, Philadelphia regional residents overwhelmingly prefer a waterfront gaming site by a ratio of 66 to 22 percent. Only 12 percent of those surveyed were indifferent between the two locations. The preference for the waterfront correlated strongly with survey respondents' perceptions of safety, as respondents said they perceived the waterfront as a more safe and secure location by a ratio of 60 to 27 percent. This corresponds with surveys of gamers elsewhere that indicate a preference for gaming locations not in the urban core where there is often a negative perception of crime and congestion.

It is very important to note, however, that this question about location preference was asked before there had been any serious consideration of sites outside of the Center City and waterfront areas, such as the proposed Budd site in Hunting Park.

**GRAPH 1.11: Preferred Location for a Philadelphia Slots-Only Casino**



SOURCE: Alea Advisors/Response Group





## **SECTION 2**

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# **SITE EVALUATION AND CASINO DESIGN**

## Site Evaluation and Casino Design Framework

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The following section presents information to assist the City of Philadelphia in evaluating potential gaming locations and in developing site selection and design criteria that can help integrate two new gaming facilities into the transportation network and fabric of the city. Toward this end, the Task Force's Site Evaluation Committee reviewed gaming industry requirements and experiences with respect to choosing casino locations, key elements of casino design, and transportation and site requirements. The Committee then examined the local context into which gaming will be introduced. Finally, it conducted detailed assessments looking at the advantages and challenges associated with a range of potential gaming sites throughout the city. The ultimate goal of this work has been to generate a set of site evaluation and design criteria that can be used in assessing different gaming sites and proposals.

### Casino Location

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**FINDING: Accessibility is critical to the success of any casino – especially one that is primarily serving a local convenience gaming market.**

Location and accessibility play a major role in shaping the size and nature of a casino's gaming market. Where and how gaming facilities are situated among major roadways and population centers sets the parameters for potential visitation levels, revenues, and fundamental viability. Casinos that are not easily accessible to their target gamer populations immediately face a major challenge.

Key components contributing to a casino's overall accessibility include how central it is to a regional population and labor pool, ease of access to regional highways and public transit, and ease of access via local streets. These types of accessibility are crucial for all casinos, but become even more important in local convenience gaming markets where a primary objective is to maximize frequency of visits by regional residents who may stay for shorter periods of time than in destination gaming locales like Las Vegas or Atlantic City (see 29).

**FINDING: Excellent visibility from major roadways is a high priority for casino operators.**

Casino operators seek gaming locations that are highly visible from major highways and heavily traveled roads to encourage visitation by both current and potential gamers. Good visibility can also make the casino easier to find for first-time or infrequent visitors who are not familiar with navigating the local environment. Casino designers commonly try to further boost a location's visibility with large signage that can be seen from long distances. While conventional box-style casinos can draw attention from area roadways through their sheer bulk and size, the buildings often prove less of an attention-grabber than the bright and colorful branding signs accompanying them.

What casino patrons see from the vantage point of the casino also can be very important. Gamers seek a safe and secure environment when they visit a casino and the aesthetics surrounding a site can influence their sense of security, as well as their feeling that they are going

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out for some fun and excitement. Views back to urban skylines or scenic views can add to a visitor's enjoyment and help generate synergies with surrounding uses, but such sightlines are sometimes purposefully blocked or otherwise avoided by casino operators who want gamers to focus their attention on the inside of the casino.

IMAGE 2.1



Eye-grabbing signage is commonly used to increase a casino's visibility.

**RECOMMENDATION:** The City should create signage guidelines and a design review process that strikes a balance between visibility for casinos and preserving the visual landscape for Philadelphians.

The City should require applicants' signage plans to be submitted in a visual format so the casino site and its signs can be understood in context as seen from multiple perspectives. While advertising and signage is a major facet of the gaming industry, it is important to manage the potential impacts of sign elements such as wall wraps, neon signs, billboards, and LED screens.

**FINDING:** Cities in comparable urban gaming markets have conducted thorough planning processes in an effort to maximize the public benefits associated with casino location and increase revitalization impacts stemming from casino development in distressed urban areas with vacant or under-utilized land.

If properly located, a gaming venue could stimulate development of adjacent sites, fill in the gaps in vacant or under-utilized areas of a city, and contribute to the removal of blight and deterioration. It could also help to spur investments in public infrastructure and amenities if a broader public plan and methods of financing are put in place.

While the desire for new tax revenues has been the driving force behind the legalization of gambling in many states, local jurisdictions in several instances have used new casino development to try to maximize some of the other types of public benefits detailed above. Detroit and New Orleans are examples of cities comparable to Philadelphia that have engaged in extensive public planning around the siting of new gaming facilities.

In the late 1990s, Detroit Mayor Dennis Archer viewed the development of three casinos within

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the city as a means “to achieve many significant public purposes for the benefit of the Detroit community.” Archer aimed to accomplish this, in part, via the city’s authority over final siting of the casinos and appointed a task force in 1997 to examine issues around site selection and other matters. In putting together its recommendations, the Detroit task force emphasized that spurring redevelopment and eliminating blight should be priorities. Toward this end, the task force initially focused on potential gaming sites in the downtown central business district to maximize economic spill-over into surrounding areas. Available downtown sites, however, proved too limited in size for the casinos’ anticipated space needs (see Site Requirements section below) and also yielded potential challenges with regard to existing infrastructure and construction-related disruptions.

The City of Detroit then focused on a 60-acre site along the Detroit River at the edge of the downtown area with good access and visibility that would have allowed for clustering of all three casino developments. A broad public consensus was reached in support of this waterfront revitalization approach, but difficulties with land assembly and a series of legal challenges kept casino operators from being able to locate at the riverfront location. Instead, the licensed casino operators opened temporary gaming facilities in 1999 and 2000 at three separate locations in central Detroit that are still in operation. The Detroit case demonstrates that while thorough planning is necessary in order to realize public benefits from casino location, it is not a sufficient condition for success.

In New Orleans, the location for development of a land-based casino was predetermined by the Louisiana state legislature, so subsequent planning efforts focused on how best to integrate the casino with its context. The state legislature in 1992 chose the former Rivergate convention center as the future casino site on land owned by the City of New Orleans. This central location at the base of Canal Street between the French Quarter tourist district and the city’s central business district was chosen in large part to capitalize on the city’s thriving tourism market. The proposed permanent facility went through a considerable number of design iterations resulting from back-and-forth between the casino developer and the city. Among the changes made for public benefit were reducing the casino’s height and bulk so that it would not overwhelm its surroundings, emphasizing the casino’s Canal Street entrance to encourage pedestrian use, and de-emphasizing an underground tunnel connecting parking with the casino to increase visitor interaction with the city.

The result of New Orleans’ planning process was a design that government officials believe integrated relatively well with the fabric of the city. The City then remained steadfast in making sure that this agreed-upon vision for a Canal Street facility was realized, despite years of false starts and casino operator bankruptcies caused by economic factors outside of the design process.

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IMAGE 2.2



Public planning helped to integrate the New Orleans Harrah's casino into the fabric of the city.

**RECOMMENDATION:** The City should use casino development as an opportunity to initiate additional planning in Center City, along the waterfront, and in other areas where gaming facilities are being considered.

The city has an array of plans in place or being conducted for areas that include potential gaming sites. Some of these plans, however, are relatively out-of-date or lack a level of specificity that could help further contextualize development proposals. The Task Force has worked with the city to develop plans for a new zoning district that would permit and regulate casino development (See page 409), but the City should also take this opportunity to conduct area-wide plans for rapidly developing portions of the Delaware River waterfront, Market East, and other areas where gaming facilities are being considered. While such planning efforts would likely occur too late to directly impact the development of gaming facilities, they would be helpful in steering future nearby development.

The following is a review of the existing development plans.

- **The Mayor's Economic Development Blueprint**—Released in March 2005, it articulates the need for a coordinated development strategy as part of the “New River City” initiative to make the Central Delaware waterfront into a residential, commercial and entertainment destination. This public policy goal supports development projects at the Navy Yard, along the Lower Schuylkill, and along the North and Central Delaware Rivers. The City plans to further develop along Philadelphia's waterfront through planning, site assembly and infrastructure improvements that spur private investment.

The Blueprint specifically discusses plans for the Central Delaware between Port Richmond and Packer Avenue, a stretch that includes several potential gaming sites. It recognizes that with limited public involvement, private residential and retail

development currently is booming along this portion of the waterfront. The Blueprint’s core strategy for the Central Delaware is to “promote and direct appropriate development of the Central waterfront district as a residential, commercial and entertainment destination, and expand the infrastructure necessary to support industrial activities surrounding the port.” The City plans to implement this strategy via land assembly and remediation for waterfront open space and market-rate development; infrastructure investment; strategic partnering for development of City-owned properties; formalizing waterfront development guidelines and controls to assure public access and environmental stewardship; and coordinated approval and permitting of waterfront development.

- **Community Plans for Penn Treaty Park to Pier 70**—A 2004 conceptual plan for the Central Delaware River commissioned by adjacent community groups proposes transforming this stretch into a livable waterfront lined with housing and recreational and park amenities. The plan also includes recommendations to better link adjacent neighborhoods to new riverfront parks and recreational areas and a jogging and bike trail similar to what is being built along the Schuylkill River.

While this conceptual plan has no current official status with the City, it has generated significant support among area communities as a framework vision. Recent and planned development confirms strong demand for residential uses along the river and adjacent communities have responded well to the idea of a greenway. A window of opportunity exists to formalize a plan for this portion of the Delaware to shape future residential development, public amenities, and possible gaming uses similar to the way in which the Schuylkill River Development Corporation’s plan for the Lower Schuylkill is helping to transform that stretch of waterfront for public use and development.

The Center City District currently has the firm of Wallace Roberts & Todd under contract to develop minimum public access and design standards for any facilities located along the Delaware River.

- **The Philadelphia City Planning Commission’s Northern Delaware Plan**—The Planning Commission’s Northern Delaware plan, completed in 2001, provides comprehensive recommendations for the 11-mile waterfront stretch north of the Betsy Ross Bridge, focusing on residential projects, brownfields remediation, and a riverfront road, trail and park. However, this plan focuses on the North Delaware, so it presents no detail on areas south of the bridge to Penn Treaty Park that potentially could accommodate gaming.
  - **The Philadelphia Industrial Development Corporation’s (PIDC) Navy Yard Plan**—The Philadelphia Industrial Development Corporation has an extensive master plan for redevelopment of the Navy Yard that focuses on a mix of office, commercial, light industrial and residential uses, but does not include gaming. The plan was prepared before the Gaming Act was passed. However, PIDC officials have said that they intend to pursue the Navy Yard master plan and do not think that casino development would present the highest and best use for the site.
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- **Waterfront Zoning Ordinance**—In May 2005, City Council enacted a new waterfront zoning ordinance that provides guidance and controls for redevelopment of former industrial land along Philadelphia’s waterfronts. The code promotes a combination of housing types and compatible public and commercial uses to create new mixed-use communities along the city’s rivers. It also requires waterfront setbacks of at least 30 feet to provide public access to the river’s edge.
- **The Philadelphia City Planning Commission’s Center City and Market East Plans**—The Planning Commission in 1988 prepared a plan for Center City to address the following question: “If Philadelphia’s downtown was to accommodate new growth and development, would it have to compromise its historic and physical integrity?” As the Task Force finds itself asking the same question about potential Market East gaming sites, this plan is still relevant and needs to be revisited. The 1988 plan recommended specific improvements to the Market East district and these recommendations were further explored in an urban design study conducted in 1990. New zoning for the area that was enacted in 1993 provides the necessary tools to realize the goal of enhancement of this critically important section of Center City.
- **The Philadelphia City Planning Commission’s West Philadelphia and City Avenue Plans**—As part of the Mayor’s Neighborhood Transformation Initiative (NTI), the Planning Commission is working on a plan for the Tioga neighborhood that provides a blueprint for development in the area, which includes the Budd site. The plan will be finalized by fall 2005.

The 1994 Plan for West Philadelphia offers recommendations to guide development along the City Avenue corridor, proposing commercial development for available sites close to I-76. The plan emphasizes the need to limit additional traffic congestion generated by new development along City Avenue.

**FINDING: Casino development in Philadelphia could help spur investment in public amenities including SEPTA, local roadways, and new waterfront parks and trails.**

Across the various plans that exist for areas with potential gaming sites, there are a variety of desired public amenities that casino operators could be asked to support. In particular, there is an opportunity to secure gaming-related investment for a waterfront park, promenade, or trail along the Delaware River near a waterfront gaming site. In and near Center City, new gaming facilities present an opportunity for transit investment that could help SEPTA increase ridership and improve the transit system.

**RECOMMENDATION: The City should revisit its Capital Program and refine a prioritized list of investments in public infrastructure and amenities at or near potential gaming sites.**

**The City can maximize the benefits from casino development if it uses it to leverage new investment in public infrastructure and amenities. In order to increase the chances of such investment, the City should revisit its Capital Program and refine a prioritized list of potential investments in public infrastructure and amenities to discuss with gaming**

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license applicants.

**FINDING: Revitalization impacts stemming from casino development can be the greatest in distressed urban areas with vacant or under-utilized land.**

A review of selected case studies indicates that casinos with the greatest potential to yield revitalization benefits for their immediate surroundings are frequently built in distressed urban areas, usually in conjunction with master plans and if new investments are sufficient to alter perceptions of the area. In particular, Shreveport, Louisiana and former industrial areas of the Australian cities Melbourne and Sydney have experienced dramatic revitalizations spurred by casino development in areas previously defined by vacant or under-utilized land. In addition to economic spill-over benefits, distressed urban areas also typically have the advantage of under-utilized transportation, utility, and municipal services infrastructure. Development in these locations usually does not cause the loss of a valued public amenity or the displacement or disruption that can occur when building a casino in already viable urban areas.

Based on limited experiences in New Orleans, there appears to be minimal to no spin-off development generated by casinos in central downtown locations that are already viable. Although casinos in viable urban areas are often financially successful, it is difficult because of the size of the economy to identify distinct economic impacts attributable to them. Brief case studies on the relationship between casinos and revitalization follow below:

### **Shreveport, Louisiana (multiple casinos)**

The casinos in downtown Shreveport, Louisiana were developed as part of a master-planned downtown revitalization effort. A victim of the oil bust that hit Louisiana in the 1980s, Shreveport had been a struggling city in one of the poorest states in the country. A \$410 million capital investment by six casinos is credited by local officials as the catalyst for construction of a 350,000 square foot convention center and the 120,000 square foot Red River District urban entertainment development—with restaurants, new sidewalks, landscaping, art islands, and residential conversion projects. Casinos also have fueled a development boom for local and national restaurant brands aimed at drawing more families into the tourist market.

### **Crown Entertainment Complex, Melbourne, Australia**

Melbourne's Crown Casino is part of a large integrated entertainment complex that has transformed a former industrial area across the Yarra River from downtown Melbourne. The complex includes a hotel, a conference center, restaurants, a shopping mall, a showroom, and a theater. Major new retail and residential development is planned for sites to the east and west of the Crown Casino and along both banks of the river. A promenade along the river connects the adjacent Southbank shops and residences to the Crown complex and stretches toward the new Docklands residential development west of the Crown. Since the Crown was built, a new exhibition hall and aquarium also have been built in the area.

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IMAGES 2.3 and 2.4



In Australia, Melbourne's Crown Casino (left) and Sydney's Star City Casino contributed to the revitalization of former industrial areas.

### Star City Casino, Sydney, Australia

Sydney's Star City Casino was built as a first step toward redeveloping a blighted area of old docks and warehouses called Pyrmont, which has now been converted to a mixed-use district of residences, shops and malls. A light rail system was constructed to connect Pyrmont with downtown Sydney, about twenty minutes away. In the words of one local official, "the area has been totally transformed."

### Harrah's Casino, New Orleans, Louisiana

The Harrah's Casino in downtown New Orleans is located in an area that was already a largely successful tourist and shopping destination, and therefore its impact on the surrounding environment has been limited. The casino is currently developing an adjacent two-block strip as a pedestrian retail and entertainment mall, with a major restaurant anchor having recently opened as the first tenant. In addition, a casino hotel is being constructed across the street from the casino. However, the casino has not been a catalyst for other private development, mostly because the tourism and convention business in New Orleans was flourishing without it.

### Detroit, Michigan (three casinos)

Although Detroit's three casinos have been financially successful and the city government has benefited from its share of gross gaming revenues, there has been little spin-off development or revitalization. In particular, the Motor City and MGM Grand casinos largely have remained isolated amid underdeveloped city blocks.

Detroit had the characteristics that could have resulted in a maximum positive impact from a well-sited casino—limited investment in downtown and throughout the city center and underutilized infrastructure available for large-scale development. However, a combination of poor

planning and bad luck has prevented the city from taking full advantage of such large-scale casino development. The casinos opened in separate temporary facilities at some distance from each other in 1999 and 2000. They were to have opened permanent facilities with hotels at a common riverfront location, but casino opponents were ultimately successful in blocking that plan.

Detroit's Motor City Casino sits in an area adjacent to downtown Detroit in need of revitalization, but generates little synergy and redevelopment spill-over. The casino building and connected parking facility stand alone on the outskirts of downtown in a generally blighted urban setting with high vacancy rates. The general area within which the property rests is scattered with boarded up commercial and industrial buildings, massive single and multiple family homes of fine quality but in various states of disrepair, and smaller single family homes in similar states of disrepair.

Even though located within Detroit's central business district in a former IRS building, the MGM Grand casino is as isolated by surrounding traffic patterns and parking structures as Motor City and has little-to-no synergy with its surroundings.

**IMAGE 2.5**



**Isolated by adjacent roadways and parking structures, Detroit's MGM Grand casino has generated little synergy with its urban surroundings.**

The partial exception among Detroit's three gaming venues is the Greektown Casino, which has benefited traditional neighborhood restaurants adjacent to it that now serve as food outlets for the casino. While Greektown is more physically integrated with its surroundings than Detroit's other two casinos (see finding below), aside from restaurant spill-over impacts, there has been little revitalization of the surrounding area.

### **Joliet, Illinois (two casinos)**

Joliet, Illinois is a small city on the outer edge of the Chicago metropolitan area and is home to two riverboat casinos, including a Harrah's venue near the downtown area. The state of Illinois had purposely chosen to site riverboat gaming facilities in communities such as Joliet that were in need of economic development. However, recent interviews with local businesses indicate that casino spin-off spending and redevelopment around the downtown casino has been lacking. This is, in part, a result of the limited consumer offerings near the casino and a lack of collaborative planning between the casino and the surrounding area. Both casinos have extensive

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hotel and amenity development as part of the casino complex; however, casino guests tend to head straight to the casino and home again without patronizing other businesses in Joliet.

### Atlantic City, New Jersey (13 casinos)

While the introduction of casinos to Atlantic City in 1978 was, in part, meant to help revitalize this declining beach community, the results have been mixed. The imposing row of casinos along the oceanfront and boardwalk largely exists as an island amid continued decay of surrounding commercial and residential communities. This has occurred even with a substantial amount of casino revenues spent over the last 25 years on local redevelopment. These funds, however, have not been strategically invested in a manner that would truly benefit the areas immediately surrounding the casinos. Only in recent years have new retail development and outlet shopping malls appeared within blocks of the casinos.

This outcome has led one gaming executive involved with Atlantic City to suggest in retrospect that a greater revitalization impact might have been achieved had the casinos been placed several blocks west of the Boardwalk. Given the attractiveness of the beachfront area, revitalization then might have occurred in the space between the casinos and the boardwalk.

IMAGE 2.6



Atlantic City's casinos largely exist as an island amid continued urban decay.

**FINDING:** Among downtown gaming venues in the U.S., only the Greektown Casino in Detroit and the Harrah's in New Orleans significantly relate to their urban surroundings.

To date, the United States gaming industry has largely resisted locating casinos in the midst of already existing, densely developed urban contexts. As described in the Casino Design section below, casino design principles historically have pointed gaming facilities away from actively engaging with their surroundings in ways that produce synergies with adjacent uses and the local economy. Instead, casino operators often have opted for locations and designs that allow their venues to be self-sufficient and detached from surrounding uses. This can be illustrated by the strategic placement and orientation of Atlantic City's casinos, which have their entrances facing the boardwalk, while the towering, non-descript backs of these imposing structures are what faces onto the rest of the city.

In contrast, there are currently two casinos in the United States that make an active effort to

relate to their surrounding urban fabric – the Greektown Casino in Detroit and the Harrah’s casino in New Orleans. In November 2000, Detroit’s Greektown Casino opened in the popular neighborhood restaurant and entertainment district that is its namesake. In order to encourage casino visitors to also patronize businesses within the neighborhood, the casino operators chose to develop fewer restaurants within the gaming facility and instead created a system by which most restaurants in the surrounding area accept complimentary meal vouchers provided by the casinos to patrons. The operators also opted not to build a large adjacent parking garage that would further isolate it from the community. Instead, it relies upon nearby parking garages and valet parking. One side of the casino opens onto Trapper’s Alley, an atrium alleyway lined with shops. Comerica Park, home of major league baseball’s Detroit Tigers is two blocks away and the downtown’s People Mover light rail system connects directly with the casino.

**IMAGE 2.7**



**Detroit’s Greektown casino is located in a popular neighborhood restaurant and entertainment district.**

Another United States urban casino that embraces its surrounding environment is Harrah’s New Orleans casino. This facility is located immediately adjacent to the French Quarter, less than a mile from the city’s convention center, and close to the Warehouse District’s residential and arts communities. It is also a short walk to the popular Riverwalk shopping district and has more than 300 restaurants within a one-mile radius. This location ensures synergy with surrounding tourist and convention activity and encourages walk-ins or walk-throughs from pedestrians who are already in the area for other purposes. As mentioned above, however, despite the New Orleans casino’s relative integration with its surroundings, it has not directly been a catalyst for other private development, mostly because the existing tourism and convention business in New Orleans already was flourishing without it. Harrah’s currently purchases complimentary hotel rooms and restaurant meals for gamers outside of the casino, but is in the process of building a 450-room hotel across the street. Additional restaurant and entertainment uses will be added at the new adjacent Fulton Street development.

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IMAGE 2.8



The New Orleans Harrah's casino sits between the French Quarter and the city's central business district.

**FINDING: Gaming Act requirements dictating the size and slots-only nature of Philadelphia casinos will make the placement of a gaming facility in downtown Philadelphia a significant challenge.**

A downtown Philadelphia casino would have the greatest likelihood among potential gaming sites of attracting tourists, convention-goers, and occupants of Center City's 10,000 hotel rooms. A downtown site also would have the greatest likelihood of prompting outside the casino spending (see Economic and Fiscal Impacts section starting on page 239). But the possibility of Philadelphia having the kind of urban downtown casino described above is rendered quite difficult by the state's objective of 3,000 to 5,000 slot machines per facility. As detailed in the Site Requirements section (see page 73), this volume of machines creates substantial space needs, making the placement of a slots-only casino in Center City a significant challenge, especially given the industry preference to place all gaming functions on one floor.

Further, the state law's slots-only provision positions Philadelphia primarily as a convenience gaming market serving regional residents where quick in-and-out access will be especially important. This factor, as well as the uncertainty about if and when table games will ever be authorized, will further push gaming license applicants to seek spacious sites outside of Center City that are well located for quick drive-in traffic and which allow for future expansion.

**RECOMMENDATION: If the number of Philadelphia gaming facilities is expanded in the future, the City should advocate that the state allow for smaller casinos.**

The large number of slots machines required per gaming facility by the Gaming Act limits the number of sites and types of casino development that can be considered by Philadelphia. If the state decides in the future to expand the number of gaming facilities in Philadelphia, the City should advocate smaller casino size. Smaller size casinos allow for easier integration into the downtown environment or other areas of the city.

## Casino Design

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**FINDING: Casinos typically aim to create total, self-contained environments to maximize the entertainment experience.**

Most larger-scale casinos are designed as complete entertainment experiences, with a broad array of offerings in an attempt to capture both gaming and non-gaming dollars from visitors. Common additional non-gaming uses include food buffets and snack bars, restaurants, bars and nightclubs, retail, entertainment offerings, and, increasingly, spas. Shopping, food, and nightlife offerings are often situated immediately adjacent to, or in many cases flow onto, the gaming floor. The integration of all of these elements under one roof contributes to the escapist atmosphere that casino operators aim to foster.

The effort to create a complete entertainment experience has typically led casino designers to produce self-contained environments, where patrons can satisfy all their entertainment desires in one place. As a result, casinos rarely have open connections to their surroundings and are designed in a manner that encourages visitors to stay within the building. This often translates into relatively large buildings with few windows or entrances and immediately adjacent parking that feeds visitors directly into the casino.

**FINDING: Casino design often draws upon themes of fantasy or escape, although less so in convenience gaming markets.**

IMAGE 2.9



**The Quarter at Atlantic City's Tropicana casino puts a variety of eating, shopping and entertainment options under one roof.**

In an effort to create an exciting total entertainment experience, casino design frequently draws upon themes of fantasy or escape. This is seen through the many themes adopted by well-known casinos, ranging from the Roman-era Caesar's casinos to the Showboat's Dixieland designs to high-concept casinos like Treasure Island and New York New York in Las Vegas. In an urban environment more similar to Philadelphia, Detroit's MGM Grand casino assumes an art deco style meant to invoke the feel of Hollywood's "Golden Age."

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Part of the logic behind such themes in highly competitive gaming markets like Las Vegas or Atlantic City is as a means of differentiating from other casinos. However, across all kinds of casino markets, design themes and décor that take you to another time or place are broadly meant to make the gamer feel like they are stepping into another world and exiting the everyday. This sense of escapism encourages gamers to live a little and, casino operators hope, gamble a lot.

IMAGE 2.10



Like many themed casinos, the Luxor in Las Vegas aims to make gamers feel like they are stepping into another world.

**FINDING: Images of Las Vegas and Atlantic City dominate most people’s impressions about casino design, but the current industry trend in local convenience gaming markets is toward more understated designs.**

IMAGE 2.11



The style of casino design prevalent on Las Vegas’ strip is not likely to appear in Philadelphia.

For gamblers and non-gamblers alike, impressions about what casinos look like are often heavily influenced by images of Las Vegas and Atlantic City. Among Philadelphia-area residents who had visited a casino within the past year, 87 percent of those surveyed said they had visited Atlantic City and 12 percent said they visited Las Vegas. In addition to this population, a

significant proportion of regional residents who do not gamble already visit the Jersey shore, experiencing the casinos from a distance.

**IMAGE 2.12**



**Philadelphia may need to look to casinos such as Harrah's North Kansas City in smaller convenience gaming markets for examples of the kind of design that will be proposed here.**

Images of these two destination resorts conjure impressions of casinos as large, often imposing structures that come in clusters covered in big, flashing neon signs. For Las Vegas, casino imagery is driven by flamboyant themes such as Treasure Island or the Luxor and extravagant public entertainment displays ranging from exploding volcanoes to pirate ship revolts. Atlantic City presents an array of casinos with themed designs as well, but also projects an image of immense rectangular hotels walled off from the surrounding environment. These are the kinds of images that dominate most people's impressions about casino design.

While Las Vegas and Atlantic City have undoubtedly had a significantly influence on casino design elsewhere, some of the design elements common to these two gambling centers are unique to them. The flamboyant designs and signage prevalent in both cities is largely a function of having so many casinos competing for customers in one place – a dynamic not present in smaller gaming markets. The current gaming industry trend of expansion into local gaming markets such as Philadelphia is in many instances yielding more subdued designs. The nature of, and level of investment in, casino design in these new convenience gaming markets depends largely on the degree of local gaming competition and level of taxation.

For example, in contrast with Las Vegas and Atlantic City, the Harrah's New Orleans casino has taken a design approach that allows it to fit into its urban context. While the casino has a sizeable gaming floor of 115,000 square feet stretching over more than one city block, its overall bulk and height is kept in line with the surrounding office buildings and hotels. Developers initially wanted to use an ornate classical French Baroque design and theme, but the city negotiated for a more under-stated Greek revival style with limited ornamentation. Distinguishing exterior details include a modest amount of neon signage and palm trees and fountains that strike a balance between helping the casino stand out and having it clash with its surroundings. The casino's main Canal Street entrance is designed as a plaza to encourage

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pedestrian traffic and strengthen the building's presence and interaction with the street. Finally, the City insisted on permanent, high-quality building materials to avoid the look of a cheap structure in the middle of the city with historic 19<sup>th</sup> century row structures nearby.

**FINDING: The Gaming Act limitation of two casinos in Philadelphia will limit the possibility of a “strip” effect created by a zone with several casinos.**

Casino design in Philadelphia will be influenced by the fact that there will only be two slots parlors in the city. For at least the first 10 years of gaming in Philadelphia, there will not be an opportunity to create a clustered gaming environment with a large number of casinos that can lead to the kinds of flamboyant designs common on Las Vegas' Strip. Gaming clusters in places like Las Vegas and Atlantic City give rise to dazzling designs, high-profile themes, and extensive use of neon due to the intense competition with so many nearby casinos. Philadelphia could cluster its two casinos together, but will not have a more intensive gaming concentration and, thereby, will likely give rise to less flamboyant casino designs.

**FINDING: Urban casinos outside of the United States tend to be more moderate in size, although a limited number of urban resorts exist in Australia and Canada.**

IMAGE 2.13



Use of existing historic structures for casinos has worked elegantly in cities such as Brisbane, Australia.

European casinos are typically more moderate in size than their American counterparts, with the largest facilities housing hundreds, not thousands, of gaming positions. The largest casinos in Madrid, Italy, and Monte Carlo have gaming floors smaller than those found on a Mississippi riverboat. Accordingly, the revenues of a typical European casino compare to the small slot machine casinos found in mountain towns in Colorado.

**IMAGE 2.14****Smaller European casinos blend into their surroundings.**

Design of European casinos is much more modest than the comparably flashy gaming facilities in the U.S., often bordering on drab. In addition to their smaller size, this is also due to the fact that European casinos are usually monopoly operations without competitive pressures and with some degree of government involvement. Machine gambling is also common in neighborhood bars and taverns in some European countries. The combined impact of these variables is that European casinos tend to be well-integrated into the urban fabric.

An older tradition of urban casinos has long existed in European cities such as Monte Carlo, Luxembourg, and Budapest in historic and often quite stately buildings. Use of existing historic structures has worked elegantly for casinos in Belgium, the Casino Barriere de Dinard in Brittany, France, and the Brisbane Treasury Casino in Australia. Bolder, modern designs are more rare but apparent in casinos in Montreal and Amsterdam.

Casino gambling is widespread throughout Canada, with more than 100 gaming venues scattered across urban areas and towns of varying sizes. While most of these are moderate-sized gaming operations, a limited number of larger urban resort casinos exist. One of the more innovative, modern designs belongs to Casino Montreal, which took over a building constructed for the 1967 World Expo and now contains more than 3,000 slot machines and 120 table games. Casino Montreal's operators, however, say the casino is currently struggling and considering a move to a more central location in the city. Another significant Canadian destination casino is Casino de Hull just outside of Ottawa, with more than 1,200 slots and almost 50 table games.

Starting in the mid-1980s, the Australian government permitted one large, destination-style casino with hotel in each of its major cities. These casinos more closely resemble larger American operations, with bold, attention-grabbing design and thousands of slots machines. Australia also has widespread small convenience gaming operations scattered throughout its major metropolitan areas. These facilities, frequently redevelopments of former commercial buildings or hotels along major roads or highways, can hold between 10 and 50 gaming machines. Due to their frequency and widespread proximity to population concentrations, these local gaming venues have been associated with higher-than-normal gambling addiction rates in Australia.

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While the European and Canadian design model of more moderately sized casinos is appealing in many ways, the Gaming Act authorization for between 3,000 and 5,000 slot machines per facility will render it impossible in the Philadelphia context.

**FINDING: Traditional casino design in the United States tends to be inward-facing, with little or no permeable space or windows and employs a variety of interior design techniques to prolong the amount of time spent inside the casino.**

A central focus of conventional casino design is to keep visitors inside once they have entered the casino. As a result, many casinos take an exterior design approach of limiting the amount of permeable space such as windows or entrances/exits to the outside. Casinos often have one very legible, grand entrance for pedestrian or drop-off traffic including buses and taxis and minimize the amount of street-level activity surrounding it so that all forces point toward the entrance. Automobile traffic that goes straight into an adjacent parking garage typically uses more modest, direct entrances to the casino from the garage. Casino designers shy away from penetrating the skin of casinos with connections to the street or other facilities for fear of losing gamers and violating the sense of a complete, enclosed escapist entertainment environment. This approach has given rise to much of the criticism directed at traditional casino design—posing that the result of such design tends to produce monumental, inward-focused, windowless boxes surrounded by parking, causing patrons to resist interaction with their surroundings.

Even when windows do appear in casinos, they often do not allow a gamer inside the casino to look out. Mirrored glass is sometimes used as a backing behind faux windows inside casinos, although some casino designers try to avoid mirrors altogether to keep patrons from catching a glimpse of themselves and breaking the gambling spell. Fake windows are bricked up at Detroit's Motor City Casino. Casino Niagara in Niagara Falls, Canada has a 30-story high glass façade, but it is made of mirrored glass so that people can look in but not out.

Commonly used casino design techniques geared toward keeping people inside may be more a vestige of concerns about fierce competition in places like Las Vegas and Atlantic City than a fitting response to a given gaming market context. As noted by UNLV gambling expert William Thompson, in smaller markets or sites with only one casino, less competition can allow casinos to be more open to their surroundings. Support for this theory is provided by the Foxwoods Resort Casino in Mashantucket, Connecticut, which has windows with views of the surrounding forest. Such a design approach can be taken since Foxwoods is remote from other gaming and entertainment options. Smaller casinos in European cities have long had windows, clocks, and open areas—elements largely shunned in the Las Vegas and Atlantic City design model, but appropriate for these smaller, controlled gaming markets.

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IMAGE 2.15



Entrances are few, but prominent, at most casinos.

**FINDING:** Casino operators employ a variety of interior design techniques to prolong the amount of time spent inside the casino.

While exterior casino design often tends toward the basic, a great deal of attention is given to interior design. Casino designers place significant emphasis on considerations such as slot machine layout, gamer traffic patterns, aesthetics and décor, sight lines, signage and other elements that can impact gamer behavior and the amount of time spent in the casino and on the gaming floor.

Slot machines and table games are laid out in a maze-like configuration so that the gamer is always coming upon a new gaming opportunity at each turn. This keeps visitors exploring, drawing them throughout the casino, and gives the sense that there are multiple gaming environments under one roof. Adjacent restaurant, nightclub, and retail space is also laid out in a meandering fashion so that it is hard to orient oneself, while sight lines back to the gaming floor are maintained as much as possible. There has been a growing trend in the industry to create separate spaces both on the casino floor and in amenities such as bars, nightclubs and restaurants, while keeping these proximate to the casino floor. This helps maintain interest in the gaming offerings, while creating a sense of intimacy and exploration by offering a ‘getaway’ location that has a different ambiance than the casino floor but which is physically close.

IMAGE 2.16



Maze-like floor designs keep casino patrons exploring and discovering new gaming opportunities.

One general interior design technique used to prolong duration of stay is to help gamers lose their sense of time or place. This can be achieved via details such as the omission of clocks or ceilings painted to look like a day or night sky. Designers try to draw people into the excitement of the gaming floor by creating a hyper-stimulating environment with flashy lights and décor, constant ambient noise from machines, and pumped-in oxygen to keep patrons awake. The intensity of the environment is exacerbated by low ceilings and short sight lines, contributing to a crowded atmosphere.

IMAGE 2.17



Ceilings made to look like a daytime sky help gamers to lose track of time.

**FINDING:** When poorly designed, adjacent parking structures can become a dominating visual design element.

A variety of factors contribute to parking structures frequently becoming defining visual elements for casinos. The parking demand generated by mid-sized and large casino operations requires a substantial commitment of garage space (see finding on page 67 below). Unless this parking is built underground or somehow deftly integrated into the main casino building design, the result is a big box. Given the strong desire to place parking immediately adjacent to the

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casino, the resulting box can dominate views of one or more sides of the casino. Further, upgrading parking structure design to make it more visually appealing typically falls relatively low on the list of a casino operator's investment priorities. Casino parking garages are almost exclusively viewed as a functional necessity to facilitate easy arrivals and departures and not a design element to be integrated with its surroundings.

**RECOMMENDATION: The City should ensure quality parking structure designs that integrate with its surroundings through zoning regulations and design review.**

Regulations and design review should encourage parking design elements that are attractive and that lessen the potentially dominant physical and visual impact of parking while still accommodating the needed parking.

**FINDING: Synthetic construction materials are common in casino design to save money and maximize adaptability of spaces that are frequently reconfigured and expanded.**

Outside of upscale casinos such as the new Wynn and the Bellagio in Las Vegas, the casino industry tends toward the use of synthetic materials throughout its construction. For casinos that are designed to be inward-focused and make little attempt to integrate with their surroundings, there is little impetus to invest extra in quality exterior materials. Instead, many casino operators opt for low-cost building materials. For interiors, the Las Vegas and Atlantic City-influenced tradition of design themes often relies upon kitsch and artificial materials to create escapist environments. Synthetics are often used for interiors also due to their adaptability, as gaming floor space is frequently reoriented and expanded over time.

**FINDING: Clear design criteria and standards will be crucial in helping to guide quality casino development in Philadelphia.**

No other U.S. city with the architectural history of Philadelphia has chosen to introduce gaming venues into its existing urban fabric. In order to ensure that Philadelphia makes the most of this opportunity, it will be essential to develop design criteria and standards that lead casino developers to create high-quality buildings and site designs that are compatible with their context. These standards will be just as important for proposed casinos in densely developed areas such as Center City as they will be for proposed development in more wide open landscapes such as the waterfront. Toward this end, the Task Force has created a draft list of design criteria that address space programming, site design, building design, and design team. These criteria, presented as Table 2.1 below, were drafted with the understanding that casino developers should be required to submit sufficiently detailed proposals so that the quality of their planning and design may be evaluated in comparison with other applicants.<sup>1</sup>

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<sup>1</sup> The Task Force acknowledges the work of William Becker and Harris Steinberg of the Design Advocacy Group in the development of these design criteria.

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**TABLE 2.1: Draft Design Criteria for Philadelphia Gaming Facilities**

CRITERIA
<b>Location</b>
Compatible with site context in land use, scale, appearance and materials.
Makes maximum use of the site's development potential.
<b>Program</b>
Includes an effective site plan for pedestrian, auto, bus and service traffic.
Incorporates a unique development concept.
Contains an exciting mix of recreational and entertainment activities.
Includes retail and restaurant space.
Allows for expansion of gaming and other entertainment space.
<b>Site</b>
Minimizes the visual impact of on-site parking.
Contains exterior public amenities such as plazas, landscaping, arcades, river walks, & lighting.
<b>Building</b>
Design approach is bold, contemporary and innovative.
Street facades are active, inviting and visually connected to the interior.
Uses institutional and corporate quality building materials.
Contains monumental and memorable public spaces that connect to the exterior.
Clear and legible interior spatial organization and circulation.
<b>Design Team</b>
Experienced in design of gambling and entertainment development.
Has achieved public awards for design excellence.
Participation by MBE/WBE and local firms

In addition to the above design criteria that are meant to help in evaluating and comparing different development proposals, casino license applicants will be expected to meet existing codes regarding handicap accessibility, fire and safety, environmental standards, and historic preservation, if applicable.

**RECOMMENDATION:** The Task Force’s proposed design criteria should be used in evaluating all gaming proposals and be formally adopted into a casino design review process.

These performance-based guidelines set design standards, but also are meant to encourage license applicants to think and design creatively. Recognizing the gaming industry’s primary concern with profitability, gaming companies should challenge their architects to design a new model for urban casinos that are sensitive to the local context. The City should advocate for design elements that adapt to a dense urban environment.

While the Task Force emphasizes the need for gaming facilities that are compatible with their surroundings, it would also like to see the kind of unique and even playful building that typifies casino design at its best. An obvious tension exists between these calls for compatibility and bold design, but Philadelphia should challenge gaming license applicants to come up with their own solutions.

The following provides greater detail about expectations regarding several of these design criteria:

***Compatible with site context in land use, scale, appearance and materials***

**Use compatibility.** Compatible adjacent uses include, but are not limited to: commercial (retail and office), hotel, entertainment uses, sports venues, convention and meeting facilities, exhibition halls, large-scale residential, open space, and recreation. Incompatible adjacent uses include, but are not limited to: schools, churches, hospitals, other civic institutions, smaller-scale residential, industrial/manufacturing.

**Scale compatibility.** While it is likely that the casino will be as big as or bigger than any of its neighbors, the building's frontage and entries should be detailed with human-scaled details. The overall building massing should be compatible with buildings and development patterns on the same or adjacent blocks, so that the overall profile of the structure or the main building elements are no greater than 1.5 times that of the surrounding.

**Appearance and material.** Philadelphia is an historic city with unique neighborhoods, many of which have a specific architectural look and feel. If the casino is sited within or adjacent to one of these neighborhoods, the casino should be compatible in its use of architectural details, profile, color and materials. If the casino is in an environment that is evolving from prior uses (e.g., from industrial waterfront to commercial) or an area that has no discernible architectural quality, compatible design will evoke Philadelphia's architectural heritage or aspects of the historic environment.

***Includes an effective site plan for pedestrian, auto, bus and service traffic***

The submission should include a site plan that indicates effective solutions for pedestrian, auto, taxi, bus and service traffic. Integration of public transportation is encouraged, and pedestrian access to adjacent amenities and uses is encouraged where appropriate.

***Incorporates a unique development concept***

It is in the interest of the City and the gaming license holder for the design of these casino developments to be distinctive and of formidable quality. The design submission should address in writing how the design fits into the distinctive character of Philadelphia and the surrounding neighborhood, while at the same time indicating how it distinguishes itself from other gaming facilities within the greater mid-Atlantic market.

***Contains an exciting mix of recreational and entertainment activities***

The City favors mixed-use development including recreational and entertainment activities in

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conjunction with casinos in order to diversify the gaming experience and expand upon entertainment offerings.

***Includes retail and restaurant space***

Ideally, a significant amount of retail and restaurant space would be oriented toward the publicly occupied exterior of the casino, helping to animate and humanize facades on the side(s) of the building where pedestrian activities are located.

Operators proposing to site a casino in an area with a major existing retail presence, such as Center City, should ensure that the bulk of external wall space be developed as outward-facing street retail that integrates into the fabric of the business district and encourages pedestrian traffic. This could be accomplished by locating the casino floor above ground level and locating retail and restaurant amenities in storefront locations facing onto the street, or it could be accomplished by having the developments contain outward-facing retail otherwise unconnected to the casino.

***Allows for expansion of gaming and other entertainment space***

With the understanding that development will likely occur in phases, the City will want to see future development plans as part of the applicant's proposal that provide for hotels, entertainment venues, and other non-gaming uses, in addition to space for potential expanded gaming at a later date.

***Minimizes the visual impact of on-site parking***

Surface parking should be screened with landscaping and structured parking should be designed with exteriors that evoke the overall feel of the casino. Where structured parking is located within an urban, walkable neighborhood, the bottom floor of the structure should accommodate commercial lease space with windows to the street.

***Contains exterior public amenities such as plazas, landscaping, arcades, riverwalks & lighting***

These amenities should be designed to connect to adjacent contextual assets such as neighboring hotels, retail, riverfront promenades, marinas, etc.

***Uses institutional and corporate quality building materials***

In particular, the main building frontage and public facades at entries should have high-quality, authentic building materials befitting the upper end of the contextual quality of the neighborhood.

**RECOMMENDATION:** The City should ensure that it has adequate, professional resources to conduct thorough development and design reviews of the application submitted.

Prompt and thorough review of lengthy casino development and design proposals by the City

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within the short timeframe mandated by the Gaming Act will likely require additional resources. The City and the Commonwealth would benefit enormously if the resources of the Philadelphia City Planning Commission were supplemented by the substantial talent available within the city from other design professional consultants. These efforts could be augmented by a voluntary advisory board of design similar to the review panel established by the Redevelopment Authority of Philadelphia during the most active period of federally-funded downtown urban renewal.

## Transportation

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**FINDING: The mode of transportation taken by casino visitors and employees is influenced by several factors, including location and marketing strategy, and has a significant impact on casino design and site requirements.**

A crucial part of evaluating potential gaming sites is the set of assumptions made about the different modes of transportation that will be used to visit a given gaming venue. With a substantial flow of casino visitors daily, the breakdown of how many people arrive by car, by public transport, by casino bus, by taxi, and by foot has a significant impact on a casino's site requirements and how it is designed. For example, a casino that places a greater emphasis on private automobile use will have greater parking space demands, while more intensive use of chartered casino buses requires additional dedicated space for drop-offs, queuing, and bus storage.

This breakdown of modes of arrival and departure is influenced primarily by a casino's location and how accessible it is to various modes of transport. But it also depends upon a casino's marketing strategy, such as whether it targets out-of-town overnight visitors or whether it targets gamers from specific geographies or economic backgrounds within a region.

**FINDING: Automobile use is consistently the dominant mode of travel with the exceptions of New Orleans and Las Vegas, where the largest percentage of casino patrons are tourists and convention-goers who have arrived in the city by airplane.**

The breakdown of the different modes of transportation, or "mode splits," taken by gamers varies among casinos in different locales, but is widely dominated by car use. In Detroit, car is almost the exclusive mode of arrival, and in Atlantic City slightly more than three-quarters of patrons arrive by private automobile.

The one United States gaming context comparable to Philadelphia in which car travel is not the predominant mode of arrival is the New Orleans land-based casino. Located on the edge of the French Quarter and adjacent to the city's convention center, this casino draws enough out-of-town travelers and tourists so that 51 percent of visitors arrive by air, compared to 46 percent by car. Las Vegas also has half of its casino patrons arrive by air, but is in a category unto itself due to its uniquely far-reaching draw as a gambling destination.

Private automobile is expected to be the primary mode of gamer arrival at Philadelphia casinos. See page 128 for an analysis of anticipated mode splits for slots-only casinos at different potential Philadelphia gaming sites.

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**FINDING: Given the prevalence of automobile use, ample parking adjacent to the gaming facility is a priority for casino operators.**

Since the vast majority of gamers in convenience gaming markets drive to casinos, casino operators make the provision of ample, adjacent parking a top priority. There is a general lack of willingness among casino operators to rely on the availability of parking in facilities that are not immediately adjacent to their building or that they do not control.

As an example of the importance of parking to a casino, gaming experts believe that a lack of convenient parking at Detroit's Greektown casino has contributed significantly to its economic underperformance in comparison to Detroit's two other gaming venues. Greektown draws on average 12,000 customers per day and has access to more than 4,500 parking spaces in multiple garages within a few blocks of the casino, but none are directly connected to it. With this parking arrangement, Greektown took in \$320 million in revenue in 2004, compared to \$436 million for Motor City and \$433 for MGM Grand. Greektown was the third of the three Detroit casinos to open in 2000, and local gamers had several months to become accustomed to immediate parking access at the other casinos. Greektown now is seeking approval to build a \$10 million, 650-space garage for valet services a half-block from the casino to ameliorate its parking problems.

**RECOMMENDATION: The City should require the casino developer to discuss conditions under which the cost of evening enforcement in nearby Residential Permit Parking Programs become the sole financial responsibility of the developer.**

Traffic to and from casino garages must not be encouraged through residential areas and ample parking must continue to be available for residential populations and other nearby land uses. In nearby residential permit parking program districts, the casino developer and the city should come up with a more stringent policy of enforcement, especially during late evening hours on Fridays and Saturdays.

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**IMAGE 2.18**



Gaming experts believe that a lack of immediately adjacent parking at Detroit’s Greektown casino has contributed to its economic underperformance.

**FINDING: Casino parking structures and drop-off areas are designed to facilitate quick access and to make visitors feel like they are in a safe and secure environment.**

Similar to a retail mall shopping experience, casino operators know that they need to provide secure parking and give customers the impression that they have only a brief walk to enter the facility. For most casinos, this is primarily provided by adjacent structured parking with quick access to the casino, often only a short elevator ride that brings visitors directly to the gaming floor. Casinos also put a premium on providing adequate drive-up and drop-off space for private autos, casinos buses, taxis, and valet parking. This is frequently achieved by an extra-wide driveway or circle in front of a casino entrance that can be up to six lanes across to accommodate high volumes of in-and-out traffic. Quick access is even more important in convenience gaming markets, where customers on average visit more frequently and for shorter periods. In these markets, there is an added emphasis on “preferred” parking reserved for frequent visitors and valet parking.

IMAGE 2.19



Quick vehicular access is a top priority for casino designers.

Polls across the industry indicate that gamers place a top priority on safety when visiting a casino. In response to this concern, casino garages typically have especially bright lighting and enclosed entry to the casino, whether via a garage elevator or skywalk to a main building. The MGM Grand casino in Detroit, which is situated in the middle of a relatively rundown urban area, promises “daylight parking all night long” and reinforces a sense of security with its fortress-like appearance. Garages at both the MGM Grand and Motor City casinos in Detroit are intentionally designed not to allow sightlines from inside to its surroundings.

IMAGE 2.20



Detroit’s MGM Grand casino reinforces drive-up customers’ sense of security with its fortress-like appearance and direct access from the parking garage to the gaming floor.

**FINDING:** The degree to which casino operators rely upon coach buses to bring customers to a gaming facility varies based on casino location and marketing strategy.

Chartered casino buses are commonly paid for by casino operators to bring in customers at times of low demand. The degree to which operators rely upon such bus services to boost visitation varies based on location and marketing strategy.

In the past, Atlantic City has relied relatively heavily on casino buses to draw customers. Due to its location at the edge of a major metropolitan area, buses help Atlantic City casinos to get people to travel longer distances than they might on their own for a day or overnight trip. Atlantic City also has used buses to target older populations either looking for a social trip with friends or who are not comfortable with transporting themselves. While Atlantic City’s distance

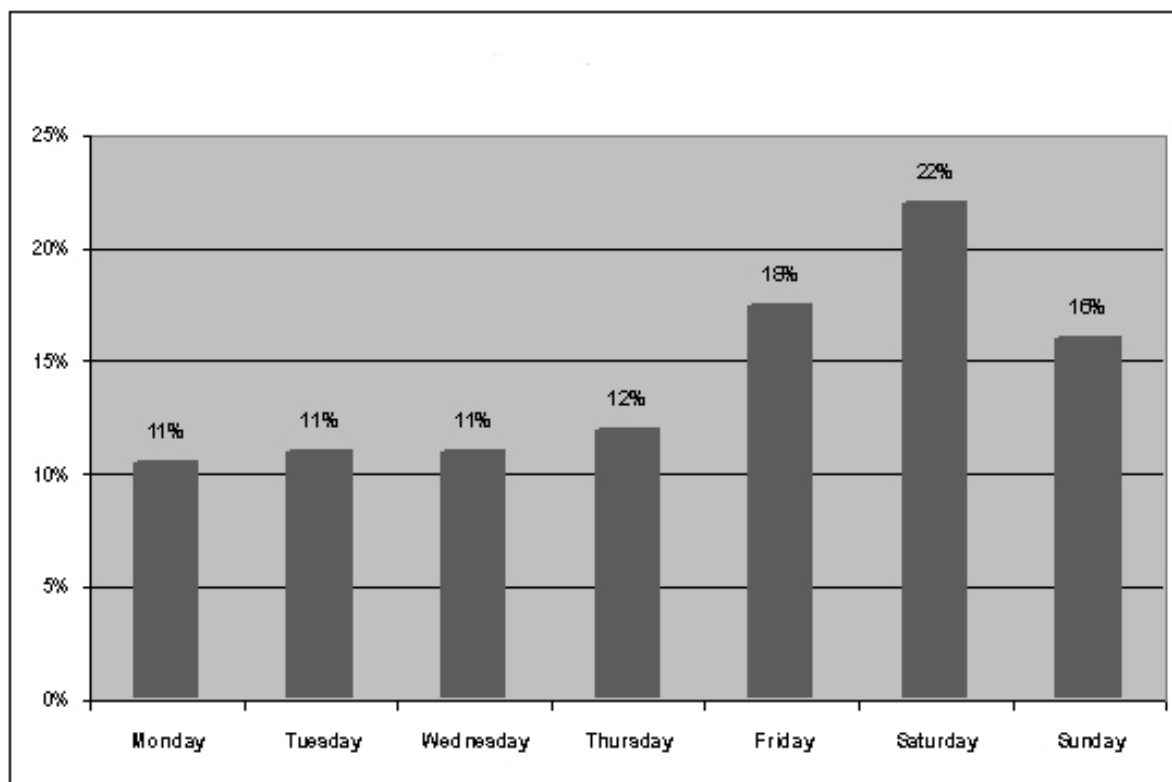
from large population centers requires casinos to import customers, in recent years, the share of Atlantic City gamers arriving by motor coach has been declining, down from 30 percent in 1998 to 20 percent in 2004. In contrast, Las Vegas casinos have virtually no charter bus traffic, in part because there is a much smaller population within a two-hour drive.

With so much anticipated regional competition for gaming dollars between the Atlantic City casinos, the two slots-only venues in Philadelphia, and the racinos in Bensalem and Chester, gaming industry experts expect operators to use charter buses to draw customers to the Philadelphia casinos, but to a significantly smaller degree than Atlantic City has.

**FINDING: Peak casino visitation typically occurs on Saturdays – more than 20 percent of weekly visitors – and between the hours of 7 and 10 PM.**

Casino visitation levels and accompanying traffic volumes vary by day of the week and by time of day. Saturday is typically the busiest day at casinos, drawing more than 20 percent of weekly visitors. This is followed by slightly lower visitation levels on Fridays and Sundays, and then Monday through Thursday at about half the level of Saturday attendance.

**GRAPH 2.1: Percent of Weekly Attendance**



Source: Innovation Group

Daily casino visitation tends to peak between 7 PM and 10 PM., when almost one-quarter of a day's customers can arrive. An understanding of these day-of-week and time-of-day peak visitation periods is important in determining the traffic impacts on roads adjacent to gaming facilities.

**TABLE 2.2: Casino Visitation Patterns by Time of Day**

		Morning	Afternoon	Adj. To	Rush Hour	Evening	Night	Graveyard	Adj. To
		8-11a	11a-4p	3-hour period	4p-7p	7p-10p	10p-1a	1a-8a	3-hour period
<b>Monday - Thursday</b>	average	8%	30%	18%	17%	18.5%	14.5%	12%	5.1%
	peak	10%	33%	19.8%	20%	20%	17%	14%	6.0%
<b>Friday</b>	average	7%	18%	10.8%	12%	18%	18%	27%	11.6%
	peak	9%	21%	12.6%	15%	22%	20.5%	30%	12.9%
<b>Saturday</b>	average	9%	24%	14.4%	15%	17.5%	16.5%	18%	7.7%
	peak	11.5%	26.5%	15.9%	17.5%	22%	19%	20.5%	8.8%
<b>Sunday</b>	average	7.5%	29%	17.4%	20%	18.5%	14%	11%	4.7%
	peak	10%	31.5%	18.9%	22.5%	21%	16%	13%	5.6%

Source: Innovation Group

**FINDING: With up to 5,000 slot machines per gaming facility and between 12,000 and 36,000 visitors per day, traffic and parking demands generated by Philadelphia slots-only casinos will be substantial.**

Pennsylvania law requiring Philadelphia casinos to have at least 1,500 and up to 5,000 slot machines guarantees visitation levels that will lead to substantial traffic and parking demands. Based upon a gaming facility with 3,000 machines, the Task Force projects average daily visitation ranging from 12,000 to 18,000 (see page 208). On peak days, a casino may draw as many as 36,000 visitors. As a result, traffic and parking management will be important considerations at any gaming location in the city.

**FINDING: Some gaming jurisdictions have used dedicated transportation management authorities to manage casino-related traffic.**

The significant demands generated by casino automobile and bus traffic has led some gaming jurisdictions to turn to dedicated transportation demand management entities to better manage traffic flows. For Atlantic City, a state-authorized regional entity called the South Jersey Transportation Authority (SJTA) was created to deal with charter bus routes and traffic on state highways that were not the jurisdiction of the city. The authority adopts and enforces regulations for the motorbus industry throughout Atlantic County, including requiring buses to have permits and to follow designated routes in and around Atlantic City. It also designates bus parking locations and accepted loading and unloading zones. Fees from SJTA permits and highway tolls cover the authority’s management and enforcement costs. Philadelphia has an opportunity to create a similar entity, which could be especially useful given the city’s current lack of a dedicated traffic police force. Such a traffic management effort can be important not only for the host municipality, but for casino operators who rely upon ease of navigation from the highway to the casino parking lot on local roads in order to maintain visitation levels.

The City of Philadelphia’s Streets Department has been reviewing its traffic management policies dealing with coach buses that service the city’s major tourist attractions. It works closely with the Philadelphia Police Department to manage drop-offs and traffic flow at the Convention Center and has created a new bus storage facility for Independence Mall traffic.

IMAGE 2.21



Dedicated transportation demand entities can help to manage casino bus traffic.

**RECOMMENDATION:** The City should require casino developers to provide a complete Transportation Management Plan (TMP) and Parking Management Plan (PMP). These plans should include costs and benefits of each improvement and impact on the community in terms of neighborhood encroachment and livability.

In meeting the parking demands of the casino, the parking strategy should also safeguard the interests of the city and its residents from the unwanted effects of casino traffic. The manner in which these needs are met should be part of a TMP and a PMP that will be prepared by the casino developer for review and approval by the Philadelphia City Planning Commission. The TMP and PMP shall include costs and benefits of each improvement, impact on the community in terms of neighborhood encroachment and livability.

The TMP should include detail internal circulation systems, external access points, locations of transit stops, charter bus loading, including layover areas, pedestrian flows to and from parking facilities as well as sidewalk levels of service. It should also include recommendations on intersection improvements, new roadway construction, or widening of existing roadways, if required, traffic buffers to protect residential areas. These improvements should be designed and constructed in a timely manner at the developer's expense.

The PMP should describe management's policy on parking for patrons, employees and managers as well as address issues relating to charter bus, taxi, limousine and bicycle parking.

**RECOMMENDATION:** The City should consider establishing a dedicated transportation management authority or office to oversee all traffic and transportation systems relating to casinos.

A dedicated transportation management authority or office should oversee all transportation systems relating to casinos, from auto, taxi and bus movements, to traffic signals and signs, to SEPTA and PATCO routes and service hours. While each of the above components are currently managed individually within a variety of departments, the casino industry, the City, and adjacent neighborhoods will be best served if there is a single point of contact with responsibility for coordinating and communicating about casino-related transportation issues. The City could use this opportunity to revisit efforts in the 1990s to create a separate Department of Transportation within municipal government, or to reestablish a deputy mayor for transportation. The Atlantic City model for managing casino-related traffic is one that

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Philadelphia should consider as it deals with high volumes of auto and bus traffic generated by the city's two slots parlors.

**FINDING: Overall traffic impacts depend upon casino visitation levels and existing roadway volume and capacity.**

In assessing the potential impact of additional casino-generated traffic in Philadelphia, it is necessary to measure current existing roadway volume and capacity, estimate casino visitation levels by mode of arrival, and then compare the two. It is also important to consider how peak casino visitation periods may complement or conflict with current traffic peaks on streets surrounding potential gaming sites. An in-depth analysis of potential traffic impacts and roadway capacity is included as part of a Transportation Assessment for representative potential gaming sites in Philadelphia that begins on page 127.

## Site Requirements

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In looking at potential sites, it is important that each site meets certain specific requirements such as size, accessibility and parking. Other factors such as the availability of adequate utilities including gas, water and electricity are important factors since casinos are large consumers of these services.

**FINDING: Industry experts indicate that a casino with 3,000 to 5,000 slot machines would require a gaming floor in the range of 90,000 to 150,000 square feet.**

The gaming industry standard space allotment for slot machines is approximately 30 square feet of floor space per machine. In order to accommodate the 3,000 machines anticipated initially for a Philadelphia slots venue, the gaming floor would need to take up an estimated 90,000 square feet, or slightly more than two acres. A gaming floor for 5,000 slot machines – the maximum permitted under the law – would require 150,000 square feet of gaming floor space, or approximately 3.4 acres. Whether the gaming floor is constructed on a single level, as preferred by operators, or on multiple levels, these numbers represents threshold space requirements to accommodate such a large number of machines.

**FINDING: A Philadelphia slots-only casino is expected to initially require an additional 130,000 square feet for food and beverage, retail, and back-of-house operations space.**

Casinos require space for security and other gaming-related support functions off of the gaming floor that are commonly referred to as “back-of-house” operations. For Philadelphia gaming slots venues, these are projected to require an additional 90,000 square feet of space. Gaming industry experts anticipate that Philadelphia venues will initially open with restaurant, bar, nightclub, and limited retail offerings totaling 40,000 square feet. In total, these functions are anticipated to require approximately 130,000 square feet of space.

Gaming industry experts vary in their opinions about whether Philadelphia slots casinos will open with a small (approximately 1,200-seat) entertainment venue, or whether such development will come in latter phases. Most experts agree that hotel development is not likely upon opening,

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but also may come in a later stage.

**FINDING: At the industry standard of approximately one parking space per slot machine, a casino with between 3,000 and 5,000 slot machines would require between 3,000 and 5,000 parking spaces, totaling more than 1 million square feet of garage space.**

The industry standard for casino parking is approximately one parking space per slot machine. Applying this standard, each Philadelphia casino will need between 3,000 and 5,000 parking spaces. Structured parking is commonly designed at a ratio of 350 square feet per parking space, so that a 3,000-space parking facility would require in excess of one million square feet. For a 3,000-slot machine facility, this would translate into space needs of 24 acres for surface parking, six acres for a four-story garage, or three acres for an eight-story garage.

**FINDING: Casino operators have a strong preference for placing all gaming activity on one floor and can build one-story gaming facilities on sites as small as nine to ten acres in urban areas, but prefer larger sites of up to 20 acres to ensure adequate on-site parking, circulation, and future expansion of gaming and development of adjacent non-gaming uses.**

The U.S. industry preference, where possible, is to place all gaming activity on one large floor. Casino operators also prefer to place gaming floors at ground level for quick and easy access by drive-up traffic and pedestrians. Operators who face space constraints can and do build multi-level gaming floors, but at greater costs and at the expense of several design objectives. Use of multi-level gaming floors is common in rehabilitated buildings that have been converted for casino use, such as Detroit's Motor City and MGM Grand casinos, which were formerly a Wonder Bread factory and an IRS building, respectively.

Casino operators prefer the single-floor approach from a design perspective since it maximizes flexibility for future gaming floor reconfiguration, is easier to service and provide security, and gives the designer greater control over the points of access that influence how visitors experience the gaming floor. Placing all gaming activity on one floor also allows designers to create a sense of multiple gaming environments under one roof, which is accomplished by creative and often maze-like layouts that encourage wandering and discovery.

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IMAGE 2.22



Placing all gaming activity on one floor maximizes design flexibility and is easier to service for casino operators.

In order to accommodate a one-story gaming floor, adjacent on-site parking, and basic non-gaming uses, casino operators can build on sites as small as nine to ten acres in urban areas. However, to ensure adequate space for parking, traffic circulation, and future expansion of gaming and non-gaming uses, operators prefer larger sites of 20 acres or more.

A significant portion of the desired additional space is taken up by traffic circulation, which can include queuing space for buses and automobiles, a valet parking area, and bus parking. The extra acreage is also desired to accommodate future expansion of gaming and non-gaming activities. Industry experts say that expansion of non-gaming uses beyond the expected initial development could include a 400-800 room hotel; additional food and beverage operations; a major entertainment venue of up to 4,000 seats; multi-purpose floor space for meetings, conventions and events; additional specialty retail; and a spa. Casino operators also will want space to expand their gaming floors if the state legislature approves more slots machines or permits the addition of table games.

**FINDING: Industry experts indicate that a multi-level gaming facility could be built on a parcel as small as three or four acres, but that such an approach could increase construction costs by approximately 15 percent.**

While casino operators prefer sites of up to 20 acres to accommodate single-level gaming and future expansion of gaming and non-gaming uses, industry experts indicate that a multi-level gaming facility could be constructed on a parcel as small as three or four acres. Such an approach, however would drive up construction costs by approximately 15 percent and require any on-site parking, retail, and entertainment facilities to be built above or even below the gaming floor.

A casino development at a constrained urban site can have smaller space requirements due to existing nearby hotels, restaurants, and parking, but also can face additional challenges beyond size limitations in terms of construction phasing and if the site is not already cleared for development.

**RECOMMENDATION: The City should not support a casino license application on**

**any tract of land that encompasses less than 3.4 acres of contiguous land.**

**FINDING: Casinos generate intensive demand for electricity and water and often require upgrades to local utility infrastructure.**

Full-service casinos with large gaming floors and extensive non-gaming amenities consume substantial amounts of electricity and water, often requiring upgrades to local utility infrastructure. For example, when the Borgata casino opened in 2003 in a marshland area away from Atlantic City's oceanfront concentration of casinos, it had to build a new electricity substation to service it.

**FINDING: In other markets, temporary gaming facilities have sometimes been built while legal issues and development details have been sorted out for future permanent casinos.**

Casino operators in some other gaming markets have opted to build temporary gaming facilities while legal or regulatory issues holding up permanent development have been sorted out. This has been the case in Detroit, which opened three temporary facilities in 1999 and 2000. Due to a drawn-out series of legal challenges, these temporary facilities are still in operation. A legal settlement was finally reached in April 2005, and the three casinos are planning to build new permanent venues close to the current facilities that have already been operating for more than five years.

In order to protect its interests, the City of Detroit issued several requirements regarding the use of temporary casinos, correctly anticipating that the temporary structures could end up lasting multiple years. It required the facilities to meet first-class casino complex standards with gaming floors no larger than 100,000 square feet to prevent any kind of "warehouse" effect. Development financing for the temporary facilities had to be deemed viable and separate from funding for future permanent complexes, and the temporary facilities, whether new construction or rehab, had to be suitable for reuse after gaming. Most importantly, the temporary facility could in no way divert the casino developers and operators from building the promised permanent casinos.

Given the gaming industry's financial resources, temporary casinos can be constructed very quickly, in as short as six months. In addition to starting the flow of gaming revenues, temporary gaming facilities also help operators by establishing brand loyalty with customers early on, through training of employees, and by allowing the operator to gauge the characteristics of the local market. Visitors to the current Detroit casinos and temporary facilities elsewhere often note that the buildings are designed and built so that they feel permanent. However, in Pennsylvania, the Gaming Act's requirement that every casino be networked to a central computer monitored by the Control Board could help drive the cost of constructing a temporary gaming facility to as much as \$50 million.

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IMAGE 2.23



Temporary gaming facilities such as Detroit's Greektown casino are often indistinguishable from permanent ones.

**FINDING: A small temporary gaming facility in Philadelphia would be at a competitive disadvantage compared with fully operational racinos in Bensalem and Chester.**

Rapidly-built temporary gaming venues with limited amenities tend to favor first entrants into new gaming markets that are trying to quickly establish a presence and revenue flow. In the Philadelphia gaming market context, full development of slots parlors at racinos in Bensalem and Chester will likely occur at least one year in advance of construction of Philadelphia's two slots casinos. Several industry experts believe that this timing discrepancy could lead the Philadelphia casinos to forego temporary facilities and instead build permanent casinos with enough non-gaming amenities to immediately compete with the racinos in Bucks and Delaware Counties.

**RECOMMENDATION: The City should encourage immediate construction of permanent facilities.**

While the Task Force suggests the building of permanent facilities, if the construction of temporary gaming facilities appears to be a possibility for either of the gaming licensees, Philadelphia should reference the work of the City of Detroit in developing temporary gaming facility requirements to ensure quality buildings and to prevent any kind of initial "warehouse"-type development. In the event that a temporary facility is proposed, the plan should still follow the same review process as the permanent slots-only casino.

**FINDING: Philadelphia casinos are expected to pursue a phased development approach over several years.**

While competition from the Bensalem and Chester racinos may help push Philadelphia slots parlors to start in permanent facilities, operators of the Philadelphia venues are still expected to pursue a phased development approach over several years. Due to the \$50 million up-front license fee, the relatively high tax rate on gaming revenues, and uncertainty about precisely how the Philadelphia slots market will perform, operators will not execute their full building programs on Day One of operation. Instead, they will likely add more extensive food and retail, hotel, and entertainment offerings over time and fill out their development plan in stages.

## Philadelphia Context

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**FINDING: Philadelphia provides a unique context for slots-only gaming – an already built, densely developed, economically diverse major city with a broad array of residential communities as well as business, entertainment and leisure offerings.**

The first generation of 20<sup>th</sup> century American casinos were built either in remote, isolated settings, such as the Las Vegas desert, or in areas suffering from extreme economic distress, such as Atlantic City. Philadelphia presents a very different context – an already built, densely developed, economically diverse major city with a broad array of residential communities as well as business, entertainment and leisure offerings. Any site proposed for gaming in this context will have to fit into existing traffic and business patterns, as well as contend with the expectations and preferences of adjacent neighbors. Over the past decade, other major cities such as Detroit and New Orleans have started to add casinos, but Philadelphia will be the first such city of its size to introduce a slots-only gaming operation.

**FINDING: No American city with transit infrastructure as extensive as Philadelphia’s has ever legalized casino gambling.**

With its network of regional rail, bus, trolley, and subway lines, Philadelphia offers a more extensive array of transit resources than any other American city that has adopted casino gambling to date. The regional transit systems serving Detroit and New Orleans are appreciably smaller in scope and ridership. Detroit’s Greektown casino is located along the city’s People Mover elevated light-rail system, but this one-way loop only serves the downtown area. With its regional SEPTA and PATCO resources, Philadelphia yields more and better opportunities for transit-oriented casino development and access than any prior American context. As a result, there is no comparable precedent for Philadelphia to draw upon to assess potential casino-driven transit use. The opportunity exists, however, for a casino location proximate to existing SEPTA and PATCO lines to provide a much-needed boost to transit ridership and revenues, make employment opportunities more accessible to city residents, and possibly lead to needed infrastructure investments or extended nighttime service.

IMAGE 2.24



Detroit’s Greektown casino is rare in its location adjacent to a rail transit station.

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Despite this opportunity, it is important to note that both casino space requirements and emphasis on the automobile as a mode of gamer arrival typically push operators to seek spacious sites that are more defined by excellent highway access than proximity to transit.

**RECOMMENDATION: The City should initiate discussions with SEPTA and PATCO about coordination of transportation services at potential gaming sites.**

The opportunity for integrating public transit with casino development is great at several potential gaming locations. In order to ensure that this potential is realized and that proper planning occurs, the City should initiate discussions as soon as possible with SEPTA and PATCO about the possibility of making revisions to existing services and routes or the provision of new service and routes that could serve prospective gaming sites. If casinos are to be located on Market Street East, the Old Incinerator site at Spring Garden Street, or in the Hunting Park industrial district, priority should be given to improving the signage and appearance of nearby transit stops.

IMAGE 2.25



Nearby casino development would necessitate improvements to SEPTA's Spring Garden Market-Frankford El station.

**FINDING: A significant number of “gaps” in Philadelphia’s existing urban fabric could be filled with gaming uses, including incomplete portions of Center City, redeveloping areas along the Delaware River waterfront, and other former industrial or commercial sections of the city.**

While Philadelphia presents an already densely developed environment for the introduction of slots-only gaming, a number of “gaps” exist in the city’s urban fabric in areas still in need of development or revitalization. These include portions of Center City that have not realized their full potential as dynamic retail and entertainment districts, vast portions of the Delaware River waterfront that are slowly redeveloping from their original industrial uses, and other former industrial or commercial corridors throughout the city in need of new development and vitality. Many of these areas lie outside of the state-mandated casino exclusion zones for Philadelphia gaming facilities and could potentially be filled with gaming uses.

Some portions of the city that could host gaming venues have undergone planning processes articulating development and public policy priorities. Such plans and their implications for potential casino development are detailed in the “Existing Plans” section below.

**FINDING: A number of locations have emerged early on as potential gaming sites, including sites along Market Street East in Center City, along the Delaware River, and along Route 1 near the I-76 interchange.**

The Task Force has focused its initial assessments of potential gaming locations on eleven different sites that have been the focus of early rumors or discussion. These sites include: the Girard Estate site, the Gallery, and 8<sup>th</sup> & Market along Market East in Center City; the Caesar’s/South Delaware site and the Sheetmetal Workers site along the South Delaware; Penn’s Landing; the Old Incinerator site and the Ameristar/Fishtown site along the North Central Delaware River; the Navy Yard; and the Budd and Adam’s Mark sites near the intersection of I-76 and Route 1 (see map of sites on page 84). Owners of several of these sites have specifically said that they are not currently pursuing gaming options, but the Task Force believes they nonetheless represent a sufficient diversity of types of sites to assist in the process of thinking through their development implications. It is expected that several totally new sites could also emerge by the time the Gaming Control Board’s application process begins this fall. An analysis of the advantages and challenges associated with these different sites is included below.

## **Assessment of Potential Gaming Sites**

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The purpose of this analysis is to identify the advantages and challenges associated with each site that has been mentioned as a possible gaming venue in Philadelphia. To this end, the Task Force’s Site Evaluation Committee has drawn up a series of criteria falling into three broad categories as follows: Site Suitability, Transportation, and Economic Impact. Criteria were developed under each category and are presented in Table 2.3 below. The consultant and members of the Task Force staff visited each site and assessed each in relation to the criteria. The advantages and challenges brought forward in this document are a result of this process. This information will serve as a starting point for the City of Philadelphia in its efforts to evaluate formal proposals when they are submitted to the State Gaming Control Board and to guide gaming development to maximize the benefit to the City and its citizens.



**TABLE 2.3: Site Assessment Criteria**

Site
Compatibility with planning goals
Compatibility with surrounding land uses
Visible from interstate
Easily located by non-residents
Synergy with surrounding land uses
Ability to expand
Proximity to tourist attractions
Proximity to hotel concentrations
Aesthetics
Infrastructure requirements
Market segments
Transportation
Highway access
Local streets access
Public transit-bus
Public transit-rail
Pedestrian access
Parking availability
Space for bus loading
Minimizes traffic conflicts
Market segments
Economic Impact
Relationship to restaurants
Relationship to hotels
Relationship to nightclubs/bars
Relationship to entertainment venues
Enhances redevelopment
Enhances new development
Leverage of public infrastructure
Location vis-à-vis labor pool

Before getting into detailed assessments of potential Philadelphia gaming sites, there are two crucial framework findings to keep in mind throughout this analysis:

**FINDING: There is no perfect site – all potential gaming sites have advantages and challenges.**

A wide array of criteria must be considered in evaluating a potential gaming location. These include basic considerations about a site’s suitability, transportation issues, and the role of location in leveraging positive economic impacts (see Table 2.3 above). When potential gaming sites are evaluated in Philadelphia according to this set of criteria, no perfect site emerges. All

potential gaming sites have advantages and face challenges across the many considerations that contribute to a casino's economic performance and its contribution to the public good from the City's perspective. Ultimately, successful sites will maximize their locational advantages, while compensating creatively for site disadvantages.

**FINDING: While different sites have different inherent advantages, no location can be evaluated in isolation from the specific development proposal that is advanced for the site.**

While it is useful to go through the exercise of evaluating the strengths and challenges associated with potential gaming sites, no location can truly be evaluated separate from the development proposal that is advanced for the site. A promising site with a long list of advantages could end up with a poorly designed and managed facility. Likewise, a site facing a series of challenges could end up with an attractive and creative development that mitigates the location's inherent disadvantages. For all the potential sites it reviewed, the Task Force's Site Evaluation Committee believes that, if done well, casino development could significantly strengthen the surrounding area. However, a slots-only casino could just as easily bring it down if done poorly. The quality of design and the development program, in addition to the marketing strategy, will go a long way toward determining whether a gaming location maximizes its positive impact on Philadelphia.

**RECOMMENDATION: The City should reserve final judgment about potential gaming sites until it has received complete development proposals with detailed information.**

It is important for the Mayor to equally consider all potential casino sites before specific development proposals emerge. The Gaming Act's requirement that license applications be submitted in conjunction with a property already controlled by the applicant makes this the most prudent approach to ensure submission of high-quality proposals that meet the city's interests.

The Mayor should continue to clearly articulate why he is reserving final judgment about potential gaming sites until development proposals become public. Quite simply, poor quality proposals could be submitted for potentially excellent sites, just as developer-operators could submit very creative and compelling proposals for what currently appear to be very challenged sites.

The success of this approach, however, hinges on the collection of detailed development proposal information that allows the City to evaluate and compare competing proposals using the criteria proposed by the Task Force. A significant amount of development proposal information will be collected by the state Gaming Control Board as part of its license application requirements, but not all of this information is required to be made public. The City can ensure that it gets this information through both its zoning and design review requirements and through direct requests to applicants. The Task Force believes that license applicants will recognize that providing detailed information about development proposals will be a necessary part of gaining support from both the City and the surrounding community and that they will do so willingly.

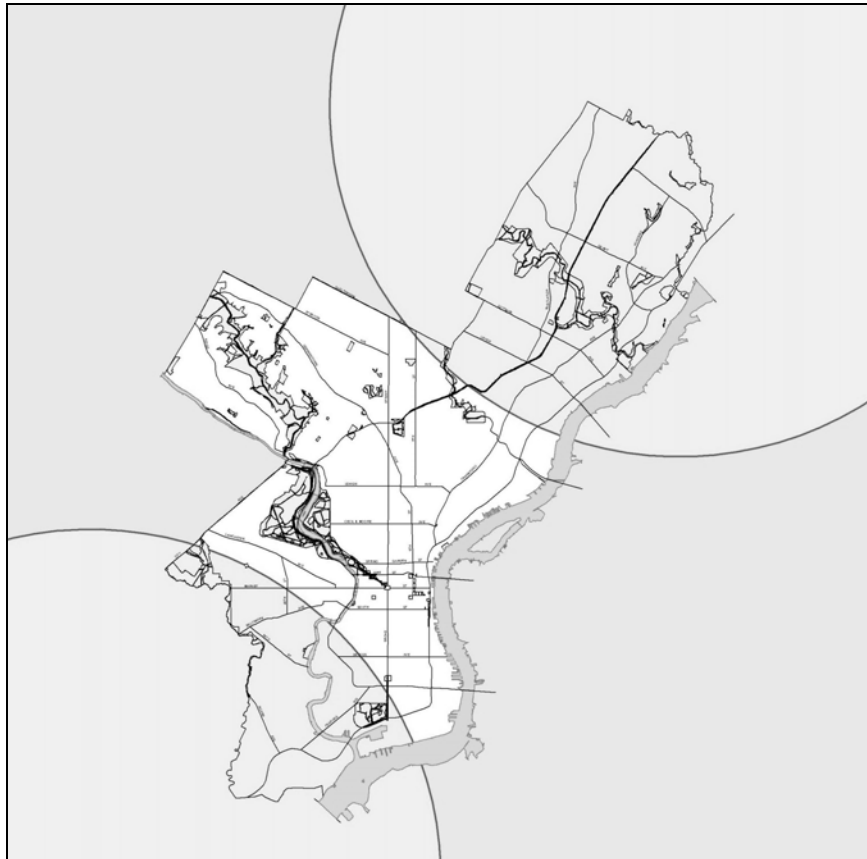
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## Eligible Geography

The state Gaming Act permitting casino development in Pennsylvania contained within it a number of exclusion zones. The ones with the greatest relevance for Philadelphia are the 10-mile exclusion zones around the Chester Downs Casino (which is under construction and expected to open as early as Spring 2006) in the City of Chester to the southwest of Philadelphia and Philadelphia Park in Bensalem to the northeast. In effect, these exclusion zones eliminate consideration of sites north from a line that intercepts the Delaware River between the Betsy Ross and Tacony-Palmyra bridges, northwest to Tacony Creek Park and on to the intersection of Cheltenham and Broad Street. Everything south and west of an arc running from Township Line Road at Morris Park to Franklin Delano Roosevelt Park at Broad Street and on to the Delaware River (effectively bisecting the Navy Yard with the western portion falling inside the exclusion zone) is excluded by the location of Chester Downs to the south.

The area of eligibility for the two Philadelphia slots parlors falls between these two exclusions zones within the boundaries of the City of Philadelphia. The following map offers a graphic portrayal of these exclusion zones and the eligible area for Philadelphia gaming facilities.

**IMAGE 2.26: 10-Mile Racetrack Exclusion Zones**



Source: Philadelphia City Planning Commission

## Potential Gaming Sites

The sites included in this analysis were not selected by the Task Force on any basis other than the fact that they have all been identified publicly, and to varying degrees, as being potential gaming sites. It is recognized that as the process evolves there are likely to be additional sites. However, it is likely that the criteria developed for this analysis and the advantages and challenges of each site will remain applicable, at least in a general sense, for it is likely that additional sites will fall into one of the six general typologies of sites identified below. For each of these, certain generalities can be stated in relation to the advantages and challenges of each. However, these advantages and challenges are being presented in advance of any formal proposals, designs, or operational plans being advanced for these sites. Ultimately, these sites can be fully evaluated only after formal plans have emerged which, hopefully, can accentuate the positives of each site and ameliorate the negatives. The six site typologies, encompassing 11 identified sites are:

- 1) Center City/Market East (8<sup>th</sup> & Market, The Gallery, and Girard Estate sites)
- 2) North-Central Delaware Waterfront (Fishtown and Old Incinerator sites)
- 3) Penn's Landing
- 4) South Delaware Waterfront (Sheetmetal Workers and South Delaware sites)
- 5) Navy Yard
- 6) I-76 & Route 1 Interchange (Budd and Adam's Mark sites)

The following map shows the locations of the 11 sites:

IMAGE 2.27: Potential Site Map



Source: Philadelphia City Planning Commission

**RECOMMENDATION:** The City should not pursue a casino development at the 8<sup>th</sup> and Market site or at Penn’s Landing.

The Task Force believes that there are distinct advantages and challenges to all 11 sites evaluated. With the appropriate development plan that addresses the key challenges outlined in the sites assessments that follow, most of these sites can work as successful locations for casinos in Philadelphia. However, the Task Force believes that a casino development at two specific

sites would not be appropriate.

The state's requirement to deploy as many as 5,000 slot machines per gaming facility coupled with the industry preference of locating all gaming functions on the same floor creates substantial space needs, making the placement of a slots-only casino in Center City a significant challenge. The Task Force believes that the 2.8 acres of space available for development at the 8<sup>th</sup> and Market site is inadequate.

The Penn's Landing site, however, is large enough to accommodate casino development and additionally has the potential to create synergy with Old City and the historic district. As discussed in the section on revenue generation (see page 208), this site also has the potential to be a top revenue generator. With all of these advantages in mind, the Task Force recommends that the Penn's Landing Corporation not put this property up for consideration as a gaming site to preserve for the city other higher and better uses at this key waterfront location. Penn's Landing is considered by many to be a valuable asset and key component to future riverfront development. A casino at this location could significantly limit public access to the riverfront at this important historical location.

**RECOMMENDATION: Because decisions made about one of the two Philadelphia casinos will impact the other casino and because the impacts on the City will be different depending on where each casino is located in relationship to the other, casinos should be evaluated in pairs, rather than individually.**

The Task Force created a series of 14 scenarios where the various typologies of sites were grouped in pairs. The Task Force was then able to analyze the effects that two casinos would have on Philadelphia in relationship to each other. These scenarios became the basis of the revenue analysis that was completed by the Task Force and is further discussed starting on page 208.

As detailed on page 210, the development pairings of two casinos at the Navy Yard or of two casinos on Market East were rejected outright by the Task Force due to traffic and parking concerns, so an economic analysis of those scenarios was not conducted.

The fourteen scenarios that were evaluated are:

- Scenario 1:** Two on North-Central Delaware
  - Scenario 2:** One on Market East, one on South Delaware
  - Scenario 3:** One on Market East, one on North-Central Delaware
  - Scenario 4:** One on Market East, one near I-76/Route 1
  - Scenario 5:** One on North-Central Delaware, one at Navy Yard
  - Scenario 6:** One on South Delaware, one North-Central Delaware
  - Scenario 7:** Two on South Delaware
  - Scenario 8:** One on South Delaware, one near I-76/Route 1
  - Scenario 9:** One at Navy Yard, one near I-76/Route 1
  - Scenario 10:** One on Market East, one at Navy Yard
  - Scenario 11:** One at Penn's Landing, one on North-Central Delaware
  - Scenario 12:** Two one near I-76/Route 1
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**Scenario 13:** One at Penn's Landing, one near I-76/Route 1

**Scenario 14:** One near I-76/Route 1, one on North Central Delaware

Since the Task Force recommends that Penn's Landing not be considered as a gaming location, scenario number 11 and scenario number 13 should not be considered as acceptable pairings. Additionally, the four scenarios that include Market East should be considered with the caveat that Task Force does not recommend a site at 8<sup>th</sup> and Market.

**RECOMMENDATION: For comparable slots-only casino proposals, the Task Force recommends several development scenario pairings.**

As discussed above, no potential gaming site or pairing of sites should be fully evaluated in the absence of a specific development proposal. However, the Task Force has identified preferred development pairings for the remaining nine acceptable sites and six geographical typologies that it studied *assuming comparable development proposals*. This is a major assumption given the vast number of components that will be included in casino development proposals; nevertheless, such an assumption is made here to allow the Task Force to generate preferred development pairings under equal conditions.

These preferred pairings are grouped into three categories according to their overall desirability. The "A" grouping represents the most preferred set of scenarios taking into account a range of variables while assuming development proposals of comparable quality. This assessment emphasizes how the casino pairing fares in terms of projected revenues, economic impacts, and neighborhood and traffic impacts. (For economic impact and revenue generation modeling by development scenario, see page 208. A detailed analysis of the advantages and challenges associated with individual sites follows starting on page 91.)

#### **"A" preferred casino pairings**

Scenario 14: I-76/Route 1 site & North Central Delaware site

Scenario 8: I-76/Route 1 site & South Delaware site

Scenario 4: I-76/Route 1 site & Market East site

Scenario 1: Two North Central Delaware sites

#### **"B" preferred casino pairings**

Scenario 6: North Central Delaware site & South Delaware site

Scenario 3: Market East site & North Central Delaware site

Scenario 2: Market East site & South Delaware site

Scenario 12: Two I-76/Route 1 sites

#### **"C" preferred casino pairings**

Scenario 7: Two South Delaware sites

Scenario 9: Navy Yard site & I-76/Route 1 site

Scenario 10: Navy Yard site & Market East site

It is important to reemphasize that these preferred casino development pairings only include

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sites and areas studied by the Task Force. It is possible that other acceptable gaming locations or pairings may emerge as the application process moves forward.

**RECOMMENDATION: For any sites that emerge beyond the 11 analyzed by the Task Force, the City should evaluate the advantages and challenges associated with them.**

Given the Task Force's timeframe and resources, it could only select a limited number of potential gaming sites to analyze. It is very likely that more potential gaming sites will emerge beyond the 11 studied by the Task Force as the licensing process moves forward. As additional sites emerge, the City should analyze the advantages and challenges associated with these sites using the template and criteria generated by the Task Force. Given the importance of understanding local traffic impacts associated with gaming development, the City also should compare traffic studies submitted by license applicants for each new potential site with baseline traffic studies conducted by the Task Force.

**RECOMMENDATION: Prospective license applicants who have not yet publicly identified their prospective sites should do so as soon as possible.**

The City can most successfully work with prospective applicants if it has sufficient time to evaluate necessary site preparation measures and costs (e.g., moving sewer lines) required by proposed developments, and to evaluate likely impacts on traffic, nearby neighbors and businesses, the City as a whole, and the revenues generated from Philadelphia casinos collectively.

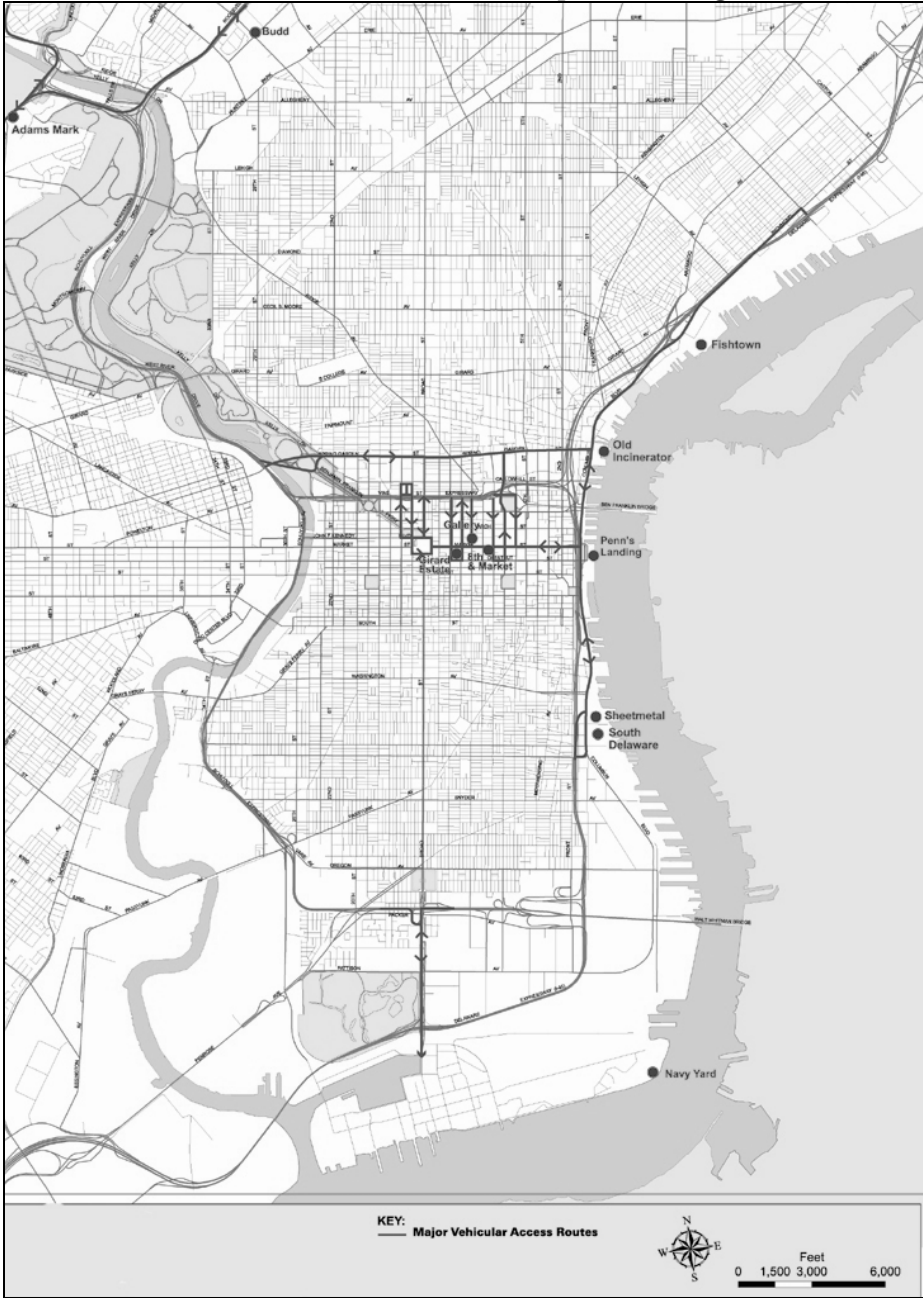
## **Transportation Network**

The following two maps show the relationship of the various sites to the transit network and highway access routes.

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IMAGE 2.28: Vehicular Routes to Explored Gaming Sites



Source: Philadelphia City Planning Commission

Image 2.29: Public Transit Access to Explored Gaming Sites



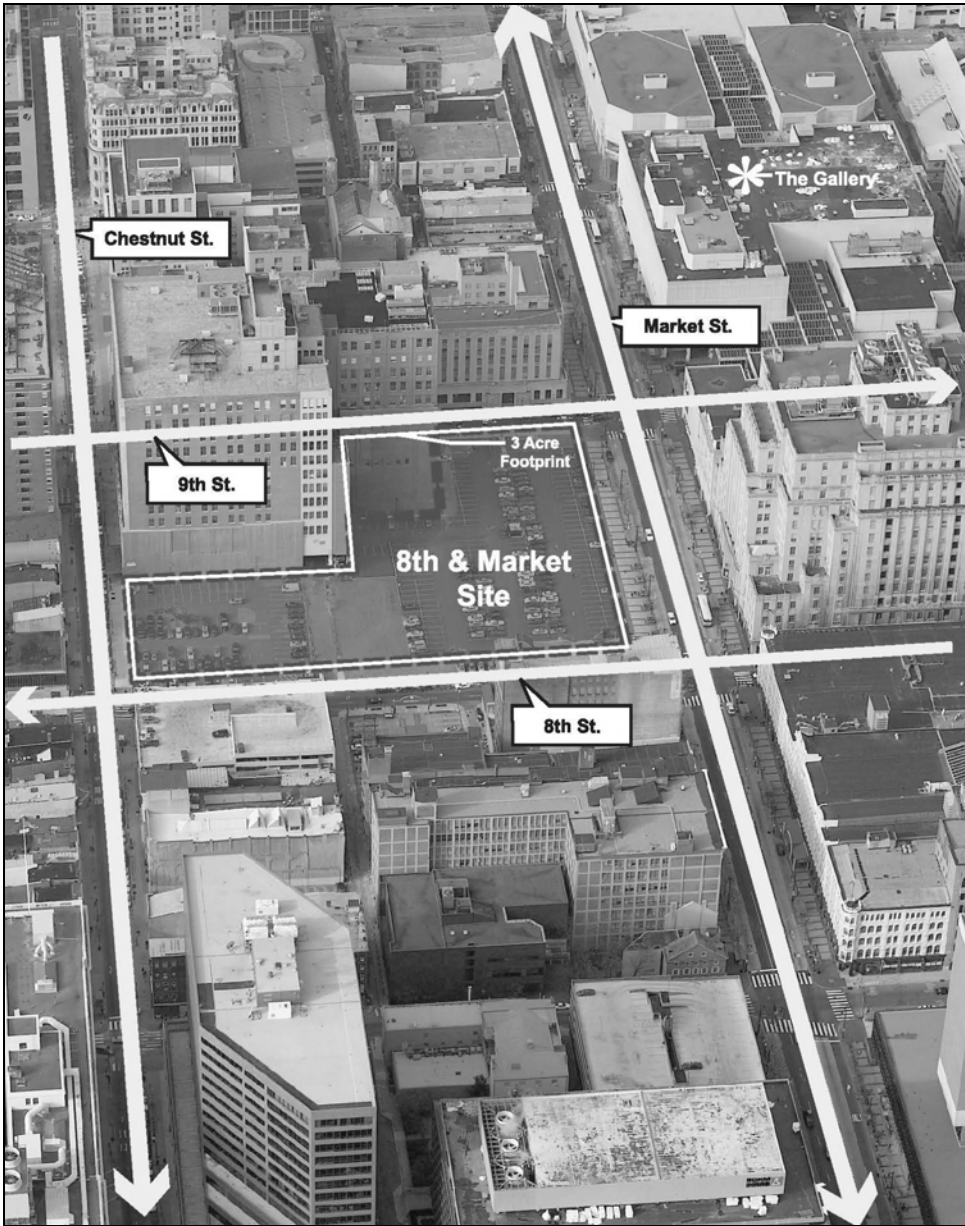
Source: Philadelphia City Planning Commission

## Center City/Market East Sites

All three Center City sites analyzed by the Task Force lie east of Broad Street, straddling Market Street between 8<sup>th</sup> and 12<sup>th</sup> Streets. The following are in-depth descriptions of the site suitability, transportation, and economic impact advantages and challenges held in common across these three Market East sites:

### 8th and Market (2.8 acres)

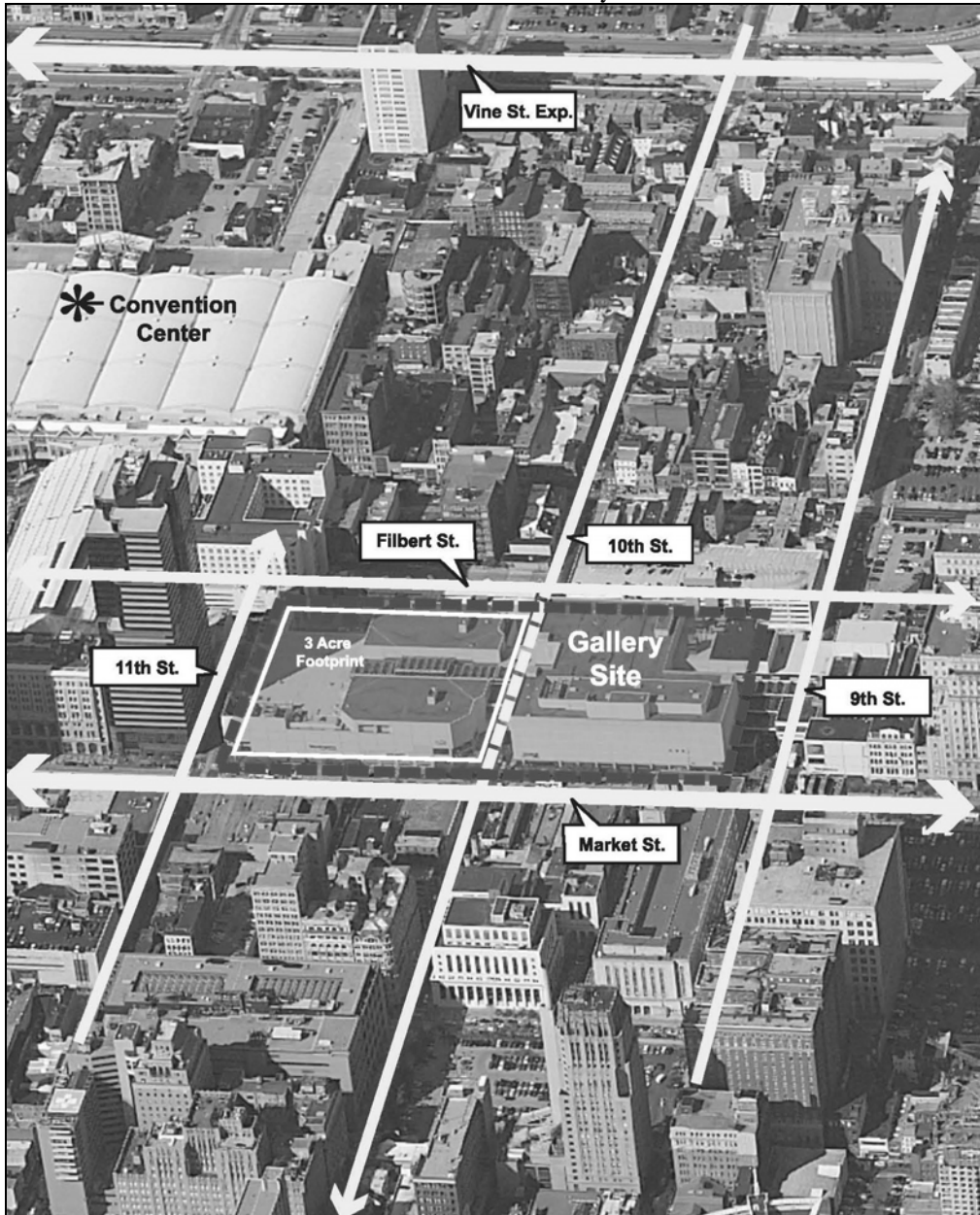
IMAGE 2.30: 8<sup>th</sup> and Market Site



Source: Philadelphia City Planning Commission

The Gallery (7.2 acres)

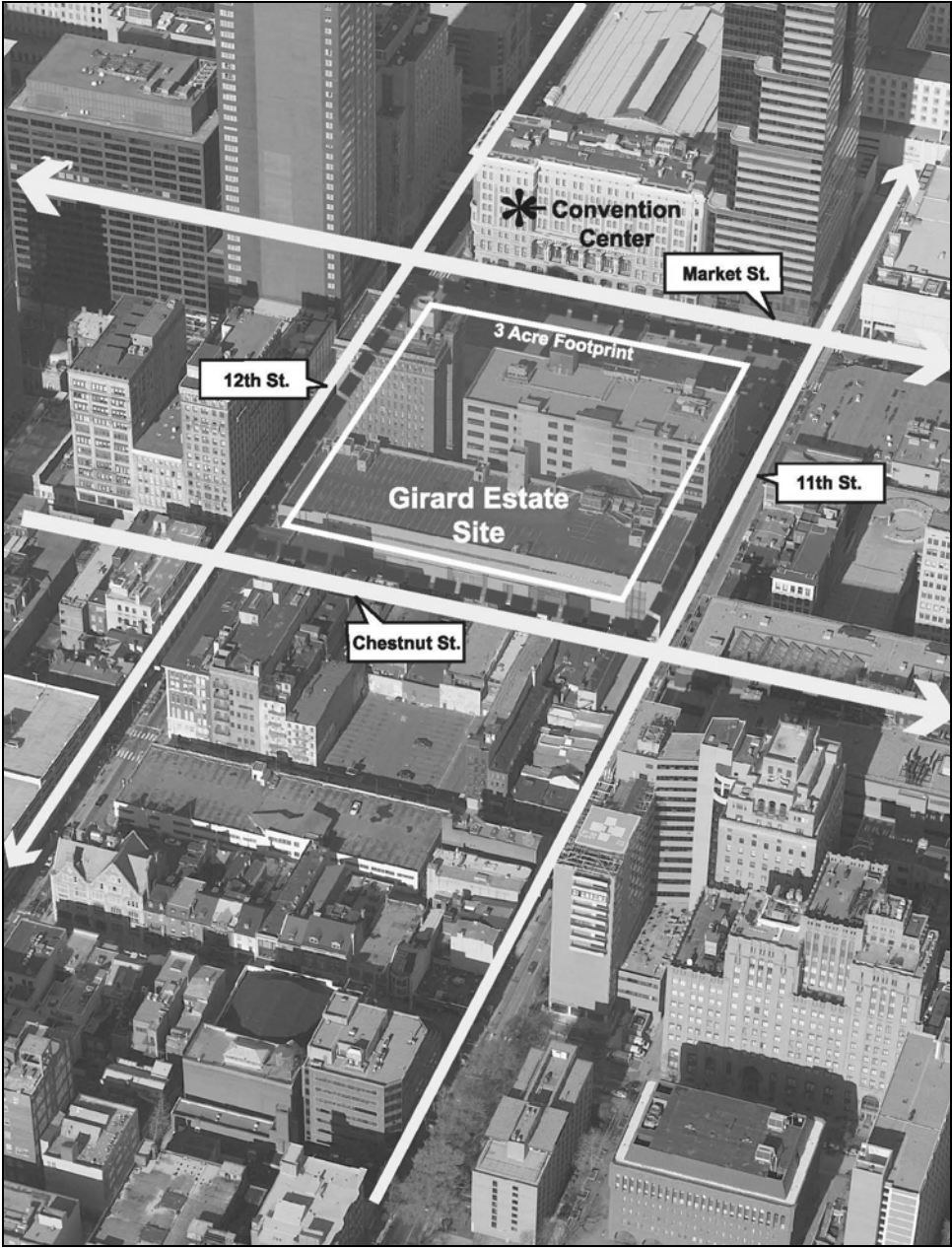
IMAGE 2.31: The Gallery Site



Source: Philadelphia City Planning Commission

Girard Estate (4.3 acres)

IMAGE 2.32: Girard Estate Site



Source: Philadelphia City Planning Commission

## Site Suitability

### *Advantages*

- In its 1988 plan for Center City and subsequent 1990 Market East urban design study, the Planning Commission has recommended accommodating new growth and development of Market East without compromising its historic and physical integrity. The Philadelphia Convention and Visitors Bureau and the Center City District have continued to work toward this same goal, with the understanding that “proposed gaming facilities, if well designed and managed, could add new evening destinations filling in gaps in the pedestrian experience.”<sup>2</sup> Each of the three Market East sites could be compatible with this planning goal of extending visitor-oriented, pedestrian-enhancing development along Market East while providing a valuable asset to the area.
- The Market East sites are compatible with surrounding lands uses, which are primarily retail and office space.
- Nearby restaurants and the Convention Center offer a degree of compatibility and synergy. The relationship with the Convention Center should allow significant capture rates from that market segment.
- The Market East sites are located within blocks of major tourist attractions including the historic district (Independence Hall, Liberty Bell, Constitution Center), City Hall, Reading Terminal Market, and Chinatown.
- The sites are also situated between hotel concentrations around City Hall and the Convention Center and in the Historic District. This proximity should enhance market capture from overnight visitors to the city.

### *Challenges*

- The sites are neither visible from an interstate, nor will they be easy for non-residents unfamiliar with Center City to find as they drive into Philadelphia.
- Each of the sites is considered small for casino development and would probably require multi-level development at significantly increased costs if the appropriate amenities are to be provided. This would be an atypical development, which casino operators tend to avoid for reasons of construction cost, operational difficulties, and customer preference.
- Due to the Center City location, costs are likely to be comparatively high in terms of land acquisition, mitigation actions, and construction.
- The limited site size could make it difficult to get a 3,000-slot machine facility up and

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<sup>2</sup> State of Center City 2005. Prepared by Center City District & Central Philadelphia Development Corporation.

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running in one year and will inhibit any future expansion. It also will make phased development more challenging.

- There are no compelling negative aesthetics associated with the sites.
- A survey conducted by the Task Force indicates that, if given the choice between visiting a Center City or a waterfront casino location, Philadelphia regional residents overwhelmingly prefer a waterfront gaming site by a ratio of 66 to 22 percent. This corresponds with surveys of gamers elsewhere that indicate a preference for gaming locations not in the urban core where there is often a negative perception of crime and congestion.
- Sites are close to several residential communities.

## **Transportation**

### ***Advantages***

- I-676 connects I-76 to I-95, providing nearby access to the region's highway network. While there is no direct visibility to I-676, it is only four blocks from each of the sites. I-676 provides good highway access to the east towards New Jersey, while I-76 provides access to the west. I-95 provides access to the northeast and southwest.
- Public transit access is excellent from communities within the city, as well as from New Jersey and the Pennsylvania suburbs, with the sites serviced by SEPTA regional rail lines at Market East Station, the Market-Frankford subway at several stops along Market, and more than 20 bus lines. The Greyhound/Trailways terminal is nearby at 10<sup>th</sup> & Filbert and the sites are also serviced by the 8<sup>th</sup> & Market PATCO station providing rail access to South Jersey.
- Pedestrian access is good, with estimated lunchtime pedestrian counts on Market Street of 2,100, and approximately 1,000 on Chestnut in the general vicinity of the sites.

### ***Challenges***

- While overall highway access is considered good, congestion on I-676 during the rush hour may act as a deterrent to gamers visiting a Market East site.
  - Traffic congestion on local streets during the work week will be an area of major concern likely requiring significant roadway mitigation efforts from interstate off-ramps to the site. It is expected that there will be significant traffic conflicts and that new traffic police resources will be required.
  - The small size of each of the Market East sites will make the provision of sufficient free on-site parking problematical and costly to provide. While there are a large number of parking spaces in the general vicinity, these are, for the most part, occupied during the workweek but would be available in the evenings and on weekends. However, it is
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unclear how this will meet the very important criteria of free covered parking so often cited by gamers as a critical component in their selection of a casino. While the need for parking may be decreased by public transit access, attendance by a relatively high proportion of tourist visitors, and visits from residents already in the area for other purposes who have parked elsewhere, this will likely prove to be a difficult problem to overcome. If parking is to be provided on-site, it will likely have to be done on upper floors above the casino and retail development.

- It will be challenging to design and develop an efficient and sizeable bus loading and unloading facility in conjunction with each of the Market East sites.

## **Economic Impact**

### ***Advantages***

- There are major weekday daytime populations of workers and shoppers in the area not present at most other potential gaming sites
- The sites are within a reasonable walking distance to cultural events along the Avenue of the Arts as well as the numerous restaurants and shops that line Walnut Street.
- There are several local bars and pubs proximate to the sites, and some of the city's primary nightlife districts in Old City and along Delaware Avenue are only a short cab ride away.
- Depending on how they are designed, casinos could enhance redevelopment along Market Street, particularly in terms of retail, restaurants, and other forms of tourist or visitor-dependent businesses. It is important to note, however, that development of The Gallery has not achieved this effect, as the mall's inward-facing design and lack of street-level retail has largely failed to stimulate other business activity along Market East.
- The excellent public transit access means that the sites are accessible by a very large regional labor pool.

### ***Challenges***

- The already highly developed nature of the area and its high land values will likely reduce the amount of nearby new development that can be expected as a result of the advent of a gaming venue, although existing businesses would be likely to realize significant benefits.

## **Differences among Center City/Market East Sites**

Beyond these common advantages and challenges, remaining major differences among the three Market East sites are limited. These differences center on the size of the site, potential synergy with surrounding land uses and activities, and transit access.

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### **Size of the Site**

Each of the three Market East sites is considered small for casino development and as having limited expansion potential. The 8<sup>th</sup> & Market site is the smallest at only 2.8 acres and would require considerable design innovation to accommodate gaming development. The Girard Estate site is larger at 4.3 acres, which could accommodate a 130,000 square-foot gaming floor; however, it would be impossible to add back-of-house uses and amenities on the same floor. Both the 8<sup>th</sup> & Market and the Girard Estate sites would necessitate multi-level development, and if existing retail remained at The Gallery and Girard Estate sites, it would require gaming development on upper floors. This is not the most desirable development format since operators prefer ground-floor casinos that facilitate pedestrian access.

The Gallery site, even at 7.2 acres straddling two city blocks, is relatively small for a casino. Theoretically, a single-level casino with food and beverage and entertainment space could be developed on one floor if the entire six-acre site were to be used as the building footprint. It is not clear if this is feasible or desirable from a casino operator's standpoint.

### **Synergy with Nearby Uses and Activities**

The three Market East sites are located close enough to each other that they share the same general characteristics with respect to potential synergies with nearby entertainment, restaurant and retail, tourism, convention center, and hotel uses. However, some important distinctions exist regarding their relative locations to some of these uses.

The 8<sup>th</sup> & Market site is midway between City Hall and Independence Hall and would do the best job among the Center City sites of distributing major nodes of activity along Market Street. Being closer to Broad Street, the Girard Estate site perhaps would not be as effective at extending development along Market Street as the other two Center City sites. The Girard Estate site is closest to the Avenue of the Arts as well as the numerous restaurants and shops that line Walnut Street. All three sites have relatively good relationships to restaurants, but the 8<sup>th</sup> & Market site is closest to the Old City concentration of bars and clubs.

The Girard Estate and Gallery sites are immediately adjacent to the Loews and Hilton hotels and in close proximity to the Philadelphia Marriott and other hotels around the Convention Center. The 8<sup>th</sup> & Market site has no adjacent rooms, is a few blocks further from the Convention Center hotels, and has the Historic District hotel concentration 4-5 blocks to the east. This lack of hotel adjacency at 8<sup>th</sup> & Market could be a significant issue given the limited size of the site, which may make the development of any future hotel component associated with the gaming development difficult and costly.

The Girard Estate site is directly across Market Street from the Convention Center, which should allow it to maximize market capture for conventioners compared to other Market East sites. While it is closer to City Hall, Broad Street, and new development along 13<sup>th</sup> Street, it is further away from the Historic District's tourist attractions. The Gallery is most proximate to Chinatown, although the other two sites are also very close.

The Gallery's status as an urban retail mall offers a significant opportunity to create synergy with

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gaming development, assuming it is retained and the mix of retail outlets adjusted to cater more to the tastes of gamers. Gaming could help to transform this long-underperforming property, strengthening the retail offerings and generating revenues for much-needed building and exterior improvements.

### **Transit Access**

Market East is extremely well served by public transit, between the Market East regional rail station, the Market-Frankford subway line, multiple SEPTA and New Jersey Transit bus routes, and PATCO connecting to South Jersey. The Gallery is exceptional in this respect, with SEPTA's Market East Station integrated into the development and the Greyhound/ Trailways bus terminal immediately behind the mall. Public transit access for Girard Estate also is excellent, with the site being serviced by both rail and bus lines. The site is adjacent to the 11<sup>th</sup> Street SEPTA Market-Frankford subway station and Market East station.

### **North Central Delaware Waterfront Sites**

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There are two North Central Delaware Waterfront sites: the Fishtown and the Old Incinerator/Festival Pier sites. The following are in-depth descriptions of the site suitability, transportation, and economic impact advantages and challenges held in common across these two North Central Delaware sites:

Fishtown (27 acres)

IMAGE 2.33: Fishtown Site



Source: Philadelphia City Planning Commission

### Old Incinerator (11 acres)

IMAGE 2.34: Old Incinerator Site



Source: Philadelphia City Planning Commission

## Site Suitability

### *Advantages*

- Both sites are compatible with the long-term goal of activating the riverfront. While no formal plans have been identified with the Delaware riverfront south of the Betsy Ross Bridge, each site could provide an “anchor” that has the potential, by the sheer weight of visitation and investment, to reinvigorate and activate the remainder of the riverfront in conjunction with other planned developments.
- Visibility from the interstate is good for both the Fishtown and the Old Incinerator sites, each of which is only a block away from I-95. There is good access to the Benjamin Franklin Bridge, from which the sites are visible.
- Both sites have sufficient land to accommodate initial development and expansion.
- The riverfront location, if developed appropriately, could have interesting and beneficial aesthetics, including the possibility of ferry or water-taxi connections to Penn’s Landing and Camden’s waterfront.
- Utility infrastructure requirements are likely to be minimized due to previous uses, although development of the Old Incinerator site would require relocation of sewer lines.

### *Challenges*

- Aside from the Delaware Avenue nightclubs, there is little potential synergy with existing surrounding land uses.
- There is no immediate proximity to tourist attractions or facilities.
- There is limited proximity to hotels.
- The landside aesthetics of the surrounding areas could pose a challenge. This appearance, however, could change significantly once several planned residential towers are completed.

## Transportation

### *Advantages*

- I-95 provides excellent highway access to the northeast and southwest, to bridges to the north and south into New Jersey, and, via I-76, to the Atlantic City Expressway. On and off ramps are relatively close by, although clear directional signage would be required for navigating to a casino site. Planned reconfiguration of the I-95 Girard Avenue on- and
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off-ramps will significantly improve access, providing a more direct connection to either site.

- Traffic capacity on local streets is excellent, with congestion limited to occasional weekend evenings when Delaware Avenue and Spring Garden Street experience heavy volume due to the clubs.
- There is bus transit access and proximity to the Market-Frankford elevated subway line, providing access for Philadelphia residents seeking casino employment.

### ***Challenges***

- While overall highway access is considered good, congestion on I-676 during the rush hour and at other times is a negative that may act as a disincentive to gamers visiting a North Central Delaware location, although less so than for Center City sites.
- Highway on- and off-ramps are currently several blocks away for both sites and would require somewhat circuitous routes to get from the highway to the casino site, especially for the Old Incinerator site.
- There is no significant pedestrian access and no nearby SEPTA regional rail lines.

## **Economic Impact**

### ***Advantages***

- Each site could engender development of the riverfront.
- Both sites could help to stimulate redevelopment of Spring Garden and Girard Avenues, in particular Spring Garden for the Old Incinerator site and Girard Avenue for the Fishtown site.
- Each site could provide proximate employment for residents of the Fishtown, Northern Liberties, and surrounding neighborhoods.
- Both sites are a short cab ride away from Old City and the Historic District.
- There may be additional property available in the area for expansion.

### ***Challenges***

- There is no meaningful direct relationship to restaurants, tourist, hotel, or convention venues, although both sites are a relatively short cab ride from Center City.
  - There are no major daytime populations of workers and shoppers in the area.
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## Differences Between North Central Delaware Waterfront Sites

Beyond these common advantages and challenges, some significant differences exist between the two North Central Delaware Waterfront sites. Of the two sites, the Old Incinerator site would likely offer greater economic spin-off benefits, be a stronger anchor for riverfront development, and be more closely integrated into the local economy. However, the Fishtown site has greater visibility from the interstate and the Ben Franklin Bridge and would offer greater flexibility in design and opportunities for expansions.

### Site Suitability

The Fishtown site is located close to warehouses and light industrial buildings and is immediately adjacent to the Delaware River. While there is no benefit or synergy with these land uses, there is also no major incompatibility issue either. Some synergy is possible with the Port Richmond Village shopping center on the other side of I-95. The site is proximate to, and visible from, I-95 and from the Betsy Ross and Benjamin Franklin bridges, making it easier to find by non-residents, in particular those coming from New Jersey. At 27 acres, the site is sufficient for a casino development with all the appropriate amenities on a single level. The site is also buffered from nearby residential areas by the highway. The view and psychological connection back to Center City is actually better from the Fishtown site, despite the longer distance.

At approximately 11 acres, the Old Incinerator site is sufficient for a casino development with all the appropriate amenities. Located at the intersection of Delaware Avenue and Spring Garden Street, the site is a short distance away from tourist attractions such as Penn's Landing, Old City, the Historic District and Chinatown and would be easily visible from the Benjamin Franklin Bridge. On the landside of the Old Incinerator site are development sites, warehouses, private businesses, and a gentlemen's club. Other than a synergy with the gentlemen's club, there is no benefit or synergy with these land uses, and there is also no major incompatibility issue either. The Old Incinerator site is publicly owned, potentially allowing the city greater leverage to influence design and to generate an additional revenue stream in the form of lease payments.

The Old Incinerator site may provide a better "anchor" for development than Fishtown as it does not "stretch" the expectation of riverfront development beyond that which may reasonably be expected. It is closer to long-established and successful Center City nodes of activity, reducing the chance that it will become an isolated development and affording it a better opportunity to become an integrated component of riverfront development. The development of major residential towers just to the north along the Delaware River could provide a source of highly proximate patronage while providing entertainment and restaurants for the residents. The site also is relatively removed from the nearby Old Liberties and Old City neighborhoods.

In terms of challenges, the Old Incinerator site currently generates no beneficial synergy other than with Delaware Avenue nightclubs. In addition, development of the site would displace the current Festival Pier concert and event venue. It is two blocks from I-95 and would not be easily visible from the interstate, making it somewhat difficult to find for non-residents. There is no immediate proximity to hotels or the convention center, although both are a short cab ride away. Significant expansion would likely be limited to vertical development or purchase of adjacent property.

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## **Transportation**

Construction of a parking facility should not be a problem at the Fishtown site, while it would need to be vertically integrated into the more confined Old Incinerator property. There should be little difficulty in designing and operating a bus loading and unloading facility at the Fishtown site, although tour buses may have to be stored off-site. The limited site size of the Old Incinerator site would require off-site bus storage and likely employee parking.

Access from I-95 will be significantly improved with the planned ramp reconfiguration at Girard Avenue, for which the new northbound off-ramp would dump almost directly into the Fishtown site. As stated above, on- and off-ramps currently are several blocks away for both sites and require somewhat circuitous local routes to get between the site and the highway. Visibility and path-finding concerns, in particular for the Old Incinerator site, could be overcome by appropriate signage.

Public transit is stronger at the Old Incinerator compared to the Fishtown site. In Fishtown, public transit access is limited to bus, no regional rail lines run nearby, and the site is more than one-half mile from the nearest Market-Frankford El stop. For the Old Incinerator site, a SEPTA Market-Frankford El station is located at Spring Garden Street and I-95 two blocks away, providing access to the Center City area and connections to SEPTA lines serving the entire city. A significant amount of improvement would be needed at the Spring Garden El stop if a casino was developed nearby.

## **Economic Impact**

The Fishtown site is at the northern edge of the Delaware Avenue clubs, while the Old Incinerator is more centrally located among existing riverfront nightlife options and close to Northern Liberties. The sites have a poor relationship to restaurants and to hotels, although both are a short cab ride away in the Historic/Old City District. There are no major daytime populations of workers and shoppers in the area of either site, although there is likely to be a significant residential base nearby the Old Incinerator. The Fishtown site could provide proximate employment for residents of the Fishtown and surrounding neighborhoods and benefit small business in the area.

## **Penn's Landing Site**

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The Penn's Landing site is described below. In summary, this site would be closely integrated with the local economy in terms of relationship to restaurants, bars, nightclubs, hotels, and tourist attractions. Pedestrian access would be a challenge. There would be the potential for congestion on local streets. However, the site has good highway access and high visibility and is a well-known location regionally. Perhaps the greatest negative associated with the site is that its use for casino development would limit public access to the riverfront at this key location adjacent to the historic district. This would have serious implications for future plans to open up the riverfront for public activities.

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Penn's Landing (13 acres)

IMAGE 2.35: Penn's Landing Site



Source: Philadelphia City Planning Commission

## Site Suitability

### *Advantages*

- Currently, Penn's Landing is the major existing public access point to the Delaware River. Development of this site would continue the process of riverfront development, and the 13-acre site is likely large enough to accommodate casino development.
- Gaming at the site would be compatible with the restaurants, bars and hotels in the Historic/Old City District and would develop considerable synergy with them. It is immediately adjacent to the Hyatt Regency Hotel and is a short cab ride away from hotels close to the Convention Center and City Hall.
- The site is adjacent to the Independence Seaport Museum, with which it would develop some degree of synergy. It is also adjacent to the RiverLink ferry terminal, which currently operates from 9 AM to 6 PM during April through September and links the site with the Adventure Aquarium, Tweeter Center, Campbell's Field, and other attractions across the river in Camden.
- Being located at Penn's Landing, immediately adjacent to I-95 and Delaware Avenue, and being clearly visible from the Benjamin Franklin Bridge, this site should be relatively easy for non-residents to find.
- The riverfront location, if developed appropriately, could have interesting and beneficial aesthetics.
- The magnitude of the casino investment could provide the resources necessary to help bridge the gap in the pedestrian fabric created by I-95 and Columbus Boulevard.
- The site at approximately nine acres is theoretically sufficient for a casino development with all the appropriate amenities. However, it is likely that the development would be multi-level given the need to provide for internal circulation, parking and other functions. Parking would have to be provided either in an adjacent property or in a multi-level garage vertically integrated into the overall development.
- The site is a short distance away from tourist attractions such as Old City, the Historic District, and Chinatown.

### *Challenges*

- A gaming use at the site could significantly limit public access to the riverfront at this central location, which is widely considered as a valuable asset and key component of riverfront development.
  - I-95 and Delaware Avenue form a major concrete barrier between the casino development and the Historic/Old City District, which provides aesthetic challenges for the design of the site.
-

- There is no immediate proximity to the Convention Center, although it is a short cab ride away.

## **Transportation**

### ***Advantages***

- I-95 provides excellent highway access to the northeast and southwest, to bridges to the north and south into New Jersey, and, via I-76, to the Atlantic City Expressway. On-and off-ramps are close by.
- A SEPTA Market-Frankford subway line station is located a block and a half away at the intersection of 2<sup>nd</sup> and Market. The site is also served by bus transit.
- The vast majority of traffic will access the site off of I-95 and Columbus Boulevard, potentially preventing major congestion on other local streets.
- Construction of a parking facility would need to be vertically integrated into the development.

### ***Challenges***

- While overall highway access is considered good, congestion on I-676 during the rush hour is a negative that may act as a disincentive to gamers visiting the site, especially from the western suburbs.
- The limited site size will require off-site bus storage and employee parking.
- Local access on Columbus Boulevard and I-95 off-ramps could become congested.
- While pedestrian access across both Delaware Avenue and I-95 is grade separated, this expanse creates a design challenge to provide a pleasant and effective connection to the attractive and appropriately scaled pedestrian environment of the Historic District.

## **Economic Impact**

### ***Advantages***

- The site could engender development of the riverfront.
  - The potential exists for significant synergy with Old City restaurants, bars, and nightlife at this site. It also could help enliven the Historic District, bringing additional business to the area and boosting visitation at nearby hotels, in particular the adjacent Hyatt.
  - The site provides access to a citywide labor pool via SEPTA access.
  - Penn's Landing is publicly owned, thereby allowing the city greater leverage to influence
-

design and potentially to generate an additional revenue stream in the form of lease payments.

### ***Challenges***

- The site is not as advantageously placed relative to public transit to tap into citywide labor pool as a Center City gaming location, but fares slightly better than the Fishtown and Old Incinerator sites.

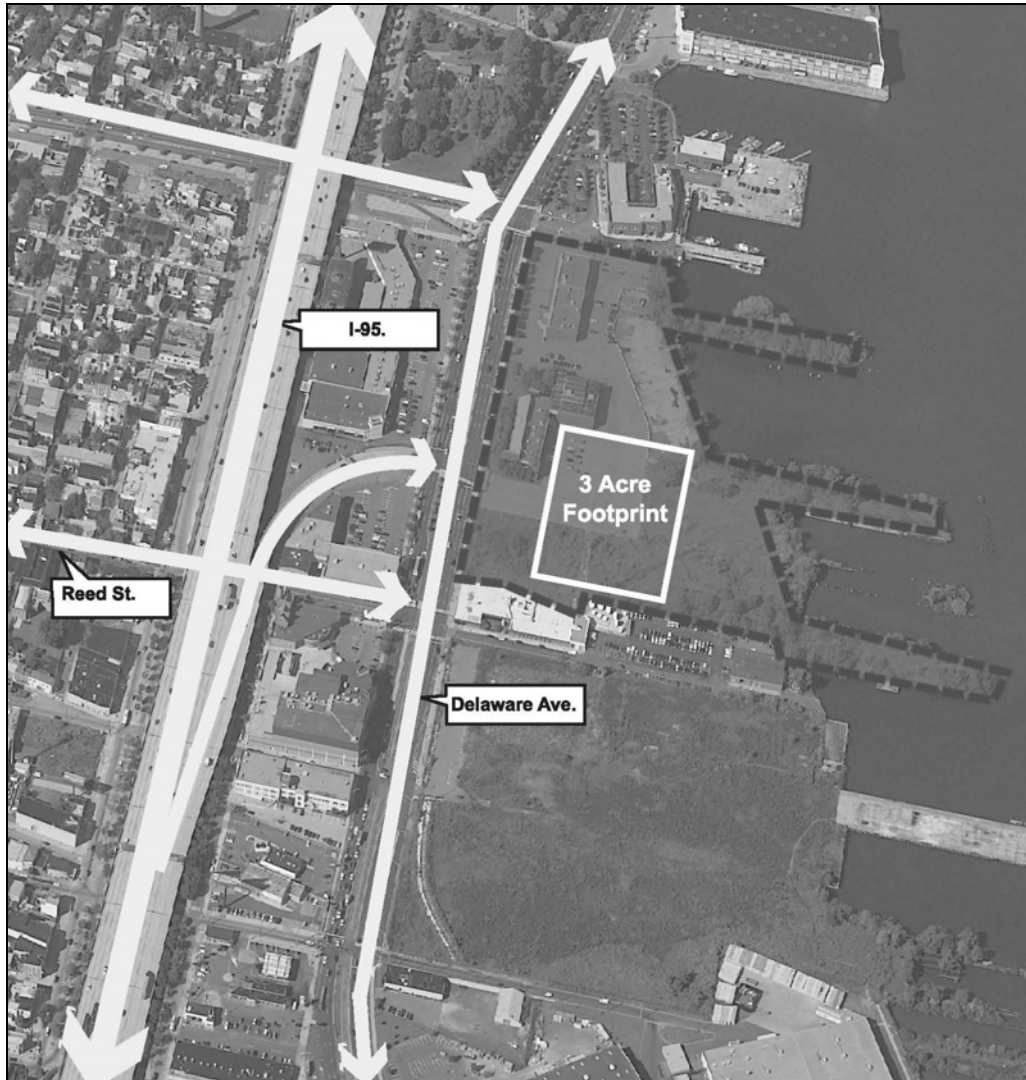
## **South Delaware Waterfront Sites**

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The two South Delaware sites are immediately adjacent and have many of the same characteristics, so most of the same advantages and challenges apply to both sites.

Sheetmetal (12 acres)

IMAGE 2.36: Sheetmetal Workers Site



Source: Philadelphia City Planning Commission

### South Delaware (16 acres)

IMAGE 2.37: South Delaware Site



Source: Philadelphia City Planning Commission

## Site Suitability

### *Advantages*

- Both sites are compatible with the long-term goal of activating the riverfront. While no formal plans have been identified with the Delaware riverfront, either site could provide a southern “anchor” that has the potential, by the sheer weight of visitation and investment, to reinvigorate and activate the remainder of the riverfront in conjunction with other planned developments.
- Each site would be compatible with the “big box” retail developments that have occurred along this portion of Columbus Boulevard.
- Both sites have sufficient land to accommodate initial development.
- The riverfront location, if developed appropriately, could have interesting and beneficial aesthetics, including connections by ferry or water-taxi to Penn’s Landing and the Camden waterfront.
- Both sites would be visible from the Benjamin Franklin and Walt Whitman Bridges.
- Infrastructure requirements are likely to be minimized.

### *Challenges*

- Neither site is related directly to any tourist attractions or hotel concentrations, though the Caesar’s site has good views back to Center City.
- There is no immediate proximity to the Convention Center, although it is a short cab ride away.
- The sites may be less familiar to non-residents.
- Current landside aesthetics are less than desirable.

## Transportation

### *Advantages*

- I-95 provides excellent highway access to the northeast and southwest, to bridges to the north and south into New Jersey, and, via I-76, to the Atlantic City Expressway. On and off ramps are close by.
  - There is transit access to the sites in the form of bus service.
  - The vast majority of traffic will access the sites off of I-95 and Columbus Boulevard, thereby potentially limiting the level of congestion on local streets.
-

### ***Challenges***

- While overall highway access is considered good, congestion on I-676 during the rush hour is a negative that may act as a disincentive to gamers, especially those visiting from the western suburbs. Current I-95 ramp configuration leads to congestion heading up to on-ramps and could create off-ramp back-ups with the addition of a casino.
- In the absence of traffic police, local street congestion may be a problem given the proliferation of “big box” retail along Delaware Avenue and the traffic demands that development has already placed on the street system. In particular, congestion is possible on weekends and evenings when the peak periods of demand for “big box retail” and the casino are likely to overlap. This could require significant mitigation on Columbus Boulevard and other local streets.
- Aside from bus service, there is no existing public transit access and any new light rail investment along Delaware Avenue is at least seven years away.
- There is little or no pedestrian access to the sites.
- Limited site size will require off-site bus storage and employee parking.

### **Economic Impact**

#### ***Advantages***

- The sites could engender development of the riverfront and could benefit local businesses, in particular nearby strip malls along Columbus Boulevard.
- The sites could accommodate a clustered location for both Philadelphia slots parlors, but such an approach would require significant traffic mitigation.
- Local communities could benefit from the employment the development would bring to the area.

#### ***Challenges***

- There is little in the way of synergistic economic development at either site, with the exception of “big box” retail.
- There is no meaningful direct relationship to entertainment, restaurant, nightclub/bar, or hotel concentrations. However, both sites are a relatively short cab ride from Center City and there are good views back to the Center City skyline from the Caesar’s site.
- Not as advantageously placed relative to public transit to tap into city-wide labor pool as other locations.

Since the two South Delaware sites are adjacent, the only significant differences between them

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pertain to their respective property specifications. At approximately 16 acres, the South Delaware Caesar's site is sufficient for a casino development with all the appropriate amenities, including parking, on-site bus loading and unloading and potentially bus storage. It is likely to contain enough land to accommodate future expansion.

The adjacent Sheetmetal Workers site is more constrained at 12 acres. This makes it theoretically sufficient for a casino development with all the appropriate amenities. However, it is likely that the development would be multi-level given the need to provide for internal circulation, parking and other functions. Parking would have to be provided either in an adjacent property or in a multi-level garage vertically integrated into the overall development. There should be little difficulty in designing and operating a bus loading and unloading facility, but tour buses may have to be stored off-site. Also, construction of a parking facility would need to be vertically integrated into the development and expansion could be limited.

Use of existing riparian rights, however, could add several acres of development potential to each site.

## **Navy Yard Site**

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The Navy Yard site's greatest benefit is from land availability in terms of the design flexibility it affords and the ability to expand development in a meaningful way. A casino development might help to accelerate development of the Navy Yard as a whole, or it could retard investment. While there would be some synergy with the planned land uses at the Navy Yard, the site would be for the most part isolated from the wider local economy with no relationship to local tourist attractions, hotels, bars, nightclubs and restaurants. It is, however, the only site that has a close relationship to the City's sporting venues. I-95 passes nearby and intersects with I-76, providing excellent highway access, which would largely avoid interstate congestion present at other sites closer to Center City. There is some concern that Broad Street, the only existing access point to the potential site, would face additional congestion on top of current event traffic and that conflicts would arise with other land uses planned for the Navy Yard. There is however the possibility that these could be mitigated. While non-residents may have a problem finding the site, regional residents are likely to be familiar with the area given the presence of the major sports stadiums nearby.

This site, due to its quasi-public ownership, could provide the City with leverage over design issues and an additional revenue stream in the form of lease payments. It is also sufficiently large that the possibility of clustering two casinos adjacent to each other is a real possibility if the resulting traffic problems could be alleviated.

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### Navy Yard (1,200 acres)

IMAGE 2.38: Navy Yard Site



Source: Philadelphia City Planning Commission

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## Site Suitability

### *Advantages*

- The Navy Yard site is controlled by the quasi-public Philadelphia Industrial Development Corporation (PIDC). A formal plan has been developed for the Navy Yard site entitled “2004 Philadelphia Navy Yard Plan Master Plan,” which calls for a mixed-use development consisting of office, retail, and residential uses combined with a marina and options for industrial uses, residential or golf course development. PIDC does not view gaming as particularly compatible with current master planning, citing primarily traffic-related issues. However, from a gaming perspective, all the proposed uses, with the possible exception of industrial development, would be compatible with a gaming development on this site.
- Only the eastern portion of the Navy Yard site would be eligible for gaming, as the western portion is within the exclusionary zone created by Chester Downs.
- The extensive acreage available and the extended waterfront would allow for attractive aesthetics to be developed and the creation of a distinct environment or theme for gaming.
- The site is likely to contain enough land to accommodate future expansion.
- The site is close to the stadium area with which it would generate significant synergy during events at those facilities.

### *Challenges*

- Due to the site’s location below the flood plain, substantial new development likely will require fill, pilings, and increased site preparation and infrastructure costs.
- The site is not visible from the interstate, although effective signage could overcome this negative to some degree.
- The site is not likely to be easily located for non-residents, although the prominence of the nearby stadiums and their familiarity to regional visitors may help it overcome this negative.
- The site is not related directly to any tourist attractions or hotel concentrations.
- The site is remote from the convention center.

## Transportation

### *Advantages*

- I-95 provides highway access to the northeast and southwest and to I-76, which extends
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into Gloucester County via the Walt Whitman Bridge and beyond to Atlantic City. The interstate is some distance removed from the site and access would most likely be via Broad Street, which currently is the only primary access point into the entire Navy Yard site. There is some consideration in the PIDC master plan to widen Broad Street and add two more access points. New access at Delaware Avenue would be the most relevant for any consideration of gaming given the exclusion of the western portion of the site. PIDC has concluded that the costs associated with an extension of Delaware Avenue into the Navy Yard would be prohibitive given the need to bridge railroad tracks.

- By removing the weight of traffic away from Center City and the more congested portions of the waterfront, the traffic conflicts on I-676 can be reduced and traffic focused away from the more congested areas of the city.
- There is plenty of land to provide both surface and covered parking.
- There is sufficient space to provide for bus loading and unloading and for bus storage.
- Pedestrian access will be limited to future residential development within the Navy Yard site.
- The opportunity exists to re-start previously existing ferry service connecting the Navy Yard to South Jersey.

### ***Challenges***

- The site would generate significant traffic conflicts with sports complex activity and increase congestion on already stressed local streets. This would require some mitigation treatment at the Broad Street entrance or the construction of an overpass to bring Delaware Avenue directly to the site over the intervening railroad tracks. Cost has been cited by the PIDC as being prohibitive with respect to this highway extension given the need to bridge railroad tracks. The problem is exacerbated by the current single point-of-access at Broad Street. Internal traffic circulation in relation to other proposed uses for the Navy Yard will also need to be resolved.
- There is limited transit service in the form of bus service to the area. The nearest SEPTA station is the Pattison stop at the end of the Broad Street subway line located across the interstate at the stadium complex.
- There is little or no pedestrian access to the site.

### **Economic Impact**

#### ***Advantages***

- The development of a casino at this site could engender acceleration of the development of the Navy Yard complex and increase residential value of the area.
-

- The fact that the land is controlled by PIDC could provide the City of Philadelphia with some leverage to control design and a means to increase its economic participation in the profits of the venture through a lease of the property to a prospective operator.

### ***Challenges***

- The site has no meaningful relationship to entertainment, restaurant, nightclub/bar or hotel concentrations, although hotels are located a short drive away north of the sports complex and south along I-95 around the airport.
- The lack of transit and the site's location may limit access to the regional labor pool.
- An opportunity cost is associated with foregoing the existing Navy Yard master plan for phased mixed-use development.

## **I-76 & Route 1 Interchange Sites**

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The distinguishing common characteristic for the two potential gaming sites close to the I-76 and Route 1 interchange is their accessibility from the western Philadelphia suburbs and parts of northwestern Philadelphia in comparison to the other sites. Both the Budd and the Adam's Mark sites could more effectively maximize visitation and market share from these areas versus the racetrack casinos situated along the I-95 corridor.

The Budd site is large enough to allow for design flexibility, attractive landscaping, and extensive expansion. The site also could stimulate much needed redevelopment in the area and be integrated into a broader community development strategy. However, there is no relationship to tourist attractions, hotels, bars, nightclubs, or restaurants that would help maximize economic spin off. The site is not visible from I-76 and would likely be unfamiliar to non-residents, but will be highly visible to regular commuters on the Roosevelt Expressway (Route 1). The need for traffic circulation on local streets could cause traffic conflicts, but overall local street capacity is excellent.

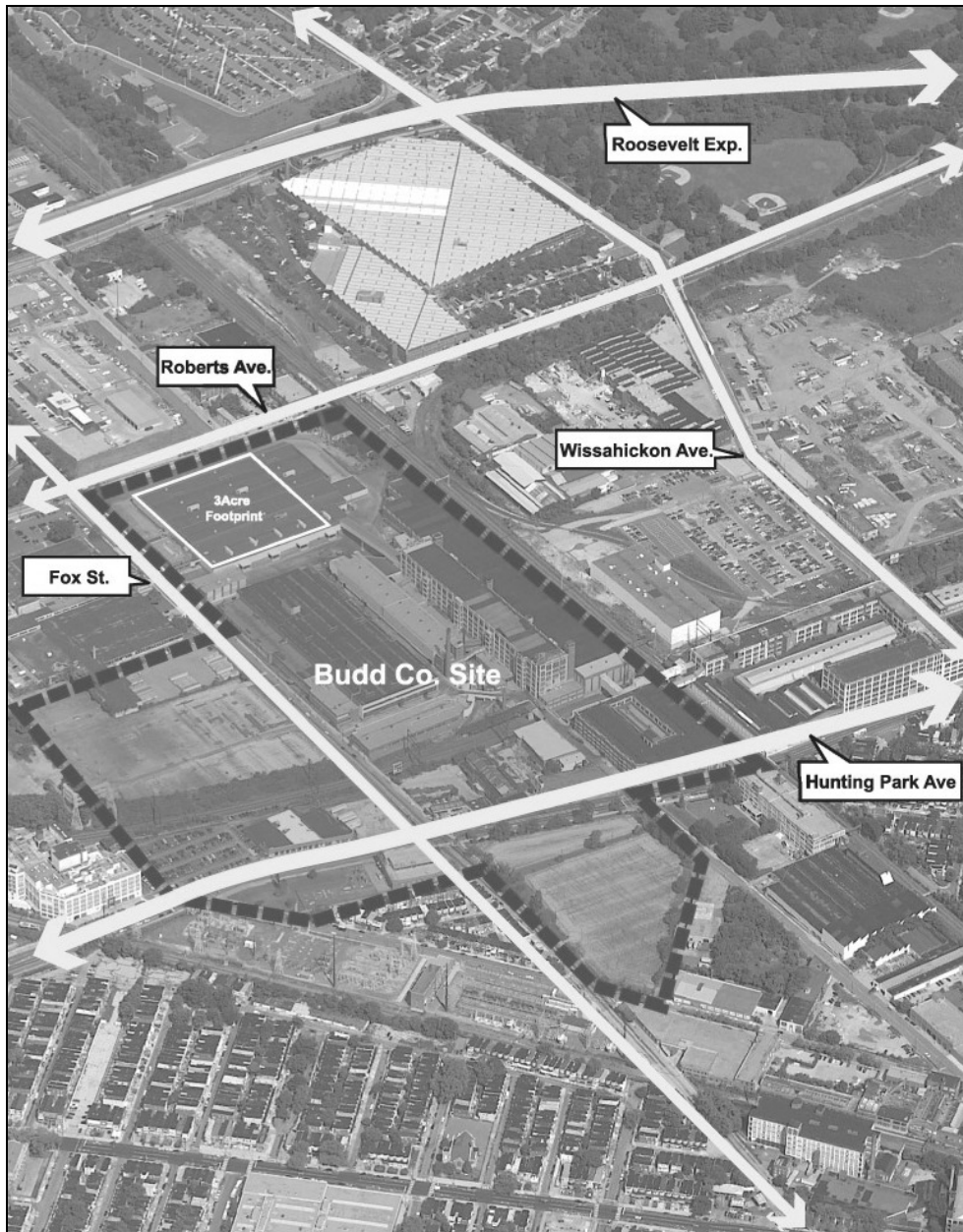
The Adam's Mark site is well-positioned to capture gaming demand from the western Philadelphia suburbs, as well as high volumes of commuter and shopper traffic along City Avenue. A casino use would be fully compatible with nearby large office, commercial, and retail uses. The site is adequate for initial casino development, but could be constrained for further expansion. Already heavy traffic volume and congestion along City Avenue is a concern.

Site assessments for these two potential gaming locations are presented separately below.

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## Budd (75 acres)

IMAGE 2.39: Budd Site



Source: Philadelphia City Planning Commission

### Site Suitability

#### *Advantages*

- The site is large, including approximately 30 acres of unused warehouses among the 75 total acres. Surrounding development includes warehouses and residential uses. The
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Task Force is unaware of any current planning policy for the area with which the casino development might be incompatible.

- Most of the surrounding land use is warehouse or light industrial with which a casino operation would not conflict. Some portions of the site border residential uses where conflicts might arise, and these areas should be avoided.
- The extensive acreage available would allow for flexibility of design and attractive landscaping to be developed.
- The site is likely to contain enough land to accommodate future expansion.
- Clustering of the two slots casinos is possible at the site if resulting traffic problems could be alleviated.
- From Henry Avenue and from buildings constructed along Henry Avenue, there are good views of the downtown skyline.

### ***Challenges***

- The site would not be directly visible from I-76 or from Roosevelt Boulevard.
- The site is remote from the Convention Center, tourist attractions, and hotels.
- There is little synergy with surrounding land uses.
- The industrial nature of the surrounding land uses makes the creation of attractive aesthetics challenging.
- Its non-central location away from Center City and tourist attractions and sports arenas may make it less familiar and harder to find for non-residents.
- Site is close to several residential communities.

### **Transportation**

#### ***Advantages***

- The north side of the Budd property is one block away from the Roosevelt Expressway, which provides good access for commuters and patrons from northeast Philadelphia. US Route 1 also connects to I-76, providing excellent access to the higher-income western and northern suburbs in Montgomery and Bucks counties and to central Philadelphia to the south.
  - Adjacent local streets such as Hunting Park and Henry Avenues are very wide since they were designed to accommodate industrial tractor trailers. Traffic counts indicate that they could carry significant increases in traffic loads.
-

- The addition of a northbound ramp from the Roosevelt Expressway terminating close to the Budd site appears feasible, although at significant expense.
- By removing the weight of traffic away from Center City and the more congested portions of the waterfront, the traffic conflicts on I-676 can be reduced and traffic focused away from the more congested areas of the city.
- Public transit is proximate to the site in the form of bus service and the Allegheny station on SEPTA's R6 regional rail line. The Queen Lane station on SEPTA's R8 line is slightly further from the site. Due to the nature of Philadelphia's rail network, however, this location is not as efficient from a public transit perspective as Center City, where radial rail lines provide access from all parts of the region. At this site, out-of-direction travel and/or line transfers are required from most locations to access the site via transit, either rail or bus.
- There is plenty of land to provide both surface and covered parking.
- There is sufficient space to provide for bus loading and unloading and for bus storage.

### ***Challenges***

- The need to circulate traffic along local streets could cause traffic conflicts that will require mitigation.
- Existing congestion along the Roosevelt Expressway (Route 1) and I-76, as well as on- and off-ramps.
- Pedestrian access will be limited to residential development within the immediate vicinity of the site.

### **Economic Impact**

#### ***Advantages***

- The casino could spur master planned development of the entire site.
  - The site could engender both new development and redevelopment of the area, including nearby brownfield properties.
  - Large adjacent tracts are available for spin-off development.
  - The site is located close to a portion of the regional or city-wide labor pool that could benefit significantly from the jobs created. Being on the transit network provides additional access.
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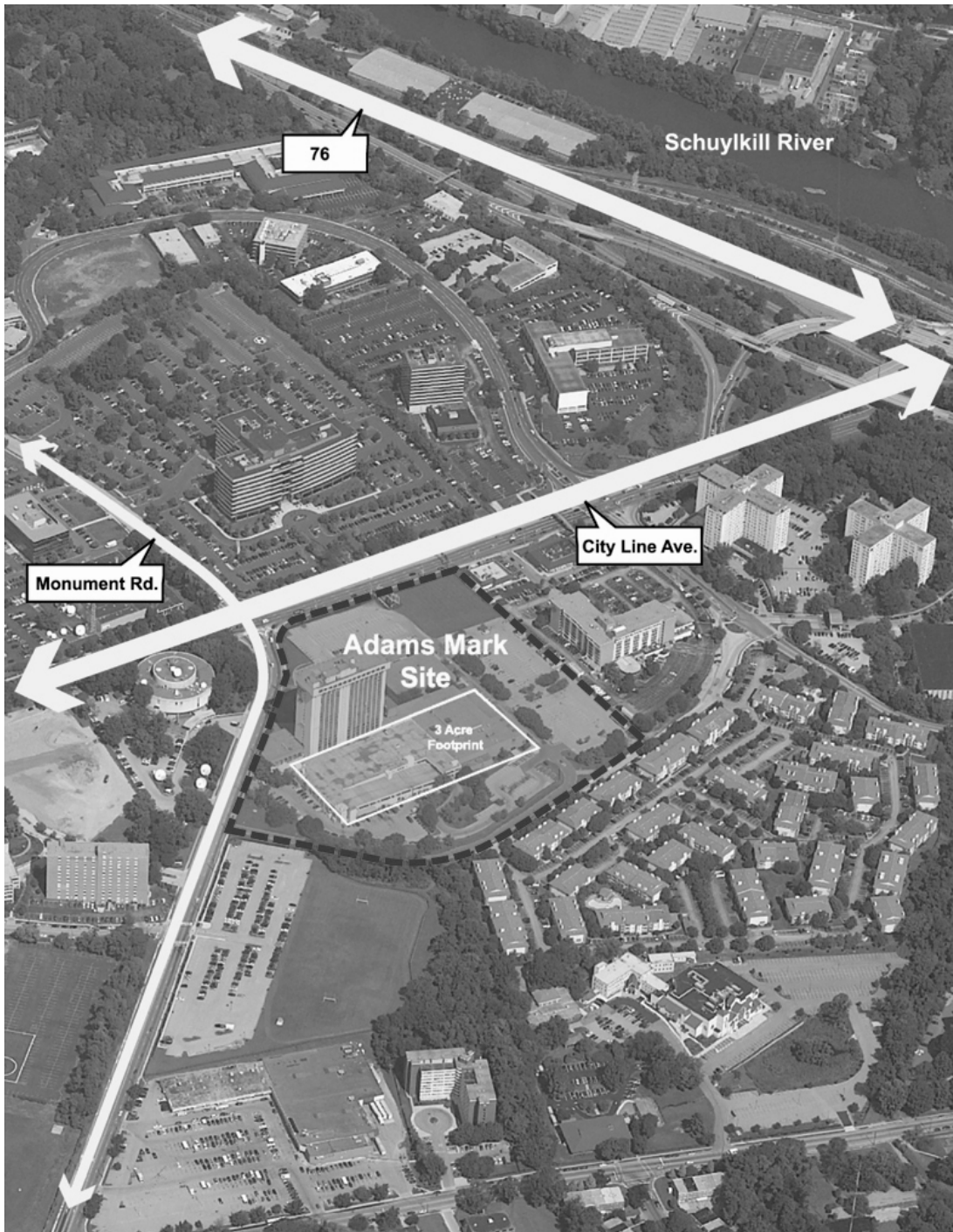


***Challenges***

- The site has no meaningful relationship to entertainment, restaurant, nightclub/bar, or hotel concentrations.

Adam's Mark (14 acres)

IMAGE 2.40: Adam's Mark Site



Source: Philadelphia City Planning Commission

## Site Suitability

### *Advantages*

- Target Corporation in November 2004 purchased the site for planned construction of a retail store. Prior to the purchase, no formal redevelopment plans have been prepared for this portion of City Avenue, which is included within the service area of the City Avenue Special Services District.
- The Adam's Mark site is compatible with surrounding land uses, which are primarily office and commercial space. The development pattern along this portion of City Avenue is large-scale commercial/office buildings and shopping malls with significant set-backs, located mostly on the Lower Merion side of City Avenue with residential and hospital uses on the city side. The site is also proximate to the Channel 6 studios and a residential neighborhood.
- The site has sufficient land to accommodate initial development and offers the potential for reuse of the Adam's Mark building as a hotel or as a temporary gaming venue during construction of a permanent facility elsewhere on the site.
- Being located off of I-76 and the Roosevelt Expressway (US Route 1), this site should be relatively easy for non-residents to find.
- The site is close to two City Avenue hotels.
- There are no negative aesthetics surrounding the site.
- Infrastructure requirements are likely to be minimized.
- The site could maximize visitation from western Philadelphia suburbs compared to other sites.

### *Challenges*

- The site is not immediately visible from the interstate, although effective signage could overcome this to some degree.
  - There is limited potential synergy with nearby restaurants, such as TGI Friday's and Chili's, and retail stores, in particular nearby Saks Fifth Avenue and Lord & Taylor department stores. The auto-oriented nature of commercial and shopping strip development along City Avenue reduces potential synergies with nearby development.
  - The limited site size could inhibit future expansion.
  - The site is not proximate to tourist attractions.
-

## Transportation

### *Advantages*

- The site is one block off of City Avenue near the I-76 interchange, providing good access for significant volumes of commuters and local traffic. Compared to other sites, this location along I-76 provides excellent access to the higher-income western and northern suburbs in Montgomery and Bucks counties and to central Philadelphia to the south.
- There is adequate space for on-site parking, but space constraints will require off-site bus storage and employee parking.
- By removing the weight of traffic away from Center City and the more congested portions of the waterfront, the traffic conflicts on I-676 can be reduced and traffic focused away from the more congested areas of the city.

### *Challenges*

- While overall access is good via I-76, highway traffic congestion during business rush hour and at other times is a negative.
- City Avenue around the Adam's Mark site experiences heavy local traffic congestion due to high volumes entering and exiting I-76. Additional turning lanes off of City Avenue would likely be needed.
- Public transit access is limited to bus and there are no nearby SEPTA regional rail or subway lines.
- Pedestrian access will be limited to residential and office development within the immediate proximity of the site.

## Economic Impact

### *Advantages*

- The site can capture a portion of the high volumes of commuters, office workers, and shoppers who pass through this portion of City Avenue.
- The site is close to a limited number of restaurants and hotels.

### *Challenges*

- Significant amounts of ancillary non-gaming spending will be lost to Montgomery County due to the City Avenue location.
  - The site is remote from the Convention Center and tourist attractions.
-

- The site has no meaningful relationship to entertainment, nightclub/bar, or restaurant concentrations.
- The already highly developed nature of the City Avenue corridor will likely reduce the amount of new development that can be expected in this area as a result of a new gaming venue, although existing businesses would be likely to realize significant benefits.
- The lack of adequate transit may limit access to the regional labor pool and, in particular, residents of Philadelphia.

**RECOMMENDATION: The City should proactively encourage license applicants to address the challenges associated with potential gaming locations identified by the Task Force.**

The Task Force has detailed the advantages and challenges associated with potential gaming sites. This will not only provide an analytic framework for the City, but also convey to license applicants the challenges that they should address in their proposals. These items were explicitly termed “challenges” instead of “disadvantages” so that potential casino operators would take on the challenge of coming up with creative solutions to address a site’s potential shortcomings. The City should proactively encourage applicants to address these challenges during the competitive application process so as to yield the best possible proposals for Philadelphia.

**RECOMMENDATION: The City should support only applications where the operator has made or has worked with the City to put in place an enforceable long-term commitment to fund quality of life remediation efforts and improvements for neighboring communities.**

Many potential gaming sites in Philadelphia are adjacent to neighborhoods. The arrival of a casino will certainly impact traffic, noise, light, air quality, and a range of other quality of life issues in parts of these neighborhoods. The City should only support applications where the operator has developed an enforceable long-term commitment to fund remediation efforts for the above issues and/or other community improvements and amenities to rebalance and strengthen the quality of life for neighbors. These could be in the form of contractual commitments, such as those made by the sports teams to the SCSSD, through the creation of a special services district, or through the creation of a tax increment financing district.

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## SECTION 3

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# TRANSPORTATION ASSESSMENT

## Introduction

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In addition to analyzing the major advantages and challenges associated with potential gaming sites (see page 80), the Task Force also conducted an in-depth transportation access study to assess the impact of increased traffic at potential casino locations. This assessment begins with an estimation of “mode splits”, or the percentage of casino visitors expected to arrive by various modes of transportation. It is followed by a detailed technical analysis current and projected traffic conditions on city streets surrounding potential gaming sites. This traffic capacity analysis is based upon current traffic counts and intersection conditions, determination of current roadway capacity levels, and modeling of anticipated additional local traffic generated by development of a 3,000-device slot parlor.

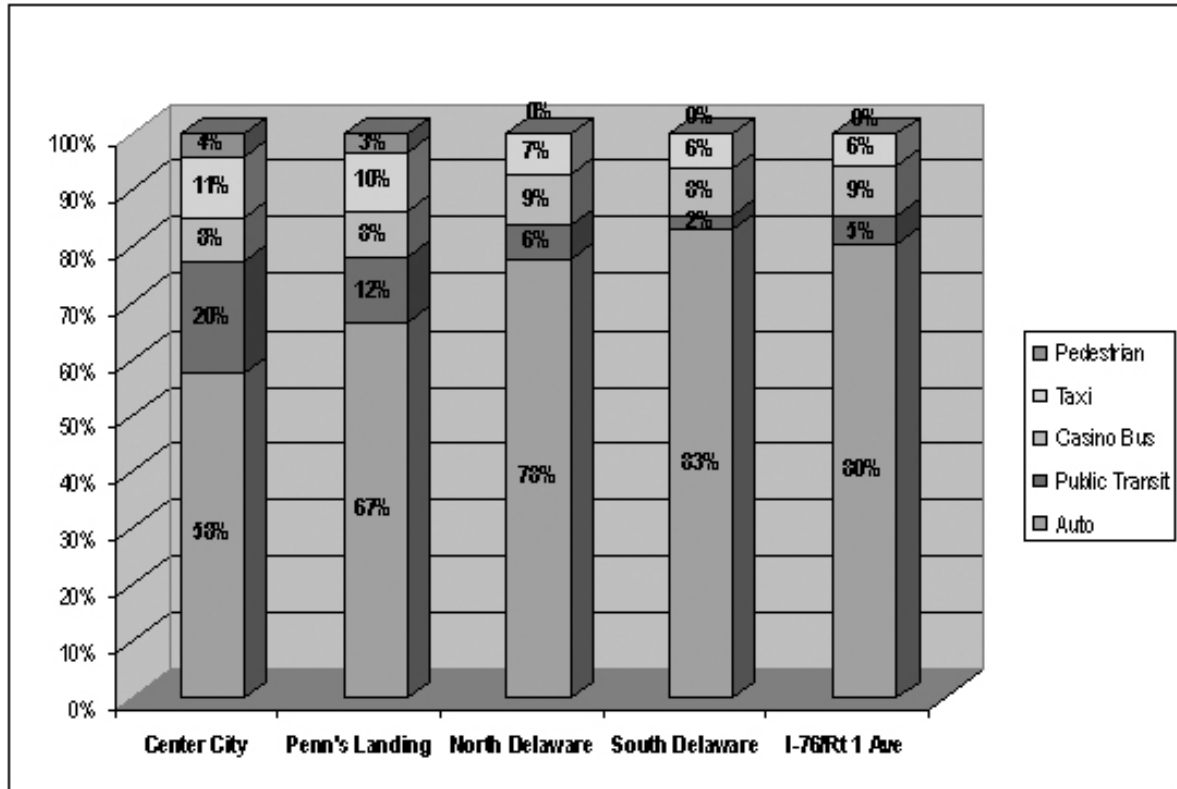
## Mode of Arrival

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Understanding how gamers are likely to arrive at Philadelphia slots parlors is a necessary first step in assessing the potential traffic impacts associated with casino development. Toward this end, the Task Force drew upon surveys of potential gamers in the region as well as the industry expertise of its consultants to estimate the percentage of visitors that would arrive by various modes of transportation at different casino locations. These “mode splits” can vary according to the relative location of Philadelphia’s two slots parlors (see page 206 for analysis of casino development scenarios) as well as a casino operator’s marketing strategy. Graph 3.1 displays the expected typical distribution of transportation modes for a casino located in a given area of the City. An explanation of the methodology used in developing these mode splits is included on page 195.



GRAPH 3.1: Mode Splits



**FINDING: Private automobile will be the overwhelming preferred mode of arrival at Philadelphia gaming sites.**

As in other gaming markets, private automobile is expected to be the preferred method of transportation for people visiting Philadelphia slots parlors. It is expected that more than half of gamers would drive to a casino located in or near Center City, and more than three-quarters would arrive by car at other sites in the city. Private auto use could account for 80 percent or more of visitors at casinos further from Center City, such as those along the South Delaware or close to the I-76/Route 1 interchange.

**FINDING: Philadelphia casinos are expected to rely on chartered buses significantly less than Atlantic City, but still will draw approximately eight percent of their visitors by coach.**

The share of Philadelphia slots parlor visitors arriving by casino bus is expected to be between eight and nine percent, substantially less than Atlantic City, which currently draws 20 percent of its customers via coach. The Philadelphia casino bus share is expected to be consistent across different potential gaming sites, although a given casino operator may choose to pursue a marketing strategy that relies more or less on bringing in customers by charter bus. Given the high taxes on gaming in Pennsylvania, however, Philadelphia slots parlors may not be able to compete as successfully for bus trip customers with the much lower taxed Atlantic City casinos.

**FINDING: Public transit share would be significant only for casinos located in Center City and, to a lesser degree, at Penn’s Landing.**

Despite Philadelphia’s extensive transit infrastructure, it is anticipated that no more than 20 percent of casino customers would arrive via transit at a Center City site, and as little as two percent for a site along the South Delaware. Transit use would be highest among Center City residents, declining with distance and the availability of transit service. While a casino operator at a site with strong transit access could make an effort to increase transit usage to its gaming venue, there is no significant precedent for Philadelphia to draw upon in this respect.

More than half of regional survey respondents (52 percent) say that having public transportation proximate to a Philadelphia casino would be important to them. However, current behavior heavily favoring personal automobile use – 83 percent of respondents said they drive into the city for leisure activity – suggests that while people may think transit is important in general or for others, they personally continue to drive.

**FINDING: Pedestrian volume to Philadelphia casino locations will be minimal except for Center City or Penn’s Landing locations.**

Pedestrian volume could account for as much as three or four percent of total arrivals at a Center City or Penn’s Landing casino, but other potential gaming locations throughout the city would experience negligible pedestrian traffic. Barriers to pedestrian access are too great to realize significant volumes elsewhere.

**FINDING: Taxi volumes would be maximized at sites in, or close to, Center City.**

As much as 11 percent of Philadelphia casino customers may arrive by taxi at a Center City location. This percentage would drop in half for more remote locations.

## Transportation Access Analysis

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The following is a detailed analysis of existing and projected traffic volumes on streets surrounding potential gaming sites, as well as an engineering review of the capacity of those streets and intersections to carry the increased volumes.

A summary of current traffic volumes on major roads near potential gaming sites and the projected additional traffic demand generated by casino development at each site are presented in Tables 3.1 and 3.2. For each site, the numbers in the first row are current traffic volumes based on electronic counts of vehicles conducted during the period of May 10-17. The second row shows the estimated number of additional vehicles on weekdays and Saturdays if a slots-only casino were to be placed at that location. The estimates vary between sites for two main reasons: (1) Based on Task Force projections, different sites will experience different levels of visitation based on their varying proximity and accessibility to patrons (see Appendix on Revenue Methodology on page 290) and (2) it is estimated that some sites will draw more patrons by public transit and therefore the number of automobiles would be less.

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It is important to note that conclusions about potential congestion problems at these sites cannot be drawn without analyzing projected traffic volumes within the context of existing roadway and intersection capacity and without an understanding of peak traffic volumes. A projected sharp increase in traffic volume at a given site may or may not be accompanied by sufficient roadway and intersection capacity, and this capacity may or may not be strained at peak volumes. These variables are considered in-depth in the analysis that follows.

**TABLE 3.1: Current and Projected 24-Hour Traffic Volumes at Potential Gaming Sites**

Sheetmetal Workers Site	Weekday	Saturday
Current traffic volume (Columbus south of Washington)	44,579	49,119
Projected additional casino volume	11,000	25,200
<b>South Delaware Site</b>		
Current traffic volume (Columbus south of Washington)	44,579	49,119
Projected additional casino volume	10,800	24,700
<b>Penn's Landing Site</b>		
Current traffic volume (Columbus south of Market)	31,045	32,171
Projected additional casino volume	9,630	21,950
<b>Old Incinerator Site</b>		
Current traffic volume (Columbus south of Spring Garden)	28,467	29,007
Projected additional casino volume	12,100	27,500
<b>Fishtown Site</b>		
Current traffic volume (N. Delaware north of Berks)	24,414	19,353
Projected additional casino volume	9,540	21,740
<b>Navy Yard Site</b>		
Current traffic volume (S. Broad north of Tasker)	26,252	26,136
Projected additional casino volume	8,330	21,150
<b>Center City/Market East Site</b>		
Current traffic volume (Market west of 12th)	22,539	23,505
Projected additional casino volume	10,070	23,900
<b>Budd Site</b>		
Current traffic volume (Wissahickon north of Hunting Park)	15,502	12,914
Projected additional casino volume	11,670	28,230
<b>Adam's Mark Site</b>		
Current traffic volume (City Avenue east of Monument)	58,599	54,264
Projected additional casino volume	11,670	28,230

**TABLE 3.2: Current and Projected Peak Hour Traffic Volumes at Potential Gaming Sites**  
 Weekday peak from 4-6 PM; Saturday peak from 5-10 PM

<b>Sheetmetal Workers Site</b>	<b>Weekday</b>	<b>Saturday</b>
<b>Current traffic volume (Columbus south of Washington)</b>	3,021	3,140
<b>Projected additional casino volume</b>	490	1,380
<b>South Delaware Site</b>		
<b>Current traffic volume (Columbus south of Washington)</b>	3,021	3,140
<b>Projected additional casino volume</b>	480	1,350
<b>Penn's Landing Site</b>		
<b>Current traffic volume (Columbus south of Market)</b>	2,264	1,775
<b>Projected additional casino volume</b>	430	1,200
<b>Old Incinerator Site</b>		
<b>Current traffic volume (Columbus south of Spring Garden)</b>	2,625	1,740
<b>Projected additional casino volume</b>	540	1,500
<b>Fishtown Site</b>		
<b>Current traffic volume (N. Delaware north of Berks)</b>	2,170	1,034
<b>Projected additional casino volume</b>	430	1,190
<b>Navy Yard Site</b>		
<b>Current traffic volume (S. Broad north of Tasker)</b>	1,834	1,579
<b>Projected additional casino volume</b>	400	1,100
<b>Center City/Market East Site</b>		
<b>Current traffic volume (Market west of 12th)</b>	1,490	1,400
<b>Projected additional casino volume</b>	450	1,250
<b>Budd Site</b>		
<b>Current traffic volume (Wissahickon north of Hunting Park)</b>	1,284	659
<b>Projected additional casino volume</b>	550	1,540
<b>Adam's Mark Site</b>		
<b>Current traffic volume (City Avenue east of Monument)</b>	4,192	2,942
<b>Projected additional casino volume</b>	550	1,540

## Study Design

The intent of this transportation access analysis is to present a general overview of the 11 potential gaming sites identified by the Task Force (see page 80) with respect to vehicular access. It is meant to be used as a comparative assessment of the current and future transportation attributes of these locations and should not in any way be interpreted as a detailed analysis of any site of specific development. As noted elsewhere in this report, these 11 locations have been chosen for purposes of analysis only and do not represent a comprehensive list of potential Philadelphia gaming locations.

The consultant conducted field visits at each potential site, obtained secondary source traffic volume counts on the primary access routes that provide access to the general study area, conducted 24-hour machine volume counts on street sections and roadways that provide access to each site and conducted manual vehicular and pedestrian counts at intersection locations. Traffic count data was collected for both weekday and weekend time periods.

Images 3.1 through 3.3 present the weekday, Saturday and Sunday 24-hour daily traffic volumes recorded at key access routes to the South Delaware, Sheetmetal Workers, Penn's Landing, Old Incinerator, Fishtown, Navy Yard and Center City sites. Images 3.4 through 3.6 present the weekday, Saturday and Sunday daily traffic volumes recorded at key access routes to the two I-76 / Route 1 interchange sites, the Adam's Mark and the Budd sites.

Data collected for each site was not always directly comparable to that collected for one or more of the other sites. This was due to the fact that many of the sites differed fundamentally from each other. Most sites were conducive to detailed intersection and capacity analysis, although projected changes in future conditions and lack of current adequate data rendered the same depth of analysis for the Fishtown, Navy Yard, and Budd sites not viable.



IMAGE 3.2: Saturday 24-Hour Traffic Volumes

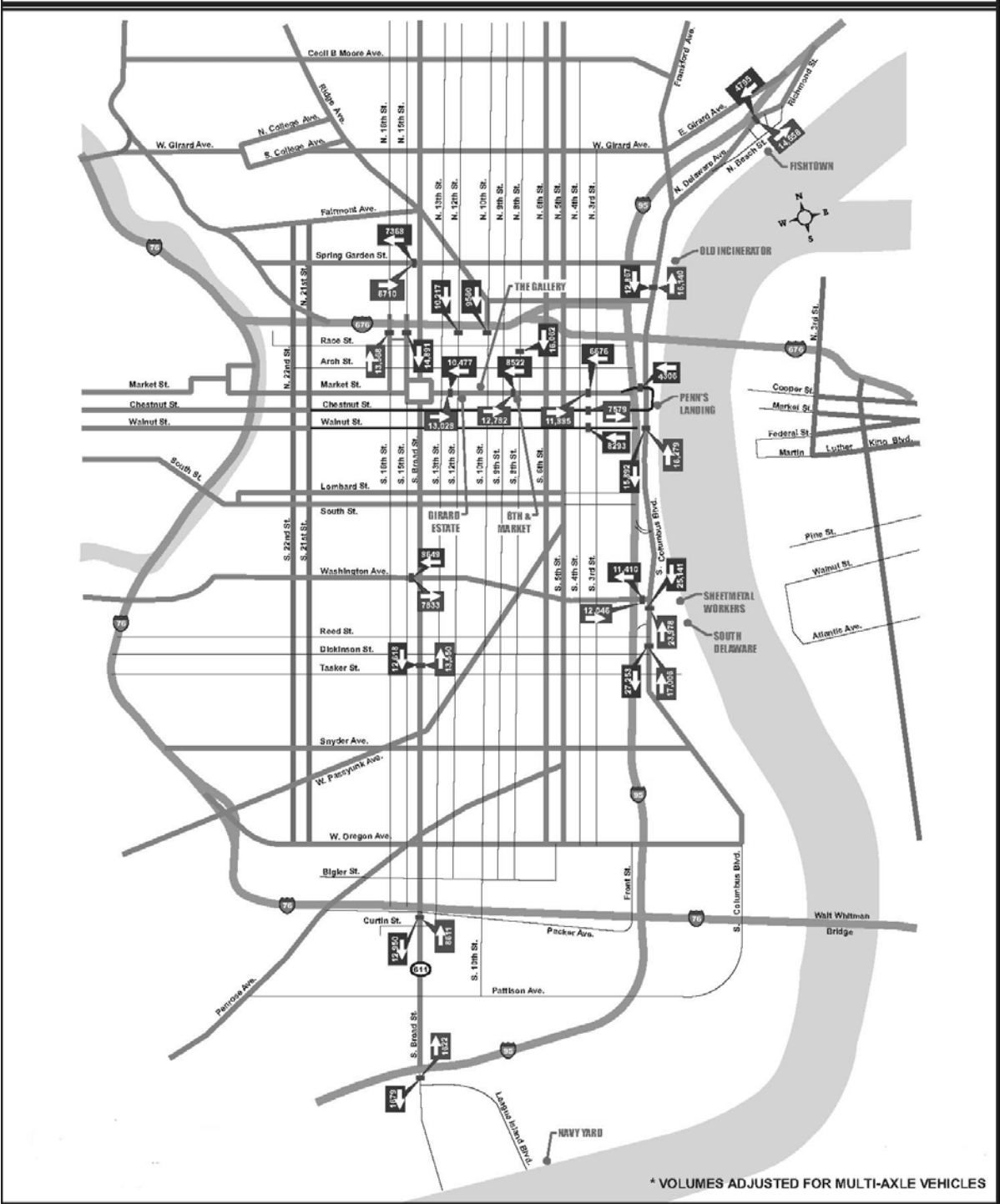


IMAGE 3.3: Sunday 24-Hour Traffic Volumes

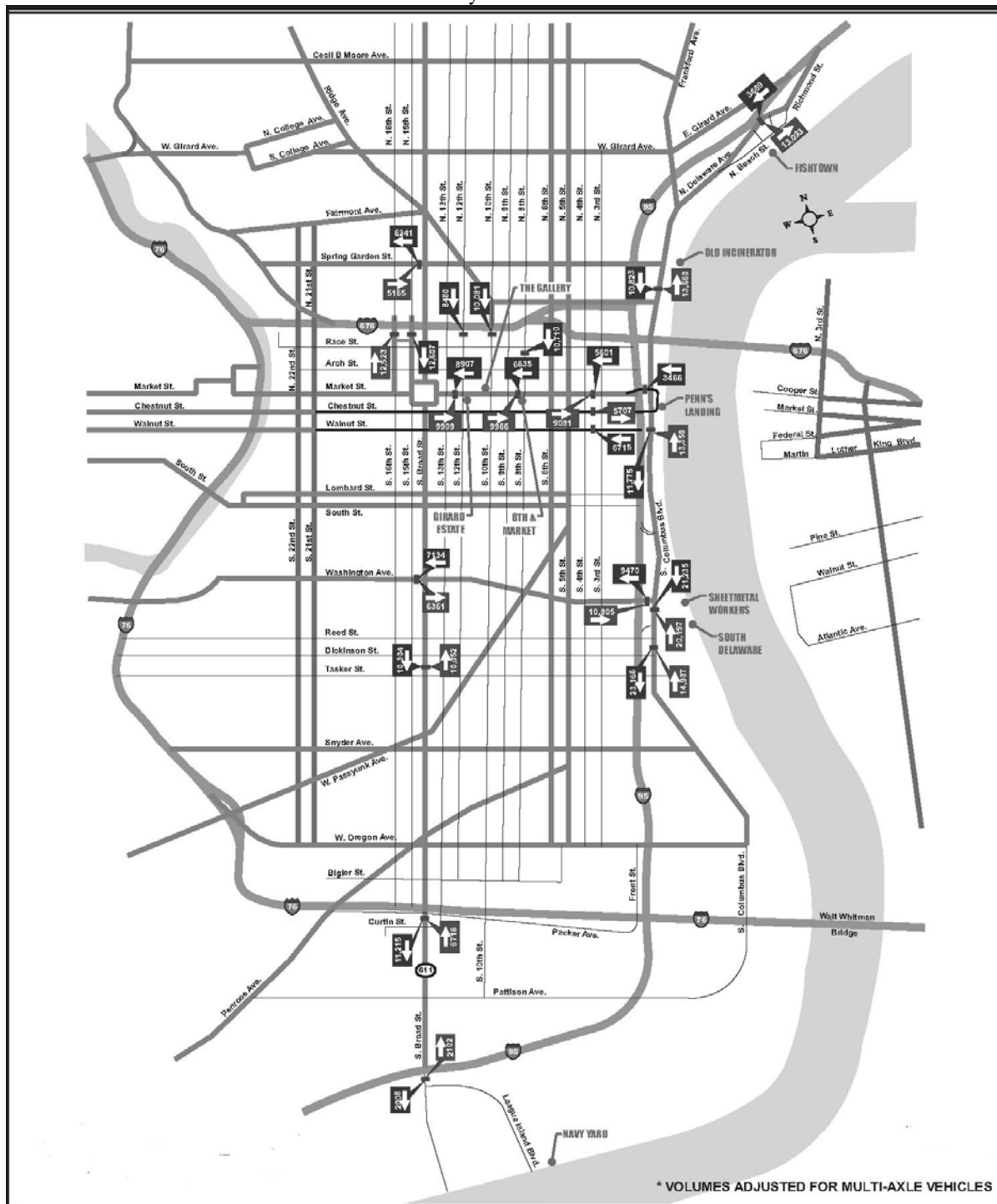




IMAGE 3.4: Weekday 24-Hour Traffic Volumes for North Philadelphia Sites

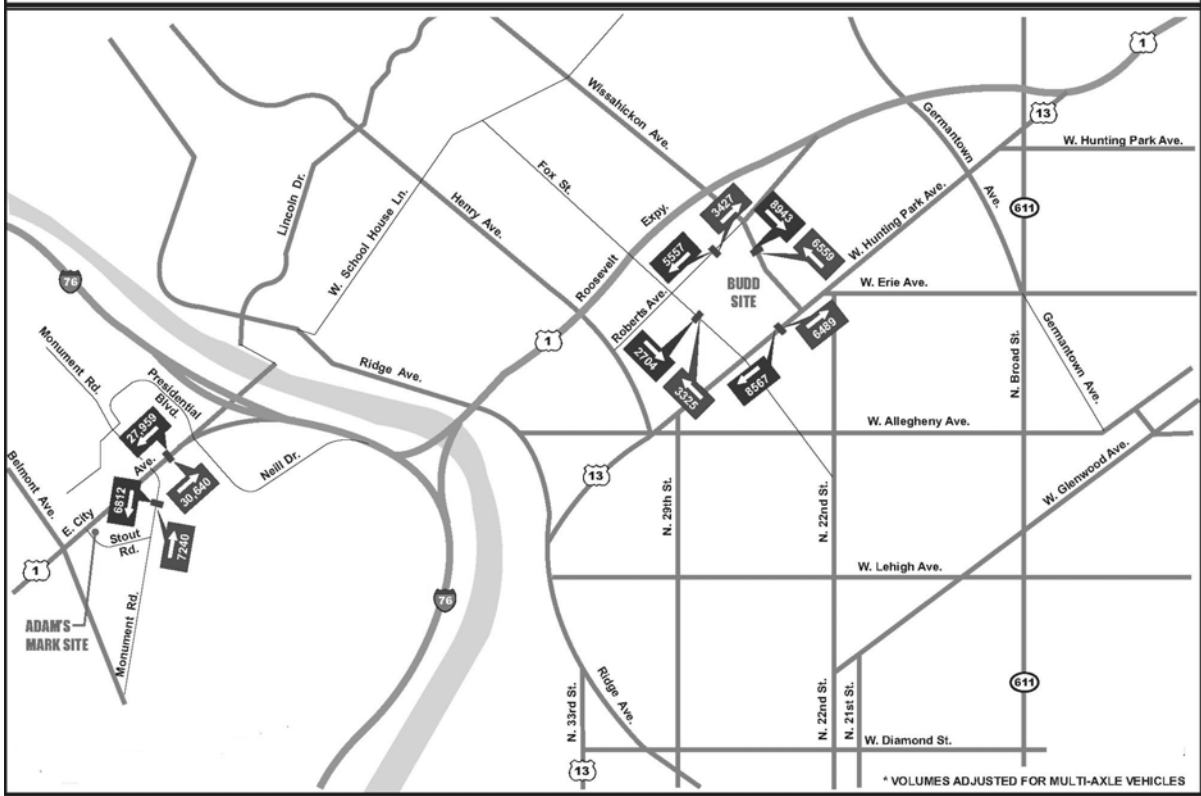
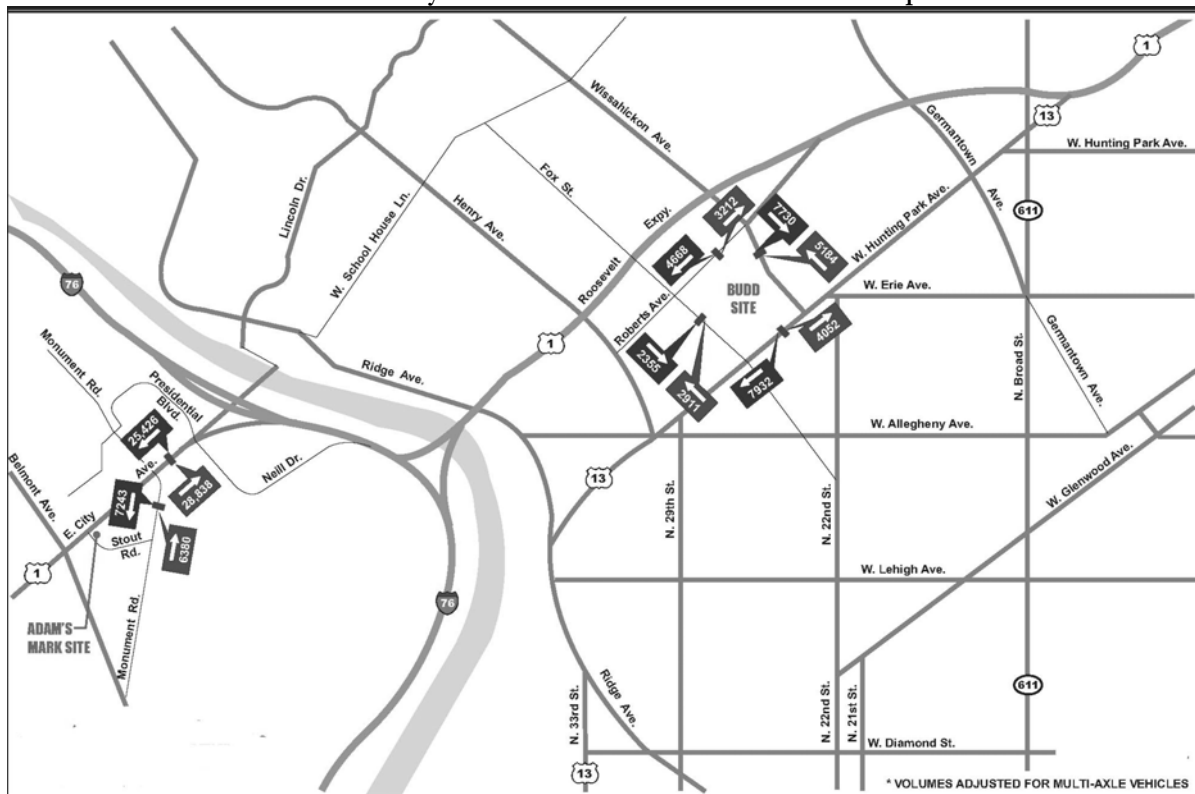


IMAGE 3.5: Saturday 24-Hour Traffic Volumes North Philadelphia Sites





the traffic operation of a given intersection using procedures developed by the Transportation Research Board and contained in the *Highway Capacity Manual, HCM 2000*. The Highway Capacity Manual (HCM) procedures have been adapted to computer based analysis packages, which include signalized and unsignalized intersection modules.

Levels of Service range from LOS A, a condition of little or no delay to LOS F, a condition of capacity breakdown represented by heavy delay and congestion. Level of Service B is characterized as stable flow. Level of Service C is considered to have a stable traffic flow, but is becoming susceptible to congestion with general levels of comfort and convenience declining noticeably. Level of Service D approaches unstable flow as speed and freedom to maneuver are severely restricted and LOS E represents unstable flow at or near capacity levels with poor levels of comfort and convenience.

Table 3.3 below presents the Level of Service criteria for signalized and unsignalized intersections.

**TABLE 3.3: Level of Service Criteria**

<b>SIGNALIZED INTERSECTION</b>	
<b>Level of Service</b>	<b>Stopped Delay Per Vehicle (Sec)</b>
<b>A</b>	<10
<b>B</b>	>10 and <20
<b>C</b>	>20 and <35
<b>D</b>	>35 and <55
<b>E</b>	>55 and <80
<b>F</b>	>80
<b>UNSIGNALIZED INTERSECTION</b>	
<b>Level of Service</b>	<b>Average Total Delay (Sec/Veh)</b>
<b>A</b>	<10
<b>B</b>	>10 and <15
<b>C</b>	>15 and <25
<b>D</b>	>25 and <35
<b>E</b>	>35 and <50
<b>F</b>	>50

Table 3.4 presents LOS ranges based upon data presented in The Institute of Transportation Engineers' publication *Transportation Planning Handbook, Chapter 7, Planning Approach to Capacity*, Edited by John D. Zegeer.

**TABLE 3.4: Signalized Intersection Maximum Service Volumes (Single Approach)**

Left Turn Lane Present?	Number of Through Lanes	Maximum Service Volume (veh/h)				
		LOS A	LOS B	LOS C	LOS D	LOS E
No	1	N/A	390	480	520	540
No	2	N/A	680	770	810	850
No	3	N/A	990	1,310	1,410	1,490
Yes	1	N/A	N/A	570	680	740
Yes	2	N/A	N/A	1,040	1,220	1,320
Yes	3	N/A	N/A	1,410	1,650	1,770

**Notes:** N/A = not achievable given assumed signal timing.  
 Assumptions used to generate the values in Table 2.7 are:

1. Entries are total hourly volume for subject approach, including turns.
2. All approaches to intersection have the same demand as the subject approach.
3. Left turns equal 10 percent of approach demand. Right turns equal 10 percent of approach demand.
4. Phasing is permitted lefts in absence of exclusive left-turn; projected lefts when left-turn lane is present.
5. All approaches are two-way streets.
6. Cycle length = 100 s, lost time = 6 s without protected lefts or 12 s with protected lefts. Actuated, isolated signal, arrival type 3, in urban non-CBD area. Green/cycle length times computed to equalize degree of saturation.
7. Saturation flow computed assuming: 1,900 base saturation, 3.6 m lane widths, 2 percent heavy vehicles, 0 percent grade, 20 parking movements per hour, no local buses, no pedestrians.
8. Peak hour factor = 0.90. Lane utilization factors = 1.05 for two lanes, 1.10 for three lanes.

**Source: Transportation Planning Handbook, Chapter 7, Planning Approach to Capacity, Table 7-7**

Table 3.4 values will be used to evaluate existing and future conditions on major streets that provide access to a site where intersection turning movement count data was not recorded. The Budd site falls into this category of analysis.

In terms of driver perception and experience, LOS C or better conditions can be viewed as a condition of little delay and good roadway and intersection operating conditions. At LOS D, delay and congestion are noticeably higher, but most drivers would find LOS D conditions acceptable to good under urban traffic conditions. LOS E conditions represent yet higher levels of delay and congestion and are typical of urban traffic conditions during peak hours. Most urban drivers expect and accept LOS E conditions during peak demand periods. At LOS F, long queue lengths typically occur on one or more approaches to a given intersection and many drivers would likely have to wait through two or three cycles of the traffic signal to travel through the intersection. It is generally considered that LOS F conditions can act as a deterrent for some kinds of trips, particularly a recreational or non-work related trip.

For purposes of future conditions analysis, casino traffic estimates were developed and assigned to major site access roadways and intersections. These estimates were derived by combining projected visitation levels for each potential gaming site, mode of arrival, and vehicle occupancy rates (see Appendix on Mode Split Methodology on page 195). The resulting future traffic volume estimates represent vehicle trip demand associated with each site by day of week and by time of day for weekdays and Saturdays and for peak hours. Saturday casino peak hours generally coincide with the late afternoon to late evening hours.

Peak month demand estimates were used to present highest or worst case traffic demand conditions and can be assumed to overstate traffic generated during most other times of the year. This overestimation of gamer traffic is considered to counterbalance projected additional non-gamer casino-related traffic, such as employee movements and service delivery. This is considered a valid assumption since casinos do not typically schedule major shift changes or generate significant goods movement activity during peak periods under normal operating conditions.

## **South Delaware Site / Sheetmetal Workers Site**

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### ***Site and Area Description***

Both sites are located on the Delaware River, with frontage on Columbus Boulevard. Land uses in close proximity consist of industrial and commercial uses, including big box retail developments. The Sheetmetal site is 12 acres and the South Delaware site is 16 acres.

### ***Site Access***

- Area wide vehicular access via I-95 North and South and Columbus Boulevard
- Secondary vehicular access via Washington, Oregon, Snyder and Tasker
- Public transit access (Bus Routes 7, 25, 29 and 64 in close proximity)

### ***Key Issues***

- Existing traffic congestion on Columbus Boulevard between the I-95 ramp interchanges
- Potential conflict with traffic generated by big box retail uses that are located in corridor
- Proximity to and impact on residential land uses located west of I-95
- Limited right of way to implement improvements on Columbus Boulevard at existing intersections and at future access intersections.

### ***Traffic Count Program***

These two sites are located on a heavily traveled section of Columbus Boulevard that supports both local trips and functions as a primary access to I-95 and by extension, I-676 and I-76.

In conjunction with this study, 24-hour volume data was recorded at three locations in close proximity to the site and PM peak hour and Saturday turning movement data was recorded at five intersections.

Machine count data was recorded at the following locations:

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- Columbus Blvd south of Washington
- Washington west of Columbus
- Columbus Blvd north of Tasker

Intersection turning movement counts were conducted at the following locations:

- Columbus at Washington
- Columbus at I-95 off ramp
- Columbus at I-95 NB on ramp / SB off ramp
- Columbus at Reed
- Columbus at Tasker

***Existing Conditions Traffic Volumes***

Table 3.6 presents bi-directional 24-hour traffic volumes recorded at these key access roadways near the site during an average weekday and weekend period. These traffic volumes have been adjusted for multi-axle vehicles.

**TABLE 3.6: 24-Hour Traffic Volumes**

Location	Weekday	Saturday	Sunday
<b>Columbus Blvd. south of Washington</b>	44,579	49,119	41,432
<b>Washington west of Columbus</b>	21,765	23,456	20,275
<b>Columbus Blvd north of Tasker</b>	40,017	44,259	38,073

A review of Table 3.6 indicates that Columbus Boulevard near the site operates with daily volumes of roughly 44,580 vehicles during a weekday; 49,120 vehicles during a Saturday and 41,430 vehicles during a Sunday. Washington Avenue operates with daily volumes of 21,765 vehicles for a weekday; 23,455 vehicles for a Saturday; and 20,275 vehicles for a Sunday. Comparisons of the weekday and weekend traffic volumes recorded at these two access roadways near the site indicate an increase of 10 percent on Saturday and a decrease of 7 percent on Sunday.

The highest peak hour volumes identified for the weekday PM peak hour period (4 PM to 6 PM) and the Saturday peak casino hour period (5 PM to 10 PM) are presented in Table 3.7. Table 3.7 presents the peak hour volumes with its bidirectional volume in the first column and its peak direction volume in the second column.

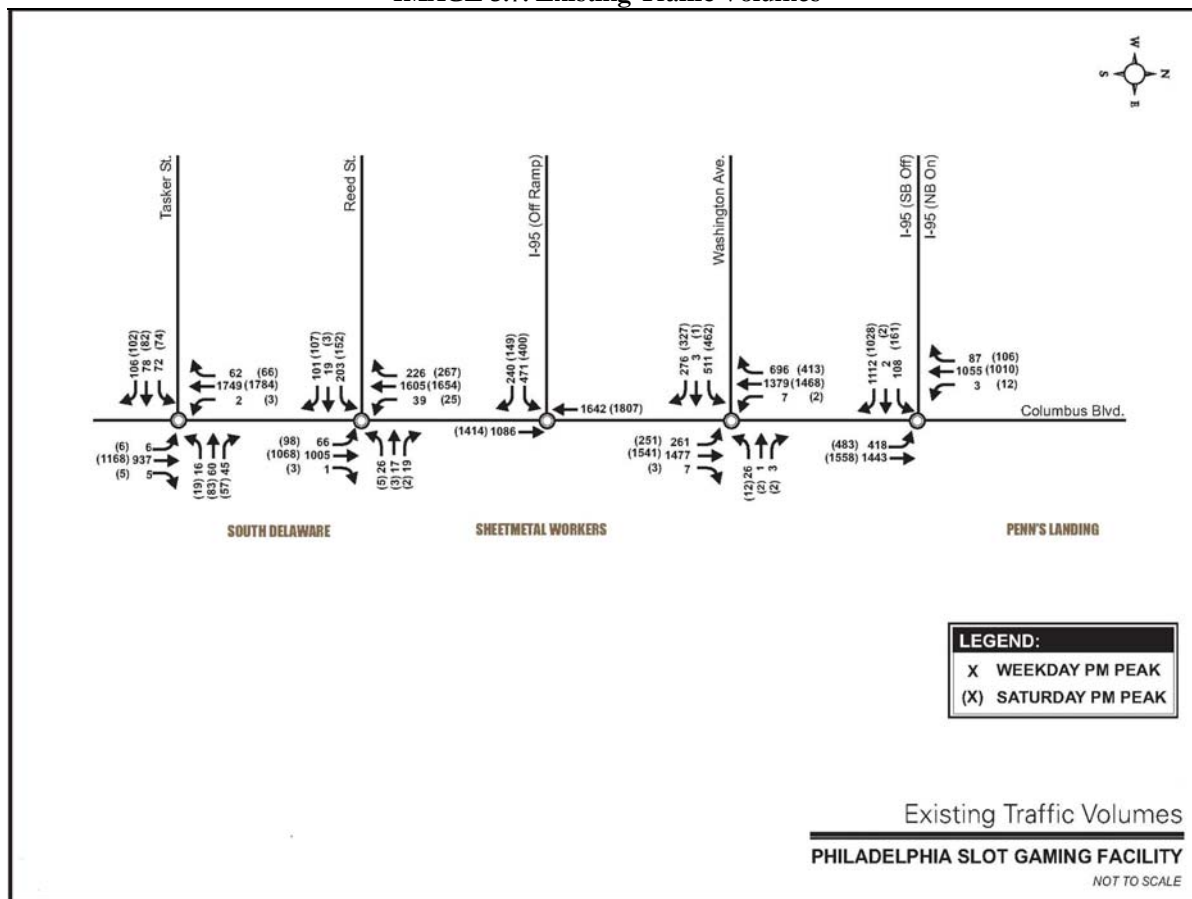
TABLE 3.7: Peak Hour Volumes

	Weekday		Saturday	
	PH	PD	PH	PD
Columbus Blvd. south of Washington	3,021	1,571	3,140	1,630
Washington west of Columbus	1,518	808	1,338	709
Columbus Blvd north of Tasker	2,750	1,669	2,656	1,599

A review of Tables 3.6 and 3.7 indicates highest volume conditions during the Saturday counts period and lowest on Sunday. Peak hour count data on weekdays and Saturday was slightly higher on Saturday, south of Washington, likely reflecting retail activity.

Image 3.7 presents the intersection traffic volumes recorded in the vicinity of the site during a weekday and Saturday peak hour.

IMAGE 3.7: Existing Traffic Volumes





***Existing Conditions Level of Service***

Data collected at intersections was input into a standard traffic engineering model and Level of Service estimates were prepared for weekday PM peak hour conditions and during the Saturday peak period. Table 2.10 presents a summary of intersection and approach LOS ranges at each intersection.

**TABLE 3.8: Existing Conditions Level of Service**

<b>Intersection</b>	<b>Approach/ Intersection</b>	<b>Weekday PM Peak</b>	<b>Saturday PM Peak</b>
<b>Columbus Blvd. @ Tasker</b>	Southbound	LOS A	LOS A
	Northbound	LOS A	LOS A
	Westbound	LOS D	LOS D
	Eastbound	LOS E	LOS F
	Intersection	LOS B	LOS B
<b>Columbus Blvd. @ Reed</b>	Southbound	LOS C	LOS C
	Northbound	LOS B	LOS C
	Westbound	LOS C	LOS C
	Eastbound	LOS C	LOS C
	Intersection	LOS C	LOS C
<b>Columbus Blvd. @ I-95 Exit (Northbound I-95)</b>	Southbound	LOS B	LOS B
	Northbound	LOS C	LOS C
	Eastbound	LOS C	LOS C
	Intersection	LOS C	LOS C
<b>Columbus Blvd. @ I-95 Ramp (Northbound I-95 On Ramp/ Southbound I-95 Off Ramp)</b>	Southbound	LOS D	LOS D
	Northbound	LOS C	LOS C
	Eastbound	LOS B	LOS B
	Intersection	LOS C	LOS C
<b>Columbus Blvd. @ Washington</b>	Southbound	LOS F	LOS F
	Northbound	LOS D	LOS D
	Westbound	LOS C	LOS C
	Eastbound	LOS D	LOS C
	Intersection	LOS F	LOS F

A review of Table 3.8 indicates acceptable LOS and capacity ranges at both I-95 ramp intersections, although higher levels of delay and lower LOS ranges were observed for the I-95 southbound off ramp and the I-95 northbound on ramp movements. Field observations indicated somewhat higher levels of delay for the northbound thru movement as the left turn

queue extended beyond the left turn lane and blocked one of the thru lanes.

Existing conditions delay at the intersection of Columbus at Tasker is noted on the eastbound approach to the intersection, with LOS E during the PM peak hour and LOS F on Saturday. This condition could be improved by allocating additional green time to this approach without any significant deterioration in capacity or LOS on Columbus Boulevard.

The intersection of Columbus at Washington was evaluated to operate within LOS F ranges. This indicates that the intersection is at or near capacity under current demand conditions. Highest delay is noted on the southbound approach to the intersection, where southbound thru traffic joins exiting southbound traffic from I-95.

## Future Conditions

### *Trip Generation Estimates and Traffic Assignments*

Vehicle trip generation estimates for casino patrons were developed for both sites based upon a 3,000 device facility and reflect day of week visitation characteristics, casino occupancy patterns, and mode of transportation assumptions developed by Task Force consultants. Highest volume estimates reported for each site will be used to present a highest potential impact scenario. Table 6 presents daily and peak period vehicle trip estimates for each site. As would be expected, given the proximity of the two South Delaware sites to each other, both are assumed to generate the same level of patron visitation and vehicle trip demand.

Volumes presented for weekday peak hour conditions reflect the hourly volume demand during the weekday peak period, typically 4 PM to 6 PM. Volumes presented for Saturday peak hour reflect volume demand during the highest demand period, during the Saturday casino peak hour, generally between 5 PM to 10 PM.

Volume estimates presented reflect two-way volume demand. Studies of casino vehicle trip demand generally indicate a relatively balanced split of inbound and outbound trips under peak demand conditions.

**TABLE 3.9: Vehicle Trip Estimates (Sheetmetal and South Delaware Sites)**

#### Sheetmetal Site

Weekday		Saturday	
Daily	Peak Hour	Daily	Peak Hour
11,000	490	25,200	1,380

#### South Delaware Site

Weekday		Saturday	
Daily	Peak Hour	Daily	Peak Hour
10,800	480	24,700	1,350

A review of Table 3.9 indicates slightly lower volume demand associated with the South Delaware site, but this difference is not significant in terms of both daily and peak hour demand.

Vehicle trip estimates presented in Table 3.9 were assigned to site access roadways based upon the directional distributions of site trips generated by the Task Force’s visitation model (see Appendix on Revenue Projection Methodology on page 290 for background on visitation model). For purposes of intersection analyses, the higher value will be used for both sites.

Table 3.10 presents a summary of new casino-generated two-way traffic demand for weekday and Saturday daily and peak hour demand.

**TABLE 3.10: Traffic Assignments By Access Route**

**Weekday**

Street Section	Daily	Peak Hour
Columbus N. of Washington	6,600	294
Columbus S. of Washington	3,300	147
Washington W of Columbus	1,100	50

**Saturday**

Street Section	Daily	Peak Hour
Columbus N. of Washington	16,940	924
Columbus S. of Washington	8,470	462
Washington W of Columbus	2,820	154

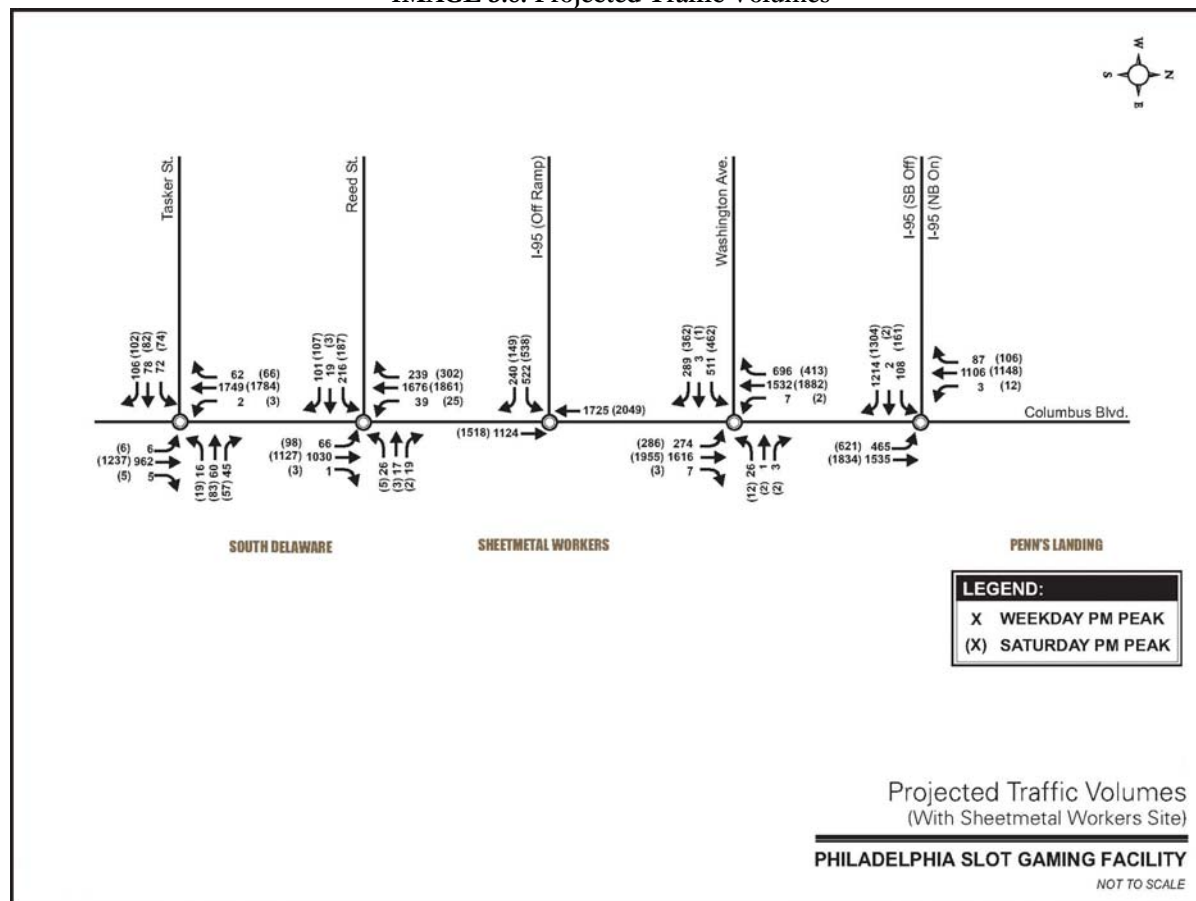
***Future Conditions LOS Analysis By Site Location***

Although both the Sheetmetal and the South Delaware sites are anticipated to generate comparable demand under various development scenarios, the specific location of each site will result in slightly different approach and access patterns. For example, traffic approaching from the south on I-95 would approach the Sheetmetal site from the south and the South Delaware site from the north. For this reason, new traffic was assigned to the corridor for each potential site accordingly.

### Sheetmetal Site

Image 3.8 presents the projected intersection traffic volumes that include the site traffic assignments added to the existing volumes near the site during a weekday and Saturday peak hour.

**IMAGE 3.8: Projected Traffic Volumes**



New projected casino traffic was added to existing traffic volumes and an intersection LOS analysis prepared for each location. Table 3.11 presents a summary of projected LOS conditions without further roadway or intersection improvements at each location with the Sheetmetal site as an origin and destination.

**TABLE 3.11: Projected Conditions Level of Service (w/ Sheetmetal Site)**

Intersection	Approach/ Intersection	Weekday PM Peak	Saturday PM Peak
<b>Columbus Blvd. @ Tasker</b>	Southbound	LOS A	LOS A
	Northbound	LOS A	LOS A
	Westbound	LOS D	LOS D
	Eastbound	LOS E	LOS F
	Intersection	LOS B	LOS B
<b>Columbus Blvd. @ Reed</b>	Southbound	LOS C	LOS D
	Northbound	LOS B	LOS C
	Westbound	LOS C	LOS C
	Eastbound	LOS C	LOS C
	Intersection	LOS C	LOS D
<b>Columbus Blvd. @ I-95 Exit (Northbound I-95)</b>	Southbound	LOS B	LOS C
	Northbound	LOS C	LOS C
	Eastbound	LOS C	LOS C
	Intersection	LOS C	LOS C
<b>Columbus Blvd. @ I-95 Ramp (Northbound I-95 On Ramp/ Southbound I-95 Off Ramp)</b>	Southbound	LOS D	LOS E
	Northbound	LOS C	LOS D
	Eastbound	LOS B	LOS B
	Intersection	LOS C	LOS D
<b>Columbus Blvd. @ Washington</b>	Southbound	LOS F	LOS F
	Northbound	LOS D	LOS D
	Westbound	LOS C	LOS C
	Eastbound	LOS D	LOS D
	Intersection	LOS F	LOS F

A review of Table 3.11 and comparison with Table 3.8 values indicates little change in overall LOS conditions, with the exception of the intersection of Columbus at Reed on Saturday. Intersection operations are expected to be reduced from LOS C to LOS D and the southbound approach is expected to deteriorate from LOS C to D as well.

Delay is also projected to increase at the intersection of Columbus at the I-95 northbound on and southbound off ramps. LOS estimates for the Saturday simulation indicate a reduction in intersection LOS from LOS C to LOS D and increased delay on both the northbound (LOS C to D) and southbound (LOS D to E) approaches to the intersection.

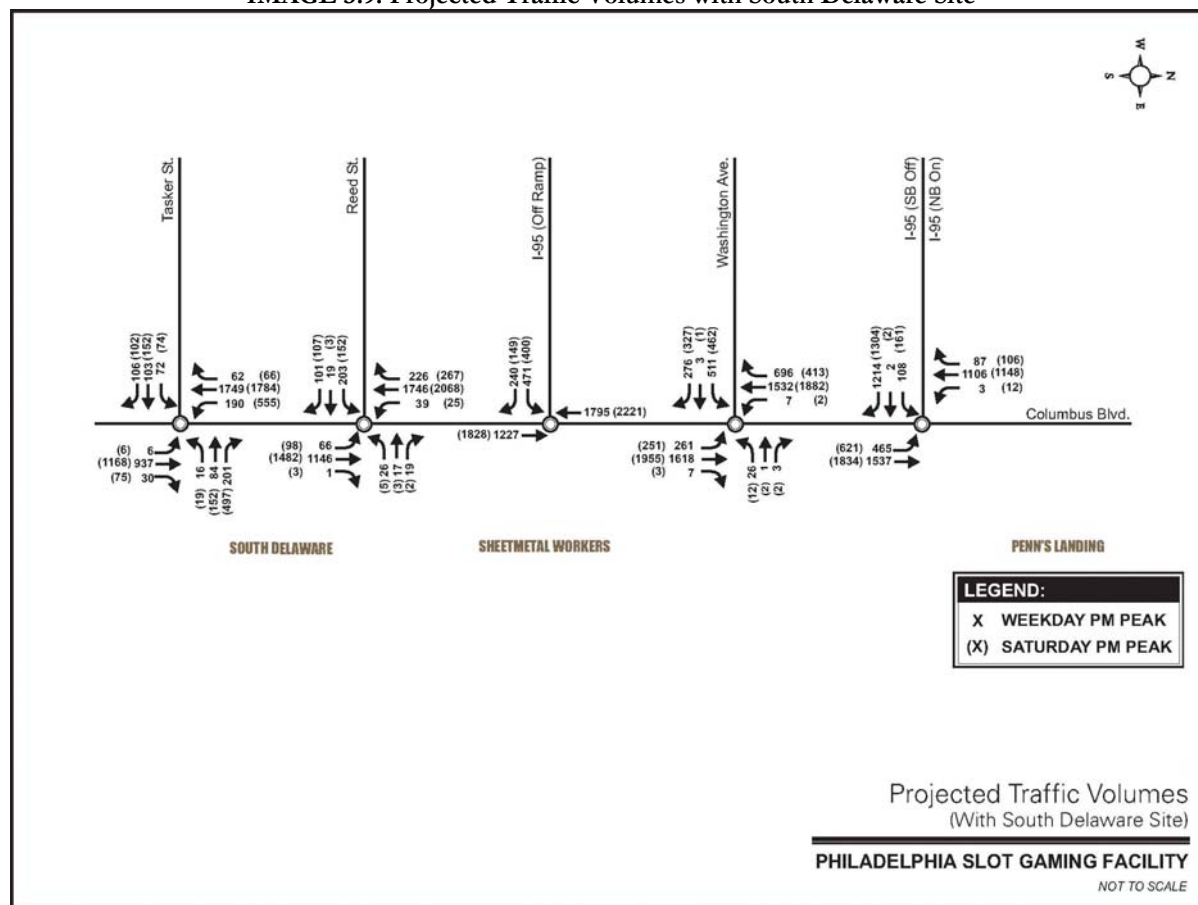
At the intersection of Columbus at South Washington, overall intersection LOS designations are unchanged since the analysis procedure does not differentiate among F ratings. Critical movements at each location are currently functioning at capacity, however, and additional traffic assigned each location increases delay estimates.

A review of standard capacity analysis worksheets indicates increases in intersection delay at all locations and deterioration of LOS conditions for some movements. At the critical intersection of Columbus at Washington, LOS delay is estimated to increase by roughly 75 seconds on the southbound Columbus approach to roughly 145 seconds during the PM peak period.

### South Delaware Site

Image 3.9 presents the projected intersection traffic volumes that include the site traffic assignments added to the existing volumes near the site during a weekday and Saturday peak hour.

**IMAGE 3.9: Projected Traffic Volumes with South Delaware Site**



New projected casino traffic was added to existing traffic volumes and an intersection LOS analysis prepared for each location. Table 3.12 presents a summary of projected LOS conditions without further roadway or intersection improvements at each location with the South Delaware site as an origin and destination.

**TABLE 3.12: Projected Conditions Level of Service (w/ South Delaware Site)**

Intersection	Approach/ Intersection	Weekday PM Peak	Saturday PM Peak
<b>Columbus Blvd. @ Tasker</b>	Southbound	LOS C	LOS F
	Northbound	LOS A	LOS A
	Westbound	LOS D	LOS F
	Eastbound	LOS F	LOS F
	Intersection	LOS C	LOS F
<b>Columbus Blvd. @ Reed</b>	Southbound	LOS C	LOS E
	Northbound	LOS B	LOS C
	Westbound	LOS C	LOS C
	Eastbound	LOS C	LOS C
	Intersection	LOS C	LOS D
<b>Columbus Blvd. @ I-95 Exit (Northbound I-95)</b>	Southbound	LOS B	LOS C
	Northbound	LOS C	LOS D
	Eastbound	LOS C	LOS C
	Intersection	LOS C	LOS D
<b>Columbus Blvd. @ I-95 Ramp (Northbound I-95 On Ramp/ Southbound I-95 Off Ramp)</b>	Southbound	LOS D	LOS E
	Northbound	LOS C	LOS D
	Eastbound	LOS B	LOS B
	Intersection	LOS C	LOS D
<b>Columbus Blvd. @ Washington</b>	Southbound	LOS F	LOS F
	Northbound	LOS D	LOS C
	Westbound	LOS C	LOS C
	Eastbound	LOS D	LOS D
	Intersection	LOS F	LOS F

A review of Table 3.12 indicates that increased demand at the intersections of Columbus at Tasker and Columbus at Reed will result in deterioration in LOS conditions. Values stated for Columbus at Tasker assume that this intersection will provide access to the site and likely reflect a worst case scenario whereby limited improvements are feasible on all but the westbound or site exit approach to the intersection. Projected conditions at this intersection are reduced from LOS B to LOS C during the PM peak period and from LOS B to LOS F on Saturday.

Projected conditions at the intersection of Columbus at Reed are projected to continue to function at LOS C during the weekday PM peak period and within LOS D ranges on Saturday. Increased demand assigned to the southbound approach to the intersection indicates a reduction from LOS C under existing volume demand to LOS E under projected conditions.

Projected LOS conditions at the intersections of Columbus at Washington and Columbus at the I-95 southbound off ramp / I-95 northbound on ramp are comparable to those estimated for the Sheetmetal site simulations.

## **Penn's Landing**

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### ***Site and Area Description***

Located on the Delaware River at the projection of Market, Chestnut and Walnuts Streets and east of I-95, Penn's Landing is the riverfront site that is located closest to Center City and to downtown tourist attractions.

### ***Site Access***

- Areawide vehicular access from I-95 North and South and Columbus Boulevard
- Secondary vehicular access from Chestnut and Market Streets
- Pedestrian access via grade separated pedestrian bridges that span I-95 and Columbus Boulevard
- Public transit access (Market Frankford Subway Line, Phlash and local bus routes)
- Within walking distance to Old City / Historic District attractions and hotels

### ***Key Issues***

- Existing traffic congestion on Columbus Boulevard between the I-95 ramp interchanges
- Limited available right of way on Columbus Boulevard to implement access improvements

### ***Traffic Count Program***

In conjunction with this study, 24-hour volume data was recorded at five locations in close proximity to the site.

Machine count data was recorded at the following locations:

- Columbus south of Market
  - Market west of Columbus
  - Market west of 3<sup>rd</sup> Street
  - Chestnut west of 3<sup>rd</sup> Street
  - Walnut west of 3<sup>rd</sup> Street
-



***Existing Conditions Traffic Volumes***

Table 3.13 presents bi-directional 24-hour traffic volumes recorded at these key access roadways near the site during an average weekday and weekend period. These traffic volumes have been adjusted for multi-axle vehicles.

**TABLE 3.13: 24-Hour Traffic Volumes**

	Weekday	Saturday	Sunday
<b>Columbus south of Market</b>	31,045	32,171	25,134
<b>Market bridge west of Columbus</b>	3,074	4,306	3,466
<b>Market west of 3rd Street</b>	16,219	18,561	14,682
<b>Chestnut west of 3rd Street</b>	6,525	7,579	5,707
<b>Walnut west of 3rd Street</b>	7,054	8,293	6,715

Comparison of volume data reported on Columbus Avenue presented in Table 3.13 with data reported in Table 3.6 for Columbus near Washington (Sheetmetal site) and Columbus near Tasker (South Delaware site) indicates overall volume conditions at Penn’s Landing that are roughly 25 to 30 percent lower on weekdays, 30 to 35 percent lower on Saturday, and 35 to 40 percent lower on Sunday.

The highest peak hour volumes identified for the weekday PM peak hour period (4 PM to 6 PM) and the Saturday peak casino hour period (5 PM to 10 PM) are presented in Table 3.14. Table 3.14 presents the peak hour volumes with its bidirectional volume in the first column and its peak direction volume in the second column.

**TABLE 3.14: Peak Hour Volumes**

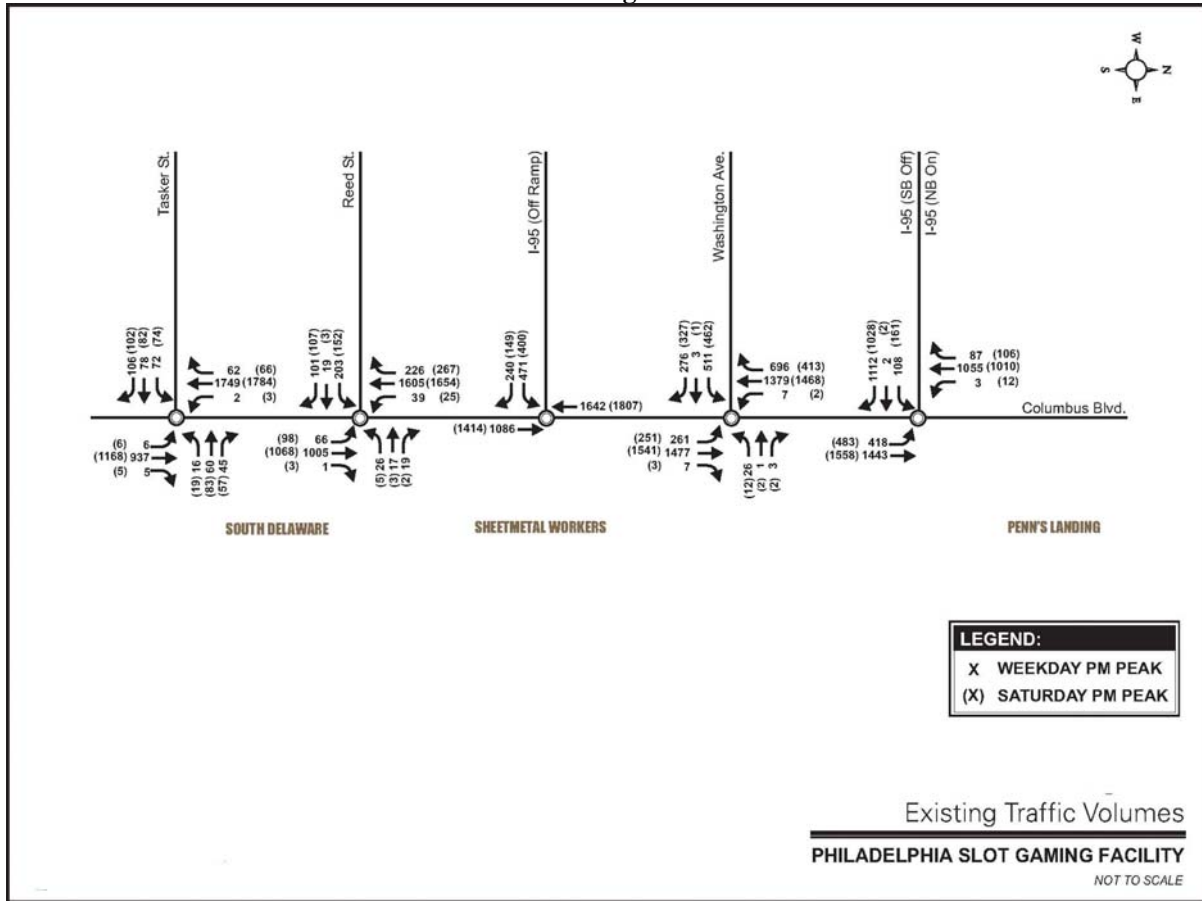
	Weekday		Saturday	
	PH	PD	PH	PD
<b>Columbus south of Market</b>	2,264	1,210	1,775	1,021
<b>Market bridge west of Columbus</b>	236	236	316	316
<b>Market west of 3rd Street</b>	1,257	891	1,156	773
<b>Chestnut west of 3rd Street</b>	552	552	538	538
<b>Walnut west of 3rd Street</b>	451	451	490	490

Peak hour volume demand on Columbus north of the intersection with the I-95 northbound on ramp / southbound off ramp indicates that Columbus at Penn’s Landing functions within LOS C ranges.

LOS ranges for Chestnut and Walnut likely fall within LOS C to LOS D ranges and for Market within LOS D to LOS E ranges.

Image 3.10 presents the intersection traffic volumes recorded in the vicinity of the site during a weekday and Saturday peak hour.

**IMAGE 3.10: Existing Traffic Volumes**



**Existing Conditions Level of Service**

Data collected at intersections was input into a standard traffic engineering model and Level of Service estimates were prepared for weekday PM peak hour conditions and during the Saturday peak period. Table 3.15 presents a summary of intersection and approach LOS ranges at each intersection.

**TABLE 3.15: Existing Conditions Level of Service**

Intersection	Approach/ Intersection	Weekday PM Peak	Saturday PM Peak
<b>Columbus Blvd. @ I-95 Exit (Northbound I-95)</b>	Southbound	LOS B	LOS B
	Northbound	LOS C	LOS C
	Eastbound	LOS C	LOS C
	Intersection	LOS C	LOS C
<b>Columbus Blvd. @ I-95 Ramp (Northbound I-95 On Ramp/ Southbound I-95 Off Ramp)</b>	Southbound	LOS D	LOS D
	Northbound	LOS C	LOS C
	Eastbound	LOS B	LOS B
	Intersection	LOS C	LOS C
<b>Columbus Blvd. @ Washington</b>	Southbound	LOS F	LOS F
	Northbound	LOS D	LOS D
	Westbound	LOS C	LOS C
	Eastbound	LOS D	LOS C
	Intersection	LOS F	LOS F

A review of Table 3.15 indicates acceptable LOS and capacity ranges at both I-95 ramp intersections, although higher levels of delay and lower LOS ranges were observed for the I-95 southbound off ramp and the I-95 northbound on ramp movements. Field observations indicated somewhat higher levels of delay for the northbound thru movement as the left turn queue extended beyond the left turn lane and blocked one of the thru lanes.

The intersection of Columbus at Washington was evaluated to operate within LOS F ranges. This indicates that the intersection is at or near capacity under current demand conditions. Highest delay is noted on the southbound approach to the intersection, where southbound thru traffic joins exiting southbound traffic from I-95.

**Future Conditions**

***Trip Generation Estimates and Traffic Assignments***

Vehicle trip generation estimates for casino patrons were developed for the Penn’s Landing site based upon a 3,000 device facility and reflect day of week visitation characteristics, casino occupancy patterns, and mode of transportation assumptions developed by Task Force consultants. Highest volume estimates reported for the site will be used to present a highest potential impact scenario. Table 3.16 presents daily and peak period vehicle trip estimates for the

Penn's Landing site.

Volumes presented for weekday peak hour conditions reflect the hourly volume demand during the weekday peak period, typically 4 PM to 6 PM. Volumes presented for Saturday peak hour reflect volume demand during the highest demand period, during the Saturday casino peak hour, generally between 5 PM to 10 PM.

Volume estimates presented reflect two-way volume demand. Studies of casino vehicle trip demand generally indicate a relatively balanced split of inbound and outbound trips under peak demand conditions.

**TABLE 3.16: Vehicle Trip Estimates (Penn's Landing)**

Weekday		Saturday	
Daily	Peak Hour	Daily	Peak Hour
9,630	430	21,950	1,200

Vehicle trip estimates presented in Table 3.16 were assigned to site access roadways based upon the directional distributions of site trips generated by the Task Force's visitation model (see Appendix on Revenue Projection Methodology on page 290 for background on visitation model). Table 3.17 presents a summary of the new casino-generated two-way traffic demand for weekday and Saturday daily and peak hour demand.

**TABLE 3.17: Traffic Assignments By Access Route**

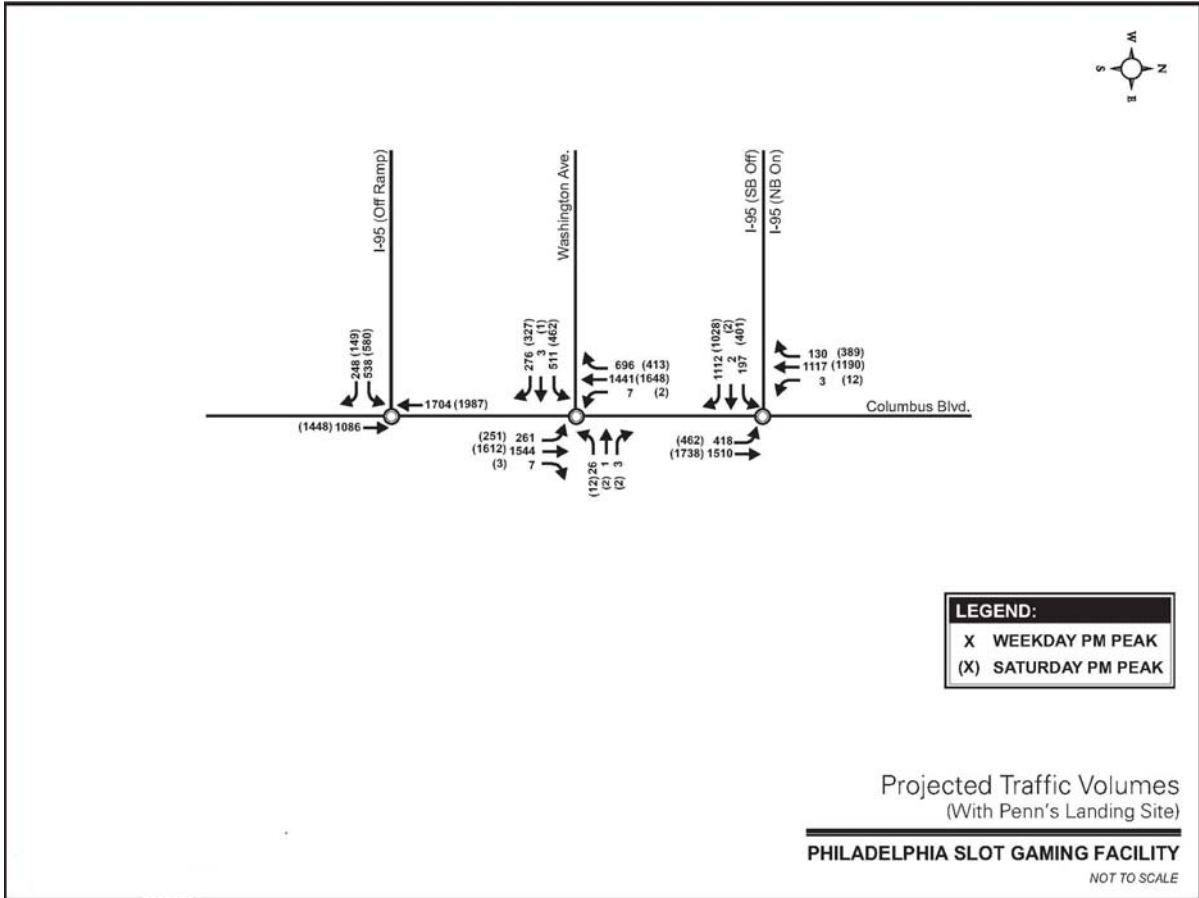
Weekday		
Street Section	Daily	Peak Hour
Columbus N. of Market	2,000	90
Columbus S. of Market	6,800	305
Chestnut W. of Columbus	1,000	45
Market W. of Columbus	1,000	45

Saturday		
Street Section	Daily	Peak Hour
Columbus N. of Market	4,600	250
Columbus S. of Market	15,600	850
Chestnut W. of Columbus	2,200	120
Market W. of Columbus	2,200	120

Image 3.11 presents the projected intersection traffic volumes that include the site traffic assignments added to the existing volumes near the site during a weekday and Saturday peak hour.

IMAGE 3.11: Projected Traffic Volumes with Penn's Landing Site



New projected casino traffic was added to existing traffic volumes and an intersection LOS analysis prepared for each location. Table 3.18 presents a summary of projected LOS conditions without further roadway or intersection improvements at each location with the Penn's Landing site as an origin and destination.

**TABLE 3.18: Projected Conditions Level of Service (Penn's Landing Site)**

Intersection	Approach/ Intersection	Weekday PM Peak	Saturday PM Peak
<b>Columbus Blvd. @ I-95 Exit (Northbound I-95)</b>	Southbound	LOS B	LOS C
	Northbound	LOS C	LOS C
	Eastbound	LOS C	LOS C
	Intersection	LOS C	LOS C
<b>Columbus Blvd. @ I-95 Ramp (Northbound I-95 On Ramp/ Southbound I-95 Off Ramp)</b>	Southbound	LOS E	LOS F
	Northbound	LOS C	LOS C
	Eastbound	LOS B	LOS C
	Intersection	LOS C	LOS E
<b>Columbus Blvd. @ Washington</b>	Southbound	LOS F	LOS F
	Northbound	LOS D	LOS D
	Westbound	LOS C	LOS C
	Eastbound	LOS D	LOS D
	Intersection	LOS F	LOS F

A review of Table 3.18 indicates that conditions are projected to deteriorate at the intersection of Columbus at the I-95 southbound off and the I-95 northbound on ramp on Saturday as demand on the southbound approach increases. On Saturday, intersection LOS changes from LOS C to LOS E and the southbound approach LOS changes from LOS D to LOS F. During the weekday PM peak hour conditions intersection LOS conditions are estimated to remain at LOS C.

LOS conditions at the intersections of Columbus at Washington are projected to remain within LOS F ranges, although delay on some approaches would be reduced compared to the Sheetmetal and South Delaware simulations. Conditions at the intersections of Columbus at the I-95 northbound exit ramp and at the intersections of Columbus at Reed and Columbus at Tasker would be expected to be comparable to those estimated in the Sheetmetal simulations.

## Old Incinerator Site

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### *Site and Area Description*

The Old Incinerator site is located at the intersection of Spring Garden at Columbus Boulevard.<sup>3</sup>

### *Site Access*

- Area wide vehicular from Columbus Boulevard, I-676 and Spring Garden Street
- Public transit access via local bus service and located east of Market Frankfort line.

### *Key Issues*

- Potential traffic growth in the area associated with high density residential land uses that are planned north of the site
- Construction impacts on site access during construction of the I-95 Girard Avenue interchange

### *Traffic Count Program*

In conjunction with this study, 24-hour volume data was recorded at two locations in close proximity to the site and PM peak hour and Saturday turning movement data was recorded at one intersection.

Machine count data was recorded at the following locations:

- Columbus south of Spring Garden
- Spring Garden west of Broad

Intersection turning movement counts were conducted at the intersection of Columbus at Spring Garden.

### *Existing Conditions Traffic Volumes*

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<sup>3</sup> Columbus Boulevard becomes North Delaware Avenue north of Spring Garden Street, but for purposes of traffic analysis around the Old Incinerator site, it will be referred to as Columbus Boulevard throughout.

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Table 3.19 presents bi-directional 24-hour traffic volumes recorded at key access roadways near the site during an average weekday and weekend period. These traffic volumes have been adjusted for multi-axle vehicles.

**TABLE 3.19: 24-Hour Traffic Volumes**

	Weekday	Saturday	Sunday
<b>Columbus south of Spring Garden</b>	28,467	29,007	24,483
<b>Spring Garden west of Broad</b>	22,249	14,078	11,406

A review of Table 3.19 indicates that Columbus Boulevard near the site operates with daily volumes of 28,467 for a weekday; 29,007 for a Saturday and 24,483 for a Sunday. Spring Garden operates with a weekday daily volume of 22,249; Saturday daily volume of 14,078 and Sunday daily volume of 11,406. Comparisons of the weekday and weekend traffic volumes for Columbus Boulevard indicate a small increase of two percent on Saturday and a decline of 14 percent on Sunday. Spring Garden had declines in its daily volumes of 37 percent and 49 percent on Saturday and Sunday as compared with a weekday daily volume.

The highest peak hour volumes identified for the weekday PM peak hour period (4 PM to 6 PM) and the Saturday peak casino hour period (5 PM to 10 PM) are presented in Table 3.20. Table 3.20 presents the peak hour volumes with its bidirectional volume in the first column and its peak direction volume in the second column.

**TABLE 3.20: Peak Hour Volumes**

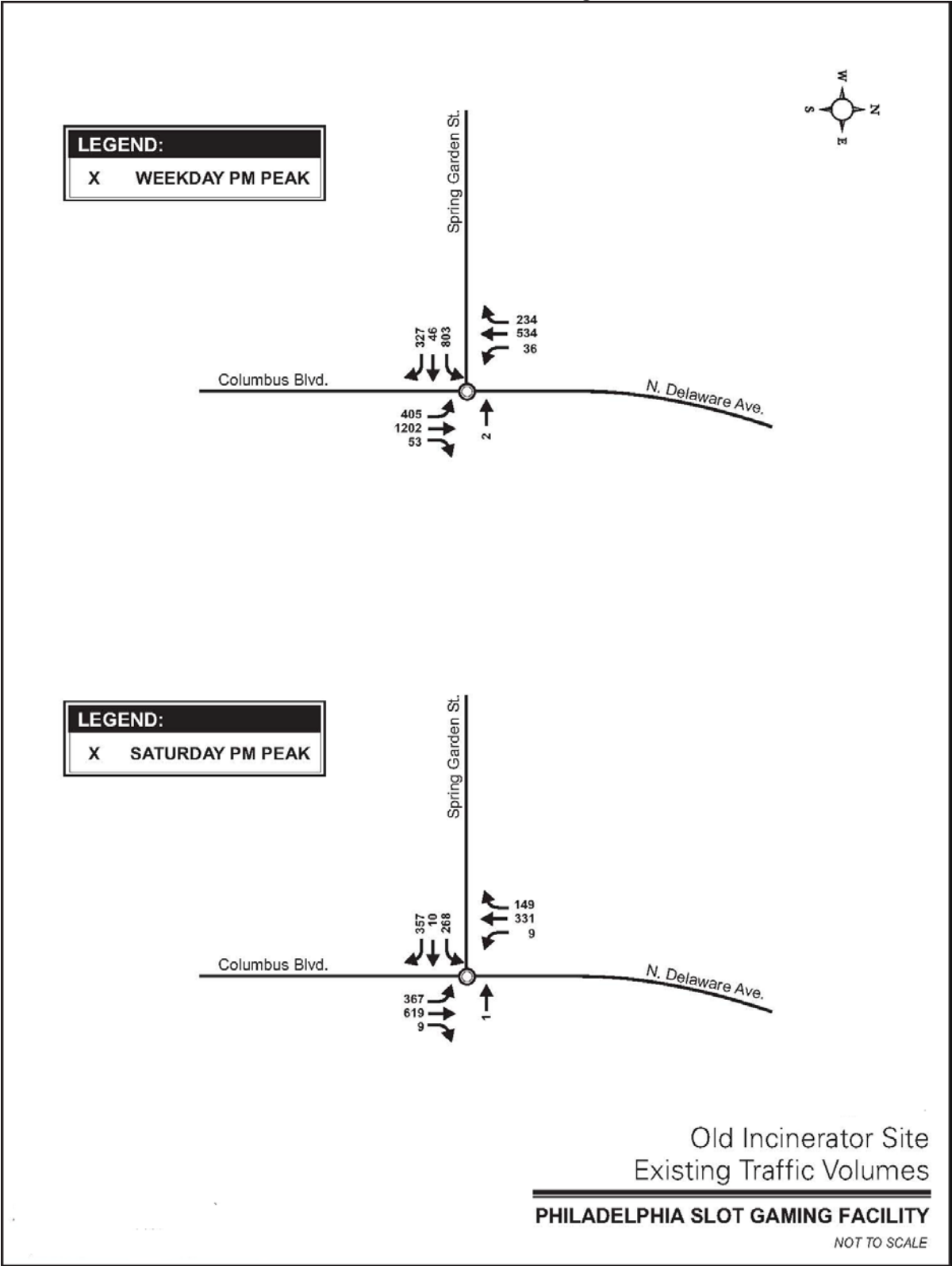
	Weekday		Saturday	
	PH	PD	PH	PD
<b>Columbus south of Spring Garden</b>	1,832	1,740	1,138	2,625
<b>Spring Garden west of Broad</b>	1,947	1,043	718	378

Based upon these service volumes, LOS D conditions would be estimated during the PM peak period and LOS C or better conditions for Saturday.

Image 3.12 presents the intersection traffic volumes recorded in the vicinity of the site during a weekday and Saturday peak hour.



IMAGE 3.12: Old Incinerator Site Existing Traffic Volumes



### *Existing Conditions Level of Service*

Data collected at the intersection was input into a standard traffic engineering model and Level of Service estimates were prepared for weekday PM peak hour conditions and during the Saturday peak period. Table 3.21 presents a summary of intersection and approach LOS ranges at each intersection.

**TABLE 3.21: Existing Conditions LOS**

Intersection	Approach/ Intersection	Weekday PM Peak	Saturday PM Peak
Columbus Blvd. @ Spring Garden	Southbound	LOS C	LOS C
	Northbound	LOS D	LOS D
	Eastbound	LOS E	LOS D
	Intersection	LOS D	LOS D

Existing conditions peak hour capacity analyses prepared for the intersection of Columbus at Spring Garden indicate LOS D conditions during both the weekday PM peak hour and Saturday peak hour, indicating excess capacity to support increased traffic demand associated with the development of a slot facility at the site.

### **Future Conditions**

#### *Trip Generation Estimates and Traffic Assignments*

Vehicle trip generation estimates for casino patrons were developed for the Old Incinerator site based upon a 3,000 device facility and reflect day of week visitation characteristics, casino occupancy patterns, and mode of transportation assumptions developed by Task Force consultants. Highest volume estimates reported for the Old Incinerator site will be used to present a highest potential impact scenario. Table 3.23 presents daily and peak period vehicle trip estimates for the Old Incinerator site.

Volumes presented for weekday peak hour conditions reflect the hourly volume demand during the weekday peak period, typically 4 PM to 6 PM. Volumes presented for Saturday peak hour reflect volume demand during the highest demand period, during the Saturday casino peak hour, generally between 5 PM to 10 PM.

Volume estimates presented reflect two-way volume demand. Studies of casino vehicle trip demand generally indicate a relatively balanced split of inbound and outbound trips under peak demand conditions.

**TABLE 3.22: Vehicle Trip Estimates (Old Incinerator Site)**

Weekday		Saturday	
Daily	Peak Hour	Daily	Peak Hour
12,100	540	27,500	1,500

Vehicle trip estimates presented in Table 3.22 were assigned to site access roadways based upon the directional distributions of site trips generated by the Task Force’s visitation model (see Appendix on Revenue Projection Methodology on page 290 for background on visitation model). Table 3.23 presents a summary of the new casino-generated two-way traffic demand for weekday and Saturday daily and peak hour demand.

**TABLE 3.23: Traffic Assignments By Access Route**

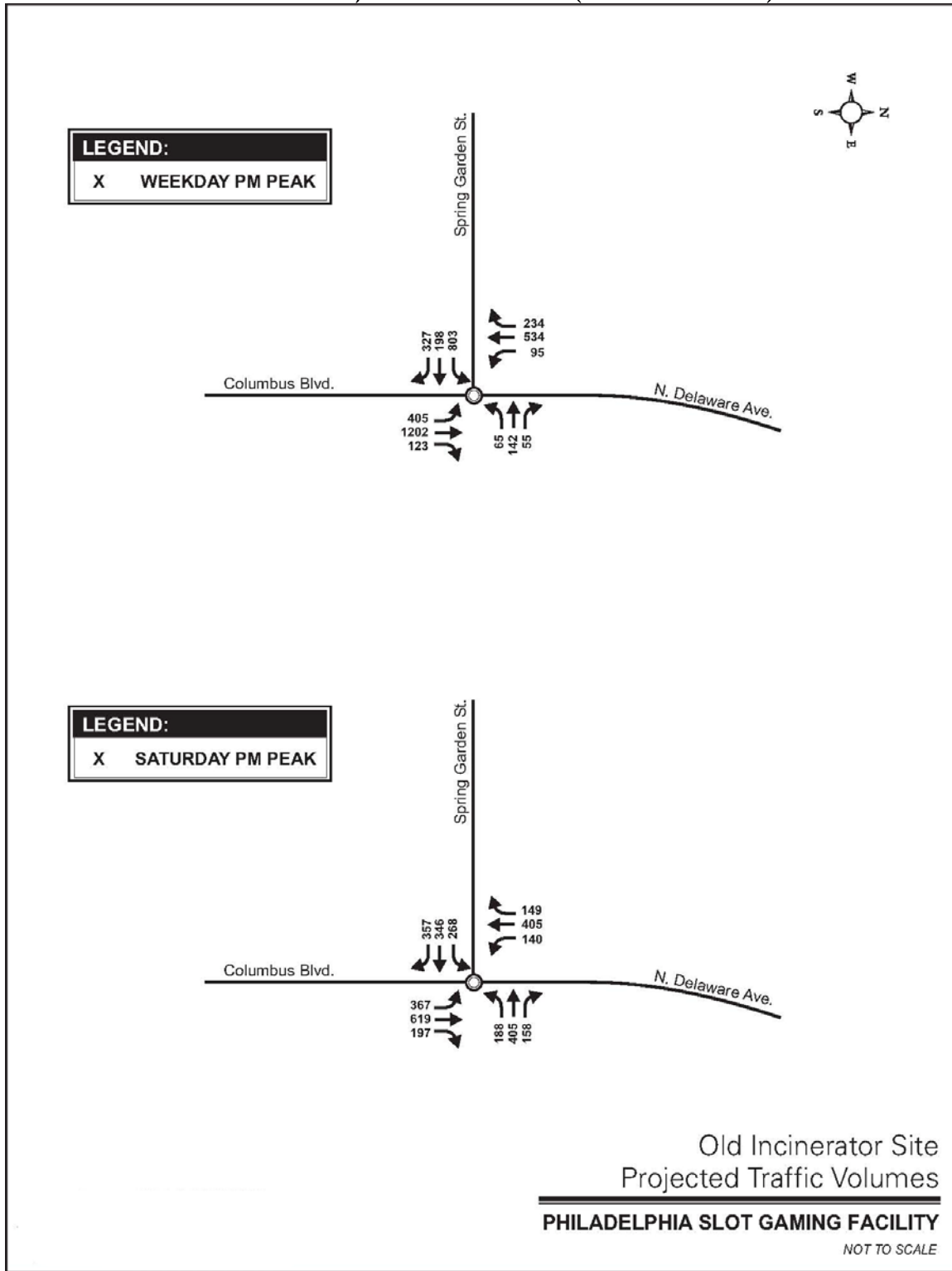
Weekday		
Street Section	Daily	Peak Hour
Columbus N. of Spring Garden	2,540	115
Columbus S. of Spring Garden	3,025	135
Spring Garden W. of Columbus	6,534	292

Saturday		
Street Section	Daily	Peak Hour
Columbus N. of Spring Garden	5,775	315
Columbus S. of Spring Garden	6,875	375
Spring Garden W of Columbus	14,850	810

Image 3.13 presents the projected intersection traffic volumes that include the site traffic assignments added to the existing volumes near the site during a weekday and Saturday peak hour.

IMAGE 3.13: Projected Traffic Volumes (Old Incinerator Site)



New projected casino traffic was added to existing traffic volumes and a LOS analysis prepared for the intersection. Table 3.24 presents a summary of projected LOS conditions without further roadway or intersection improvements at each location with the Old Incinerator site as an origin and destination.

**TABLE 3.24: Projected Conditions LOS**

Intersection	Approach/ Intersection	Weekday PM Peak	Saturday PM Peak
Columbus Blvd. @ Spring Garden	Southbound	LOS C	LOS D
	Northbound	LOS D	LOS D
	Westbound	LOS F	LOS F
	Eastbound	LOS F	LOS F
	Intersection	LOS F	LOS F

New traffic added to the current volume demand at this intersection and projected intersection operations deteriorated to LOS F ranges for weekday PM peak hour conditions and to LOS F for Saturday.

Existing right of way and roadway widths at the intersection were reviewed and future conditions intersection simulations were prepared assuming capacity and operational improvements to the intersection. These include the development of additional left and right-turn lanes and the development of a multi-lane exit drive on the westbound approach to the intersection. This will require reconstruction of the intersection, elimination of on street parking at some locations and other traffic operational changes. Results of a future conditions analyses with improvements indicate maintenance of LOS E conditions under weekday PM and LOS D condition for Saturday peak periods.

## Fishtown Site

### *Site and Area Description*

The Fishtown site is located on an undeveloped tract north of the Old Incinerator Site. Existing access to the site is somewhat via N. Delaware / Richmond.

### *Site Access*

- Current access to the Fishtown site is via Delaware Avenue
- Future access improvements are the new I-95 Girard Avenue Interchange

**Key Issues**

- Construction impacts on site during construction of the I-95 Girard Avenue interchange

**Traffic Count Program**

In conjunction with this study, 24-hour volume data and PM peak hour and Saturday turning movement data was recorded in close proximity to the site. Machine count data was recorded on N. Delaware north of Berks.

**Existing Conditions Traffic Volumes**

Table 3.25 presents bi-directional 24-hour traffic volumes recorded at key access roadways near the site during an average weekday and weekend period. These traffic volumes have been adjusted for multi-axle vehicles.

**TABLE 3.25: 24-Hour Traffic Volumes**

	Weekday	Saturday	Sunday
<b>N. Delaware north of Berks</b>	24,414	19,353	16,702

After this analysis was completed, the Task Force received input from members of the community who felt it was necessary to include traffic counts on Aramingo Avenue and not just Delaware Avenue. Table 3.26 presents current bi-directional traffic volumes recorded on Aramingo Avenue by the Delaware Valley Regional Planning Commission.

**TABLE 3.26: Bi-directional Traffic Volumes**

Aramingo Ave	Allegheny Ave	Castor Ave	26,056	Total
Aramingo Ave	Allegheny Ave	Castor Ave	14,222	South
Aramingo Ave	Allegheny Ave	Castor Ave	11,834	North

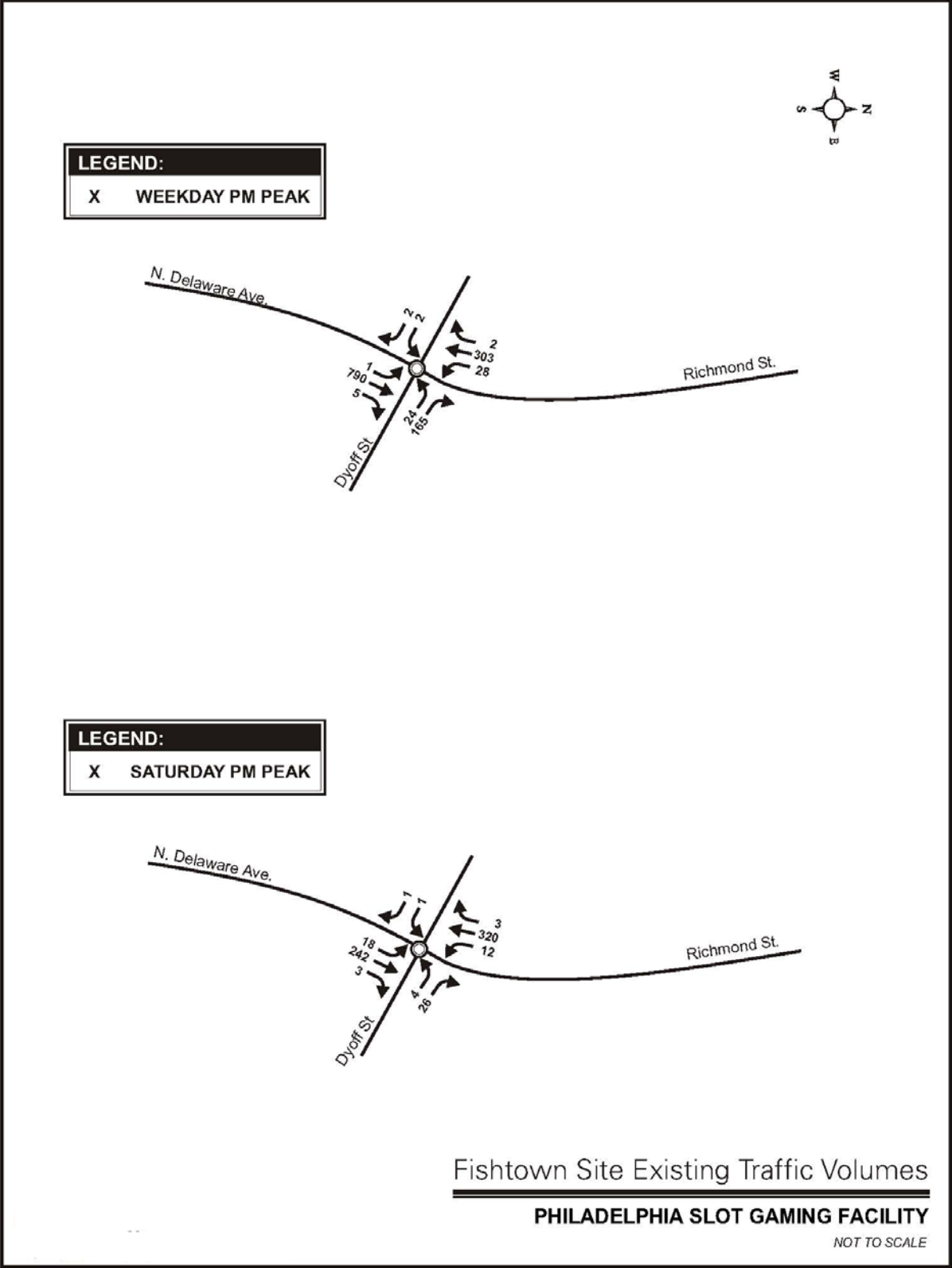
The highest peak hour volumes identified for the weekday PM peak hour period (4 PM to 6 PM) and the Saturday peak casino hour period (5 PM to 10 PM) are presented in Table 3.27. Table 3.27 presents the peak hour volumes with its bidirectional volume in the first column and its peak direction volume in the second column.

**TABLE 3.27: Peak Hour Volumes**

	Weekday		Saturday	
	PH	PD	PH	PD
<b>N. Delaware North of Berks</b>	2,170	1,841	1,034	798

Image 3.14 presents the intersection traffic volumes recorded in the vicinity of the site during a weekday and Saturday peak hour.

IMAGE 3.14: Existing Traffic Volumes (Fishtown Sites)



Based upon current volume demand on N. Delaware, existing conditions LOS ranges fall within LOS E to F during the PM peak hour and LOS C or better during the Saturday peak period. This LOS is expected to improve with the development of a new I-95 interchange at Girard Avenue.

## Future Conditions

### *Trip Generation Estimates and Traffic Assignments*

Vehicle trip generation estimates for casino patrons were developed for the Fishtown site based upon a 3,000 device facility and reflect day of week visitation characteristics, casino occupancy patterns, and mode of transportation assumptions developed by Task Force consultants. Highest volume estimates reported for the site will be used to present a highest potential impact scenario. Table 24 presents daily and peak period vehicle trip estimates for the Fishtown site.

Volumes presented for weekday peak hour conditions reflect the hourly volume demand during the weekday peak period, typically 4 PM to 6 PM. Volumes presented for Saturday peak hour reflect volume demand during the highest demand period, during the Saturday casino peak hour, generally between 5 PM to 10 PM.

Volume estimates presented reflect two-way volume demand. Studies of casino vehicle trip demand generally indicate a relatively balanced split of inbound and outbound trips under peak demand conditions.

**TABLE3.28: Vehicle Trip Estimates (Fishtown Site)**

Weekday		Saturday	
Daily	Peak Hour	Daily	Peak Hour
9,540	430	21,740	1,190

Assignment of new trips reflect the future roadway network that will be implemented with the new I-95- Girard Avenue Interchange and related surface roadway improvements.

Table 3.29 presents a summary of the new casino-generated two-way traffic demand for weekday and Saturday daily and peak hour demand.



**TABLE 3.29: Traffic Assignments By Access Route**

**Weekday**

Street Section	Daily	Peak Hour
N. Delaware Avenue	1,900	90
I-95 from South	4,770	115
I-95 From North	1,430	65
Aramingo Avenue	1,430	65

**Saturday**

Street Section	Daily	Peak Hour
N. Delaware Avenue	4,350	240
I-95 from South	10,870	600
I-95 From North	3,260	180
Aramingo Avenue	3,260	180

A detailed future conditions analysis was not prepared for the Fishtown site as design year traffic volumes were not available for the new access network. Additional study of this site is needed once a firm development plan is proposed.

However, it can be assumed that the new interchange and the related surface level improvements will significantly increase the capacity of the network to accommodate current and future demand.

Further study is also required with respect to access to the site during the construction activities. The estimated start of construction is 2009.

## Navy Yard Site

### *Site and Area Description*

Located at the southern terminus of Broad Street, a major north / south arterial, access to the Navy Yard site is limited to S. Broad Street at present.

### *Site Access*

- Area wide vehicular access via I-76 and I-95 via S. Broad
- Secondary vehicular access via S. Broad, Washington, and Pattison Avenue
- Limited public transit access (Bus Route 71 from Pattison Station)
- Sports complex accessible by SEPTA, via Pattison Station, which is south terminus of Broad Street Subway Line

***Key Issues***

- Conflict with traffic demand generated by Sports Complex (436 events held in 2004, an estimated 5.5 million vehicle trips)
- Proximity to and impact on residential land uses north of FDR Park and the Sports Complex
- Potential gaming site located outside of reasonable walking distance from Pattison Station
- Potential conflict with Navy Yard master plan
- Existing constraints to area access via I-95 and I-76 during peak stadium activity periods
- Development of new highway or local street access infrastructure will likely be required

***Traffic Count Program***

This site is located in a remote area of the Delaware Riverfront with access being S. Broad Street and League Island Boulevard. At this intersection, S. Broad operates with about half of the traffic than it does north of Tasker.

In conjunction with this study, 24-hour volume data was recorded at three locations in close proximity to the site and PM peak hour and Saturday turning movement data was recorded at its primary access intersection, S. Broad at League Island. Traffic counts were conducted during a Phillies homestand, a period characterized as resulting in moderate neighborhood traffic impacts.

Machine count data was recorded at the following locations:

- S. Broad north of Tasker
- S. Broad north of League Island
- League Island east of S. Broad

Intersection turning movement counts were conducted at the intersection of S. Broad at League Island.

***Existing Conditions Traffic Volumes***

Table 3.30 presents bi-directional 24-hour traffic volumes recorded at these key access roadways near the site during an average weekday and weekend period. These traffic volumes have been adjusted for multi-axle vehicles.

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**TABLE 3.30: 24-Hour Traffic Volumes**

	Weekday	Saturday	Sunday
<b>S. Broad North of Tasker</b>	26,252	26,168	20,356
<b>S. Broad North of League Island</b>	10,727	3,301	4,110
<b>League Island East of S. Broad</b>	2,126	n/a*	n/a*

\*League Island closed on the weekend

A review of Table 3.30 indicates that S. Broad north of Tasker operates with daily volumes of roughly 26,252 vehicles during a weekday, 26,168 vehicles during a Saturday and 20,356 vehicles during a Sunday. S. Broad south of I-95 is considerably much less traveled than north of Tasker and traffic volumes recorded north of League Island were 10,727 vehicles for a weekday, 3,301 vehicles for a Saturday and 4,110 vehicles for a Sunday. League Island operates with a weekday 24-hour traffic volume of 2,126 vehicles. Weekend traffic volumes on League Island were not recorded due to its low activity and frequent closure on weekends. Comparisons of the weekday and weekend traffic volumes recorded on S. Broad north of Tasker indicate only a slight decrease in volumes on Saturday and a decrease of 22 percent on Sunday. S. Broad north of League Island and closer to the site operates with 69 percent less traffic on Saturday and 62 percent less traffic on Sunday.

The highest peak hour volumes identified for the weekday PM peak hour period (4 PM to 6 PM) and the Saturday peak casino hour period (5 PM to 10 PM) are presented in Table 3.30. Table 3.30 presents the peak hour volumes with its bidirectional volume in the first column and its peak direction volume in the second column.

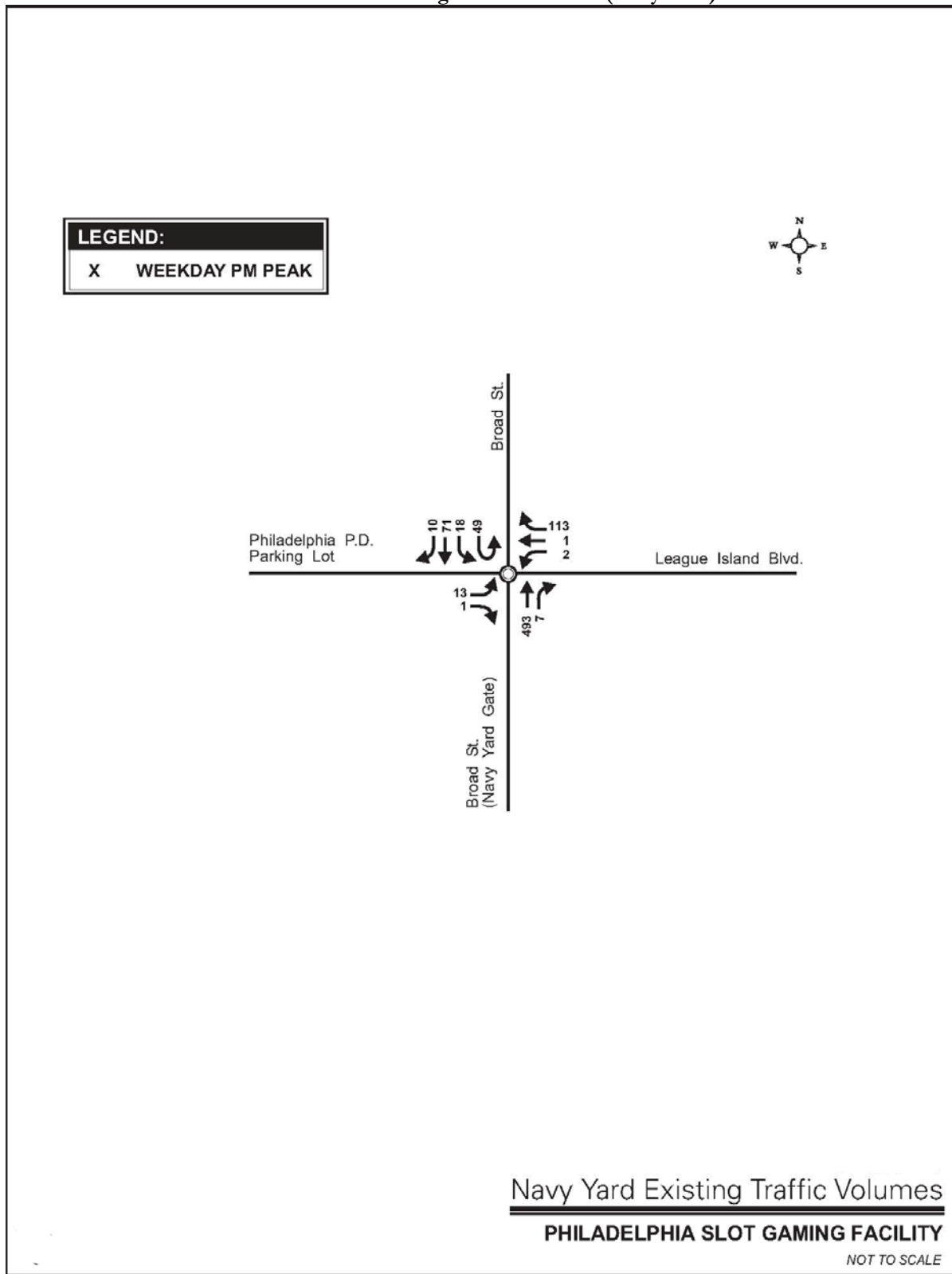
**TABLE 3.31: Peak Hour Volumes**

	Weekday		Saturday	
	PH	PD	PH	PH
<b>S. Broad north of Tasker</b>	1,834	1,073	1,579	917
<b>S. Broad north of League Island</b>	817	692	280	175

A review of Table 3.31 volumes on S. Broad at the site and north of Tasker and comparison with LOS and capacity ranges in Table 3.31 would indicate that both sections of S. Broad exhibit excess capacity. This conclusion is accurate for the section of S. Broad in close proximity to League Island Boulevard. This is not accurate, however, for the section north of Tasker and other sections of S. Broad that are required to support travel demand to the immediate area of the site. Field observations of traffic conditions on S. Broad indicate higher levels of delay and congestion.

Image 3.15 presents the intersection traffic volumes recorded in the vicinity of the site during a weekday and Saturday peak hour.

IMAGE3.15: Existing Traffic Volumes (Navy Yard)



***Existing Conditions Level of Service***

Table 3.32 presents a summary of existing LOS conditions at the intersection of S. Broad at League Island Boulevard using an unsignalized intersection analysis procedure.

**TABLE 3.32: Existing Conditions LOS**

Intersection (Unsignalized)	Approach/ Movement	Weekday PM Peak
<b>S. Broad @ League Island</b>	<b>Northbound</b>	
	-Left	LOS A
	<b>Southbound</b>	
	-Left	LOS A
	<b>Westbound</b>	
	-Left	LOS C
	-Thru/Right	LOS B
	<b>Eastbound</b>	
	-Left	LOS C
	-Thru/Right	LOS B

As would be expected, given the low intensity of land use currently developed in the area, LOS conditions at the intersection of S. Broad at the Navy Yard during the PM peak period were estimated to fall within LOS C or better ranges on all approaches to the intersection.

**Future Conditions**

***Trip Generation Estimates and Traffic Assignments***

Vehicle trip generation estimates for casino patrons were developed for the Navy Yard site based upon a 3,000 device facility and reflect day of week visitation characteristics, casino occupancy patterns, and mode of transportation assumptions developed by Task Force consultants. Highest volume estimates reported for the Navy Yard site will be used to present a highest potential impact scenario. Table 3.32 presents daily and peak period vehicle trip estimates for the Navy Yard site.

Volumes presented for weekday peak hour conditions reflect the hourly volume demand during the weekday peak period, typically 4 PM to 6 PM. Volumes presented for Saturday peak hour reflect volume demand during the highest demand period, during the Saturday casino peak hour, generally between 5 PM to 10 PM.

Volume estimates presented reflect two-way volume demand. Studies of casino vehicle trip demand generally indicate a relatively balanced split of inbound and outbound trips under peak demand conditions.

**TABLE 3.33: Vehicle Trip Estimates (Navy Yard Site)**

Weekday		Saturday	
Daily	Peak Hour	Daily	Peak Hour
8,330	400	21,150	1,100

Vehicle trip estimates presented in Table 3.33 were assigned to site access roadways based upon the directional distributions of site trips generated by the Task Force's visitation model (see Appendix on Revenue Projection Methodology on page 290 for background on visitation model). Table 3.34 presents a summary of the new casino-generated two-way traffic demand for weekday and Saturday daily and peak hour demand.

**TABLE 3.34: Traffic Assignments By Access Route**

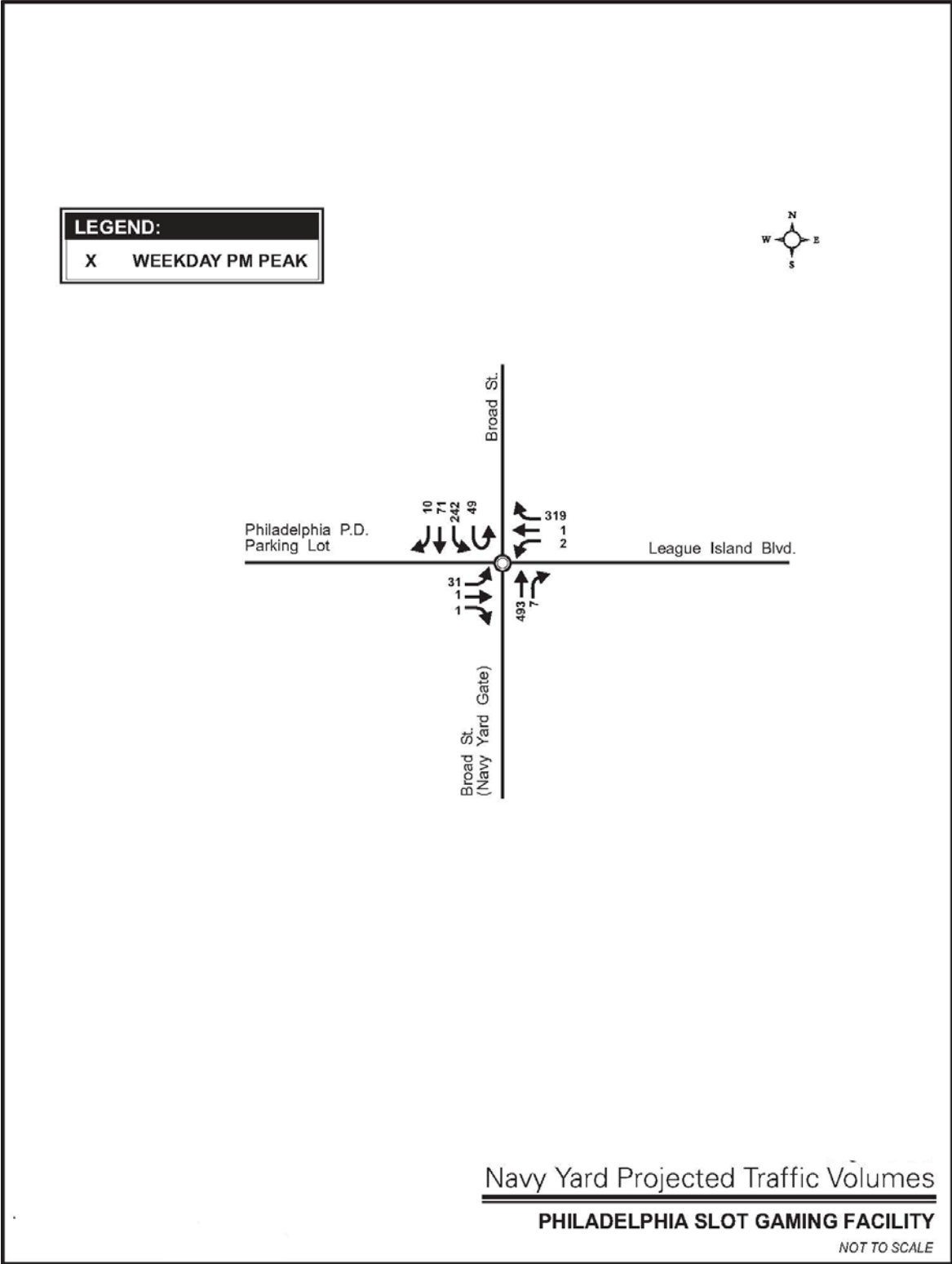
Weekday		
Street Section	Daily	Peak Hour
S. Broad N. of League Island	8,330	430
League Island E. of Broad	8,330	430
S. Broad N. of Tasker	2,100	52
S. Broad S. of Packer	5,800	144

Saturday		
Street Section	Daily	Peak Hour
S. Broad N. of League Island	21,150	550
League Island E. of Broad	21,150	550
S. Broad N. of Tasker	5,300	140
S. Broad S. of Packer	14,800	385

Image 3.16 presents the projected intersection traffic volumes that include the site traffic assignments added to the existing volumes near the site during a weekday and Saturday peak hour.

IMAGE 3.16: Projected Traffic Volumes (Navy Nard)



New projected casino traffic was added to existing volume demand and a future conditions intersection analysis was prepared for the intersection of S. Broad at League Island. Table 3.35 presents a summary of projected LOS conditions location with a Navy Yard site as an origin and destination.

**TABLE 3.35: Projected Conditions LOS**

Intersection (Unsignalized)	Approach/ Movement	Weekday PM Peak
<b>S. Broad @ League Island</b>	<b>Northbound</b>	
	-Left	LOS A
	<b>Southbound</b>	
	-Left	LOS B
	<b>Westbound</b>	
	-Left	LOS C
	-Thru/Right	LOS C
	<b>Eastbound</b>	
	-Left	LOS F
	-Thru/Right	LOS C

Results of the projected conditions unsignalized intersection analysis indicate increased delay on the eastbound approach to the intersection.

Future traffic demand at the intersection will require traffic control signalization to maintain LOS C or better operations.

This improvement does not address constraints and impacts at off-site locations. Traffic conditions associated with events in the sports complex are well documented in the Philadelphia Navy Yard Master Plan and by the Sports Complex Special Services District. These conditions will affect access to a slot facility located at the Navy Yard, primarily due to the traffic generating nature of sports events. Unlike gaming facilities, which are typically 24-hour operations that exhibit low to moderate peak ingress and egress characteristics, sports events typically exhibit surges in entry and in exit activity. Surges in entry activity often result in capacity constraints on key access routes such as highway interchanges and arterial streets. Under peak demand conditions at the Sports Complex, where it is possible that multiple events are held on the same day, traffic control measures must be implemented, including rerouting highway exit ramp traffic.

Further, the ability of S. Broad to support increased demand is limited by the cross section of the roadway, intense land use development in the commercial sections north of Oregon Avenue, goods movement activities in those areas, and on-street parking on both curbs and in the center of the roadway at some locations.

In order to accommodate future traffic demand at the Naval Yard, both in terms of the



development of a slot facility and full development of the PIDC Master Plan, alternative access facilities must be developed.

## Center City Sites

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### *Site and Area Description*

Three sites have been identified as potential slot gaming facilities. These are the Girard Estate site (3.7 acres), the Gallery site (7.2 acres), and the 8<sup>th</sup> and Market Street site (2.8 acres). All three locations are in Center City, near the Convention Center and downtown hotels and attractions.

### *Site Access*

- Area wide vehicular access from I-76 and I-95 via I-676
- Secondary vehicular access via Market, N. & S. Broad, Walnut, Race, and Vine
- Excellent public transit access, both in terms of local subway and regional rail lines
- Unlike riverfront sites, which are constrained in terms of roadway access, the downtown sites enjoy vehicular access from the north, south, east and west
- Proximity to hotels, the Convention Center, and attractions as well as the large daytime population likely result in high degree of pedestrian access to facility

### *Key Issues*

- Limited site area to develop on-site accessory parking and transportation elements
- While the generalized area has a significant supply of off-street parking facilities, weekday daytime occupancy rates are high
- Existing localized congestion and pedestrian / vehicular conflicts at intersections in Center City
- Addition of new roadway capacity constrained by current development

### *Traffic Count Program*

The three Market East sites are located in the Center City core with the most traveled roadways that provide access near the site being Market, 8<sup>th</sup>, 15<sup>th</sup> and 16<sup>th</sup> streets.

In conjunction with this study, 24-hour volume data was recorded at seven locations in close proximity to the site and PM peak hour and Saturday turning movement data was recorded at three intersections.

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Machine count data was recorded at the following locations:

- Market west of 8<sup>th</sup> Street
- Market west of 12<sup>th</sup> Street
- 8<sup>th</sup> Street north of Market
- 10<sup>th</sup> Street south of Vine
- 12<sup>th</sup> Street south of Vine
- 15<sup>th</sup> Street south of Vine
- 16<sup>th</sup> Street south of Vine

Intersection turning movement counts were conducted at the following locations:

- Market at 9<sup>th</sup> Street
- Market at 11<sup>th</sup> Street
- Market at 12<sup>th</sup> Street

### ***Existing Conditions Traffic Volumes***

Table 3.36 presents bi-directional 24-hour traffic volumes recorded at these key access roadways near the site during an average weekday and weekend period. These traffic volumes have been adjusted for multi-axle vehicles.

**TABLE 3.36: 24-Hour Traffic Volumes**

	Weekday	Saturday	Sunday
<b>Market west of 8th Street</b>	21,124	21,304	16,601
<b>Market west of 12th Street</b>	22,539	23,505	18,816
<b>8th Street north of Market</b>	14,821	16,062	10,710
<b>10th Street south of Vine</b>	8,898	9,560	10,081
<b>12th Street south of Vine</b>	11,141	10,217	8,480
<b>15th Street south of Vine</b>	21,491	14,891	12,607
<b>16th Street south of Vine</b>	17,862	13,568	12,523

A review of Table 3.36 indicates that Market Street operates with a weekday 24-hour traffic volume of 22,539 at its busiest point. Saturday and Sunday 24-hour volumes recorded on Market Street were 23,505 and 18,816. These volumes represent an increase in traffic of 4 percent on Saturday and a decrease of 16 percent on Sunday in comparison to the weekday volume.

Traffic volumes on 8<sup>th</sup> Street were recorded for a weekday — 14,821, Saturday — 16,062 and Sunday — 10,710. These volumes represent an increase in traffic of 8 percent on Saturday and a decrease of 28 percent on Sunday in comparison to the weekday volume.

Table 3.35 also presents recorded traffic volumes on 15<sup>th</sup> Street for a weekday — 21,491, Saturday — 14,891 and Sunday — 12,607. These volumes represent decreases in traffic of 31 percent on Saturday and 41 percent on Sunday in comparison to the weekday volume.

16<sup>th</sup> Street operates with daily traffic volumes of 17,862 during a weekday, 13,568 during a Saturday and 12,523 during a Sunday. These volumes represent decreases in traffic of 24 percent on Saturday and 30 percent on Sunday.

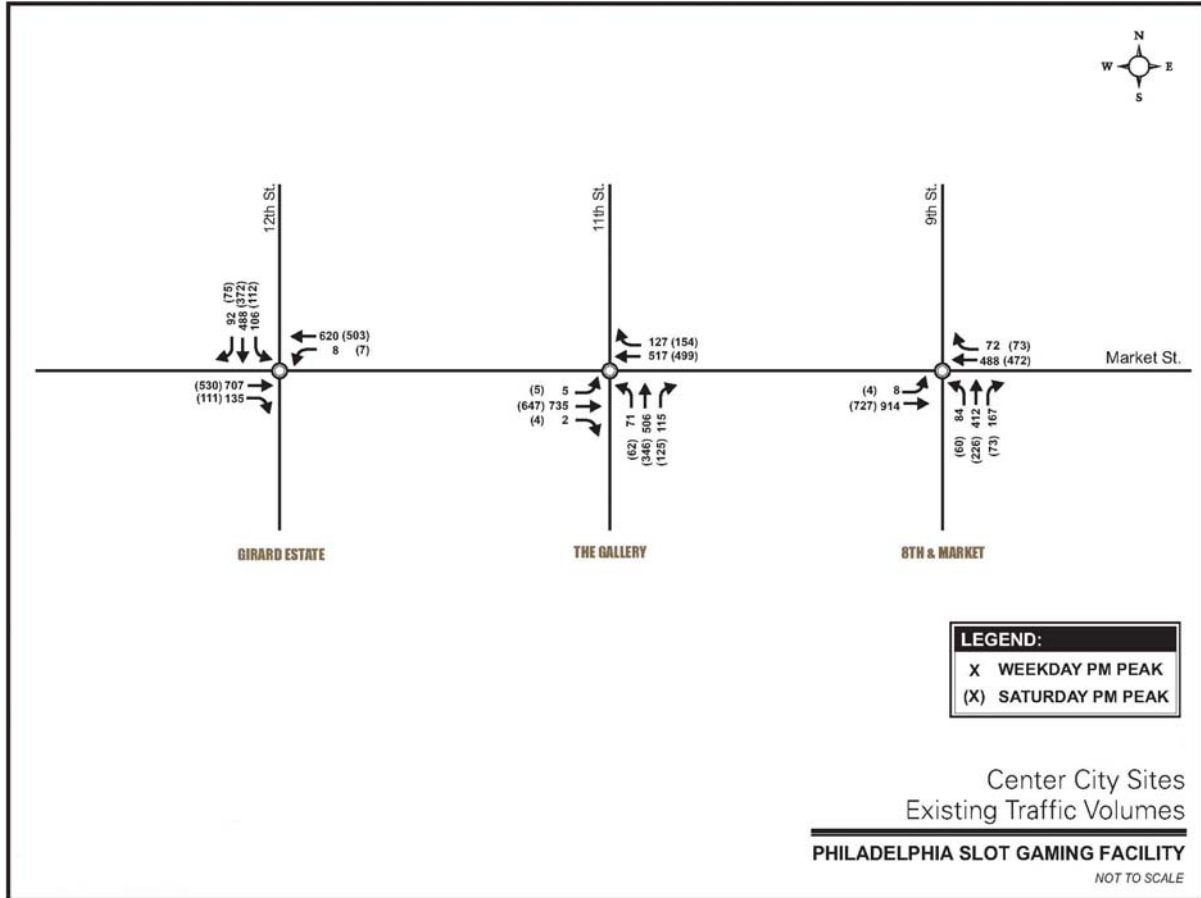
The highest peak hour volumes identified for the weekday PM peak hour period (4 PM to 6 PM) and the Saturday peak casino hour period (5 PM to 10 PM) are presented in Table 3.37. Table 2.37 presents the peak hour volumes with its bidirectional volume in the first column and its peak direction volume in the second column.

**TABLE 3.37: Peak Hour Volumes**

	Weekday		Saturday	
	PH	PD	PH	PD
<b>Market west of 8th Street</b>	1,562	1,032	1,283	815
<b>Market west of 12th Street</b>	1,490	846	1,400	850
<b>8th Street north of Market</b>	785	785	891	891
<b>10th Street south of Vine</b>	521	521	657	657
<b>12th Street south of Vine</b>	669	669	700	700
<b>15th Street south of Vine</b>	1,235	1,235	942	942
<b>16th Street south of Vine</b>	1,396	1,396	663	663

Image 3.17 presents the intersection traffic volumes recorded in the vicinity of the site during a weekday and Saturday peak hour.

IMAGE 3.17: Existing Traffic Volumes (Center City Sites)



**Existing Conditions Level of Service**

Data collected at intersections was input into a standard traffic engineering model and Level of Service estimates were prepared for weekday PM peak hour conditions and during the Saturday peak period. Table 3.38 presents a summary of intersection and approach LOS ranges at each intersection.

**TABLE 3.38: Existing Conditions LOS**

Intersection	Approach/ Intersection	Weekday PM Peak	Saturday PM Peak
<b>Market @ 9th Street</b>	Northbound	LOS D	LOS B
	Westbound	LOS F	LOS F
	Eastbound	LOS B	LOS B
	Intersection	LOS E	LOS E
<b>Market @ 11th Street</b>	Northbound	LOS C	LOS C
	Westbound	LOS F	LOS F
	Eastbound	LOS B	LOS A
	Intersection	LOS F	LOS F
<b>Market @ 12th Street</b>	Southbound	LOS C	LOS C
	Westbound	LOS F	LOS F
	Eastbound	LOS B	LOS B
	Intersection	LOS E	LOS D

A review of Table 3.38 indicates near capacity to capacity conditions at each intersection. Existing LOS conditions at Market at 9<sup>th</sup>, are LOS E for both weekday and Saturday peak periods. Intersection LOS conditions at the intersection of Market at 11<sup>th</sup>, are estimated at LOS F for both periods. At the intersection of Market at 12<sup>th</sup>, LOS conditions are estimated at LOS E for the weekday peak and LOS D on Saturday. LOS conditions on the single lane westbound approach are LOS F for both the weekday and Saturday simulations at each intersection.

A number of factors affect intersection traffic operations on Market Street in this area and in the immediate study area. These include heavy pedestrian volume demand, public transit operations, and the limited street width to accommodate traffic demand. Some of these factors are not easily replicated in standard analysis procedures, specifically heavy pedestrian movements that occur during the vehicular interval. Field observation during peak periods revealed significant delays with vehicles attempting to execute turning movements that conflict with pedestrian flows. For example, right turn movements from Market to an intersecting street are often delayed by pedestrian flows crossing that street on the same green interval.

## Future Conditions

### *Trip Generation Estimates and Traffic Assignments*

Vehicle trip generation estimates for casino patrons were developed for the three Center City sites based upon a 3,000 device facility and reflect day of week visitation characteristics, casino occupancy patterns, and mode of transportation assumptions developed by Task Force consultants. Highest volume estimates reported for a Center City slot facility site will be used to present a highest potential impact scenario. Table 3.39 presents daily and peak period vehicle trip estimates for each site. As would be expected, given the proximity of each site to the other, each location is assumed to generate the same level of patron visitation and vehicle trip demand.

Volumes presented for weekday peak hour conditions reflect the hourly volume demand during the weekday peak period, typically 4 PM to 6 PM. Volumes presented for Saturday peak hour reflect volume demand during the highest demand period, during the Saturday casino peak hour, generally between 5 PM to 10 PM.

Volume estimates presented reflect two-way volume demand. Studies of casino vehicle trip demand generally indicate a relatively balanced split of inbound and outbound trips under peak demand conditions.

**TABLE 3.39: Vehicle Trip Estimates (Center City Site)**

Weekday		Saturday	
Daily	Peak Hour	Daily	Peak Hour
10,070	450	23,900	1,250

Vehicle trip estimates presented in Table 3.39 were assigned to site access roadways based upon the directional distributions of site trips generated by the Task Force's visitation model (see Appendix on Revenue Projection Methodology on page 290 for background on visitation model). Table 3.40 presents a summary of the new casino-generated two-way traffic demand for weekday and Saturday daily and peak hour demand.

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**TABLE 3.40: Traffic Assignments By Access Route**

**Weekday**

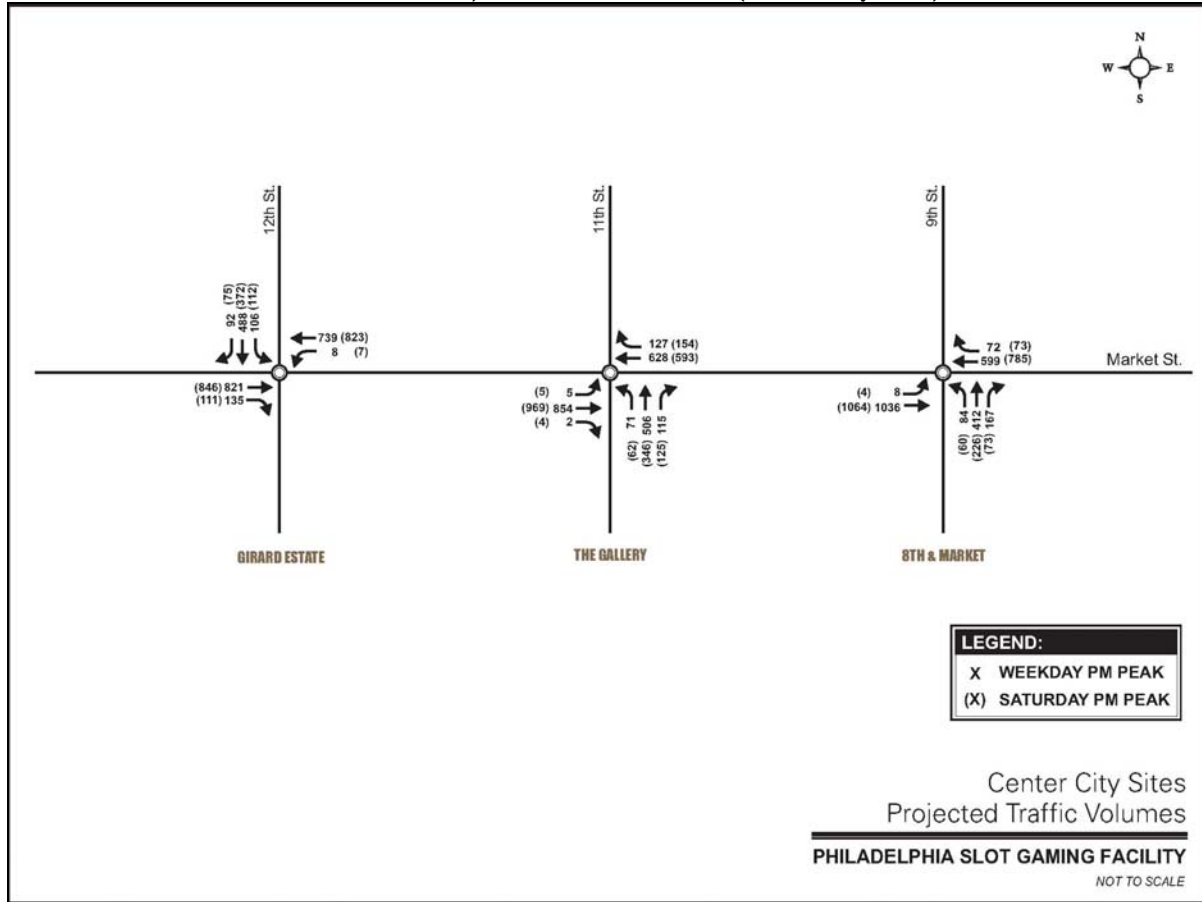
<b>Street Section</b>	<b>Daily</b>	<b>Peak Hour</b>
<b>Market South of 9<sup>th</sup></b>	1,500	70
<b>Market North of 12<sup>th</sup></b>	3,500	160
<b>15th Street</b>	2,500	115
<b>16th Street</b>	2,500	115

**Saturday**

<b>Street Section</b>	<b>Daily</b>	<b>Peak Hour</b>
<b>Market South of 9<sup>th</sup></b>	3,500	200
<b>Market North of 12<sup>th</sup></b>	8,500	450
<b>15th Street</b>	6,000	315
<b>16th Street</b>	6,000	315

Image 3.18 presents the projected intersection traffic volumes that include the site traffic assignments added to the existing volumes near the site during a weekday and Saturday peak hour.

IMAGE 3.18: Projected Traffic Volumes (Center City Sites)



New projected casino traffic was assigned to the network and for purposes of intersection capacity analysis, it was assumed that 50 percent of all vehicular trips to the site would travel on Market Street and that the remainder of the traffic would circulate to the site via other street sections that provide access to a given site.

Table 3.41 presents a summary of the projected conditions LOS analysis for a Center City slot facility located in the Market Street corridor.



**TABLE 3.41: Projected Conditions LOS**

Intersection	Approach/ Intersection	Weekday PM Peak	Saturday PM Peak
<b>Market @ 9th Street</b>	Northbound	LOS D	LOS B
	Westbound	LOS F	LOS F
	Eastbound	LOS C	LOS C
	Intersection	LOS F	LOS F
<b>Market @ 11th Street</b>	Northbound	LOS C	LOS C
	Westbound	LOS F	LOS F
	Eastbound	LOS B	LOS B
	Intersection	LOS F	LOS F
<b>Market @ 12th Street</b>	Southbound	LOS C	LOS C
	Westbound	LOS F	LOS F
	Eastbound	LOS B	LOS B
	Intersection	LOS F	LOS F

Results of the future conditions analysis indicate that conditions at the intersection of Market at 9<sup>th</sup> will be reduced from LOS E to LOS F ranges during the PM peak hour and on Saturday. At the intersection of Market at 11<sup>th</sup>, LOS conditions will remain within LOS F ranges during both periods. At the intersection of 12<sup>th</sup> at Market, LOS conditions will be reduced from LOS E to LOS F during the weekday PM peak hour and from LOS D to LOS F on Saturday.

## I-76 – Route 1 Sites

Two sites were identified for review that are located outside of the Delaware River and Center City areas. These sites are the Budd site, located on a former manufacturing site that is generally located south of the Roosevelt Expressway and east of I-76 and the Adam’s Mark site, located west of I-76 at the Route 1 / City Avenue interchange, south of the Montgomery County line.

### Budd Site

#### *Site and Area Description*

The Budd site is a large underutilized property located in the southeast of the I-76 / Roosevelt Expressway interchange.

#### *Site Access*

- Area wide access from I-76 and the Roosevelt expressway.
- Local access from W. Hunting Park, Wissahickon, Roberts and Fox Streets.
- Public transit access via local bus service and SEPTA R-6 station located within site

***Key Issues***

- Street and roadway infrastructure that formerly supported industrial land uses can be assumed to have the capacity to support casino traffic demand
- Although portions of the site are occupied by existing structures, it can be viewed as an undeveloped site in terms of the potential to obtain additional right of way to increase the capacity of street sections that border the site.

***Traffic Count Program***

In conjunction with this study, 24-hour volume data was recorded in close proximity to the site.

Machine count data was recorded at the following locations:

- Wissahickon north of W. Hunting Park
- W. Hunting Park west of Wissahickon
- Roberts west of Wissahickon
- Fox north of W. Hunting Park

***Existing Conditions Traffic Volumes***

Table 3.42 presents bi-directional 24-hour traffic volumes recorded at key access roadways near the site during an average weekday and weekend period. These traffic volumes have been adjusted for multi-axle vehicles.

**TABLE 3.42: 24-Hour Traffic Volumes**

	Weekday	Saturday	Sunday
<b>Wissahickon North of W. Hunting Park</b>	15,502	12,914	11,125
<b>W. Hunting Park West of Wissahickon</b>	15,056	11,984	9,264
<b>Roberts West of Wissahickon</b>	8,984	7,880	6,879
<b>Fox North of W. Hunting Park</b>	6,029	5,266	4,879

After this analysis was completed, the Task Force received input from members of the community who felt it was necessary to include traffic counts on Kelly Drive and not just adjacent streets. Table 3.43 presents current bi-directional 24-hour traffic volumes recorded at the ramps from SR 1 to Wissahickon Drive from Kelly Drive near the site during an average weekday period. These counts were conducted by the Delaware Valley Regional Planning Commission.

**TABLE 3.43: Current Bi-Directional Traffic Volumes**

Kelly Dr	Sr 0001 Ramps	Wissahickon Dr	21,567	South
Kelly Dr	Sr 0001 Ramps	Wissahickon Dr	36,099	Total
Kelly Dr	Sr 0001 Ramps	Wissahickon Dr	14,532	North

The highest peak hour volumes identified for the weekday PM peak hour period (4 PM to 6 PM) and the Saturday peak casino hour period (5 PM to 10 PM) are presented in Table 3.44. Table 3.44 presents the peak hour volumes with its bidirectional volume in the first column and its peak direction volume in the second column.

**TABLE 3.44: Peak Hour Volumes**

	Weekday		Saturday	
	PH	PD	PH	PD
<b>Wissahickon North of W. Hunting Park</b>	1,284	703	659	361
<b>W. Hunting Park West of Wissahickon</b>	1,504	923	658	447
<b>Roberts West of Wissahickon</b>	726	441	415	231
<b>Fox North of W. Hunting Park</b>	440	268	280	165

***Existing Conditions Level of Service***

Weekday and Saturday PM peak hour approach volumes for the subject roadways presented in Table 3.44 were then compared with the values presented in Table 3.3 Signalized Intersection Maximum Service Volumes in order to estimate LOS levels for each access roadway (see page 139 for an explanation of the different LOS techniques used to analyze the Budd site). Table 3.45 presents the peak hour single approach volumes and LOS levels designated for each access roadway.

**TABLE 3.45: Existing Conditions  
Peak Hour Single Approach**

	Weekday PM		Saturday PM	
	P.D.	LOS	P.D.	LOS
<b>Wissahickon</b>	703	≤ LOS C	361	≤ LOS C
<b>W. Hunting Park</b>	923	≤ LOS C	447	≤ LOS C
<b>Roberts</b>	441	≤ LOS C	231	≤ LOS C
<b>Fox</b>	268	≤ LOS C	165	≤ LOS C

A review of Table 3.43 indicates that the access roadways to the site are estimated to operate at LOS C or better conditions and can be assumed to have excess capacity to support increased traffic demand in the immediate site area.

## Adam's Mark Site

### *Site and Area Description*

The Adam's Mark site is located in close proximity to the I-76 / Route 1 interchange. The site is a former hotel and direct access to the site is from Monument Avenue.

### *Site Access*

- Area wide access via I-76 and Route 1
- Primary access is via the intersection of City Avenue at Monument Avenue
- Secondary access is via Monument south of the site.
- Public transit access via local bus routes

### *Key Issues*

- Proximity to the I-76 interchange and localized congestion during peak periods
- Lack of apparent right of way to implement capacity improvements at the key site access intersection of City Avenue at Monument Avenue.

### *Traffic Count Program*

In conjunction with this study, 24-hour volume data was recorded at two locations in close proximity to the site and PM peak hour and Saturday turning movement data was recorded at one intersection.

Machine count data was recorded at the following locations:

- E. City Avenue east of Monument
- Monument south of E. City Avenue

Intersection turning movement counts were conducted at the intersection of E. City Avenue at Monument.

### *Existing Conditions Traffic Volumes*

Table 3.44 presents bi-directional 24-hour traffic volumes recorded at key access roadways near the site during an average weekday and weekend period. These traffic volumes have been adjusted for multi-axle vehicles.

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**TABLE 3.46: 24-Hour Traffic Volumes**

	Weekday	Saturday	Sunday
<b>E. City Avenue E. of Monument</b>	58,599	54,264	47,434
<b>Monument south of E. City Avenue</b>	14,052	13,623	11,166

A review of Table 3.46 indicates that E. City Avenue east of Monument operates with daily volumes of 58,599 during a weekday, 54,264 during a Saturday and 47,434 during a Sunday. Monument Street has traffic volumes of 14,052 vehicles on a weekday, 13,623 on a Saturday and 11,166 on a Sunday. Comparisons of the weekday and weekend traffic volumes for E. City Avenue indicate decreases of 7 percent and 19 percent for a Saturday and Sunday respectively. Monument Street has similar decreases in traffic of 3 percent for Saturday and 20 percent for Sunday compared to the weekday volumes.

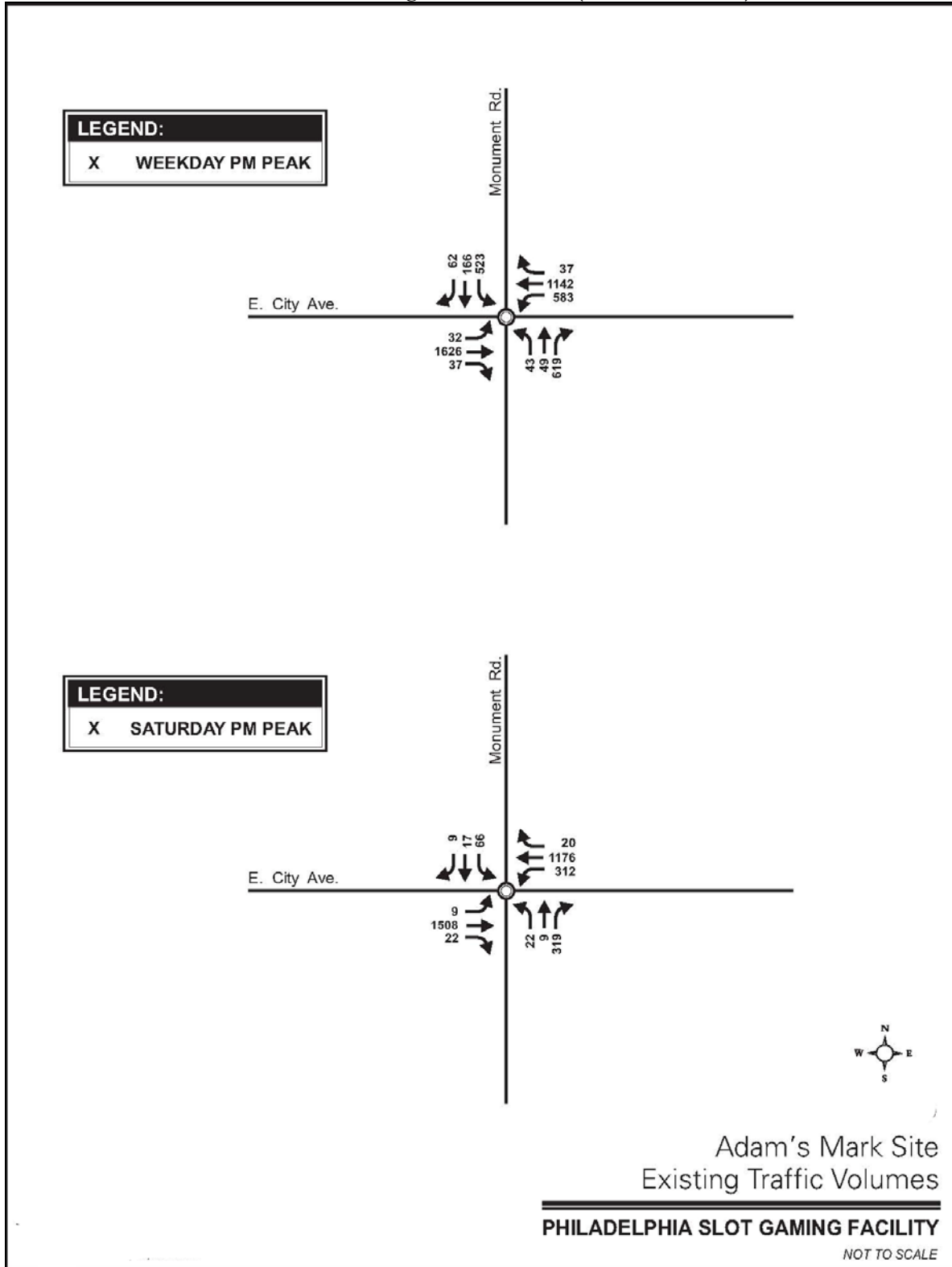
The highest peak hour volumes identified for the weekday PM peak hour period (4 PM to 6 PM) and the Saturday peak casino hour period (5 PM to 10 PM) are presented in Table 3.47. Table 3.47 presents the peak hour volumes with its bidirectional volume in the first column and its peak direction volume in the second column.

**TABLE 3.47: Peak Hour Volumes**

	Weekday		Saturday	
	P.H.	P.D.	P.H.	P.D.
<b>E. City Avenue east of Monument</b>	4,192	2,459	2,942	1,515
<b>Monument south of E. City Avenue</b>	1,027	555	622	314

Image 3.19 presents the intersection traffic volumes recorded in the vicinity of the site during a weekday and Saturday peak hour.

IMAGE 3.19: Existing Traffic Volumes (Adam's Mark Site)



***Existing Conditions Level of Service***

Data collected at the intersection was input into a standard traffic engineering model and Level of Service estimates were prepared for weekday PM peak hour conditions and during the Saturday peak period. Table 3.48 presents a summary of intersection and approach LOS ranges at the intersection of E. City Avenue at Monument.

**TABLE 3.48: Existing Conditions LOS**

Intersection	Approach/ Intersection	Weekday PM Peak	Saturday PM Peak
E. City Avenue @ Monument	Southbound	LOS F	LOS D
	Northbound	LOS D	LOS D
	Westbound	LOS C	LOS C
	Eastbound	LOS D	LOS C
	Intersection	LOS F	LOS C

A review of Table 3.48 shows LOS F conditions during the PM peak period, indicating that the intersection is operating at or near capacity under PM peak hour demand. Highest delay, LOS F, was noted on the Monument southbound approach to the intersection.

Under Saturday peak period delay, LOS C conditions were estimated.

Existing traffic volume and flow conditions during weekday PM peak demand periods indicate little excess capacity to accommodate future traffic demand.

**Future Conditions**

***Trip Generation Estimates and Traffic Assignments***

Vehicle trip generation estimates for casino patrons were developed for the two sites located near the I-76 / Rt 1 interchange based upon a 3,000 device facility and reflect based day of week visitation characteristics, casino occupancy patterns, and mode of transportation assumptions developed by Task Force consultants.

Highest volume estimates reported for a slot facility at this location will be used to present a highest potential impact scenario. Table 3.49 presents daily and peak period vehicle trip estimates for each site. As would be expected, given the proximity of each site to the other, each site is assumed to generate the same level of patron visitation and vehicle trip demand.

Volumes presented for weekday peak hour conditions reflect the hourly volume demand during the weekday peak period, typically 4 PM to 6 PM. Volumes presented for Saturday peak hour reflect volume demand during the highest demand period, during the Saturday casino peak hour, generally between 5 PM to 10 PM.

Volume estimates presented reflect two-way volume demand. Studies of casino vehicle trip

demand generally indicate a relatively balanced split of inbound and outbound trips under peak demand conditions.

**TABLE 3.49: Vehicle Trip Estimates (I-76 / Route 1 Sites)**

Weekday		Saturday	
Daily	Peak Hour	Daily	Peak Hour
11,670	550	28,230	1,540

Vehicle trip estimates presented in Table 3.49 were assigned to site access roadways based upon the directional distributions of site trips generated by the Task Force’s visitation model (see Appendix on Revenue Projection Methodology on page 290 for background on visitation model). Table 3.50 and 3.51 present a summary of the new casino-generated two-way traffic demand for weekday and Saturday daily and peak hour demand at the Budd Site and at the Adam’s Mark Site.

**TABLE 3.50: Traffic Assignments By Access Route (Budd Site)**

**Weekday**

Street Section	Daily	Peak Hour
W. Hunting Park	3,500	165
Wissahickon	6,420	300
Roberts	1,750	85
Fox	1,170	55

**Saturday**

Street Section	Daily	Peak Hour
W. Hunting Park	8,570	460
Wissahickon	15,520	850
Roberts	4,250	230
Fox	2,800	155

**TABLE 3.51: Traffic Assignments By Access Route (Adam’s Mark Site)**

**Weekday**

Street Section	Daily	Peak Hour
City Avenue West	2,900	140
City Avenue East	6,400	300
Monument South of City Avenue	2,300	110

**Saturday**

Street Section	Daily	Peak Hour
City Avenue West	7,000	385
City Avenue East	15,500	850
Monument South of City Avenue	5,700	308

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**Future Conditions LOS Analysis By Site Location**

***Budd Site***

New projected casino traffic demand for the Budd site was added to the existing peak hour single approach volumes and then compared with the values presented in Table 3.3 Signalized Intersection Maximum Service Volumes in order to designate LOS levels for each access roadway. Table 3.52 presents the peak hour single approach volumes with the Budd site assignments and LOS levels designated for each access roadway.

**TABLE 3.52:  
Projected Conditions  
Peak Hour Single Approach  
Budd Site**

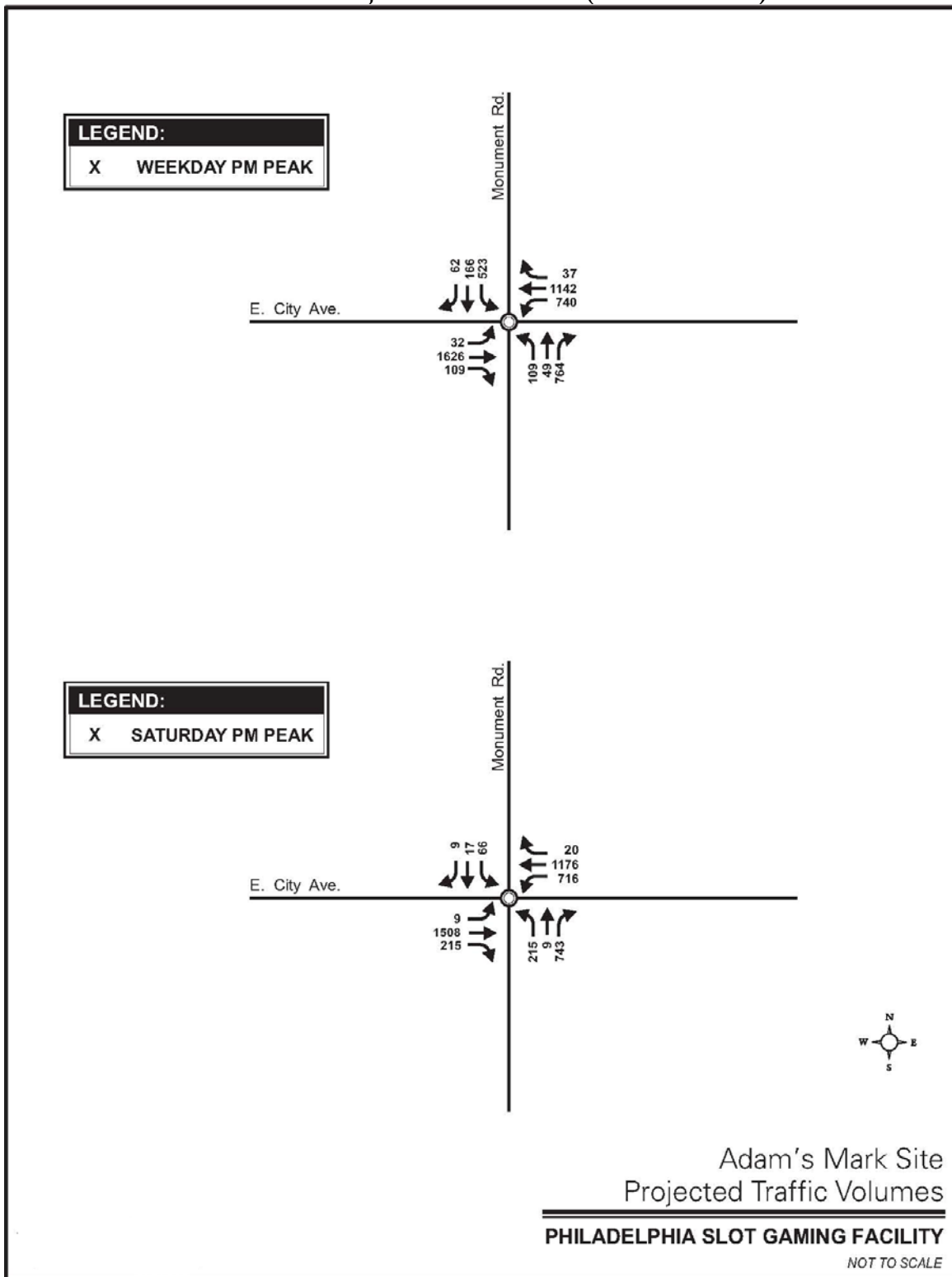
	Weekday PM		Saturday PM	
	PD	LOS	PD	LOS
<b>Wissahickon</b>	853	≤ LOS C	786	≤ LOS C
<b>W. Hunting Park</b>	1,005	≤ LOS C	677	≤ LOS C
<b>Roberts</b>	483	≤ LOS C	346	≤ LOS C
<b>Fox</b>	295	≤ LOS C	242	≤ LOS C

A comparison of Table 3.52 with Table 3.44 Existing Conditions LOS designations indicate that the main site roadways near the Budd Site are projected to continue at LOS C or better.

***Adam’s Mark Site***

Image 3.20 shows the projected intersection traffic volumes including the site traffic assignments added to the existing volumes near the site during a weekday and Saturday peak hour.

IMAGE 3.20: Projected Traffic Volumes (Adam's Mark Site)



New projected casino traffic was added to existing traffic volumes and an intersection LOS analysis prepared. Table 3.53 presents a summary of projected LOS conditions without further roadway or intersection improvements at each location with the Adam’s Mark site as an origin and destination.

**TABLE 3.53: Projected Conditions LOS (Adam’s Mark Site)**

Intersection	Approach/ Intersection	Weekday PM Peak	Saturday PM Peak
<b>E. City Avenue @ Monument</b>	Southbound	LOS F	LOS D
	Northbound	LOS F	LOS F
	Westbound	LOS E	LOS E
	Eastbound	LOS D	LOS D
	Intersection	LOS F	LOS F

A comparison of Table 3.53 with Table 3.48 Existing Conditions LOS designations indicates LOS F conditions for the intersection and LOS F conditions for the north and southbound Monument approaches to the intersection during a weekday PM peak. The Saturday simulation indicated a reduction in intersection LOS from LOS C to LOS F and LOS F conditions on the northbound Monument approach to the intersection.

**RECOMMENDATION:** The City should work with license applicants to identify needed gaming-related roadway, intersection, and other transportation infrastructure improvements at potential casinos sites and make clear that such improvements will be the responsibility of the casino operator.

Upon reviewing traffic studies and site plans submitted by gaming license applicants, the City should work collaboratively with potential operators to identify necessary transportation improvements, including increasing roadway and intersection capacity and transit improvements. In this process, the City should not subsidize casino-driven costs for transportation infrastructure.

## Appendix on Mode Split Methodology

Mode split numbers were derived by drawing upon the Task Force consultants’ experience with regard to mode splits at casino properties elsewhere, input from Task Force staff, and the results of the Task Force’s regional gaming market survey. To assist in determining how mode splits might vary among different potential gaming sites, the City was divided up into a number of regions according to previously defined market areas as part of the Task Force’s economic impact modeling work. These areas were defined based on their relationship to the highway and public transit systems. Mode split for casino visits by gamers from each area was then assessed for a development scenario that paired two potential Philadelphia casino locations. A separate mode split was then assessed for each of the 14 casino pairings that were analyzed (see page 206 for a description of this development scenario analysis). For example, the percentage of transit from North Philly to a Center City site would be different from the transit mode share from

West Philly.

These casino mode splits by area were then applied to the projected gamer visits generated in each area under each development scenario. These were then combined into a composite mode split. Input was then sought on the individual area casino mode splits from Task Force staff utilizing their local knowledge. Vehicle occupancy rates of 2.2 persons per car, 38 passengers per bus, and 1.85 persons per taxi were then applied to projected visitation levels to derive estimated vehicle trip demand.

## SECTION 4

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# ECONOMIC AND FISCAL IMPACTS

## Economic Development Framework

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Nationally, casinos are spreading in a free market competition across state borders in varying state regulated environments. This section of the report reviews those competitive and regulatory factors in context, to look at what will help these casinos thrive and what will help Philadelphia thrive with them.

Philadelphia casinos will bring in three-quarters of a billion dollars in gambling revenue each year. But that is only the beginning. Added to casino-floor spending is other spending in the casino complex, other Philadelphia spending by suburban and tourist gamblers, spending by the casinos, and spin-off economic development. There is further benefit from the uses of the gaming taxes, particularly development fueled by tax reduction and the expansion of the Pennsylvania Convention Center. Altogether gaming in Philadelphia is a multi-billion dollar proposition and a major new engine to help drive the local economy.

As with any engine, it must work. These casinos will enter an extremely competitive mid-Atlantic gambling marketplace and within that market will have both competitive advantages and disadvantages. Task Force projections show tremendous revenue potential and casino growth such that success is all but assured for the chosen operators. The Philadelphia casinos also will be successful for the Commonwealth and potentially can be a boon for the City. The operators will make large profits, the Commonwealth will reap huge revenues for tax relief in excess of 2003-2004 projections, the City will see increased tax receipts and revenues, although it will bear some substantial costs, and Philadelphians will see tax savings, jobs, and business opportunities. These projections all presume that the casinos are opened “right” and in a spirit of cooperation between operators, City government, and City residents to address land use, traffic, diversity, job training, economic development, and other concerns and ensure full benefit to Philadelphians, many of whom, of course, are prospective customers and employees of the operators.

**FINDING: The four casinos in Detroit and New Orleans each generate annual casino revenues between \$319 and \$436 million.**

American urban casino gambling exists only in New Orleans, Detroit, and the gambling-driven cities of Las Vegas and Atlantic City. None of these cities provide a very good precedent for Philadelphia, which is bigger, denser, and more filled with diverse attractions than New Orleans; bigger and more economically vibrant than Detroit; and not entirely focused on gambling as are Las Vegas and Atlantic City.

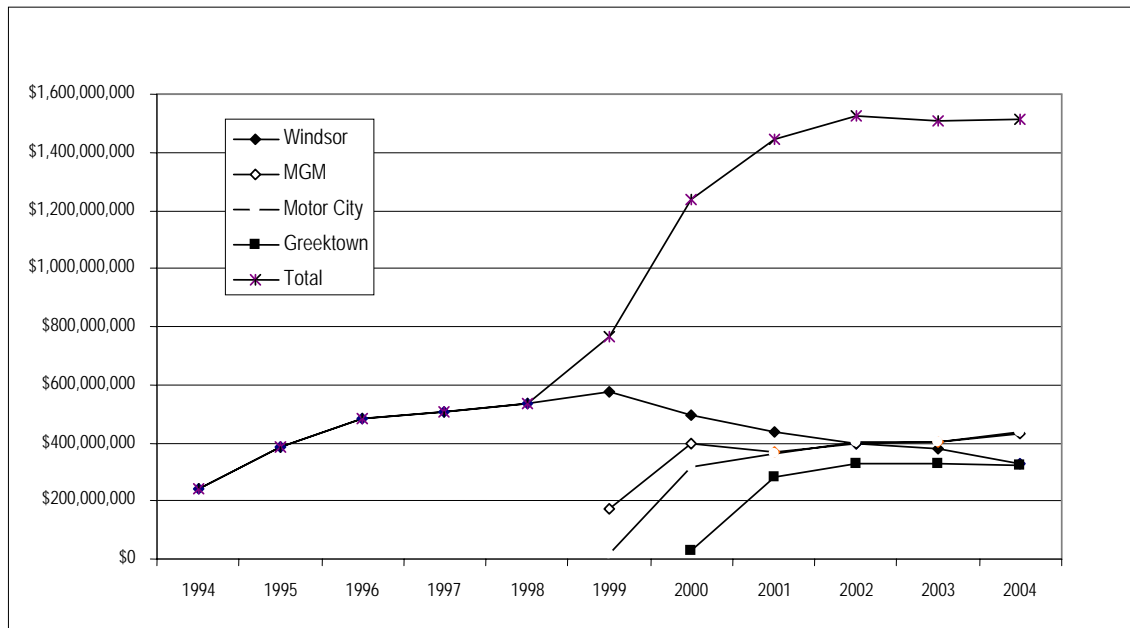
The experiment of inserting gaming operations into a thriving urban core was first attempted in New Orleans in 1993. Initially, due to regulatory and other hurdles, New Orleans saw the initial failure, bankruptcy, and closure of the Harrah’s Jazz temporary facility and the closure of several riverboat operations. Today, however, re-opened Harrah’s is thriving near the French Quarter and is constructing a strip of restaurants and a casino hotel. Additionally, the greater New Orleans area is home to three riverboat casinos. Even with competition from the riverboats, race tracks, and gambling nearby in Baton Rouge and along the Mississippi Gulf Coast, Harrah’s has seen three years of substantial and increasing growth, including a 13 percent growth in 2004 revenues to a total of \$320 million. All this while the number of gaming positions was temporarily reduced, falling from 3,500 in 2001 to 2,822 in 2004, in large part due to the need to

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add space for amenities after regulatory restrictions were lifted. Including the riverboats, total New Orleans gaming revenues grew 7.7 percent in 2004. While revenue is the one figure always reported to regulators, because Harrah's is a publicly-traded company, profit information is also available and the profit story is optimistic too, with earnings from Harrah's New Orleans up 19.6 percent in 2004.

In Detroit, gaming revenues skyrocketed and have risen to higher-than-expected levels, reaching almost \$1.2 billion in 2004 and exceeding \$1.5 billion if Casino Windsor, across the Canadian border, is included. This success is despite the fact that the three Detroit casinos remain in temporary facilities without what the industry would deem to be adequate parking and amenities.

**GRAPH 4.1: Detroit and Windsor Revenue Performance**



Source: Innovation Group

In the last few months, following the conclusion of a drawn-out court case, Detroit casino operators are working with the City of Detroit to approve plans to convert the temporary facilities into permanent casino resorts by constructing the necessary amenities and parking. These proposals are currently undergoing zoning review.

It is also worth noting that smaller gambling venues can be found on riverboats near many Mississippi River and other Midwestern cities. However, because they do not face the concerns of maintaining a successful urban casino in the middle of urban traffic, crime, and other pressures, they are not particularly useful comparisons for the likely experiences of the two Philadelphia casino operators.

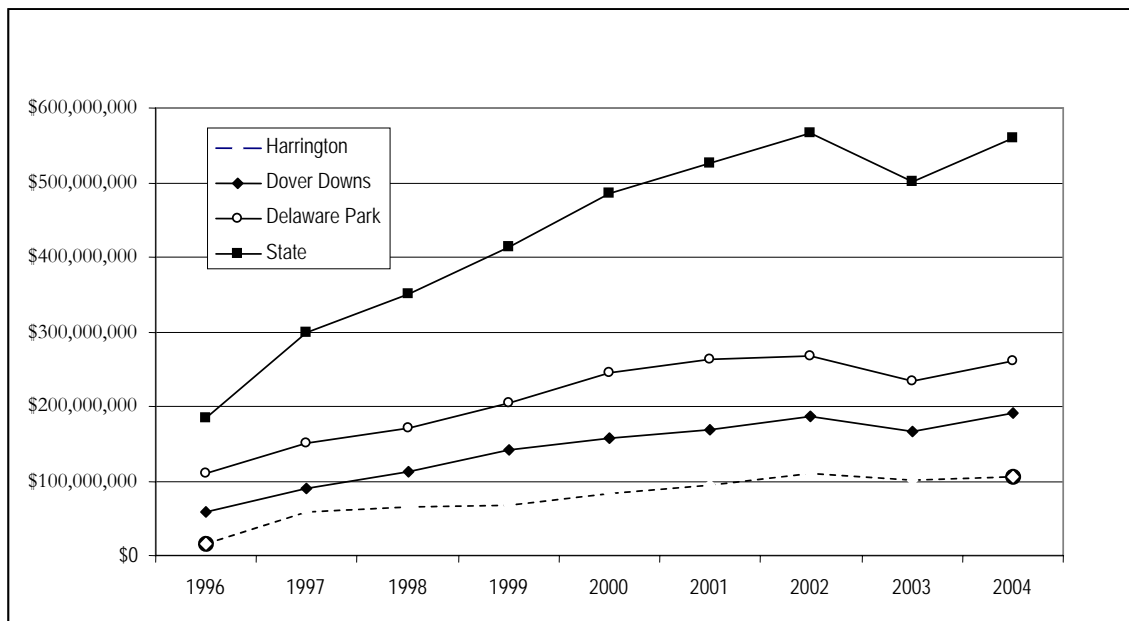
Whether in major urban centers or smaller communities, gamblers often become loyal to their “home” casino and in the amenities that are offered on site. These gamblers frequently bring their spouse, adult children, and friends with them to the casino complex, and the multifaceted offerings of Philadelphia might create significant synergies in targeting these customers. This marketing strategy is a prospect that will have to be tested here.

**FINDING: Slots-only casinos and racinos generate competitive revenue for operators across the country.**

While full casinos generally bring in more revenue than otherwise comparable slots-only facilities, many casinos generate tremendous revenues and profits where they are only allowed to offer slot machines. Delaware, for instance, has three slots-only racinos and has seen sustained revenue growth over the years and the as properties have expanded the size of the casinos and the array of amenities.

Revenues have increased steadily each year at each Delaware property, except for in 2003, when a smoking ban was implemented (see page 234 for further information on impacts of the smoking ban). This has led to both higher-than-expected tax revenue returns to the state and increased profits for operators. Growth has been so dynamic that in 2004 Dover Downs not only completed a fourth expansion but also increased dividends and bought back ten percent of its outstanding publicly traded shares.

**GRAPH 4.2: Delaware Slot Performance**



Source: Innovation Group



**TABLE 4.1: Annual Revenue for Tracks and State of Delaware**

	Harrington	Dover Downs	Delaware Park	State
<b>1996</b>	\$14,687,300	\$58,485,700	\$111,205,411	\$184,378,411
<b>1997</b>	\$58,211,200	\$90,133,000	\$150,560,900	\$298,905,100
<b>1998</b>	\$65,803,600	\$113,115,400	\$171,902,200	\$350,821,200
<b>1999</b>	\$67,442,100	\$141,300,000	\$203,751,200	\$412,493,300
<b>2000</b>	\$82,633,900	\$156,999,600	\$245,470,800	\$485,104,300
<b>2001</b>	\$95,145,000	\$168,373,700	\$263,421,200	\$526,939,900
<b>2002</b>	\$110,807,400	\$186,893,500	\$268,209,000	\$565,909,900
<b>2003</b>	\$100,699,100	\$167,411,100	\$233,889,500	\$501,999,700
<b>2004</b>	\$105,856,600	\$191,847,000	\$261,596,000	\$559,299,600

Source: Delaware Lottery

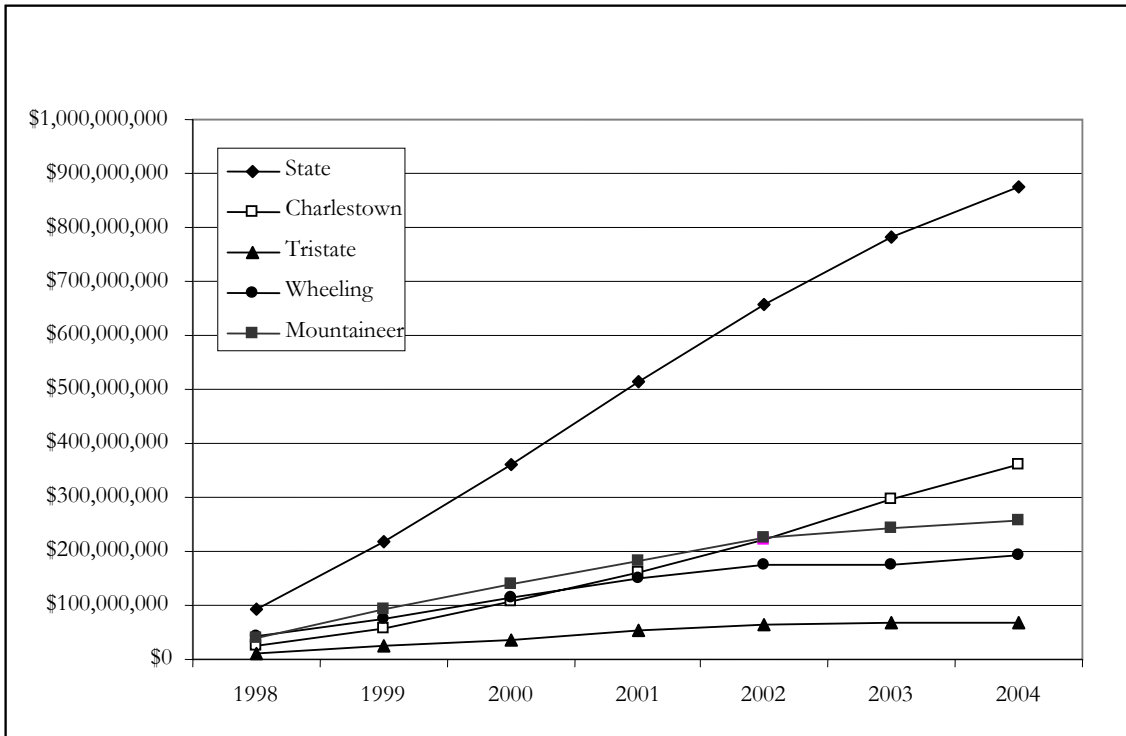
**TABLE 4.2: Delaware State Performance Detail**

	Year	Win	Slots	Win Per Slot
<b>State</b>	1996	\$184,378,411	1,670	\$302.47
<b>State</b>	1997	\$298,905,100	2,566	\$319.98
<b>State</b>	1998	\$350,821,200	2,709	\$355.74
<b>State</b>	1999	\$412,493,300	3,616	\$313.44
<b>State</b>	2000	\$485,104,300	4,899	\$272.06
<b>State</b>	2001	\$526,939,900	5,200	\$278.38
<b>State</b>	2002	\$565,909,900	5,339	\$291.18
<b>State</b>	2003	\$501,999,700	5,463	\$252.46
<b>State</b>	2004	\$553,318,700	6,337	\$239.90

Source: Delaware Lottery

Casino revenues have also consistently grown at all of West Virginia's facilities, which are also slots-only, growing from \$219 million in the first full year of operation to \$874 million in five years.

**GRAPH 4.3: West Virginia Revenue Performance**



Source: West Virginia Lottery

Where slots-only venues directly compete with table games, they do compete at a disadvantage but not necessarily a critical one. Otherwise comparable slots-only gaming venues compete on a head-to-head basis with gaming venues that offer both slots and table games in three American marketplaces. In two of the three, the slots-only facility competes relatively evenly with its competitors, once size and other control factors are accounted for. And the third market, Shreveport/Bossier, may not truly be comparable because the slots-only venue is located six exits east of the five full-gaming riverboats, placing it at a significant competitive disadvantage when chasing the target customers of Dallas and other Texas marketplaces.

**TABLE 4.3: 2004 Council Bluffs Market Performance**  
(gray shaded is slots only)

	Admissions	Gaming Rev	Pos	Win/Pos	Market Share
<b>Bluffs Run</b>	2,925,603	\$133,938,009	1,543	\$237.22	32.03%
<b>Ameristar</b>	3,098,636	\$171,054,382	1,793	\$261.41	40.90%
<b>Harrah's Kanesville Queen</b>	2,161,039	\$113,189,498	1,446	\$213.85	27.07%

**TABLE 4.4: 2004 Lake Charles Casino Performance**  
(gray shaded is slots only)

	Admissions	Gaming Rev	Pos	Win/Pos	Market Share
<b>Delta Downs</b>	1,633,780	\$128,385,080	1,455	\$241.09	27.78%
<b>Harrah's</b>	2,823,770	\$156,284,504	1,648	\$259.84	33.82%
<b>Isle of Capri</b>	3,171,488	\$177,397,557	2,205	\$220.42	38.39%

**TABLE 4.5: 2004 Shreveport/Bossier Casino Performance**  
(gray shaded is slots only)

	Admissions	Revenues	Positions	Win/Pos	Market Share
<b>Louisiana Downs</b>	2,151,310	\$84,236,202	1,500	\$153.44	10.08%
<b>Sam's Town</b>	3,318,871	\$154,707,135	1,419	\$297.95	18.52%
<b>Isle of Capri</b>	1,837,089	\$110,617,855	1,303	\$231.98	13.24%
<b>Harrah's</b>	3,049,794	\$249,387,232	1,995	\$341.63	29.85%
<b>Boomtown</b>	2,330,369	\$105,679,289	1,430	\$201.86	12.65%
<b>Hollywood</b>	3,690,907	\$130,878,219	1,849	\$193.40	15.66%

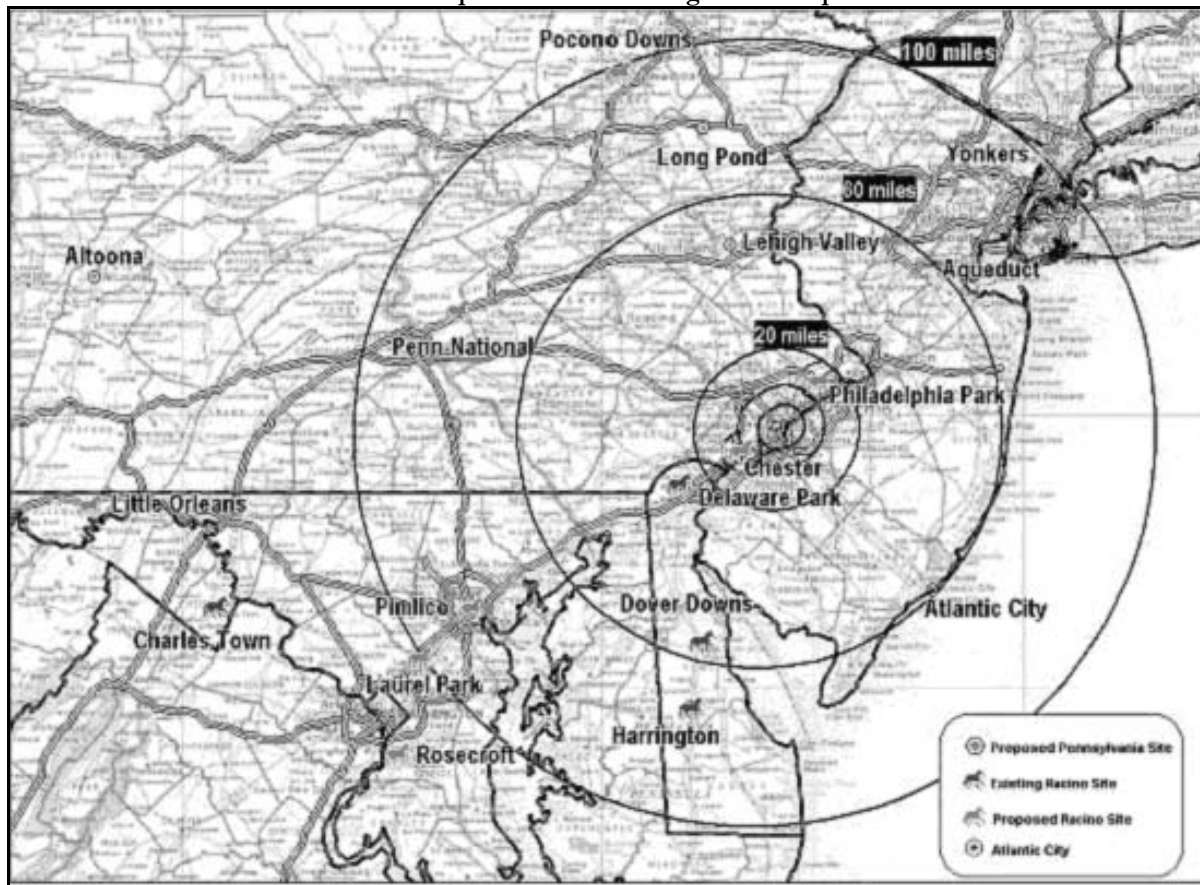
Source: Iowa and Louisiana regulatory authorities

Most national slots-only casino venues are racinos. While there is some potential for a different impact for a slots-only stand alone casino, the difference is relatively minor because there is minimal crossover between horse players and slot machine gamblers according to Task Force experts. This different audience is reflected in both the different gaming industry marketing strategies for the different types of gamblers, and the lack of changes to racetrack handles when slots are added. At Dover Downs, for example, there was no substantial crossover effect after legalization of slot machines; track attendance and on-site gambling handle declined significantly, but in a manner otherwise consistent with the national decline in racetrack attendance and on-site handle.

**FINDING: Philadelphia casinos will compete in an exceedingly, and increasingly, competitive regional marketplace, where operator strategies, facilities, and marketing play essential roles in determining casino revenues.**

The identities, nature, and activities of the Philadelphia operators and their competitors will be major factors in determining future success of the casinos. Casinos are booming throughout the United States, particularly in the mid-Atlantic region. The two Philadelphia casinos will have to compete in this market, where competition is escalating, in part due to the increased competition in reaction to legalized gambling in Pennsylvania.

IMAGE 4.1: Philadelphia Concentric Rings and Competitive Venues



Atlantic City casinos have broadened their activities to include beach bars and new headliners. Delaware is expanding its hotel and entertainment complex. Suburban racinos are developing entertainment complexes. And the Tropicana and Borgata have new development designed to appeal to Philadelphians.

But competition is more than just amenities. Across the industry, gamblers feel entitled to superior customer service at casinos including varying perquisites depending upon their level of play. The highest-dollar players have the highest expectations of customer service, expectations that center firmly around their casino host and the key executives at the casino. Most gamblers expect high-quality, if more generic, customer services and subsidies through slot or rewards clubs that offer reward calculations similar in many ways to frequent-flyer programs. These programs reward gamblers with small gifts, free meals, and discounted show tickets and hotel rooms to win and keep their business.

In this era of the database, customer retention strategies generally meld with marketing strategies, which themselves synchronize with the entertainment and amenities offered by the casino properties. Casino operator strategies, and the strategies employed by competitors, are as innately tied to gaming revenues and successes as the kind of gambling allowed.

**FINDING: Philadelphia casinos will be inserted into a mature city with a developed restaurant, hospitality, entertainment, and business environment.**

Another critical factor underlying casino profitability is the potential and existing health of the local marketplace. In Philadelphia, unlike anywhere else in America, gambling will be inserted into a thriving top-10 city. While there are clearly parallels, to Detroit in terms of size, and to New Orleans in terms of a healthy tourism economy, Philadelphia does present a case of first impression for what casinos will do when surrounded by a variety of tourist attractions, a downtown business core, and entertainment options of the kind only present in a few American cities.

In the last decade, Philadelphia has made tremendous strides as a tourist destination. In this context, casinos will only benefit the city to the extent they augment rather than detract from the qualities that bring people to Philadelphia. Casinos can aid Philadelphia if they become one more thing to do. And Philadelphia can aid casinos by being a thriving tourist mecca.

Under the Gaming Act, Pennsylvania casinos need to arrive in a manner that not only maximizes revenues on the casino floors, but which also provides for full economic development. Doing so will present a challenge, including protecting the valuable in-place economic development assets such as historical tourism in the dense, thriving core with many 18th century scale streets.

**FINDING: Pennsylvania's tax structure is at the high end of the national range but is consistent with the tax rates imposed in Delaware and West Virginia where gaming is succeeding.**

In many casino industry markets, and certainly here in the Commonwealth, the single largest gambling-related expense is taxes. While the rate in Pennsylvania will be high, it will likely not be so high as to interfere in full development or profitability for the operators of the casinos in Philadelphia.

The Gaming Act sets the tax rate to be paid by Pennsylvania casinos, initially leaving only 46 percent to operators, although that amount will grow to 48.6 percent as the total amount made available for a horse-racing subsidy increases as casinos come online. Compared to national averages, this is a relatively high tax rate, but is far from the highest, with Illinois using a graduated tax that reaches over 70 percent to the state in some cases. The analysis is made more difficult because each state has a different regulatory scheme, with different tax rates applied to different pools of revenue and with some taxes based upon admissions or other means of counting other than revenue. In New York, operators had been keeping just 29 percent of all gross revenue, although under a recently enacted law that will increase to approximately 39 percent, counting a pool of allocated money that can be spent on customer rewards, marketing, and promotion.

Pennsylvania's tax burden has a second component in the \$50 million initial license fee. This up-front fee is an order of magnitude larger than is typical of fees in high tax jurisdictions, although license auctions and other processes elsewhere have occasionally resulted in market-entry fees even higher than the Pennsylvania licenses.

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Pennsylvania's rate is comparable to that in Delaware, where operators keep 49 percent of gross revenue, and West Virginia, where operators keep approximately 44 percent. Slots-only casinos have been profitable at these tax rates in these similar tax environments.

Not all jurisdictions have a similarly high tax rate. New Jersey operators, for example, keep 89.5 percent of gross revenue, with 8 percent going to the state and 2.5 percent for economic development, with some additional state-mandated fees like a per car tax that is generally directly passed on to the customer. This differential tax rate has implications, of course, if an operator has a facility in both a higher tax and lower tax jurisdiction. For example, an operator with casinos in both Philadelphia and Atlantic City would have a strong incentive to ensure that gaming revenues that could be earned in either market get earned in Atlantic City because the operator will keep almost twice as much of the money earned in New Jersey.

## Scenario Modeling

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**FINDING: The revenue and economic impact of each Philadelphia casino will be affected by its own location, by the location of the other Philadelphia casino, and by the strategies that it and its competitors adopt.**

When determining revenue from a casino, the location of a site is a driving factor, particularly its proximity to prospective customers and competition. As discussed in the Site Evaluation and Casino Design section of this report, eleven potential sites have been identified as potential gaming sites, and the Task Force expects that these sites will be representative of other types of sites that may be proposed in the months ahead. This report attempts to project revenue for each of these sites.

However, projections cannot be made for just one site. The revenue generation for each site is heavily dependent upon its nearby competitors, and because the two Philadelphia casinos are likely to be the most crucial competitors to each other, an analysis of revenue has to look at the sites as paired together.

In performing this analysis with our consultants, the Task Force created clusters of sites into certain typologies based upon similar locations and projected shared characteristics of access and target markets. The six typologies selected are the same typologies by which the site assessments are classified and are:

- Market East** (Girard Estate site at 12<sup>th</sup> & Market Streets, The Gallery, and 8<sup>th</sup> and Market Streets)
  - North-Central Delaware** (Fishtown and Old Incinerator sites)
  - South Delaware** (Sheet Metal Workers hall site and the vacant parcel of land two properties south of that)
  - Navy Yard** (East End only)
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- **Penn's Landing** (the Delaware riverfront at Market Street)
- **I-76/Route 1 area** (Nicetown site and the City Avenue Adam's Mark sites)

The various typologies were paired in combinations to create 14 potential development scenarios, at least one of which should provide good revenue parallels to any combination of sites that are feasible, at least among the typologies of sites currently proposed. The Task Force then projected visitation and revenue for each site in each scenario.

**The fourteen scenarios are:**

- Scenario 1:** Two on North-Central Delaware
- Scenario 2:** One on Market East, one on South Delaware
- Scenario 3:** One on Market East, one on North-Central Delaware
- Scenario 4:** One on Market East, one near I-76/Route 1
- Scenario 5:** One on North-Central Delaware, one at Navy Yard
- Scenario 6:** One on South Delaware, one North-Central Delaware
- Scenario 7:** Two on South Delaware
- Scenario 8:** One on South Delaware, one near I-76/Route 1
- Scenario 9:** One at Navy Yard, one near I-76/Route 1
- Scenario 10:** One on Market East, one at Navy Yard
- Scenario 11:** One at Penn's Landing, one on North-Central Delaware
- Scenario 12:** Two one near I-76/Route 1
- Scenario 13:** One at Penn's Landing, one near I-76/Route 1
- Scenario 14:** One near I-76/Route 1, one on North-Central Delaware

**FINDING: Certain scenarios had such severe parking and/or traffic concerns that they are unacceptable development plans.**

Scenarios were only generated for the combinations of sites that the Task Force believed were reasonably feasible, as certain scenarios poised parking and/or traffic concerns that results in the pairings being rejected based upon preliminary transportation analysis. Three pairings were so rejected: (i) two casinos at the Navy Yard; (ii) two casinos on Market East; and (iii) one casino at Penn's Landing and one on Market East.

**Two Casinos at the Navy Yard**

The traffic generated by one Navy Yard facility alone would nearly double the volume of traffic that is currently in the already-overused road system for the Sports Complex and the existing and potential Navy Yard entrance points. Because one casino at the Navy Yard poises a significant traffic hurdle that might significantly interfere with both casino development and existing activity in the area (see page 169), placing two casinos in the complex was so infeasible that the concept was promptly rejected.

**Two Casinos on Market East or Penn's Landing with Market East**

The traffic grid, and particularly Market Street and its intersecting streets, are already operating at or beyond capacity during the afternoon rush hour, and in isolated areas at other times as well.

A single casino off of East Market Street will add an additional 74 percent of existing traffic volume to the Center City road system in Center City, with concentration on Market Street and the numbered streets between Broad Street and Independence Mall, as well as on all other major cross streets. Because of the size of the roadways, the current road system can not be enlarged, even if operators are able to construct the parking facilities necessary to handle a pair of large casinos the prospective patrons will be unable to reach the facilities and existing Center City businesses would be severely damaged. Furthermore, there is a parking crunch because even if the traffic grid was overcome and parking was constructed for casino patrons, Center City does not have sufficient parking to handle the direct and indirect needs created by two facilities between the Delaware River and Broad Street, even if substantial numbers of employees use public transportation.

## Casino Gaming Revenues

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The revenue model used by the Task Force incorporates both location and the other major factors that drive casino revenue. The analysis includes a series of factors about the people, activities, and transportation networks in the Delaware Valley. Regional residents are classified on where they live and work today and where they will be in the years ahead and on the demographic and economic characteristics of each component of the Delaware Valley population. Activities considered include projections as to the entertainment and other amenities that will be located at each casino, proximity to hotels and existing public attractions, and new regional entertainment development, including other casinos outside of Philadelphia. Transportation factors include ease of access from highways and public transit and the site-specific advantages and challenges set forth in the site evaluation analysis above (see page 66). This model, about which greater details are provided on page 290, allowed the Task Force to project casino visitation and gaming revenues for each scenario and to identify projected gamblers, both by where they are coming from and by how much they currently gamble elsewhere.

### Revenue Projections

**FINDING: Philadelphia casinos can generate a minimum of \$668 million and as much as \$747 million in annual revenue.**

Depending on the scenario selected, and based upon the projected building program (see page 211), the two Philadelphia casinos will likely bring in between \$668 and \$747 million in their first full year of operation, with on-going growth after that. This amounts to, approximately, a full quarter of the projected statewide revenue, although Philadelphia will house only two of the 14 statewide casinos. The charts below project visitation and gaming revenue for each scenario, both in total and by casino.

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TABLE 4.6: Annual Revenue Projections by Scenario in Descending Order of Total Revenue

Scenario	Casino 1			Casino 2			Full Scenario		
	Visits (# in millions)	Rev Per Visit	Total (\$ in millions)	Visits (# in millions)	Rev Per Visit	Total (\$ in millions)	Visits (# in millions)	Rev Per Visit	Total (\$ in millions)
<b>Scenario 13</b> One I-76/Route 1 One Penn's Landing	5.99	\$66.51	\$398.57	5.77	\$60.48	\$349.23	11.77	\$63.55	\$747.81
<b>Scenario 14</b> One I-76/Route 1 One North Central Delaware	5.73	\$66.92	\$383.44	5.94	\$59.94	\$355.90	11.67	\$63.37	\$739.32
<b>Scenario 8</b> One South Delaware One I-76/Route 1	5.54	\$60.21	\$333.66	6.04	\$66.63	\$402.52	11.58	\$63.56	\$736.18
<b>Scenario 4</b> One Market East One I-76/Route 1	5.59	\$60.02	\$335.49	5.95	\$66.62	\$396.52	11.54	\$63.44	\$732.01
<b>Scenario 12</b> Two I-76/Route 1	5.81	\$66.17	\$384.34	5.58	\$61.89	\$345.60	11.39	\$64.07	\$729.94
<b>Scenario 9</b> One Navy Yard One I-76/Route 1	4.72	\$62.71	\$295.74	6.61	\$64.86	\$429.01	11.33	\$63.97	\$724.75
<b>Scenario 7</b> Two South Delaware	5.69	\$62.19	\$353.80	5.59	\$62.23	\$347.84	11.28	\$62.21	\$701.64
<b>Scenario 2</b> One Market East One South Delaware	5.61	\$61.83	\$347.06	5.52	\$61.90	\$341.78	11.13	\$61.87	\$688.84
<b>Scenario 11</b> One North-Central Delaware One Penn's Landing	5.83	\$61.94	\$361.12	5.20	\$62.93	\$327.11	11.03	\$62.41	\$688.23
<b>Scenario 1</b> Two North-Central Delaware	5.89	\$62.21	\$366.14	5.11	\$62.76	\$320.66	10.99	\$62.47	\$686.80
<b>Scenario 3</b> One Market East One North-Central Delaware	5.42	\$62.09	\$336.54	5.61	\$62.32	\$349.81	11.03	\$62.21	\$686.35
<b>Scenario 10</b> One Navy Yard One Market East	4.30	\$65.44	\$281.18	6.69	\$60.50	\$404.73	10.99	\$62.43	\$685.91
<b>Scenario 6</b> One South Delaware One North-Central Delaware	5.61	\$61.59	\$345.26	5.35	\$61.88	\$330.94	10.95	\$61.73	\$676.21
<b>Scenario 5</b> One North-Central Delaware One Navy Yard	6.42	\$60.81	\$390.19	4.29	\$64.86	\$278.25	10.71	\$62.43	\$668.44

Source: Innovation Group

**FINDING:** Gaming revenue was maximized by locating one casino near the interchange of I-76 and Route 1 and one casino on the Delaware River waterfront or in Center City.

While each casino will have different revenues depending on the pairing, consistent themes do emerge from the scenarios. Maximizing Philadelphia gaming revenues will best be accomplished by pairing casinos at opposite ends of the City. In fact, the top four scenarios all have at least

one casino at the Western boundary paired with a casino on the Eastern boundary, and the fifth best performer is two casinos paired together near the City's Western edge.

This is also logical, as this will ensure that casinos easily reach the broadest possible market. A casino on Market East or the Delaware River will best compete for dollars from visitors staying at Center City hotels, residents of Southern New Jersey, and Philadelphians who live in the City's Eastern portion. And a casino near the intersection of the Schuylkill Expressway and City Line/Roosevelt Boulevard will best attract gamblers in the Western suburbs and gamblers in Philadelphia's Western regions. Further, placing a casino at the western edge of the City minimizes direct competition with the suburban racinos; competition that would likely arise if a Philadelphia casino was placed on I-95 immediately outside of the 10-mile exclusion zones, minimizing both Philadelphia and Commonwealth-wide gaming revenue.

**FINDING: The Navy Yard will generate the least revenue of all evaluated sites, even after accounting for revenues created from synergistic casino-sports complex visits.**

Regardless of where its partner site is located the Navy Yard site performs at the bottom of the chart for comparable pairings, largely due to the increased competition from locating immediately outside of the 10-mile Chester Downs exclusion zone, drawing off of the same highway, but requiring an extensive drive off of that road. While there is some synergistic revenue created by locating near the sports complex, see page 274, traffic congestion and the well-known game schedule would likely deter significant evening traffic. Between the lower revenue projections, and the significant traffic and flood-plain costs at the Navy Yard site, it is expected that a casino at the East End of the Navy Yard site would be significantly less profitable for the operator than casinos will be at other locations.

**FINDING: Locating a casino near a cluster of hotels will maximize overnight tourist revenue both inside the casinos and outside the casinos.**

The propensity for hotel guests to gamble is highly sensitive to the location of the hotel to the casino, with hotel guests in a concentrated area of hotel rooms within several blocks of a casino willing to gamble more than 20 percent of the time. Thus, to maximize a casino's ability to draw existing tourists, a casino would need to be located in Center City or at Penn's Landing. The South Delaware and Old Incinerator sites are on the outer edge of the likely travel bubble, and may have some increased visitation from existing hotel guests, but the proximity effect declines dramatically beyond a mile. Additionally, the further the casino is located from a specific prospective gambler's hotel, the more of a challenge it is to draw tourists due to transportation barriers and the visitor's uncertainty, which will lead to perceived concerns about community quality, crime, and safety simply due to unfamiliarity.

**FINDING: With the revenues projected above, the casinos will each be profitable, with prospective earnings in the range of a 17 to 20 percent return on investment.**

Based upon the revenue numbers generated and projected pro formae for each casino, the Task Force believes that the casinos will be exceptionally profitable. The pro formae developed by Task Force experts, which are obviously subject to dramatic revision by specific operators, project that the return on investment (measured by earnings before interest, depreciation, taxes,

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and amortization or “EBIDTA”) will be between 17 and 20 percent, even after the casinos fully fund the increased police, fire, and other necessary services in an amount of \$20 million per year each, a conservatively large number from the casino operator’s perspective. This return will likely result in full repayment of initial construction and licensing costs in less than five years, and potentially in as little as 3.5 years. Both the return and the timing of full repayment of financing are significantly better than the Task Force understands are required to drive gaming industry investment.

**FINDING: Future casino development plans will have a substantial effect on long-term revenues and economic impact of the casinos.**

While development plans will obviously be set by each casino license applicant, the Task Force projects that the construction will occur in multiple phases. The initial projected construction plan consists of the 90,000 square foot gaming floor, similar back-of-house space, and about 40,000 square feet of food, beverage, and retail space. Later phases include construction of a hotel and an expanded entertainment space with additional food and beverage options, and expansion of the hotel, expansion of the gaming floor, and refreshing the property.

**Phase II – Construction of Hotel and Larger Entertainment Venue**

Addition of a hotel will increase gaming revenue because gamblers staying overnight in casino hotels typically gamble significantly more than day-trippers. The effect is heightened to the extent that free or discounted rooms can be used to draw gamblers who generally play for higher stakes and longer times, who when they stay over typically visit the casino more than once for each night stay.

Towards that end, the Task Force projects that a 400-room hotel added to a single casino would generate an additional \$23.7 million in gaming revenue the first year it is open, increasing to four years later. The Task Force projects similar construction and revenue growth to occur at each casino.

**TABLE 4.7: Phase II 400 Room Hotel Gaming Revenue**

Total	Hotel Guests	Gamer Visits	Win	\$ Per Room	\$ Per Occupied Room
Year 6	186,150	197,784	\$23,734,125	\$163	\$191.25
Year 7	197,100	209,419	\$25,758,506	\$176	\$196.03
Year 8	201,480	214,073	\$26,989,190	\$185	\$200.93
Year 9	205,860	218,726	\$28,265,310	\$194	\$205.96
Year 10	205,860	218,726	\$28,971,943	\$198	\$211.10

Source: Innovation Group

Entertainment facilities are being added to casinos all over the country. They are a proven means of generating additional gambling trips, and serve as ancillary sources of revenue. Entertainment venues provide the casino with a further means to identify, reward, and attract particularly profitable customers, who generally combine taking in a show with gambling.

In addition to the hotel, the Task Force projects that as part of the initial expansion, each casino will develop a large entertainment venue, with approximately 4,000 seats. Applying conservative

assumptions, it is likely that gaming revenues will incrementally increase about \$10.8 million at each casino after construction of the larger entertainment space. That projection is based upon assumptions of 70 shows annually, averaging 76 percent occupancy, with 20 percent of tickets made complimentary to gamblers, who each lose \$180 per visit (for the 70 percent who gamble on that trip) and smaller and less frequent losses from the “paying” customers. Additionally, customers purchasing tickets do so at relatively high prices, thereby effectively funding the shows, and allowing the casinos to increase their gambling revenue streams and still covering the costs of the entertainment attractions. Entertainment visits also generate ancillary revenue and taxes.

Including the growth from the initial phase projected expansion, gaming revenues will likely increase by over 35 percent in ten years. The Task Force analysis predicts that a normalized casino scenario (setting initial year revenues to \$700 million between two Philadelphia casinos) will grow to \$956 million in gaming revenues by the tenth year of operations.

**TABLE 4.8: Gaming Revenue Projections for Full Build out 6-10 Years**

	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Casino 1</b>					
<b>Gaming Win</b>	\$393,654,028	\$403,495,378	\$413,582,763	\$423,922,332	\$434,520,390
<b>Incremental</b>					
Hotel	\$23,734,125	\$25,758,506	\$26,989,190	\$28,265,310	\$28,971,943
Theater	\$10,800,080	\$11,070,082	\$11,346,834	\$11,630,505	\$11,921,268
<b>Total</b>	\$428,188,233	\$440,323,967	\$451,918,787	\$463,818,147	\$475,413,600
<b>Casino 2</b>					
<b>Gaming Win</b>	\$398,331,722	\$408,290,015	\$418,497,265	\$428,959,697	\$439,683,689
<b>Incremental</b>					
Hotel	\$23,734,125	\$25,758,506	\$26,989,190	\$28,265,310	\$28,971,943
Theater	\$10,800,080	\$11,070,082	\$11,346,834	\$11,630,505	\$11,921,268
<b>Total</b>	\$432,865,927	\$445,118,603	\$456,833,290	\$468,855,511	\$480,576,899
<b>Two Casinos</b>					
<b>Gaming Win</b>	\$791,985,749	\$811,785,393	\$832,080,028	\$852,882,029	\$874,204,079
<b>Incremental</b>					
Hotel	\$47,468,250	\$51,517,013	\$53,978,381	\$56,530,620	\$57,943,885
Theater	\$21,600,160	\$22,140,164	\$22,693,668	\$23,261,010	\$23,842,535
<b>Total</b>	\$861,054,159	\$885,442,570	\$908,752,077	\$932,673,658	\$955,990,499

Source: Innovation Group

### Phase III - Hotel Expansion and Addition of Table Games

The projected Phase III expansion calls for the hotels at each property to grow to 800 rooms. The expansion will lead to similar growth as the initial construction, although with the additional rooms there will be some decline in occupancy on non-peak nights. Because the Task Force also projects expansion to table games (see below), and thus the double occupancy factor increases as a higher proportion of couples are likely be attracted with the presence of table games. Overall incremental gaming revenues solely due to the casino hotel guests increases to \$68 million at each property for eleventh year of operation, going to \$84 million by the fifteenth

year.

**TABLE 4.9: Phase III 800 Room Hotel Gaming Revenue**

<b>Total</b>	<b>Hotel Guests</b>	<b>Gamer Visits</b>	<b>Win</b>	<b>\$ Per Room</b>	<b>\$ Per Occupied Room</b>
<b>Year 11</b>	378,432	418,167	\$68,128,990	\$233	\$288.05
<b>Year 12</b>	397,120	438,818	\$73,280,719	\$251	\$295.25
<b>Year 13</b>	411,136	454,305	\$77,763,775	\$266	\$302.63
<b>Year 14</b>	420,480	464,630	\$81,519,412	\$279	\$310.20
<b>Year 15</b>	425,152	469,793	\$84,485,813	\$289	\$317.95

Source: Innovation Group

Across the country slots-only jurisdictions are exploring expansion to table games. If the legislature legalizes table games at all statewide casinos about a decade after casinos open in Philadelphia, there would be substantial additional revenue.

The addition of table games would likely mean that casino revenues would increase similar to the return on table games at comparable properties elsewhere, plus an additional increase because as couples with divergent gaming interests (e.g., one likes slots, one likes blackjack) are recaptured from Atlantic City, there would be an increase in slot play. The Task Force projection is that statewide legalization of table games will result in a 20 to 25 percent growth in revenues.

Combining annual growth, with the legalization of table games and the projected casino complex expansion, a pair of Philadelphia casinos would have the following revenues in years 11-15. As with the projections above, this is based upon a normalized scenario of a \$700 million first year. Essentially, this projection has gaming revenues doubling within 15 years, assuming the regulatory and development timetables set forth above.

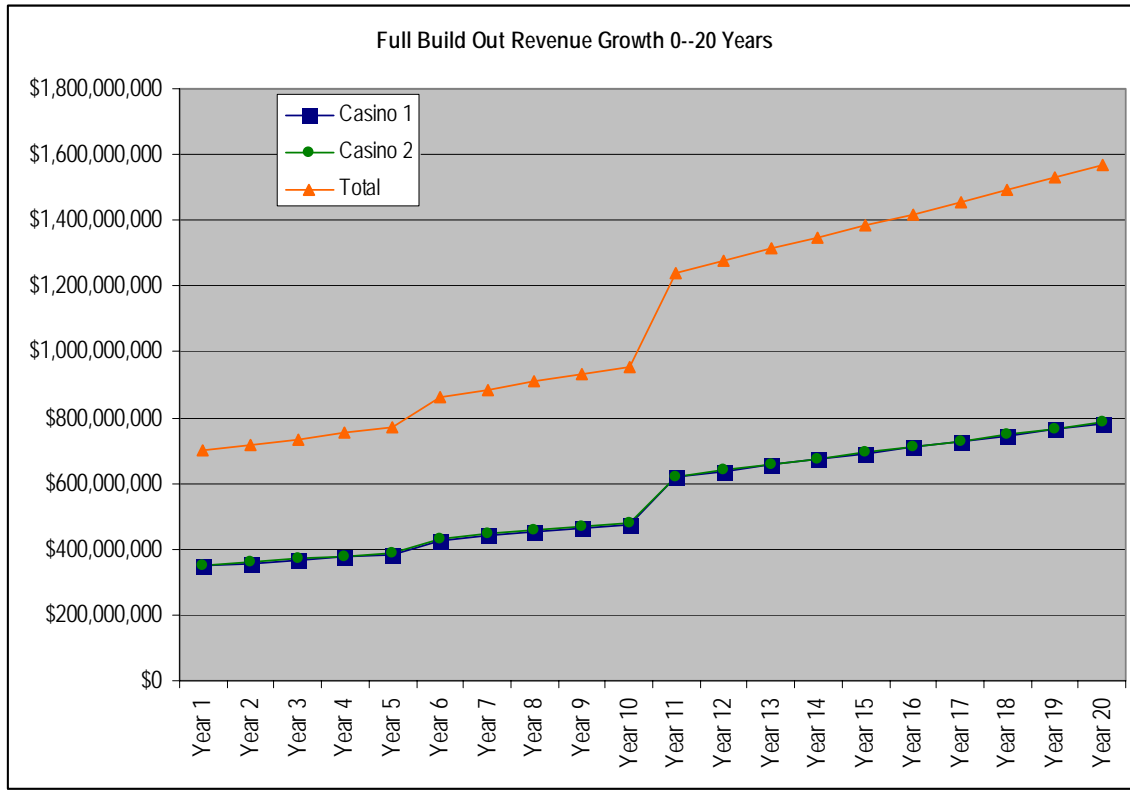
**TABLE 4.10: Gaming Revenue Projections for Full Build out 11-15 Years**

	Year 11	Year 12	Year 13	Year 14	Year 15
<b>Casino 1</b>					
<b>Gaming Win</b>	\$537,917,219	\$551,365,149	\$565,149,278	\$579,278,010	\$593,759,960
<b>Incremental</b>					
Hotel	\$68,128,990	\$73,280,719	\$77,763,775	\$81,519,412	\$84,485,813
Theater	\$12,219,299	\$12,524,782	\$12,837,901	\$13,158,849	\$13,487,820
<b>Total</b>	<b>\$618,265,508</b>	<b>\$637,170,650</b>	<b>\$655,750,954</b>	<b>\$673,956,270</b>	<b>\$691,733,592</b>
<b>Casino 2</b>					
<b>Gaming Win</b>	\$539,358,546	\$552,842,509	\$566,663,572	\$580,830,161	\$595,350,916
<b>Incremental</b>					
Hotel	\$68,128,990	\$73,280,719	\$77,763,775	\$81,519,412	\$84,485,813
Theater	<b>\$12,219,299</b>	<b>\$12,524,782</b>	<b>\$12,837,901</b>	<b>\$13,158,849</b>	<b>\$13,487,820</b>
<b>Total</b>	\$619,706,835	\$638,648,010	\$657,265,248	\$675,508,422	\$693,324,548
<b>Two Casinos</b>					
<b>Gaming Win</b>	\$1,077,275,764	\$1,104,207,658	\$1,131,812,850	\$1,160,108,171	\$1,189,110,875
<b>Incremental</b>					
Hotel	\$136,257,980	\$146,561,438	\$155,527,550	\$163,038,823	\$168,971,625
Theater	\$24,438,598	\$25,049,563	\$25,675,802	\$26,317,698	\$26,975,640
<b>Total</b>	<b>\$1,237,972,343</b>	<b>\$1,275,818,660</b>	<b>\$1,313,016,202</b>	<b>\$1,349,464,692</b>	<b>\$1,385,058,140</b>

Source: Innovation Group

Looking a little further into the future, and at the current projected development, it is clear that Philadelphia casinos will generate a lot of revenue, probably following the growth pattern indicated below over all phases of the development for the first 20 years.

GRAPH 4.4: Full Build Out Revenue Growth 0 to 20 Years



Source: Innovation Group

**RECOMMENDATION:** Revenue generation should be an important factor, but not the only factor, in the siting of the Philadelphia casinos.

Gaming revenues are critical, but not the only factor that should be considered in siting the casinos. While projected revenues vary among suggested casino sites, every site examined by the Task Force produce ample tax revenue for tax relief and economic development that are consistent with or exceed the state's initial projections. In fact, from scenario to scenario, the change in ancillary and recapture revenues is in many cases significantly larger than the change in gaming revenues. Additional factors, including infrastructure and traffic costs and quality of life concerns, may represent a sufficiently significant differential impact on the community such that they are more important than minor scenario-to-scenario gambling revenue differences.

The overall objective for the siting of the two Philadelphia casinos should be locating them in areas that will maximize the recapture of gaming and ancillary spending and best positioning Philadelphia venues to compete with gaming venues in surrounding suburbs and states without excessively degrading the quality of life.

**RECOMMENDATION:** Philadelphia casino operators should be selected, and operations designed, to ensure that Philadelphia casinos are promoted and developed to enhance revenues in Philadelphia, separate and apart from revenues earned by commonly held casinos elsewhere. As part of the analysis of each license application, both the City and the Gaming Control Board should be cognizant of the fact that casino

**operators with properties in Atlantic City may have an incentive to direct customers to non-Philadelphia properties.**

### **Visitors, Suburbanites, and Philadelphians as Sources of Revenue**

**FINDING: The economic benefit for Philadelphia and Pennsylvania is greater when more revenue originates from outside the City and Commonwealth.**

While where gamblers come from makes little difference to the operator or state regulators, variations on who gamblers are, and how they otherwise would have spent their money, are central to the impact that gambling will have on Philadelphia.

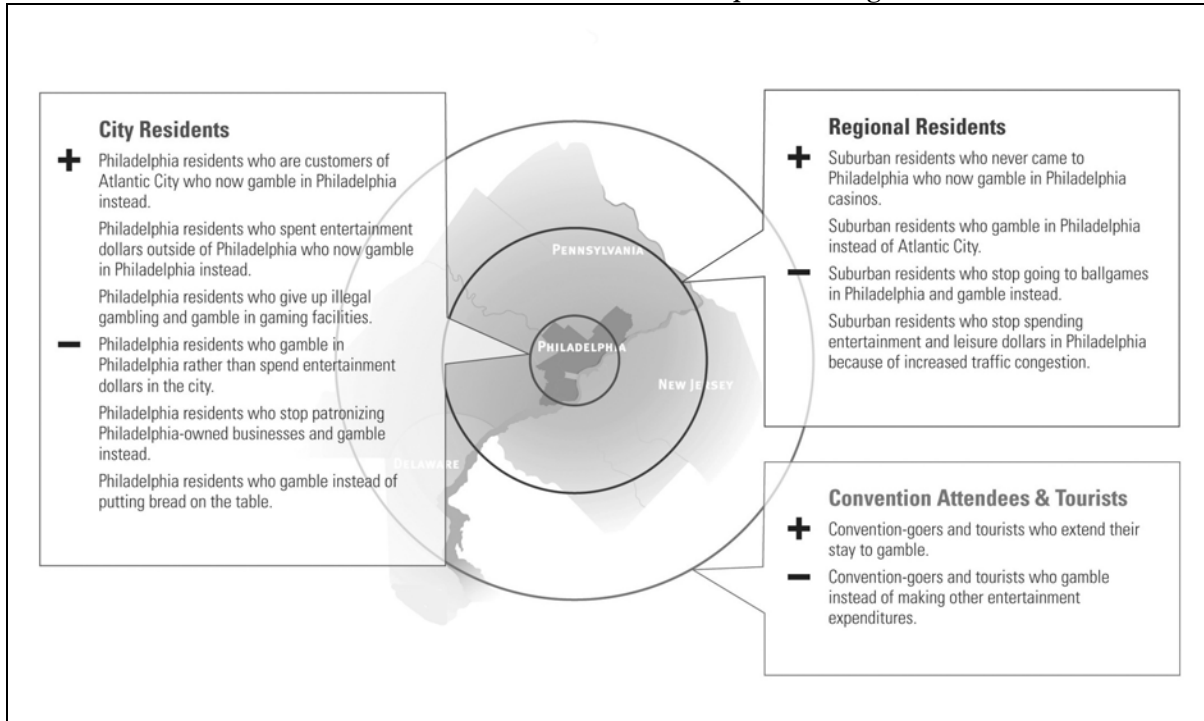
As is becoming increasingly common in all business enterprises, geographic entities are competing with one another for business. And gaming is no different than other industries; Philadelphia venues will compete with other Pennsylvania venues, and Pennsylvania venues will compete with casinos and racinos in Delaware, New Jersey, New York, West Virginia, and destination casino travel, such as to Las Vegas. And Maryland and Ohio, the only two states bordering Pennsylvania without casino/racino/tribal gambling, have recently considered legalizing gambling and future legislative efforts in each state are likely.

There are four primary geographic classes of gamblers to consider: (i) City residents, (ii) other Pennsylvanians, (iii) regional day-trippers from out-of-state, and (iv) overnight guests, whether convention goers, tourists, business travelers, or other visitor to the City. The specific characteristics and behaviors of these different classes of customers dictate the net economic impact for Philadelphia, with maximum City and regional benefit from a new visitor spending money in Philadelphia that would not have otherwise been spent in the City, Commonwealth, or region.

Other factors also alter the analysis of a gaming dollar, particularly if the gaming dollar would otherwise have been spent in another state, and whether that same dollar would have been spent on a different Philadelphia or regional activity but for gaming's market entry.

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**IMAGE 4.2: Who is the Customer for Philadelphia Gaming Facilities?**

Source: Center City District

If that same suburban resident gambles at the expense of other entertainment and leisure expenditures in Philadelphia, this will have a neutral or, possibly, a negative overall impact.

**FINDING: Philadelphia's economy will realize maximum benefits if casino gambling occurs with money that (i) is today gambled in other jurisdictions, (ii) represents new spending from tourists who extend stays in Philadelphia, and (iii) is new spending in Philadelphia by regional residents who increase how frequently they come to Philadelphia for leisure activities.**

Not every dollar spent or gambled in Philadelphia will have the same effect on Philadelphia's economy. For example, it is not clear if there is a greater positive impact if a couple gambles away \$100 at a casino rather than spending it to buy theatre tickets. To the extent that spending truly substitutes for other Philadelphia spending, the analysis of the impact on Philadelphia's economy is driven by the relative taxes imposed, how the business re-spends its operating expenses, and where the owners who retain the profit are located.

While the concept is obvious, the calculation is particularly difficult. Even after the fact, it is typically impossible to control for all relevant factors. Where, as is the case here, there is no truly comparable marketplace, an accurate prediction is even more difficult.

That said, there are clearly certain types of spending that are more affected by the substitution effect. In considering the substitution effect on the City of Philadelphia, there are four relevant pools of money that can be wagered in the casino, or spent by visitors on a gambling trip: (i) money that is today gambled elsewhere or spent elsewhere on gambling excursions; (ii) money

that will be gambled in Philadelphia that otherwise would have been spent outside of the City; (iii) money that will be gambled in Philadelphia that otherwise would not have been spent at all; and (iv) money that will be gambled in Philadelphia that otherwise would have been spent in Philadelphia on another activity or item.

### **Recaptured Spending**

The dollars that are most easily identified as not being subject to the substitution effect are “recaptured” spending, which are the dollars that are today gambled elsewhere. Recaptured spending, as set forth below, represents approximately half of the Philadelphia gaming market. Additionally, recapturing this spending was a principle driver for enactment of the Gaming Act.

### **Regional Capture**

Also clearly outside the substitution effect is money spent in Philadelphia by visitors who are extending their stays or making trips to Philadelphia that they would not otherwise have made. These dollars, which are now being spent in Philadelphia rather than someplace else, constitute a net gain to the Philadelphia marketplace. There is a substitution effect someplace else, typically the home locale of the gambler or where that gambler currently goes for entertainment.

### **New Spending**

Identifying and tracking the scope of dollars that would otherwise have been saved is almost impossible, and it is unclear what effect this extra spending will have on the local economy.

### **Substitution Spending**

From a policy perspective, money that is spent on gambling that would otherwise have been spent on other Philadelphia activities is the pot of money that most concerns the Task Force. Because of this substitution spending, it is probable that some portion of the economic impact identified in this report is simply a relocation of money spent in Philadelphia away from existing entities to the casinos. The Task Force has not made a judgment about whether substitution alone is good or bad for the larger Philadelphia economy. Instead, it is important to note that substituted dollars will have a much smaller, if any, impact on the Philadelphia economy than the other types of spending. The Task Force has taken steps throughout this report to try and limit the assessment of these substituted dollars, where possible, and attempts to explain these measures throughout the report.

The Task Force’s best analysis of substitution effect is that it will be between 10 and 25 percent of casino gambling and certain other casino-related spending. Those figures are arrived at by subtracting spending that is definitively not substitution spending from the whole and then applying a maximum metric based upon the industry and research experience of the Task Force consultants. The initial subtraction is fifty percent, based upon the estimated recapture effect. Of the remaining fifty percent, about one-third is food, beverage, and retail spending; based on the Task Force’s experts’ industry and research experiences elsewhere, food, beverage, and retail spending is apportioned evenly between new spending and substitution spending. Of the remainder, Task Force experts predict substitution spending will be between a small amount and half of the spending, or between two and 17 percent of “possible” spending, probably towards

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the lower end. Thus, the Task Force projects that substitution spending will be between 10 and 25 percent, leaving new, or “incremental” spending at between 75 and 90 percent. This is a best assessment but is only that; it is possible that incremental spending could be as low as 65 percent or as much as 95 percent.

A full discussion of the nature of likely ancillary spending can be found at page 239.

**FINDING: Approximately half of all money gambled at Philadelphia casinos will be recaptured dollars that otherwise would have been gambled elsewhere.**

One of the principle arguments expounded by the sponsors of the Gaming Act was that billions of dollars annually leave the state to neighboring jurisdictions and that much of that money could be brought home.

The Task Force analysis indicates that it is likely that the Philadelphia casinos will be able to recapture a significant portion of the dollars currently leaving the state to Atlantic City and Delaware racinos. Depending on the scenario, the two Philadelphia casinos alone will annually recapture between \$321 and \$400 million dollars from other jurisdictions. This means that about half of all revenue that will be wagered in these casinos will be recaptured dollars.

**TABLE 4.11: Recaptured Dollars from Existing Jurisdictions by Scenario**

Scenario	Recapture	% of Total
Two on North Central Delaware	\$376,137,876	54.77%
One on Market East, one on South Delaware	\$335,951,598	48.77%
One on Market East, one on North Central Delaware	\$331,384,669	48.28%
One on Market East, one near I-76/Rt. 1	\$366,837,109	50.11%
One on North Central Delaware, one at Navy Yard	\$321,745,492	48.13%
One on South Delaware, one North Central Delaware	\$354,242,476	52.39%
Two on South Delaware	\$379,354,153	54.07%
One on South Delaware, one near I-76/Rt. 1	\$399,329,514	54.24%
One at Navy Yard, one near I-76/Rt. 1	\$375,813,773	51.85%
One on Market East, one at Navy Yard	\$324,756,330	47.35%
One at Penn's Landing, one on North Central Delaware	\$338,671,740	49.21%
Two near I-76/Rt. 1	\$394,344,391	54.02%
One at Penn's Landing, one near I-76/Rt. 1	\$385,571,196	51.56%
One Old Incinerator, one near I-76/Rt. 2	\$400,695,707	54.20%

Source: Innovation Group

**FINDING: 62 to 67 percent of gaming revenue in Philadelphia casinos will be wagered by non-Philadelphians.**

Depending on the scenario selected, the percentage of gaming revenue derived from non-Philadelphians will be between 62 and 67 percent of Philadelphia casino gaming revenues. Revenues from residents of the Pennsylvania suburbs and the rest of the state outside of the City will be between \$207 and \$322 million, with the higher numbers occurring if at least one casino is near the Western edge of the City.

The amount gambled by Philadelphians varies scenario from 33 to 38 percent by scenario. Even within scenarios, as one might expect, there is great variation by property, with a low of 20 percent at the Adam's Mark site in one scenario.

**TABLE 4.12: Revenues by Philadelphians and non-Philadelphians**

Scenario	Philadelphia	Philadelphia%	Non Philadelphia	Non Philadelphia%
Two North Central Delaware	\$249,213,931	36%	\$209,958,050	64%
One Market East One S. Delaware	\$251,928,356	37%	\$227,887,747	63%
One Market East One North Central Delaware	\$247,029,835	36%	\$226,478,714	64%
One Market East One I-76/Rt. 1	\$254,423,407	35%	\$198,833,519	65%
One North Central Delaware One Navy Yard	\$230,865,256	36%	\$205,908,126	64%
One South Delaware One North Central Delaware	\$257,063,133	38%	\$204,416,401	62%
Two South Delaware	\$255,467,781	36%	\$218,679,791	64%
One South Delaware One I-76/Rt. 1	\$255,814,742	35%	\$192,010,769	65%
One Navy Yard One I-76/Rte-1	\$233,744,764	33%	\$190,899,540	67%
One Navy Yard One Market East	\$229,808,509	34%	\$230,751,715	66%
One North Central Delaware One Penn's Landing	\$244,931,517	36%	\$228,908,320	64%
Two I-76/Rt. 1	\$262,098,790	36%	\$145,124,123	64%
One I-76/Rt. 1 One Penn's Landing	\$258,106,120	35%	\$209,441,523	65%
One I-76/Rt. 1 One North Central Delaware	\$262,969,609	36%	\$189,592,465	64%

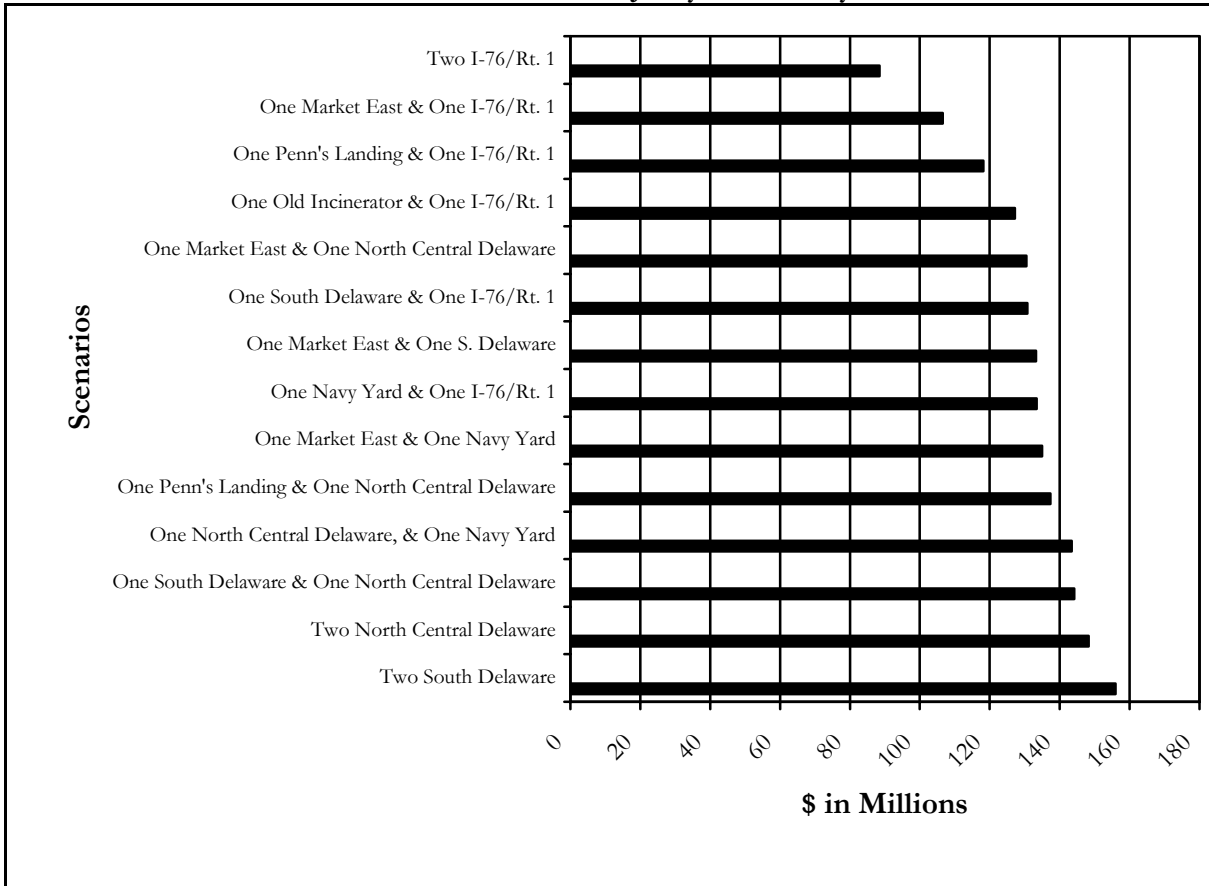
Source: Innovation Group

**FINDING: A significant portion of the Philadelphia gaming market will cross the Delaware River from New Jersey.**

A recent New Jersey poll found that ten percent of New Jersey residents predict that they would alter their behavior and gamble in New York or Philadelphia rather than Atlantic City once new casinos open. Our market survey and models confirm that certain New Jersey residents are likely to gamble in Philadelphia.

In fact, revenue from gambling by New Jersey residents at the two Philadelphia facilities will likely exceed \$100 million annually, potentially by a significant amount. In all but one of the scenarios, Task Force experts predict revenues from New Jersey residents will exceed \$106 million, with a high prediction of \$156 million. The final scenario, with both casinos near the City's Western edge, still yields \$88 million in revenue from gambling by New Jersey residents.

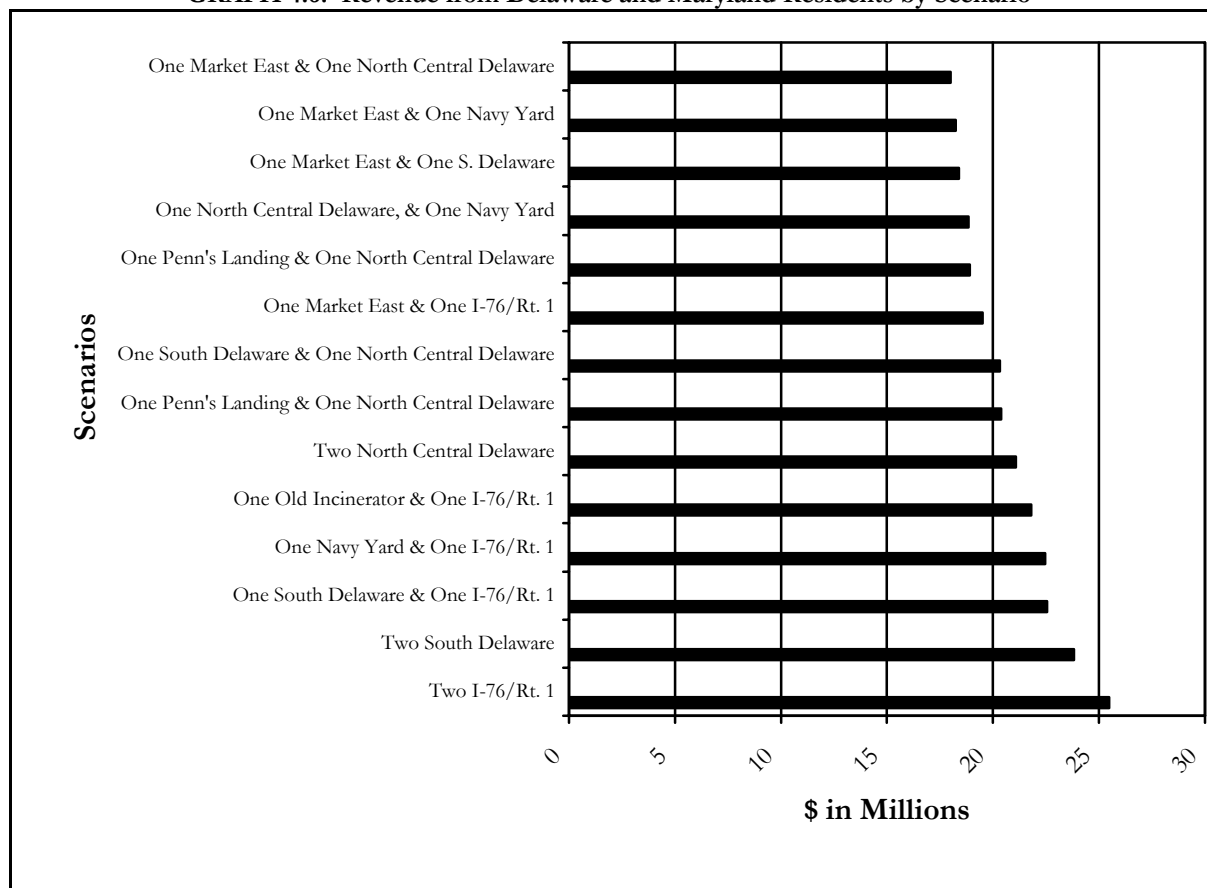
**GRAPH 4.5: Revenue from New Jersey Residents by Scenario**



SOURCE: Innovation Group

**FINDING: Maryland and Delaware residents will be only a small portion of the Philadelphia gaming market.**

Subject to interception on the way to Philadelphia by both the Delaware casinos and Chester Downs, it is probable that Delaware and Maryland residents out for a day of gambling will gamble closer to home. Task Force scenarios show revenues from residents of both states combining for \$18 to \$25 million in gaming revenues.

**GRAPH 4.6: Revenue from Delaware and Maryland Residents by Scenario**

SOURCE: Innovation Group

**FINDING: Overnight tourists are part of the Philadelphia target market, but represent at most twelve percent of the predicted gaming revenue.**

The wide and ever-growing variety of gambling destination options and the proximity of Atlantic City result in predicted revenue from overnight guests at a level much lower than that that might otherwise be expected. Depending on whether a casino is proximate to the concentration of Center City hotels, overnight tourists will likely make up between four and twelve percent of the gaming market.

In scenarios with a single casino on Market East or Penn's Landing, the model predicts overnight tourist gaming revenue about \$74 million annually, or 10 to 12 percent of predicted gaming revenue. Scenarios with one or both casinos on the Delaware River Waterfront average \$39 million annually, which is about six percent of gaming revenue. The scenario with both casinos near the Schuylkill Expressway/Route-1 interchange will likely only draw about \$31 million, or about four percent of gaming revenue, in annual spending from overnight visitors.

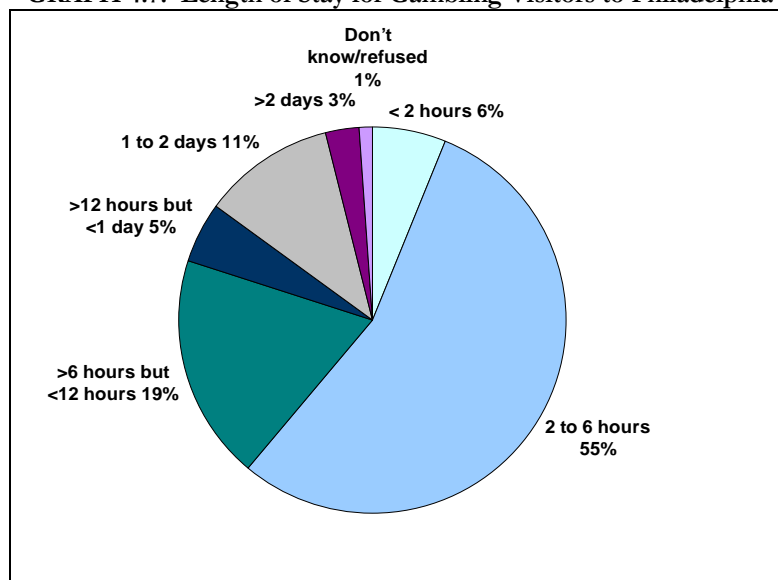
**TABLE 4.13: Overnight Market Visits and Gambling by Scenario**

Scenario	Annual Visits	Annual Win
Scenario 1 Two on North Central Delaware	562,985	\$40,590,922
Scenario 2 Market East and S. Delaware	1,055,390	\$76,250,551
Scenario 3 One on Market East, one on North Central Delaware	1,079,440	\$77,998,507
Scenario 4 One on Market East, one in I-76/Rt. 1	1,007,290	\$72,754,494
Scenario 5 One on North Central Delaware, one at Navy Yard	605,551	\$43,650,302
Scenario 6 One on South Delaware, one North Central Delaware	553,366	\$39,892,071
Scenario 7 Two on South Delaware	538,936	\$38,841,179
Scenario 8 One on South Delaware, one in I-76/Rt. 1	536,531	\$38,666,467
Scenario 9 One in Navy Yard, one in I-76/Rt. 1	488,797	\$35,006,971
Scenario 10 One on Market East, one at Navy Yard	1,073,906	\$77,563,616
Scenario 11 One at Penn's Landing, One on North Central Delaware	999,469	\$72,674,235
Scenario 12 Two in I-76/Rt. 1	435,742	\$31,169,331
Scenario 13 One at Penn's Landing, one in I-76/Rt. 1	975,419	\$70,972,835
Scenario 14 One Old Incinerator, one in I-76/Rt. 2	562,985	\$40,590,922

Source: Innovation Group

The model's projection is consistent with findings of a survey of 176 Philadelphia overnight hotel guests. Fifty-seven percent of all respondents said that they would have been significantly likely to have visited a slots-only casino and 41 percent said they would have extended their stay had Philadelphia had a casino. This survey was not a scientific sample, but even with that limitation, the survey demonstrates that there is a substantial portion of current hotel guests who would extend their stays and gamble in Philadelphia.

The projections are also generally consistent with the results of the Task Force's market survey of regional residents, in which 14 percent of respondents indicated that they would stay overnight on gambling trips to Philadelphia. That number jumped to 25 percent when the analysis was limited to respondents who live in the region but not in the seven nearest counties. Furthermore, of those planning to stay overnight, 62 percent would expect to stay in a Philadelphia hotel.

**GRAPH 4.7: Length of Stay for Gambling Visitors to Philadelphia**

Source: Alea Advisors

With the exception of the relatively high overnight rate, a possible manifestation of the other draws of metropolitan Philadelphia, the market survey yielded results that are typical in the gaming industry for non-destination casinos. A majority of gamblers would come for an afternoon or evening, with 55 percent of respondents predicting a stay of two to six hours. Also typical and logical is that most gamblers would play for at least two hours after traveling from outside of the City to the casino, with four of five gamblers projecting stays of more than two hours but less than a full day.

### Philadelphia Casinos in the Competitive Regional Marketplace

Casino growth is pervasive throughout the mid-Atlantic region, with new casinos and racinos scheduled to open in New York and Pennsylvania, and significant facility and amenity expansion planned or underway at existing facilities in Connecticut, Delaware, New Jersey, New York, and West Virginia. Additionally, Maryland has repeatedly attempted to legalize slot machines, with a legislative initiative narrowly failing in the 2005 session.

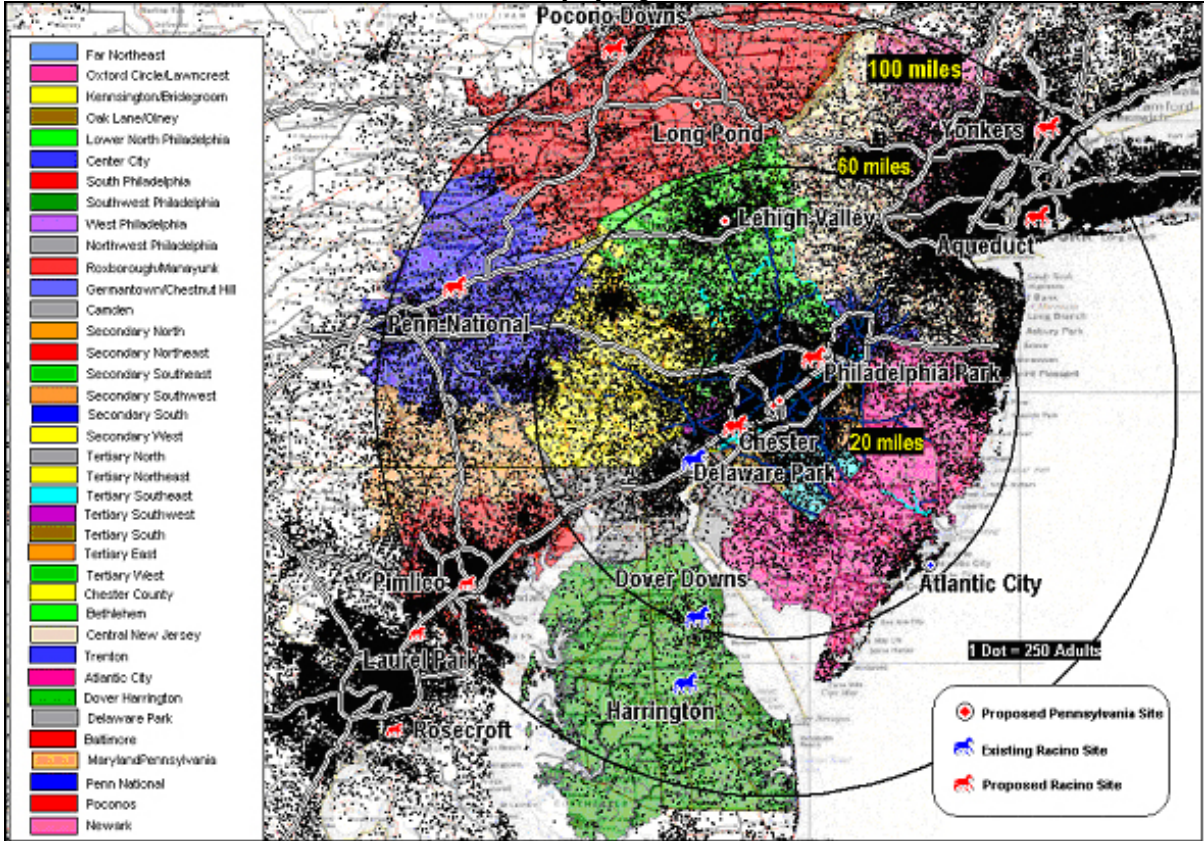
The two Philadelphia casinos will have to compete in this market, which is becoming even more competitive, in part due to the increased competition brought by legalized gambling in Pennsylvania. Atlantic City casinos have broadened their activities to include beach bars, shifted headliner marketing to a new generation of acts, are developing nightclubs, and are importing bars, restaurants and retailers with Philadelphia roots.

While each facility will have different competitive advantages and disadvantages, the two Philadelphia casinos will have their own advantages. No other casino will be as close to urban cores as the Philadelphia facilities will potentially be. Philadelphia brings ready-made tourism, convention and business visitors to the area, and unique historical assets that are already part of a strong tourism-marketing program. But most importantly, in an industry where consumers are largely driven by proximity, the Philadelphia casinos will have the competitive advantage of



being closer to larger masses of people than any of the regional competitors, except the two New York race tracks currently being converted to racinos.

**IMAGE 4.3: Delaware Valley Gaming Market Regions with Competitive Sites with 2010 Adult Population Density by Zip Code**

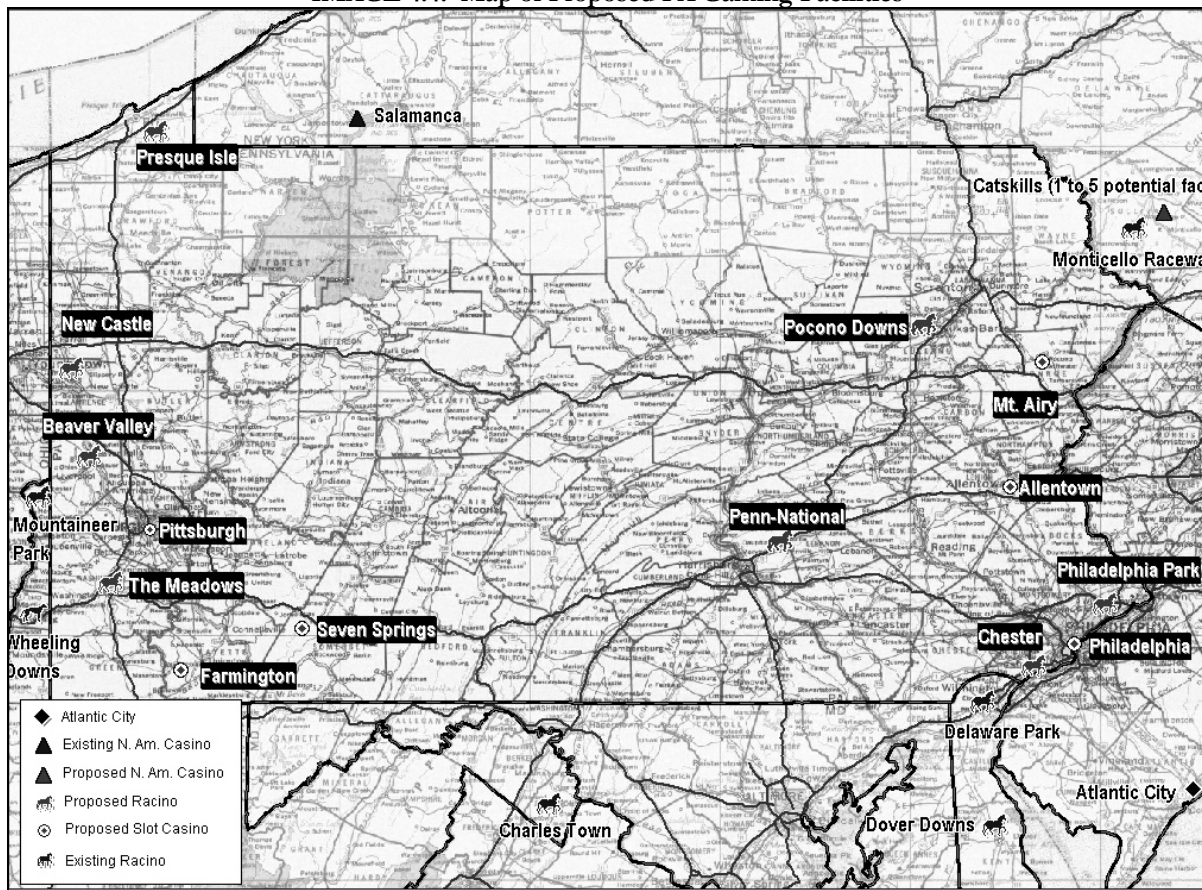


Source: Innovation Group

### Pennsylvania Racinos and Casinos

The Task Force projects that there will be racinos in Bensalem (Philadelphia Park), Wilkes-Barre, Chester (Chester Downs), and Grantville. Projections are that the Chester and Philadelphia Park facilities will open with 3,000 gaming devices, whereas the Task Force model assumed that the Downs at Pocono will open with the minimum 1,500 and Penn National’s Grantville facility will have 2500 machines. There are also widespread projections that a stand-alone facility will be located in Bethlehem, Allentown, or somewhere else in the Lehigh Valley. The Task Force model has projected there to be a 3000-machine casino opening in the Lehigh Valley about when the two casinos open in Philadelphia.

IMAGE 4.4: Map of Proposed PA Gaming Facilities



Source: Innovation Group

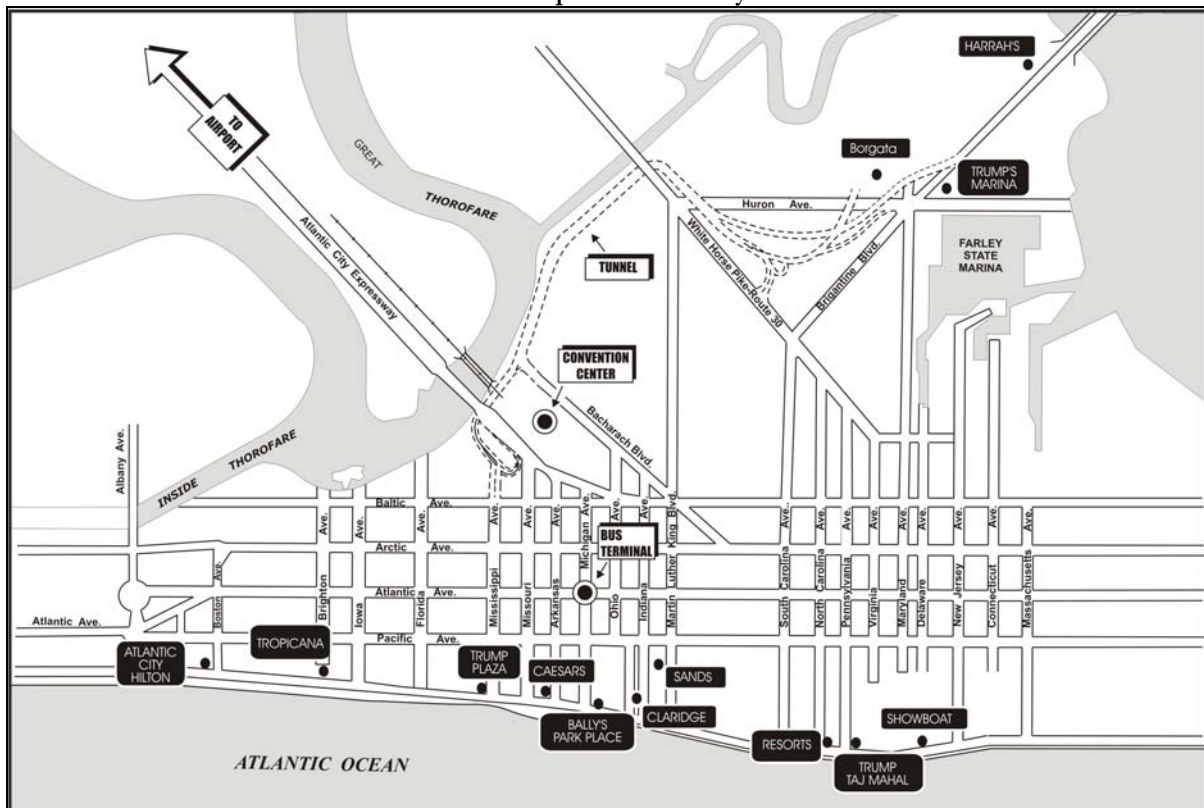
### Atlantic City Casinos

Located 61 miles from Philadelphia, Atlantic City is the second oldest major gaming market in the county, with its first casino opening in 1978. Atlantic City today has more than 1.2 million square feet of gaming space, over 40,000 slot machines, and 1,400 table games spread among 13 casinos. Yet the Atlantic City marketplace is changing, most prominently with the construction and planned expansion of the Borgata and the expansion of the Tropicana.

In June 2003, the Borgata opened in the Marina District and featuring approximately 2,000 hotel

rooms, 3,600 slots, 160 table games, a 50,000-square foot European-style spa, several restaurants, and retail facilities. Its marketing focus has been on higher-end and younger gamblers. The Borgata's approach appears to have worked, as Atlantic City gambling revenues increased from \$4.4 billion in 2003 to \$4.8 billion for the year-end 2004, with further growth in the already-completed months of 2005. The 2004 and 2005 growth has largely been attributed by industry officials to the expanding operations at The Borgata. Further, Borgata officials have announced that they are rolling some of their profits back into the casino, planning a \$200 million gaming and amenity expansion, on top of an underway \$200 million casino expansion includes approximately 600 slots, 34 tables, new restaurants, nightclubs, and other attractions.

**IMAGE 4.5: Map of Atlantic City Casinos**



Source: Innovation Group

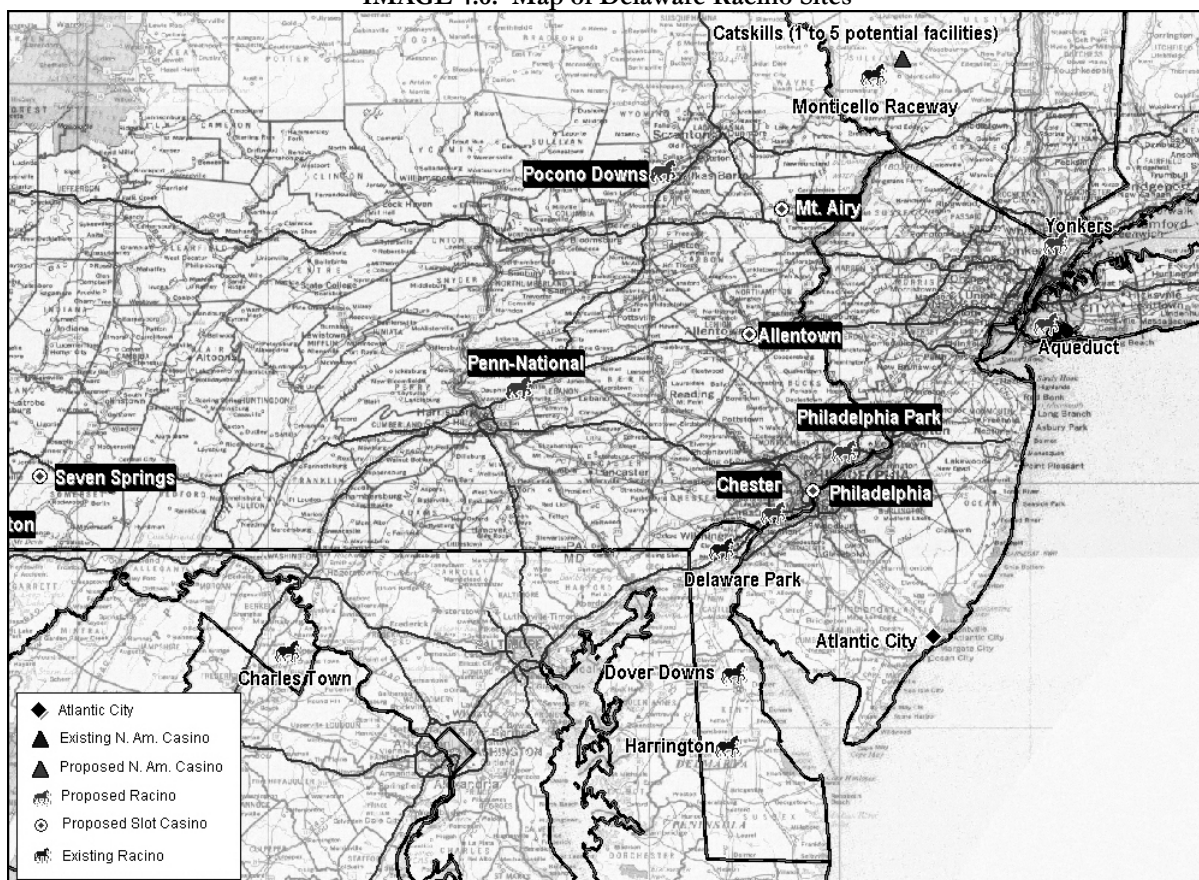
Competitive pressures, including Pennsylvania gaming and the Borgata, have spurred other casino operators to reinvest in their properties, as other Atlantic City facilities are now developing amenities to also attract the 25 to 39 demographic. The Casino Reinvestment Development Authority has approved an expansion and renovation at Harrah's Showboat and renovations at Caesars Palace and Bally's.

The first expansion, underway well before the Borgata was completed, is a \$280 million non-gaming expansion at the Tropicana called "The Quarter." The Quarter features over 200,000 square feet of dining, retail, and entertainment space with many of the amenities featuring Philadelphia ties and targeting Philadelphia consumers. The Quarter includes a 505-room hotel tower, 45,000-square feet of meeting space, and additional parking.

## Delaware Racinos

Delaware is home to three racinos, in Wilmington, Dover and Harrington. Delaware Park Racetrack and Casino is 32 miles southwest of Philadelphia in Wilmington, features 2,500 video lottery terminals, and is planning a significant hotel/restaurant/entertainment complex expansion. Dover Downs also has 2500 machines, is 80 miles southwest of Philadelphia, and features a 200-room hotel and conference center and several restaurants. The Harrington Raceway is located approximately 97 miles southwest of Philadelphia and holds only 1,500 slot machines. The three facilities generated a combined win of \$553 million for year end 2004, with Delaware Park, the facility drawing from the Philadelphia marketplace, generating almost half that total, \$261 million.

IMAGE 4.6: Map of Delaware Racino Sites



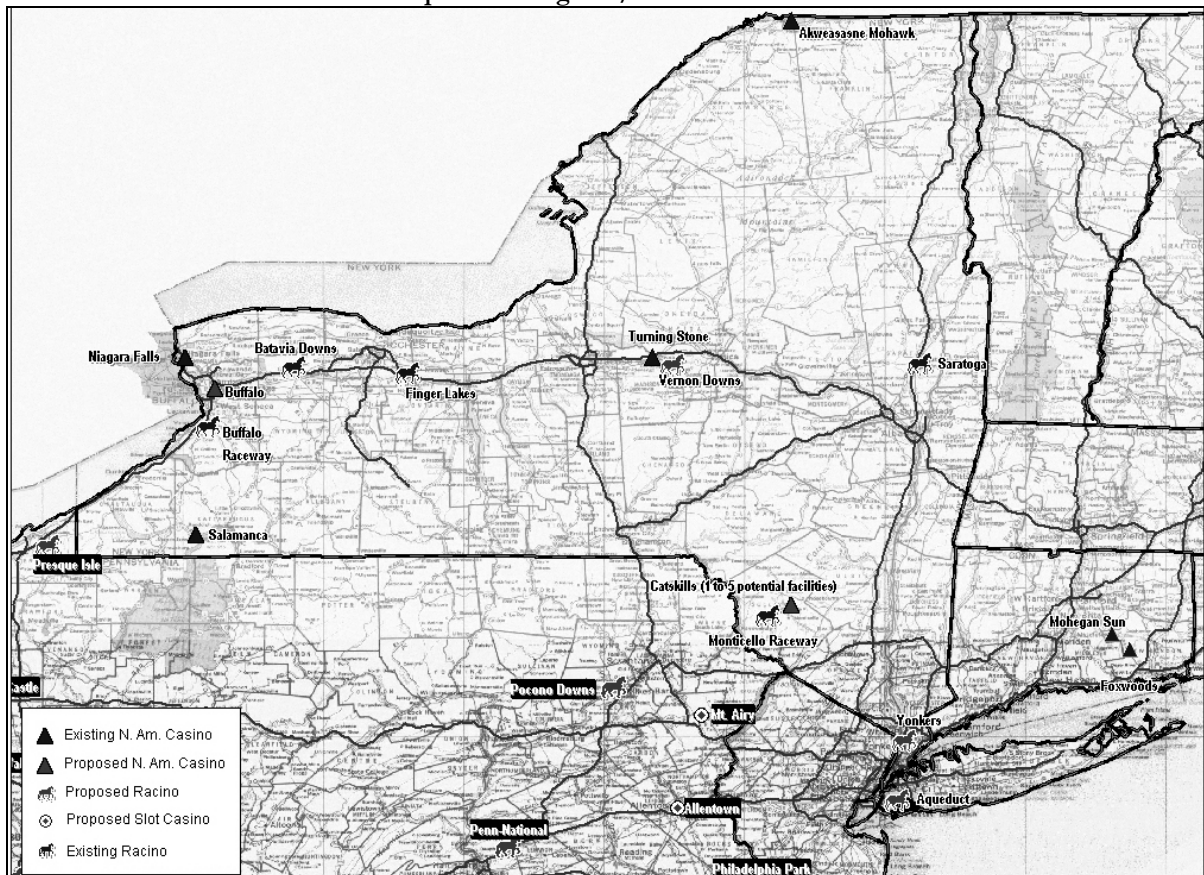
Source: Innovation Group

There is the potential for additional development in Delaware in response to any expanded gaming in Pennsylvania. There have been published reports calling for either a riverboat operation or a stand-alone full service casino in or near Wilmington. While Delaware expansion would likely negatively impact Chester Downs, its impact on Philadelphia's facilities would be limited. Further, expanded Delaware gambling has met local opposition and would likely negatively impact revenues at the existing Delaware racinos, which could be expected to lobby strongly against expansion.

## New York Racinos and Casinos

There are several Native American casinos in upstate New York (none of which are relevant for the Philadelphia market) and five operating racinos around the state. The New York racinos have numerous limitations on operations that constrain their ability to be competitive with full-scale casinos, including smoking bans, limits on machine game types, limited operating hours, and a high tax rate that makes marketing, advertising, and most forms of customer service (such as players clubs and free soft drinks) either limited or non-existent, although recent legislation will give the racinos the ability to spend more on marketing and facility improvements.

IMAGE 4.7: Map of Existing and/or Planned New York Casinos



Source: Innovation Group

New York is planning gambling expansion, with both Aqueduct and Yonkers Raceway each likely to install between thousands of terminals in the coming year, and multiple proposals being floated for the Catskills. The location of these racinos in the heart of New York City will limit the geographical draw of these properties.

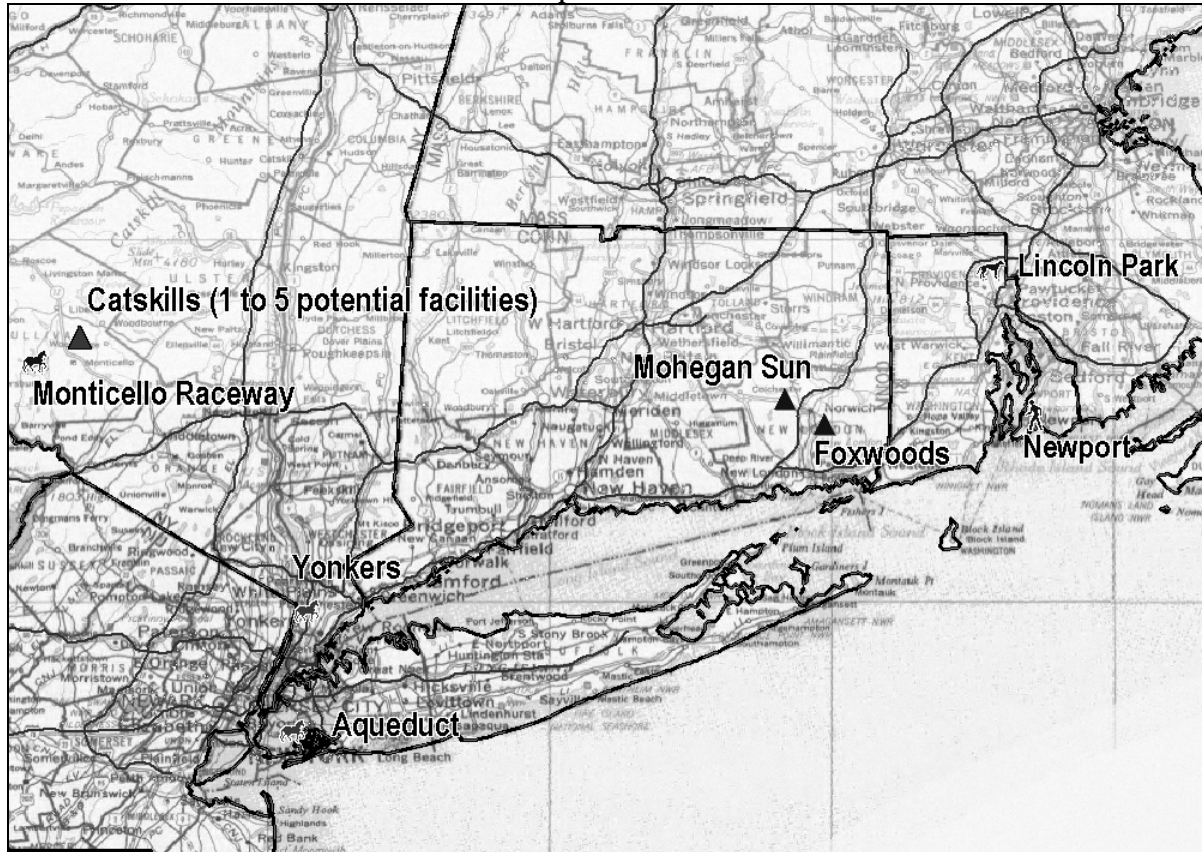
While the New York facilities are unlikely to compete for the Philadelphia marketplace, they do limit the likelihood that Philadelphia will draw a significant number of gamblers from New York City. In the Catskills, the varying plans generally are for an additional 15,000 gaming positions, but it is unclear if these positions will be in two to three casinos or in one large Native American casino. In either case, the impact on gambling in Philadelphia will be more significant from the

New York City racinos, which are significantly closer both as the crow flies and on the transportation grid.

### Connecticut Casinos

Connecticut is home to the two largest casinos in the world, Foxwoods and Mohegan Sun. These two casinos offer nearly 13,000 slots and 550 gaming tables. The slots alone generate well over \$1.5 billion annually, and with table games annual revenues approach \$2.3 billion.

IMAGE 4.8: Map of Connecticut Casinos



Source: Innovation Group

Foxwoods is the larger of the two properties, but they have comparable revenues. In recent years both Foxwoods and Mohegan Sun have continuously expanded their properties, and made them far more attractive and amenity-filled than any other East Coast casino, and Foxwoods has announced a major expansion that might allow it to compete for destination travel with Atlantic City and Las Vegas. Currently, however, New England is the primary source of patronage for these casinos, with a substantial number of metro-New York gamblers also attracted to the casinos as proximate alternatives to Atlantic City.

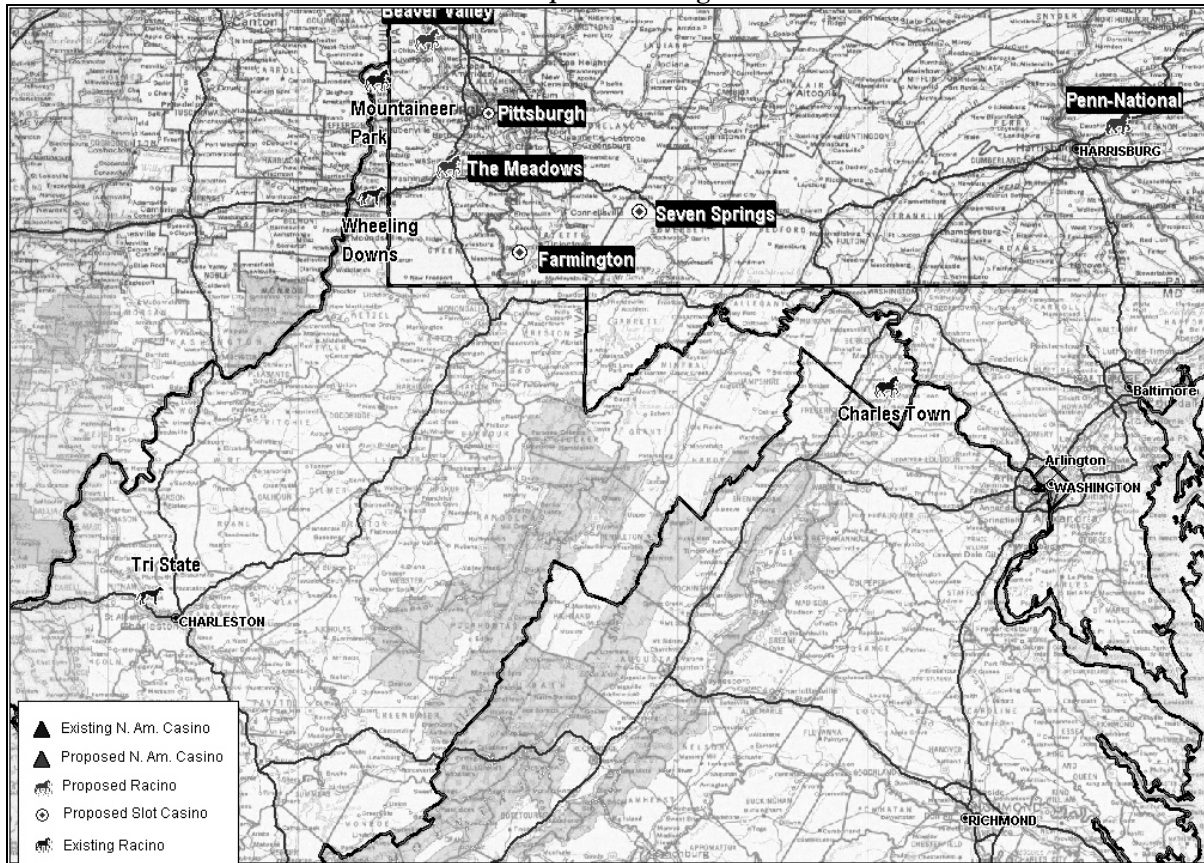
### West Virginia Racinos

West Virginia is home to four racino facilities, only one of which, the Charles Town Races and Slots facility, is part of the mid-Atlantic region. Charles Town is located approximately 170

miles west of Philadelphia and draws gamblers from the Baltimore area and central Pennsylvania, gaming markets which are largely beyond the reach of Philadelphia casinos.

As is the case in Delaware, the facility nearest the I-95 corridor generates the lion's share of revenue. In 2004, the Charles Town facility generated approximately \$360 million in revenue, which was 42 percent of West Virginia's revenue from four facilities. Charles Town is sufficiently far away from Philadelphia, and is separated from Philadelphia by both existing Delaware racinos and planned Pennsylvania racinos such that there will be minimal, if any, effect on Philadelphia from gambling in West Virginia.

IMAGE 4.9: Map of West Virginia Casinos



Source: Innovation Group

West Virginia is also considering legalizing table games as a response to legalized gambling coming to Pennsylvania. However, as with the current slot gambling, the Task Force analysis shows that distance and other options dictate that table games in West Virginia would have minimal to no impact on Philadelphia slots facilities.

**FINDING: Philadelphia's ability to compete in the greater regional gaming market will have a significant impact on New Jersey and Delaware gaming revenues.**

The arrival of Pennsylvania gaming will dramatically affect Atlantic City and Delaware revenues, with the bulk of the diverted revenues being gambled at casinos in Philadelphia and the Lehigh

Valley and the racinos in Chester, Bensalem, and Harrisburg. This analysis, however, is based upon the unrealistic assumption that Atlantic City and Delaware operators are not and will not respond to the competitive pressures exerted by Pennsylvania casinos. Instead, this represents only the reduction in potential from the existing competitive current market based on their current and past product, if either marketplace undergoes dramatic changes, the impact on the affected operators will be dramatically altered.

Overall, and depending on scenarios implemented in Philadelphia, the impact on Atlantic City revenues is expected to decline by 12 to 13.6 percent, with the portion of Atlantic City's market originating from the Philadelphia marketplace declining about 16 percent. These findings are consistent with a report generated by Penn National, a national gaming company that owns a future racino site in Pennsylvania, that shows the number of gamblers for whom Atlantic City is the most convenient option will drop from 2.28 million to 930,000 once all Pennsylvania venues are opened.

The impact on Delaware revenues will be even greater, with a reduction in revenue of approximately 23 percent.

While these figures clearly demonstrate the likely success of the Gaming Act in recapturing dollars, they also indicate the insecurity of out of state capture dollars. Although currently unlikely, an expansion of New Jersey gaming to the Delaware River would likely counter Philadelphia's proximity advantages to gamers in the suburban New Jersey counties.

**FINDING: In the Philadelphia region, Atlantic City casinos have a competitive advantage because of table games; best estimates are that slots-only casinos forego 20 to 25 percent of revenues that could be gained by a casino with table games.**

While legalizing slot machines, the Gaming Act has not legalized table games such as blackjack, roulette and poker (although video versions, such as video roulette and video poker will be legal). While table games are a relatively small percentage of the gaming market, they still represent hundreds of millions of foregone dollars statewide and well over \$100 million in foregone revenue from Philadelphia casinos. Table games are also the most employee-heavy form of gambling, so that eliminating table games eliminated a substantial portion of casino-floor jobs.

In most American jurisdictions, table games account for 12 to 17 percent of revenues at casinos, although they account for a significantly higher proportion in Atlantic City and Nevada, where table games attract national and international players, and a significantly lower portion in Colorado, where table game stakes are limited to five dollars per hand.

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**TABLE 4.14: Relative Percent of Revenues from Slots and Tables**

	% Slot Revenue	% Table Revenue
Colorado	96%	4%
Illinois	86%	14%
Indiana	83%	17%
Iowa (Riverboats only)	88%	12%
Mississippi	84%	16%
Missouri	88%	12%
Nevada	77%	23%
New Jersey	74%	26%

Source: Innovation Group

The experts the Task Force consulted expect Philadelphia casinos to bring in amounts closer to the higher end of the national range because of local gamblers' familiarity with Atlantic City table gaming and the growing share of the gambling market attributable to the poker trend of the last three years. Thus, there is the potential for table game revenues to generate about 20 percent of initially projected slot revenues, comprising 16 to 17 percent of total gaming revenues once table games are included. Additionally, legalization of table games would likely lead to a small increase (2 to 3 percent) in slot play because Pennsylvania will be able to compete for the business of couples where one partner wishes to play table games and the other wishes to play slots.

**RECOMMENDATION:** The Commonwealth should take every reasonable step to ensure that Pennsylvania facilities can best compete with gaming facilities in neighboring jurisdictions.

The lack of table games is an area where Philadelphia casinos will be at a disadvantage in regional competition. As part of the state's efforts to ensure that Pennsylvania casinos can compete with gaming facilities in surrounding states, the Commonwealth should legalize table games statewide, in Philadelphia, or in the Greater Philadelphia area. This would level the playing field between gaming facilities in Atlantic City and the closest Pennsylvania competitors.

**RECOMMENDATION:** The Gaming Control Board should ensure that its regulations permit certification of table-game type machines that utilize video screens.

There are steps that can be taken to close the gap with Atlantic City and still accommodate the legislative concerns with table games that are reflected in the Gaming Act. Table games are banned in Pennsylvania, in significant part, because table games have historically been inconsistent with central control and monitoring by regulators, as is provided for under the Gaming Act.

However, new technology is making possible the same level of control over electronic versions of traditional table games. These include video versions of blackjack, roulette, Caribbean stud and other poker variants, baccarat, and just about every other "table game" with traditional multi-player poker games currently under development. Such games are currently used in several Native American casinos around the country where table games are prohibited by state compacts with the tribes.

The Task Force believes that these games are consistent with the language of the Gaming Act, which defines slot machines as “any mechanical or electronic contrivance, terminal, machine, or other device approved by the Pennsylvania Gaming Control Board ... the play or operation of which, whether by reason of skill or application of the element of chance, or both, may deliver or entitle the person or persons playing ... to receive cash, ... or anything of value whatsoever.” It further specifies that a slot machine may use spinning reels, or a digital display, or both.”

**FINDING: In other new markets, excessive regulatory restrictions on casino and facility operations have sometimes caused problems.**

The casino industry succeeds because gamblers believe that the games are fair though stacked in favor of the house. That belief largely derives from the heavy regulation of casinos, both nationwide and in the relevant jurisdiction. That regulation is unquestionably necessary and is generally supported by both the industry and the public.

Other regulation of gaming-related activity is not always benign. There have been instances of excessive government interference with what the casinos can do on and off the gaming floor, including what amenities casinos can offer, that have led to operations losing money where they would have otherwise been profitable.

In an attempt to protect French Quarter hotels and restaurants from a perceived threat, the New Orleans casino initially was prohibited from having a hotel or even a restaurant. As a result of these regulations, and likely due to some bad publicity following the allegation of gaming-related corruption involving Louisiana’s governor (he was convicted in 2000), Harrah’s New Orleans went bankrupt. Twice. The president of Harrah’s entertainment at the time said:

*Optimal revenues can't be achieved in an environment that limits the casino's ability to offer customers what they get from competitors just a few miles away, and I specifically mean its inability to profitably offer rooms, food and beverages to its customers.... It must be able to compete on an equal basis with those casinos just a short drive across the Mississippi border.*

Louisiana eventually learned from its error. Today, the room, food and beverage restrictions have been lifted and Harrah’s offers on-site restaurants. Before Hurricane Katrina, Harrah’s had begun construction on a new, adjacent entertainment mall called Fulton Street and a 450-room hotel. And, as discussed on page 198, Harrah’s New Orleans is profitable.

**FINDING: Casino smoking bans could be a competitive disadvantage and likely will have a short-term, and potentially a long-term, negative effect on revenue.**

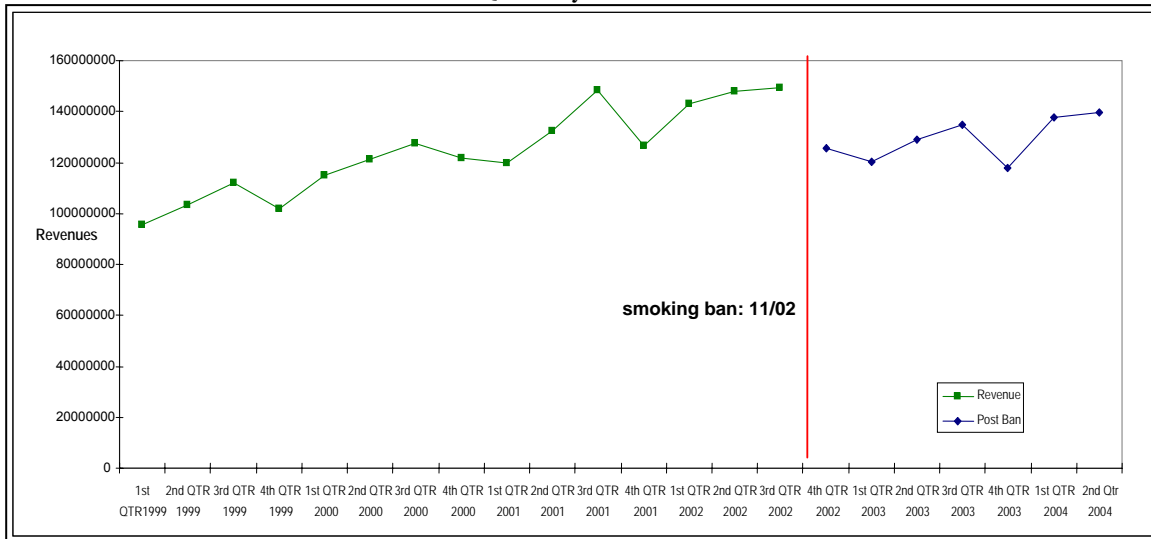
It is expected that the City of Philadelphia will enact a smoking ban by the end of 2005. Similar bans recently have been imposed at gaming facilities in Delaware and in several other locations around the world. In each case, there was a short-term negative effect on casino play and insufficient time has passed to judge long-term effects.

In Delaware, the smoking ban went into effect on November 2, 2002. In the three months following the ban, compared to the prior year, statewide slot revenues declined 16.2 percent. The Task Force has found no other logical correlation or causation factor that could have caused this drop.

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In Victoria, Australia, there was an 11.5 percent drop in gaming revenue in the three months following the implementation of a smoking ban. It is worth noting that smoking is much more prevalent in Australia, where 21 percent of the population smokes, and that Australian gamblers self-report smoking 2.5 times as often as other Australians.

**GRAPH 4.8: Quarterly Performance Statistics**



Source: Delaware Lottery

**TABLE 4.15: Annual Win of Delaware Racinos (US \$)—Calendar Year**

	Delaware Park Win	% Change	Dover Downs	% Change	Harrington Win	% Change	Total Win	% Change
1996	\$111,205,411		\$58,485,700		\$14,687,300		\$184,378,411	
1997	\$150,560,900	35.4%	\$90,133,000	54.1%	\$58,211,200	296.3%	\$298,905,100	62.1%
1998	\$171,902,200	14.2%	\$113,115,400	25.5%	\$65,803,600	13.0%	\$350,821,200	17.4%
1999	\$203,751,200	18.5%	\$141,300,000	24.9%	\$67,442,100	2.5%	\$412,493,300	17.6%
2000	\$245,470,800	20.5%	\$156,999,600	11.1%	\$82,633,900	22.5%	\$485,104,300	17.6%
2001	\$263,421,200	7.3%	\$168,373,700	7.2%	\$95,145,000	15.1%	\$526,939,900	8.6%
2002	\$268,209,000	1.8%	\$186,893,500	11.0%	\$110,807,400	16.5%	\$565,909,900	7.4%
2003	\$233,889,500	-12.8%	\$167,411,100	-10.4%	\$100,699,100	-9.1%	\$501,999,700	-11.3%
2004 est	\$264,608,378	13.1%	\$185,200,669	10.6%	108,467,845	7.7%	\$558,276,892	11.2%

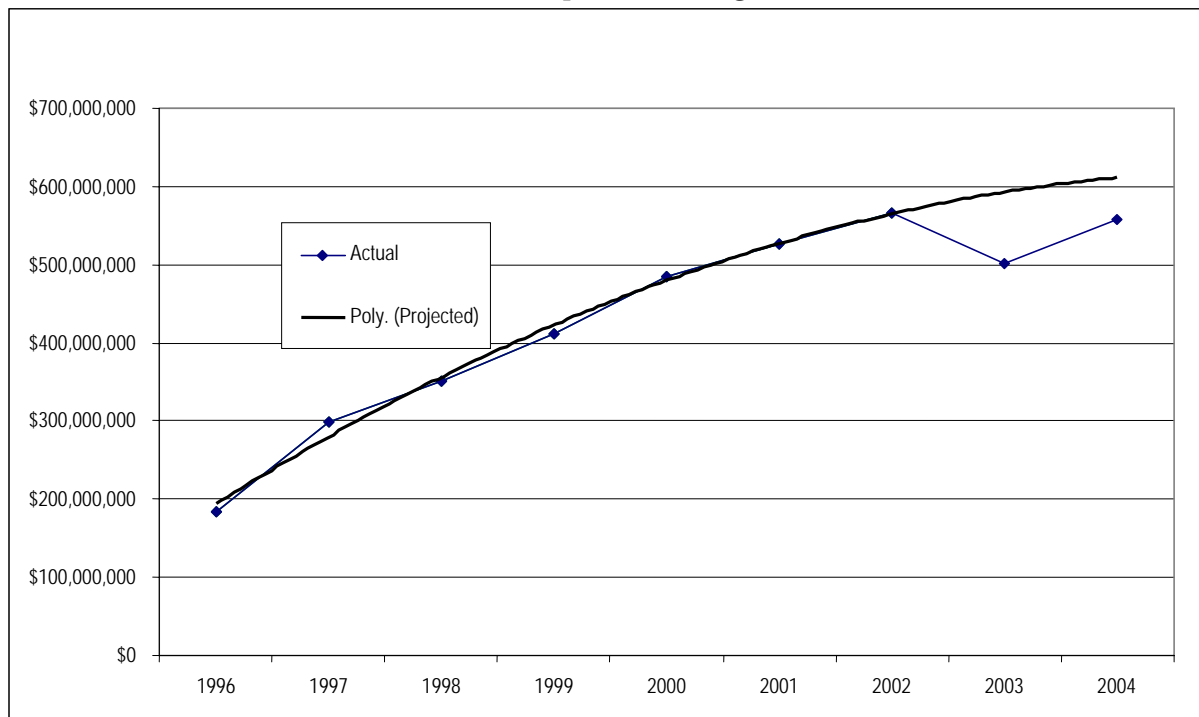
Source: Delaware Lottery

While it is clear that the trend exists in the short-term, less certain is the long term effect. This potentially reflects counterbalancing decisions to forego smoking and the attraction of other gamers who are put off by pervasive smoke. In Delaware, the trend turned upwards within six months of the ban, And in the second year revenues increased by 11.2 percent, recapturing 99.9 percent of the losses from the first year. The 11.2 percent growth compares favorably to the 8 percent growth in the two years preceding the smoking ban’s effective date.

However, while there has been recovery, revenues have not returned to the level they probably would have reached but for the ban. The chart below displays a developed trend line for

revenues prior to the Delaware smoking bans and extended these two years for 2004. Compared to 2003 and 2004 revenues, this shows approximately a continuing, but reducing, decline of 7.7 percent by the second year.

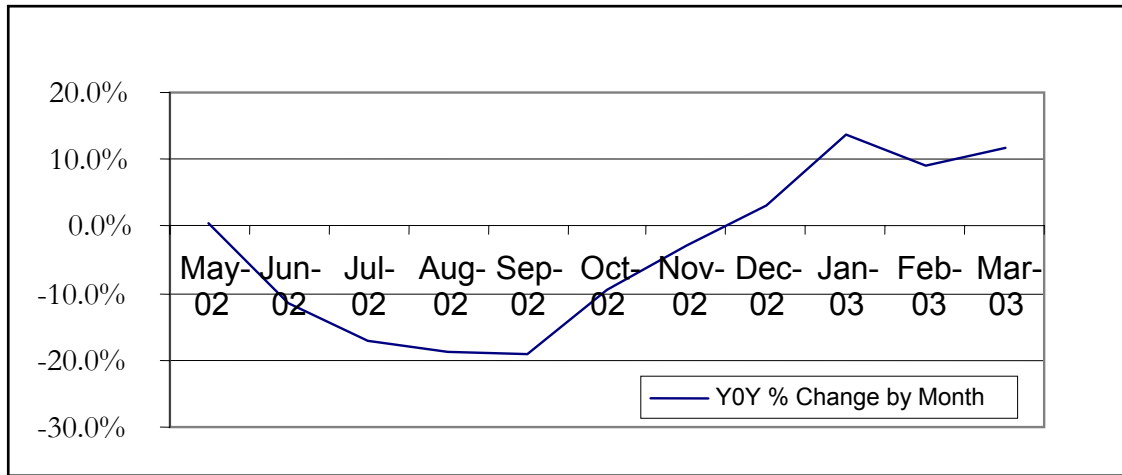
**GRAPH 4.9: Estimated Impact of Smoking Ban on Delaware**



Source: Innovation Group

Similarly, in Victoria, which has a large seasonal shift so must be evaluated on a year-over-year basis, the drop stabilized after the first quarter, but the year-over-year results stayed low until post-ban months were being compared to other post-ban months. As soon as the data artifact passed, monthly revenues began to post minimal gains of between two and five percent.

There are potential amelioration strategies, particularly the use of a “designated smoking room.” Casino Halifax, in Halifax, Nova Scotia, has a smoking ban that allows for an area up to 25 percent of the gaming floor to be a designated smoking room. After three months of very minor drops, month-over-month revenues have consistently risen since the ban went into effect. The Burnaby casino in Vancouver, British Columbia, instituted a designated smoking room six months after a smoking ban went into place (December 2002 on the chart below). It appears that the use of the designated smoking room accelerated recovery from the initial post-ban dip. In fact, as soon as the smoking room was created, lost growth was recovered and growth over prior years resumed.

**GRAPH 4.10: Post Ban Year-over-Year Change in Slot Drop**

Source: Innovation Group

Although New York also bans smoking in its racinos, it is not included in this analysis because other regulatory restrictions and other changes that make longitudinal analysis inappropriate make it difficult to draw lessons from the New York experience.

The anticipated smoking ban might put Philadelphia facilities at a disadvantage when competing with venues in New Jersey, New York, and surrounding Pennsylvania counties.

The one Canadian casino proximate to Detroit (Casino Windsor) will be covered by a province-wide smoking ban that goes into effect in mid-2006. Casino Windsor generally competes with the three Detroit casinos across the border. In terms of proximity, this will be a similar situation to the competition between the two Philadelphia casinos and the racinos in Bucks and Delaware Counties.

Delaware and Victoria, like Philadelphia, are reasonably proximate to other gaming facilities where smoking continues to be permitted. In 2005 there were rumblings of a smoking ban being enacted in New Jersey and it is possible a ban might be applied to gaming areas at nearby Pennsylvania racinos; were that to happen, any competitive disadvantage would be attenuated or eliminated.

The Task Force is not positioned to recommend adoption or rejection of the proposed smoking ban as issues regarding patron and employee health are beyond the scope of the Task Force's research. However, if the City enacts a smoking ban that includes carve outs for social clubs, bars, restaurants, or other similar facilities, the Task Force believes that the ban should also include an exception for casinos. Any exception for casinos should be limited to a designated smoking area of the casino floor and be conditioned upon instillation of modern air purification technology that reduces the level of airborne pollutants to levels generally consistent with local outdoor air. This ventilation system requirement should not be a burden to operators as the American Gaming Association has advocated state-of-the-art ventilation systems in new development and, according to at least one casino presenting at the industry-sponsored annual

Global Gaming Exposition, utilization of the most modern systems result in significant energy savings that make the systems cost-efficient.

**FINDING: Under current law banning free drinks at suburban racinos, Philadelphia casinos likely will have a competitive advantage vis a vis the casinos in Bucks and Delaware Counties.**

Free drinks are as connected with Americans' images casinos as green felt and the giant volcanoes and pyramids of Las Vegas. However, under current Pennsylvania law, Pennsylvania racinos will be prohibited from providing free drinks to gamblers under a section of the Liquor Code that applies to race tracks. The Legislature had attempted to override the existing ban in the Gaming Act, but the Supreme Court in June invalidated this override on technical grounds. While it is possible that the Legislature will try to reenact a cured version of this provision, at least as the law currently stands the stand-alone casinos in Philadelphia and elsewhere will have this competitive advantage when they compete with Pennsylvania racinos.

## **Economic Development**

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Annual gambling revenues over \$700 million and corresponding consumer and casino spending will change the City's economy. It will spur growth across many sectors of the economy and could spur localized development around casinos. Thousands of jobs will be created in and around casinos. Tax receipts will increase by millions of dollars. And wage taxes will be reduced, improving the City's competitiveness. For these reasons, as the Mayor has stated, gaming represents is a once-in-a-lifetime economic development opportunity for the City. In fact, no industry this large has come to Philadelphia in a planned way since the expansion of the Navy Yard during World War II.

Surprisingly, only half of Philadelphians the Task Force polled currently believe that slots-only gaming will help the economy, with 30 percent believing it will not make a significant difference. However casino developments elsewhere and other Philadelphia economic development initiatives indicate that gaming will spur the economy. The development generated by the arrival of casinos will include redevelopment of adjacent areas, direct, indirect, and induced spending by the casino, its vendors, and their employees, casino-driven growth in Philadelphia's convention/tourism/hospitality sector, and growth fueled by wage tax cuts and the Convention Center expansion funded by gaming revenues. Redevelopment of adjacent areas generally varies by site, and has been discussed in the site evaluations and casino design section above. The other factors are detailed in this section of the report.

**RECOMMENDATION: When selecting Philadelphia casinos, the Gaming Control Board should focus not only on gaming revenues, but also on total economic enhancement of the City and ensuring that the casinos remain economically healthy contributors to the community.**

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**FINDING: Once opened, the two casinos will become two of the most-trafficked destinations in Philadelphia**

With each casino drawing between 4.5 and 6.5 million visitors annually, they will likely become two of the most attended venues in Philadelphia. Today, the heaviest traffic at any one location occurs at the Convention Center, the Sports Complex and at certain Independence Mall and Parkway locations. All of the events at the Sports Complex combined will draw fewer visitors than the two casinos. All of the cultural institutions on the Parkway collectively draw less than 3 million visitors a year, or less than either casino will draw annually.

**Casino and Visitor Spending**

Money that is spent in and around the casino not only funds taxes and operator profits, but obviously must cover the capital and operating expenses of the casinos, including construction costs, wages, promotions and marketing, and casino purchases. Direct casino spending then multiplies throughout the economy creating both indirect and induced spending.

The Task Force, guided by economic and industry experts, initially estimated the likely economic impacts of two slot machine parlors in Philadelphia in terms of three measures of economic activity: total sales or output, total earnings (wages and salaries), and total employment. The estimates of the economic impacts are based on direct spending encompassing one-time construction, annual casino operations, and annual ancillary spending by gamblers when they are off of the casino floor.

Casino operating expenditures include parlor spending on machines, payroll, food and other supplies, advertising, and other items. Ancillary spending includes spending on transportation, meals and refreshments, souvenirs, retail, lodging, and other entertainment.

The direct expenditures created by the casinos will generate additional economic activity by way of indirect and induced expenditures. Indirect expenditures are those expenditures resulting from all intermediate rounds of goods and services produced by various firms that are stimulated by the direct construction, operations, and ancillary expenditures. For example, a casino might purchase linen services from a supplier who would in turn purchase linens, detergent, and delivery vehicles from other businesses, and, since some of these items are produced in the region, the parlor's expenditures for linen services will generate additional rounds of expenditure in the City.

Together, the direct, indirect, and induced expenditures constitute the total economic activity or output generated by the two casinos. Within the total output, construction expenditures and the associated indirect and induced expenditures will have a one-time impact, while the operating and ancillary expenditures and their associated indirect and induced expenditures will have ongoing, annual economic impacts.

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## On-Going Spending

**FINDING: Depending on revenues, strategies, and the scenario adopted, each casino will likely spend between \$79 and \$114 million on casino operations.**

Based on the revenues projected for the casinos, Task Force experts have developed projected pro forma spending on casino operations, showing projected ranges of spending at each site on casino and ancillary operations. Driven by the gamblers' spending, it is these casino expenditures that largely will drive other economic impacts in the City.

**TABLE 4.16: Ongoing Operating Expenditures Per Casino  
(\$ in Millions)**

Type of Expenditure	Navy Yard	North Delaware	South Delaware	Market East	I76-City Avenue
Ongoing Operations – Low	\$79	\$99	\$92	\$95	\$104
Ongoing Operations – High	\$85	\$108	\$95	\$111	\$114

Source: Econsult and Innovation Group

It is likely that some portion of these operating expenditures is attributable to substitution spending, probably in the range of 10 to 25 percent (see page 218).

**FINDING: Ancillary spending by casino visitors will be between \$68 and \$187 million annually, although this likely includes some substitution spending.**

Some gamblers are likely to spend some money off of the casino floor while they are in Philadelphia. Both reflecting the fact that (outside of Nevada and Atlantic City) spending rates for daytrip gamblers are relatively low and ensuring that these projections are conservative, Task Force experts have projected average spending outside of a casino to range from \$5 to \$30 per visitor per day, depending on the location of the casino. It is worth noting that the I-76/City Avenue figure has been deflated by half as it was assumed that half of ancillary spending by visitors to those casinos would occur in Montgomery County, and thus not directly impact Philadelphia.



**TABLE 4.17: Spending Estimates**

Spending/Day-Visitor	Navy Yard	North Delaware	South Delaware	Market East	I76 City Avenue
Total Per Day Spend \$	\$5	\$15	\$13	\$30	\$5
Percentage of visitors who spend outside casino	10%	30%	26%	40%	20%
Amount spent by those who spend outside casino:					
Adjacent PA Suburbs	\$50	\$50	\$50	\$75	\$25
Rest of PA	\$50	\$50	\$50	\$75	\$25
Camden	\$0	\$0	\$0	\$0	\$25
Other Adjacent NJ Suburbs	\$50	\$50	\$50	\$75	\$25
Rest of NJ	\$50	\$50	\$50	\$75	\$25
Maryland	\$50	\$50	\$50	\$75	\$25
Delaware	\$50	\$50	\$50	\$75	\$25
Philadelphia	\$0	\$0	\$0	\$0	\$0

Source: Econsult and Innovation Group

The Task Force estimates of \$50-75 spending per visitor are consistent with both local tourism and national gaming experiences. Locally, Greater Philadelphia Tourism and Marketing Corporation's 2005 estimate of visitor spending is \$101.30, which would be discounted because of money also spent on gambling. Elsewhere, a 2004 Louisiana study of non-lodging/transportation spending by out-of-state visitors in New Orleans (\$40-\$80/day), Baton Rouge (\$82/day), Shreveport (\$42/day), and Lake Charles (\$36/day), although this includes some spending by overnight visitors (such as extra meals) that would not happen for daytrippers. Center City spending was set higher because, like New Orleans and Baton Rouge, there will be comparatively more options for the person who leaves the casino to shop or eat.

Similarly, for the small percentage of new overnight visitors the model projects spending at \$150-250, depending on where the casino is located. Again, the spending at the Western edge of the City is reduced by 50 percent to account for the effect of the county line.

Finally, the model makes several direct assumptions about incremental/substitution spending patterns on ancillary spending. Because Philadelphians and Camden residents already generally spend their restaurant and shopping dollars, the model assumes that any ancillary spending from those gamblers would only be substitution spending, and thus assumes that (i) visitors who are residents of Philadelphia will not make incremental ancillary expenditures and (ii) visitors who are residents of Camden will not make incremental ancillary expenditures at any of the sites except if they travel across Philadelphia to casinos located near the Schuylkill. For similar reasons, the model assumes that a number of day-trippers from the adjacent Pennsylvania suburbs that spend money at the I76-City Avenue sites would have done so anyway, and discounts that factor substantially.

Overall, when the estimates are rescaled to include all area residents, the estimates of incremental spending per day-tripper range from \$2.25 for a South Delaware location to \$11.25 for a Center City location.

Even with these relatively conservative projections, when applied to the large number of day-trip and overnight visitors (see page 222 for detail on new overnight visitors), the model predicts significant spending. Ancillary economic development spending, off of the casino floor, is predicted to range from \$34 to \$114 million per casino, with scenario spending varying between \$68 and \$187 million annually. Because some of these day-trippers and overnight visitors might otherwise have been visiting Philadelphia (although not staying over), some portion of the identified spending will be substitution spending, which does reduce the overall impact to an unknown degree.

**TABLE 4.18: Numbers of Visitors and Ongoing Ancillary Spending Per Casino**

	Navy Yard	North Delaware	South Delaware	Market East	I76-City Avenue
Other Visitors (IG)	2,350,000	2,500,000	2,500,000	2,000,000	2,695,000
Who Stay Overnight	150,000	190,000	165,000	245,000	170,000
Who Do Not Stay Overnight	2,200,000	2,310,000	2,335,000	1,755,000	2,525,000
Average Overnight Spending Outside of Casino in Dollars	\$150.00	\$200.00	\$150.00	\$250.00	\$125.00
New Spending Outside of Casino by Overnight Visitors in Millions of Dollars	\$23	\$38	\$25	\$61	\$21
Total Day Visitors	2,200,000	2,310,000	2,335,000	1,755,000	2,525,000
Outside Casino Spending	\$5.00	\$15.00	\$13.00	\$30.00	\$5.00
Total Spending Outside of Casino by Day Visitors in Millions of Dollars	\$11	\$35	\$30	\$53	\$13
Total Ancillary Expenditures (\$ Millions)	\$34	\$73	\$55	\$114	\$34

Source: Econsult and Innovation Group

These projections may, in fact, be too conservative. The Task Force consultants believe that Philadelphia will likely exceed these projections because Philadelphia has greater potential for ancillary spending. Implicit in the model are standard room-occupancy factors and higher hotel rates, restaurant and retail prices and options, but Philadelphia's prices are higher and options more diverse than in other gaming cities.

Philadelphia represents a market that is somewhat different than other cities (other than New Orleans) in another way because Philadelphia can market gaming as an additional attraction to conventioners and tourists. Because of this greater potential, and the likely marketing efforts associated with it, it is possible that these estimates of ancillary expenditures are relatively low compared to projected gaming visitation and overall tourism in the city.

**FINDING: Casino operations spending is projected to be \$148 to \$226 million in total indirect and induced expenditures, depending on the scenario. Some portion of these expenditures would be substitution spending.**

As discussed above, in addition to direct expenditures, there are two other components of

economic activity that will be created by the slot machine parlors: indirect and induced expenditures. Indirect expenditures are those expenditures resulting from all intermediate rounds of goods and services produced by various firms stimulated by the direct spending. Induced expenditures are those that are generated through the spending of households' earned incomes (salaries and wages) generated by the direct and indirect expenditures.

**TABLE 4.19: Ongoing Indirect & Induced Expenditures Per Casino**  
(\$ Millions)

Originating from	Navy Yard	North Delaware	South Delaware	Market East	I76-City Avenue
Operations Expenditures – Low	\$43	\$53	\$50	\$51	\$56
Operations Expenditures - High	\$46	\$58	\$51	\$60	\$61
Ancillary Expenditures	\$19	\$42	\$32	\$66	\$20
Ongoing Total – Low	\$62	\$96	\$82	\$117	\$76
Ongoing Total – High	\$65	\$100	\$83	\$126	\$81

Source: Econsult

Combined with direct spending above, the indirect and induced spending allows us to calculate the total range of per casino ongoing expenditures.

**TABLE 4.20: Ongoing Total Expenditures Per Casino**  
(\$ Millions)

Originating from	Navy Yard	North Delaware	South Delaware	Market East	I76-City Avenue
Operations Expenditures – Low	\$122	\$152	\$142	\$146	\$160
Operations Expenditures – High	\$131	\$166	\$147	\$171	\$175
Ancillary Expenditures	\$53	\$115	\$87	\$180	\$54
Total – Low	\$175	\$267	\$229	\$326	\$214
Total – High	\$184	\$281	\$234	\$351	\$228

Source: Econsult

The substitution/incremental affect on indirect and induced spending tracks exactly the substitution/incremental effect on direct expenditures. Thus, if incremental spending is 75 to 90 percent of direct spending, then it will also be 75 to 90 percent of induced and indirect spending. Because the estimated ancillary expenditures are already controlled for substitution effects, the indirect and induced spending arising from ancillary expenditures would all be new spending. Calculating incremental spending only for the affected spending, the models project the following ranges of incremental spending as a portion of total spending:

**TABLE 4.21: Range of Incremental Percentage of Ongoing Total Expenditures**

	Navy Yard	North Delaware	South Delaware	Market East	176-City Avenue
Operating Expenditures 75% Incremental	82%	85%	84%	88%	81%
Operating Expenditures 90% Incremental	93%	94%	94%	95%	92%

Source: Econsult and Innovation Group

## Construction Spending

**FINDING:** Depending on location, design, and structural elements, construction spending to build the initial stage will likely be between \$144 and \$177 million at each casino.

Construction of a basic casino operation will cost between \$144 and \$177 million at each site, based only on limited internal food, beverage, and entertainment space. There would be additional spending if the casinos are initially constructed to include significant high-end bars and restaurants, expanded entertainment venues, hotels, retail space or other amenities currently projected for later-phase development. The projected costs also do not include land acquisition costs (which are dependent on whether the landowner becomes part of the ownership group, as is possible in many cases), and site preparation costs, such as demolition and sewer relocation, that are necessary for construction on these sites.

**TABLE 4.22: One-Time Construction Expenditures Per Casino (\$ Millions)**

Type of Expenditure	Navy Yard	North Delaware	South Delaware	Market East	176 City Avenue
Casino Construction	\$45	\$45	\$45	\$52	\$43
Back Room Construction	\$18	\$18	\$18	\$21	\$17
F&B, Retail & Entertainment	\$26	\$26	\$26	\$30	\$25
Parking Construction	\$55	\$71	\$71	\$75	\$71
Totals	\$144	\$160	\$160	\$177	\$155

Source: Econsult and Innovation Group

The construction projections are based on a prototypical building program with the following assumptions:

- 90,000 square feet of casino space at a cost \$500 per square foot (psf).
- An additional 90,000 square feet of “back room” space at \$200 psf.
- Commensurate food & beverage, retail, and entertainment space.
- Parking for 3,000 cars in one garage, except at the Navy Yard where the garage would contain only 2,000 spaces and there will be 1,000 surface spaces.
- Riverfront construction would involve significant use of pilings, costing roughly \$2 million.

Construction on Market East is projected to cost more because of the logistical burden of working in Center City and because a casino building in Center City will probably be more vertical than at other sites. Building up instead of out raises some costs (e.g., there are more exterior walls and there is a greater cost for structural support), lowers others (e.g., there is a smaller foundation and a smaller roof), and does not change another set (e.g., finishing costs). All told, the Task Force’s experts’ best estimate is that the net differential of Center City versus the various sites will be between 10 and 20 percent, so the model uses the 15 percent midpoint.

**FINDING: This construction spending will likely lead to total new indirect and induced one-time expenditures of \$152 to \$171 million depending on the scenario.**

The Task Force estimates of the one-time indirect and induced expenditures that will originate from the one-time casino construction expenditures range from \$152 to \$171 million. Because none of the direct spending leading to this indirect and induced spending would happen in the absence of gambling, all of these expenditures are incremental or new spending.

**TABLE 4.23: One-Time Indirect & Induced Expenditures Per Casino**  
(\$ Millions)

Originating from	Navy Yard	North Delaware	South Delaware	Market East	176-City Avenue
Construction	\$73	\$81	\$81	\$90	\$79

Source: Econsult

## Job Creation

Gaming in Philadelphia has the potential to create a substantial number of permanent, high quality jobs for City residents across a wide spectrum of the service industry. These jobs are a critical economic benefit the City of Philadelphia can realize from casino gambling.

Gaming facilities will directly employ persons in food and beverage, slot department, public area cleaning, parking and hotel areas, as well as “white collar” occupations such as financial services, casino management, promotions, and administrative services. Indirectly, gaming facilities will also likely increase permanent employment in sectors that significantly sell to or disproportionately benefit from casinos, such as in private security firms and restaurants and hotels in the vicinity of the casinos. Additionally, gaming facilities will create a significant number of temporary construction jobs.

The number of jobs that will be created directly in casino operations is significantly larger than currently projected by most Philadelphians. Philadelphians by and large believe that gambling will bring only minimal employment, with only 11 percent anticipating more than 2,000 jobs and 40 percent anticipating that gambling will bring 500 jobs or less.

**TABLE 4.24: Number of Perceived Casino Jobs Estimated by Philadelphia Residents**

Range of Jobs Estimated	Percentage of Philadelphia Residents
Under 100	9%
100 to 500	31%
501 to 1000	19%
1000 to 2000	11%
Over 2000	11%
Don't Know/Not Sure	18%

Source: Lester and Associates

As explained in greater detail below, the Task Force anticipates between 7,000 and 12,000 new jobs, even before any supply side effect and before counting jobs created by the expanded Convention Center. If these job projections are accurate, it is likely that gambling will have a much larger impact on Philadelphia than is currently projected by the populace.

Casinos generally provide significant employee benefits, including health insurance, job skills and training, and access to day care. As Philadelphians win these jobs and create new careers, the casinos will put dollars into neighborhoods and assist local businesses and increase home ownership.

**FINDING: There will be 1,445 to 1,500 gaming operations jobs in the two Philadelphia casinos and between 2,100 and 4,500 new jobs in ancillary operations at the two casino complexes.**

The Task Force analysis predicts that each casino will employ between 715 and 765 employees directly in its gaming operations and over 1,000 people at each site in ancillary operations. Potentially, initial ancillary job creation can be as high as 4,500, paying as much as \$231 million in annual wages. The 1,445 to 1,500 direct jobs do include some substitution effect consistent with the direct expenditure projections discussed above. Thus there would likely be between 1,083 and 1,380 net new direct jobs. As hotels, entertainment, and other amenities are developed, the number of jobs are expected to increase.

**TABLE 4.25: Ongoing Impacts on Jobs and Earnings Per Casino  
(\$ Millions)**

Employment	Navy Yard	North Delaware	South Delaware	Market East	176- City Avenue
<b>Parlor Operations</b>					
Jobs	715	735	730	730	765
Salaries & Wages	\$22.7	\$23.8	\$23.3	\$24.0	\$24.4
<b>Ancillary Operations</b>					
Jobs	1,039	2,050	1,122	2,562	1,238
Salaries & Wages	\$41.4	\$81.8	\$44.7	\$102.2	\$49.4

Source: Econsult and Innovation Group

**FINDING: Casinos will indirectly lead to between 3,900 and 6,400 new jobs from growth in these other industries and in local businesses across the economy that service casino patrons and businesses that service casinos.**

While jobs immediately associated with casinos and ancillary activities will be the easiest jobs to pinpoint, there will be a greater impact on the economy from the indirect and induced jobs created in the overall economy by adding two economic engines. These jobs are very difficult to identify in a post-development audit because they get mixed into other economic growth, and are even more difficult to accurately predict in advance. However, the Task Force experts have produced low and high estimates (on a per casino basis), that appear below. These do not account for the substitution effect, which likely means that some of the perceived growth, likely around 10 percent, will constitute realignment within the marketplace and not new growth.

**TABLE 4.26: Ongoing Indirect/Induced Impacts on Jobs and Earnings Per Casino  
(\$ Millions)**

Employment	Navy Yard	North Delaware	South Delaware	Market East	176- City Avenue
<b>Induced/Indirect – Low</b>					
Jobs	1,763	2,676	2,302	3,242	2,163
Salaries & Wages	\$25.6	\$32.1	\$29.9	\$30.8	\$33.7
<b>Induced/Indirect – High</b>					
Jobs	1,853	2,815	2,349	3,492	2,315
Salaries & Wages	\$27.5	\$34.9	\$30.9	\$35.9	\$36.8

Source: Econsult

**FINDING: Economic development, spurred by wage tax cuts and the Convention Center expansion, will eventually lead to more new jobs.**

There are two principal motivations for lowering wage tax rates. First, and more obviously, holding other factors constant, people would prefer to pay lower taxes. Second, the lowering of local tax rates is expected to stimulate the local economy. As discussed below in the tax receipt section, it is anticipated that the wage tax cuts will spur the economy, leading to new jobs. Some further analysis of the growth spurred by the wage tax cuts is available at page 277.

Similarly, expansion of the Convention Center has been predicted to dramatically increase the number of conventions and expand the hospitality sector of the Philadelphia economy. Although exact job predictions are beyond the scope of the Task Force, more detail on the impact of Convention Center expansion can be found on page 262.

**FINDING: Construction will likely lead to between 945 and 1,071 construction jobs paying between \$30 and \$34 million in wages, with another 1,703 to 1,922 induced and indirect construction-related jobs paying between \$69 and \$78 million in wages.**

Construction is a major, if temporary, economic driver for the Greater Philadelphia region. Construction of two Philadelphia casinos will likely lead to about 1,000 construction jobs, which will pay approximately \$30-34 million in combined wages. This construction will also lead to over 1,700 additional induced and indirect jobs, paying another \$69 to \$78 million.

**TABLE 4.27: One-Time Per Casino Impacts on Jobs and Earnings  
(\$ Millions)**

Type of Expenditure	Navy Yard	North Delaware	South Delaware	Market East	I76- City Avenue
<b>Capital Expenditures</b>					
Jobs	448	509	509	562	497
Salaries & Wages	\$14	\$16	\$16	\$18	\$16
<b>Induced/Indirect</b>					
Jobs	819	910	910	1012	884
Salaries & Wages	\$33	\$37	\$37	\$41	\$36
<b>Total One-Time</b>					
Jobs	1266	1418	1418	1573	1381
Salaries & Wages	\$48	\$53	\$53	\$59	\$52

Source: Econsult

Because of the nature of the construction trades, much of this stimulus will be felt in the region, but beyond the City's borders. On the other hand, City businesses and residents will also likely benefit from the construction of the new racino in Chester and the expansion of Philadelphia Park to include a racino.

## Casino Jobs

**FINDING: Philadelphia's anticipated unionized gaming jobs will likely have higher wages and better benefits than many other retail and hospitality industry jobs available to workers with comparable qualifications.**

There is a clear national trend towards unionization in the casino industry, a trend which meshes well with organized labor's historic importance and successful representation of its members in Pennsylvania and, more specifically, Philadelphia. The Legislature was cognizant of this fact when it made employer-employee relationships, including dealing with employees' "representatives" at other locations, an enumerated factor for the Board to consider before granting a license.

Across the industry, unionization has led to benefits for employees, but also for employers and



regulators. And a cooperative relationship between unions and gaming industry employers helps to ensure high job quality and benefits, which then has helped to lift service sector workers into the middle class.

## Wages

In the casino industry, as with most industries, wages and benefit packages are higher for union workers than non-union workers. For example, wages for unionized casino workers in Las Vegas were 35 percent higher than for otherwise-comparable non-unionized casino workers in Reno. Likewise, wages for unionized casino workers in Atlantic City and Detroit were more than double the wages paid to non-union casino workers in Mississippi, although some other localized effects enter into this analysis.

**TABLE 4.28: Real Income Growth, 1977-1996  
Union Gaming Workers v. the Larger Service Sector**

Job Category	Real Income Growth 1977-1996
Atlantic City cook (union)	115.0 %
Atlantic City housekeeper (union)	100.4 %
New Jersey service worker	16.0 %
United States service worker	10.1 %

Source: HERE Local 54 and Economic Policy Institute

## Health Benefits

Similarly, as of 2000, the last year where such data was available on a segmented basis, only 47 percent of American blue-collar and service industry workers nationwide had health insurance through their employer. In comparison, all unionized gaming workers in Atlantic City, Detroit, and Las Vegas have full family health coverage entirely funded by employer paid premiums, with no deductions from paychecks.

## Pension Benefits

At a time when even governments are cutting back on pension benefits, pensions remain the standard for gaming employees. All unionized gaming employees in Atlantic City and Las Vegas are covered by defined pension plans that are entirely funded by the employer, whereas 48 percent of private sectors workers generally are covered by any pension plan. Unionized gaming employees generally also often have separate 401K plans in addition to their defined benefit plan.

Finally, to the extent that the gaming industry creates high paying, good quality union jobs that include generous health and pension benefits, these jobs may reduce the reliance upon public assistance and government funded medical programs.

**FINDING: Gaming is a heavily unionized industry with strong labor-management partnerships, with most new developments utilizing labor peace agreements.**

The gaming industry is one of most highly unionized industries in the United States, particularly

in the Northeast (notably excluding Native American tribe-owned casinos). All casino workers in Atlantic City and Detroit are unionized, as are all workers in Las Vegas Strip casinos. In recent years, new casinos have effectively opted-in to unionization by entering into pre-construction agreements making it easy for workers to determine whether to certify a union.

These agreements, called labor peace agreements or card-check agreements, are now generally signed between an operator and the relevant union, typically the major gaming union UNITE-HERE. A typical agreement sets forth a quick and cooperative process for determining whether or not employees wish to be represented by a labor union, and, as employees are hired, they are entitled to select whether or not to join the union. Of late, this process has been used extensively at both new and existing gambling properties. The process was used for all three Detroit casinos, at the Borgata in Atlantic City, in riverboat gaming markets throughout the Midwest, and at nearly every new casino to open on the Las Vegas Strip in the last 15 years.

To the extent that a Philadelphia license is granted to a major operator, the operator will not only be familiar with, but likely will be operating elsewhere under such an agreement. A majority of major gaming industry employers are already unionized, or at least operate as union shops in certain environments. Thus Philadelphia could benefit from the standard of good quality jobs that stems from the cooperative labor-management partnership already in place in the gaming industry.

**RECOMMENDATION: A commitment to working with union labor should be essential to receiving the support of the City for any gaming license application.**

Philadelphia has a proud history of unions bettering the life of local employees. The Task Force strongly suggests that any casinos in Philadelphia work closely with local unions. This must include committing to utilizing a labor peace agreement with a union with national experience representing gaming industry employees and committing to utilize union labor in construction and maintenance of the proposed development. Any applicant that does not commit to a “card-check agreement” and the use of union labor should be opposed by the City.

**FINDING: Unionization of casino jobs should not exclude non-union members.**

Unionization should not keep non-members out of jobs in Philadelphia. The casino industry runs as union shops, where employees who are hired then join the union (or pay the equivalent of union dues). Union membership is automatic if the prospective member pays the dues and holds the job, with extra requirements prohibited by federal law, and even if someone is ejected from the union, the union is not permitted to seek to have that ejection used as grounds to terminate the employee. As a result, these jobs should be available to a full cross-section of qualified Philadelphians.

**RECOMMENDATION: Casino operators and the City should agree on minimum quantitative goals for local hiring both Citywide and in the immediate neighborhood of the casinos and should work with the Diversity Apprenticeship Program to ensure minorities have equal access to construction jobs.**

For most Philadelphians, the most immediate positive economic benefit from casinos will be new jobs that they, family members, or friends, can try to obtain. Casino operators should be

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asked to develop proposals with the City to ensure that Philadelphia residents hold a significant majority of casino's permanent and construction jobs and that residents of nearby communities are actively recruited and trained for permanent jobs. Philadelphia communities need to be included in all phases, including, but not limited to, utilization of the Diversity Apprenticeship program to ensure that a diverse population has access to casino construction jobs.

Once the numbers are agreed to, the casinos will be responsible for providing periodic reports that allow the City to track their performance. During construction, these figures need to be presented every two weeks, based on hours worked on the site. Thereafter, casinos should be required to submit to the City on a quarterly basis all information necessary to track compliance with meeting the agreed-to minimums.

### **Getting Philadelphians Ready and Into Casino Jobs**

The Gaming Act anticipates that gaming jobs will and should be made available to all qualified local residents. It directs that each casino have a hiring plan that "promotes a diverse work force, minority participation and personnel from within the surrounding geographical area." There is also language requiring good faith plans for promotion and training of a diverse local workforce. But the Gaming Act does nothing to ensure that Philadelphians, or residents of other host communities, are ready for the jobs. Because the creation of these jobs are a major factor that make casinos an acceptable economic development proposal to the local communities, Philadelphia will fully benefit only if a plan is implemented to prepare Philadelphians to win these jobs.

**RECOMMENDATION: The City should only support applications that will lead to the creation of quality jobs with wages, health, and pension benefits consistent with comparable gaming jobs in Atlantic City and Detroit. This will give service sector workers in this new industry the path to become part of the City's middle class.**

**FINDING: Customer service standards are key in gaming industry competition. Highly trained service employees are critical to the successful operation of a gaming facility.**

Trained employees are critical to the successful operation of a gaming facility. There are several successful models for private-public partnerships dedicated to training employees for gaming industry jobs. These training centers result in savings of both time and money for gaming employers because graduates are ready to meet industry standards when they start at the gaming facility.

Training will involve more than filling the jobs at the two casinos. In Philadelphia, it is expected that many gaming employees will apply from elsewhere in the service sector, leaving behind them a diffuse set of service sector opportunities. Additionally, because the regulatory framework makes it probable that Philadelphia Park and Chester Downs will operate before Philadelphia facilities, there are opportunities outside of Philadelphia for Philadelphia residents even before these venues are open.

Towards this end, it is unclear whether employers or the City can identify funding to use this

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opportunity as a catalyst to build a broad coalition of hospitality employers. This training effort could focus on the training needs of hospitality and customer service workers. Other major employers in the hospitality industry may want to coordinate efforts to avoid significant depletion of trained hospitality and customer service workers from one particular sector of the hospitality industry.

In this regard, joint training facilities might be developed within the larger Philadelphia hospitality industry. Additionally, there may be sufficient demand in the Southeastern Pennsylvania gaming market, with four casinos/racinos in the Greater Philadelphia area and potential other facilities in Lehigh Valley and Long Pond, or other similar areas, to support a dedicated gaming-specific training program. If either such a facility is developed, the economic development and recruitment impact on Philadelphians would be significantly greater if it were to be located inside the City of Philadelphia.

No training program is without costs and both because of the high effective tax rate on casinos and the need to train employees even before Philadelphia operators are selected, training funding is uncertain. It is similarly unclear to what extent the Commonwealth will fund these efforts, even though they serve to address a problem created at the state level.

**RECOMMENDATION: The gaming industry and the Commonwealth should identify dedicated funding to ensure that training is available to those Philadelphians interested in obtaining gainful employment in the casino industry and throughout the other customer service-related industries in southeast Pennsylvania.**

While the Task Force recognizes that many models work, the review of casino models employed elsewhere indicates that apprenticeship-based and post-secondary education models should be aggressively pursued. Now, before racinos open in the suburbs and in advance of the casinos opening in the City, Philadelphia should work with industry participants and labor unions to potentially create a regional training program for gaming-industry specialized jobs.

**RECOMMENDATION: The Commonwealth, City, operators, slot machine manufacturers, and labor unions should create a government-labor-management oversight committee to explore options for training employees in permanent casino and ancillary component jobs.**

**FINDING: Philadelphia can draw from a number of models to develop a training program; different models are based around training and funding through casino operators, organized labor, area schools and colleges, and/or community organizations.**

Successful models exist both inside and outside the gaming industry that Philadelphia can draw on to inform future training decisions. For example, just when it comes to training culinary staffs, there are local hospitality models at the Opportunities Industrialization Center (“OIC”), federally funded training and apprentice programs in Atlantic City, and an industry funded culinary academy in Las Vegas. Similar programs exist beyond culinary training in all aspects of the gaming industry.

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### **Opportunities Industrialization Center**

OIC was founded by Reverend Leon H. Sullivan as a North Philadelphia self-help, job training program to prepare unemployed and underemployed Philadelphians in a variety of industries. It has provided that training for the last 40 years, and has been so successful that it is a worldwide model with 60 domestic affiliates and programs in 16 foreign nations.

Since 1989, OIC has operated Opportunities Inn: The Hospitality Training Institute, which provides entry-level training in hotels, restaurants, and entertainment venues and the Convention Center. It contains an adult culinary school that provides about 45 Philadelphians annually with a 16-week training program. The program, which is subsidized by a small portion of the City's hotel tax, via the Pennsylvania Convention Center Authority, is free to the participants, who need purchase only utensils and uniforms.

OIC is now exploring creation of a Gaming Industry Training Institute to take some of the local lessons and methods learned in related environments and apply them to the new gaming industry to ensure that Philadelphians are ready for the coming opportunities.

### **The Atlantic City Apprenticeship Program**

In Atlantic City, a partnership of gaming industry employers and the labor union has created the Atlantic City Casino Industry Cooks Apprenticeship Program, the first federally accredited culinary training program in the country. The program is run by a joint labor-management committee and has trained over 1300 participants in culinary arts through a variety of partnerships with gaming operators, vocational schools, post-secondary institutions and faith/community-based organizations.

This apprenticeship program requires participants to study 400 hours, including 290 hours of study at Atlantic Cape Community College's Culinary Arts School, and includes additional on-the-job training. Pre-apprenticeship programs—targeted at high school students—provide 16 weeks of training, including job tours, internships, work-based learning, interviewing techniques and resume-building. Students who successfully complete the apprenticeship program receive free job placement by the gaming labor union local, UNITE-HERE Local 54. The program is funded by both federal and state grant money.

### **The Culinary Training Academy**

In Las Vegas, the Culinary Training Academy graduates 4,000 students each year in various hospitality sectors, with specific training programs targeted for housekeepers, food service staff, cooks, and sommeliers, among others. The placement rate for program graduates is over 75 percent, and is the main route by which participant employers find “work ready” employees.

The program is designed not only to provide entry-level workers with skills employers need, but also to provide an avenue for advancement and upgrade for incumbent workers. Over 30 gaming industry employers participate in the Academy's programs that are overseen by a Board made up of labor and management trustees.

The Academy is primarily funded through a per-hour-worked employer contribution, and is

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negotiated through collective bargaining agreements between gaming industry employers and the gaming workers union.

The Academy also has an intensive vocational English as a second language program to eliminate barriers to advancement and to enhance customer service delivery for employees for whom English is a second language, as well as a diversity outreach program that focuses on increasing participation from African-American communities.

Beyond the culinary arts, similar training models exist across the region and country for different components of the hospitality and gaming industries. Atlantic Cape Community College, for example, also has training programs for electronics for slot technicians, specialized police officers, loss prevention, and slot surveillance. OIC also has housekeeping and maintenance, food servers, front desk operations, front and back desk clerical operations, and a general travel/tourism occupations training. Online courses and short seminars also abound in this arena, but they tend to focus on developing skills for personnel already in the industry. Philadelphia's secondary schools and community colleges are currently expanding vocational and industry-specific training efforts.

And the construction trades, which traditionally utilize an apprenticeship program, are expanding their efforts to assist minorities to enter into these trades through the Diversity Apprenticeship Program, a project of Philadelphia Revitalization and Education Program, Inc. and its managing partner, the Housing Association of Delaware Valley. The Diversity Apprenticeship Program utilizes academic enrichment and enhancement courses, life skills training, case management and supportive services that prepare Philadelphia's minority candidates to pass the building trades examination.

**RECOMMENDATION: Casino operators should establish training programs for their employees once hired that include both position-related skills and upgrades to basic skills such as language proficiency and literacy so all employees have the opportunity to move along a career continuum.**

**FINDING: Philadelphia has an extensive job linkage system for entry-level jobs.**

Philadelphia has a local CareerLink system that matches thousands of residents with employers each year, and has been a recruitment source for new businesses in Philadelphia. This system, which is supported by a wide of partners that includes several state agencies, will be an important vehicle for connecting residents with jobs in the gaming industry, as well as to jobs created in ancillary businesses.

For example, ARAMARK uses CareerLink so successfully that it has established its regional recruitment center at the CareerLink location at 10<sup>th</sup> and Spring Garden Streets. Through hiring and screening at that CareerLink, ARAMARK has filled over 2,000 temporary jobs in the past five years, and over 1,000 of those temporary hires have transitioned to full-time ARAMARK jobs. ARAMARK now uses this system all-but-exclusively for certain classes of entry level positions in this market and believes that this system has both increased community access to their jobs and has led to a substantial recruitment and assessment savings for ARAMARK.

As with every City economic development initiative, a crucial issue for Philadelphia impact will

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be insuring that – to the greatest extent possible – City residents have access to the jobs that are created. CareerLink and other networking tools that already feed qualified Philadelphians into jobs, might serve as a cost-effective and community-friendly bridge to the operators.

**RECOMMENDATION: The City and casino operators should collaborate to develop a job linkage system that works for casinos but which aligns with Philadelphia’s efforts to ensure access to workplaces for all qualified Philadelphians.**

**FINDING: Philadelphians will need to be educated about the state-mandated suitability requirements for casino employees and vendors.**

During the course of the Task Force’s public hearings around the City, it became clear that the general public was not familiar with the suitability requirements of the Gaming Act and of similar requirements in other jurisdictions. These requirements may limit the ability of people with convictions for certain crimes or other character issues from working in, servicing, or otherwise benefiting directly from gaming’s arrival in Pennsylvania. Building on the text of the Gaming Act, the first set of final regulations issued by the Board discuss suitability and background requirements in the context of manufacturer contracts. Similar regulations are being promulgated in other contexts.

In whatever form those regulations are issued, to the extent Philadelphians wish to seek employment with or business opportunities from a casino, they need to be familiar with suitability requirements and take necessary steps to ensure that their license applications, and business entities where appropriate, are properly constructed to give a full view of their character. However, the public is not sufficiently aware of these issues and Philadelphians will be better prepared to win these jobs and contracts if the City’s populace and business community are educated about suitability and counseled about how best to comply.

**RECOMMENDATION: The Commonwealth should expand training for all CareerLink, Diversity Apprenticeship Program, and other employees of gateway-to-work programs to ensure that they are familiar with suitability and other requirements of taking positions in the gaming industry.**

## **Philadelphians as Beneficiaries of Casino-Generated Business Opportunities**

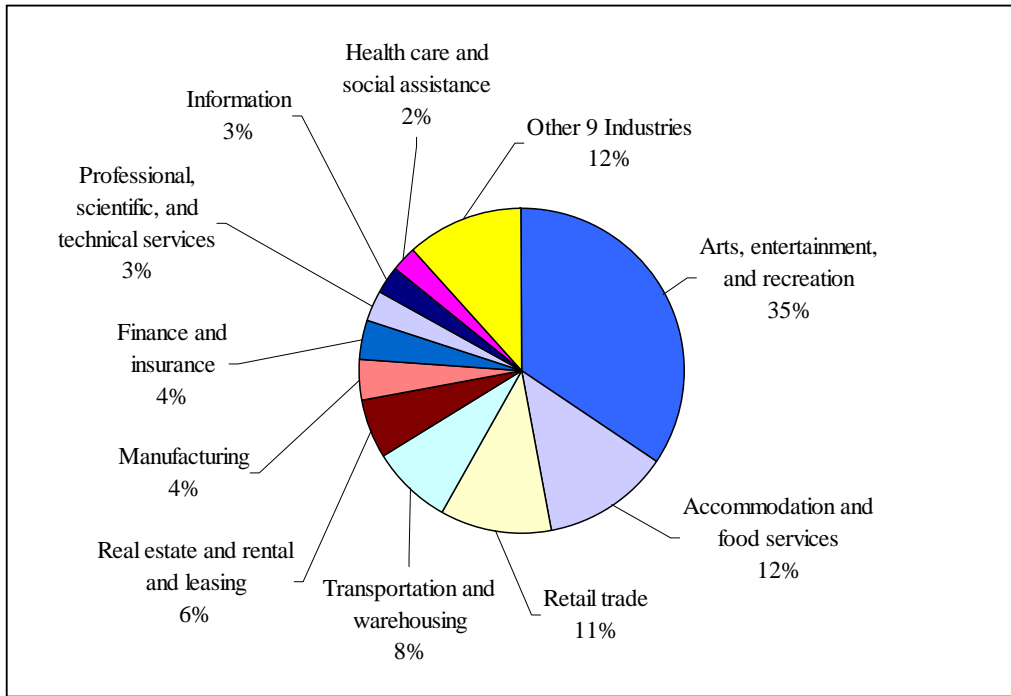
### **Opportunities**

**FINDING: A broad range of business opportunities will arise with gaming that should create opportunities at all levels of the economy and can be accessible to all Philadelphians.**

Casinos spawn opportunities, ranging from ownership to construction, financing, land ownership, employment, product sales, and professional services. Some of these opportunities will be in-house while others are conducted by vendors outside of the casino. But they will be in virtually all sectors of the economy.

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**GRAPH 4.11: Estimated Business Opportunities by Sector of Economy**



Source: Econsult and Innovation Group

While some of the products and services are needed on an ongoing basis, others may be only be needed periodically. Specifically, the Task Force anticipates a typical casino to need at least the following types of vendors:



TABLE 4.29: Vendors

Facilities and Maintenance	Casino Marketing
Construction	Advertising specialties
Construction management	Advertising
Fabrics	Copywriting
Furniture	Party design and decorating
Hardware	Mailing services
Paint	<b>Food, Beverage, and Related</b>
HVAC components	Produce
Upholstery	Meats
Art	Fish
Wall coverings	Dairy
Hotel Operations	Beer
Interior Signs	Juice/soda
Glassware	Grocery goods
Linens and laundry service	China
Cleaning chemicals and supplies	Glassware
Automotive supplies	Paper ware and disposables
Guest room amenities	Table linens
Medical supplies	Uniforms
Health spa equipment	<b>Security</b>
Messenger/delivery services	Surveillance equipment
Paper/printing/paper products	Safety equipment
Technology	Material handling equipment
Computer hardware and software	Security guard services
Computer supplies	<b>Entertainment / audio Visual</b>
Consultation	Cameras
	Musical instruments
Financial Services	Piano tuning
Banking	Sound equipment
Accounting	Limousines
ATMs	<b>Horticultural</b>
Insurance	Flowers and interior plants
Slots	Exterior landscaping
Purchase	
Maintenance	Talent
Electronic parts	Promotion services
Power tools	
Professional Services	
Legal services	
Real estate services	
Human resource services	
Banking/financial services	

Philadelphia's business community has local companies able to service all of these needs, in most cases many companies ranging from small to large and reflecting the diversity of the community.

Except to the extent an operation has centralized national operations, the Task Force is aware of no reason why a bulk of these opportunities can not be managed and staffed by a diverse population of Philadelphians and Philadelphia businesses, including those certified as minority-, woman- and disabled-owned by the Department of General Services (“DGS”) under the regulatory framework established by the Board.

### **Policy Objectives**

**RECOMMENDATION: The City and casino operators should cooperate to ensure that Philadelphia businesses of all sizes are utilized in every area of casino operations. This includes creating casino developments where restaurants, bars, nightclubs, and retail establishments are ventures locally-owned and controlled by Philadelphia businesses.**

Operators can ensure that the vast majority of their local spending occurs in the local economy. The Philadelphia economy includes almost every good or service needed by a casino. Organized efforts can, and do, lead to local purchasing successes. In Iowa, for example, 81 percent of casino goods and services are purchased locally under the Iowa Gaming Association’s, “Buy Iowa First!” campaign. A similar program in Philadelphia can dramatically increase the secondary and ancillary economic impact of casino gambling.

To the extent that a larger purchasing volume is required to obtain national pricing the casinos seek, there are several strategies that could be used to address those needs. First, the four Philadelphia area casinos could centrally source certain casino-only related needs, so that local vendors have sufficient demand to enable them to obtain bulk pricing if they move into that arena. Second, an innovative operator could work with its national vendors, akin to the Boyd Gaming program that requires national vendors to extend their national-scale pricing to local intermediaries.

Incorporating local retail, food, and beverage options into casinos will tie the casinos into the City’s cultural fabric; share Philadelphia’s unique cultural flair with out-of-town gamblers; and ensure that wealth created will remain locally. In fact, casinos might expand the local draw by enticing area breweries, designers, and manufacturers to open initial retail establishments inside the casinos.

**RECOMMENDATION: The City and casino operators should cooperate to ensure that local minority-owned, woman-owned, and disabled-owned businesses are included throughout the casino’s business operations.**

The Gaming Act has made clear that a diverse population serving this new industry is a fundamental goal of the Commonwealth. Towards that end, the Board is beginning to promulgate regulations. However, in the absence of local participation or other quota systems which have been successful elsewhere in the gaming industry (under then-existing federal law), this language will have to be coupled with aggressive enforcement by state regulators to meet these ends.

Small businesses and businesses owned by minorities, women, and the disabled must be capable of being licensed and certified and must be readied to take advantage of the opportunities. Though the DGS will certify businesses, the Minority Business Enterprise Council (MBEC) and

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other local entities might facilitate the certification process by pre-qualifying eligible businesses to increase the likelihood and reduce the delays in the certification process of DGS.

### **Implementation**

**FINDING:** For a full and equal opportunity to participate, the scope of casino requirements should be broadly communicated to allow the small business community to become adequately prepared.

If minority-, woman- and disabled-owned and other small businesses (MWDSBs) do not know of opportunities, they obviously will not be able to position themselves to pursue, pursue, and win the contracts. Towards that end, Philadelphia's MWDSBs will be best prepared if the types of opportunities and how buying decisions are made are transparent and if efforts to promote networking and access are encouraged.

The industry has made some attempts at such networking at a national level. For example, the American Gaming Association has sponsored an "Opportunity Expo" annually since 2002, where it brings together the industry's top purchasing decision makers and MWDSB vendors. Last year, this exposition also addressed prospective vendors that lacked certification by holding a special session on the certification process.

Many amelioration programs have been undertaken by major industry companies. For example, Caesars's purchasing office has a diversity program that includes a publicly available brochure that lists how decisions are determined, the types of opportunities that are available and provides the name, address, email address, phone and fax of each purchasing agent.

Some companies have stated that these programs have led to success. MGM Mirage credits its diversity program with increasing by 218 percent its spending with women and disadvantaged businesses. The MGM program requires minority participation in all bids for construction and supplies, and the effort is led by a board-level Diversity Committee chaired by former Secretary of Labor Alexis Herman.

Diversity-promotion efforts can yield tremendous benefit if brought to the Philadelphia business community. The Board scheduled "Diversity Forums" in Philadelphia and Pittsburgh, and they are significant positive steps. The City has the ability to play a key role in educating and disbursing information on the business opportunities associated with gaming by sponsoring a citywide event to augment the efforts of the Board.

Efforts to promote diversity are further challenged by that fact that, no uniform standards exist to track diversity in casino spending. In fact, only three states are requiring collection of these data. The lack of uniform data, and in most cases any data, makes it impossible to draw concrete conclusions.

**RECOMMENDATION:** DGS, MBEC, and other similar entities should establish a collaborative process to achieve certification/licensing in an efficient and effective manner, potentially including pre-qualification, of minority, women and disabled businesses.

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**FINDING: Large scale contracts often present artificial hurdles for MWDSBs; these barriers can be reduced by de-bundling contracts.**

Major contracts, including those typical of major construction, may exceed the contracting, bonding, or financing capacity of MWDSBs. To increase participation and afford more MWDSBs the opportunity to be a part of the economic benefit from gaming, casinos can explore efforts to make these contracts achievable for MWDSBs.

De-bundling the contracts into smaller, more achievable contracts can increase accessibility, although likely at some project management cost. With increased accessibility, MWDSBs will not necessarily have to joint venture with, or subcontract from, other businesses. The elimination of joint venturing may ease other difficulties because the construction manager will more often be dealing directly with the business owner. Direct contracting facilitates ease of contracting by the MWDSB, unlike joint venturing and subcontracting. Direct contracting also promotes creation of business relationships that could lead to other opportunities.

**RECOMMENDATION: The Commonwealth and the City, potentially with the involvement of the casinos, should develop a process that facilitates the administrative components of financing, bonding, and insurance for small companies that would otherwise be capable of performing work on casino projects.**

An alternate or additional effort to ease access for MWDSB would be assistance through some sort of centralized bonding and financing program. As part of a comprehensive diversity plan, casino operators could support these small businesses by subsidizing, guaranteeing, or negotiate bonding and financing terms that reflect the operator's commitment to rapid completion in a manner that promotes diversity.

**RECOMMENDATION: MBEC and DGS need to develop and update baseline data on the capabilities of local certified and certifiable businesses.**

Once centralized baseline data is developed, it can be used to set target figures for scaling contracts in casino construction and casino operations. By establishing reasonable and appropriate scales before bids are solicited, contracts will not need to be debundled to a size contracts which can be fulfilled directly by Philadelphia's minority-owned, woman-owned, disabled-owned, and other small businesses.

**FINDING: Projects with diversity plans that incorporate quantifiable, measurable inclusion goals best achieve a diverse base of contractors, suppliers, and vendors.**

Based upon experiences with recent Philadelphia projects, such as the airport expansion and stadium construction, it is recommended that MWDSB inclusion be established by the casino owner. Whereas in a public project, inclusion is achieved through negotiation, in the casino context the process will follow the diversity plan submitted by applicants. The Board has the opportunity to mandate that operators set forth specific goals for local, small, and minority business inclusion and to impose ongoing measurement and monitoring. Such a plan might be able to enforce upon operators the goals to which the operator voluntarily commits while in a competitive application process.

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## Oversight and Enforcement

**FINDING: Oversight and enforcement of operator commitments is essential to achieve diversity in opportunities and to ensure substantial local business participation.**

Oversight committees serve as effective liaisons between citizens and owners. The most effective recent oversight committees have included a cross section of community organizations, regulators, and affected municipal elected officials and have governed by consensus. For example, the Convention Center reported that it was through an effective oversight committee that it was able to overcome a negative attitude that had developed in connection with the construction of the project. Effective oversight needs to include both monitoring and enforcement.

Monitoring can involve providing documentation of contracts in effect, payments made, and summaries throughout and at the end of the engagement, and, where appropriate, site visits. Often monitoring is performed directly the oversight committee, regulators, and the operator, although on significant projects it often works to have a third-party monitor funded by the project owner. Ownership commitment to diversity is the sine qua non of a project that ends up reflecting the community's diversity.

**RECOMMENDATION: The Gaming Control Board, the City, and the Commonwealth's political leaders should work with casino decision makers to ensure that the commitments to local businesses and to diversity are accepted from the top of the relevant corporation or other entity.**

For diversity and local hiring programs to be truly successful, it is critical that procurement staff and general managers will be formally evaluated and held accountable on their successes and failures in these areas.

Accountability, including enforcement, is often, but need not be, penalty-driven. The Minority Business Enterprise Council's economic opportunity plan proposes a non-compliance program of conciliation and persuasion regarding the exercise of best and good faith efforts, followed by suspension, withholding of payment, and other measures after due process. While penalty-based deterrence often works, so do incentives. However, constructing appropriate and enforceable incentives in the gaming context will require creativity on the part of the applicant, the Board, and local members of whatever oversight committee is created.

**RECOMMENDATION: The casino operators and the City should develop a local oversight committee to monitor diversity, labor, and local business activities of casinos.**

The Task Force recommends that this organization be convened by the City and should include representatives from MBEC, City Council, minority and small business chambers of commerce, the Philadelphia Commercial Development Corporation, representative neighborhood chambers of commerce, labor unions, the Diversity Apprenticeship Program, and the casinos.

Casinos should be required to regularly provide detailed reports to the oversight committee tracking compliance with all goals and these reports should be followed by regular meetings, which should be followed by public reporting by the oversight committee. The Task Force

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recommends that reports be submitted bi-weekly initially, shifting to monthly commencing six months after a casino opens.

The oversight committee should similarly meet bi-weekly initially, shifting to a quarterly or similar schedule when the initial phase is completed. All reporting should use payments made and certified payroll as the basis for analysis to ensure reliability.

**RECOMMENDATION: Casino operators, the City, and the oversight committee should agree which quantitative measurements of outcome are to be collected, evaluated and responded to.**

Data collection and data analysis are critical to ensuring that goals are met. In other developments, data collection and review has often involves retention by a developer, for the benefit of the oversight group, of a consultant skilled in such assessments. In fact, it may be that City software, currently being used by The School District of Philadelphia, could assist in this process.

### **Convention Center Expansion**

The Gaming Act directs to an economic development fund five percent of all gross gaming revenues, or approximately \$150 million annually once gaming is fully implemented in Pennsylvania. That money is distributed across the Commonwealth for economic development projects, but the share of the money to be spent in Philadelphia and Pittsburgh is to be utilized for only limited purposes for the next ten years, with the Philadelphia share to be used to pay the operating deficits of and fund expansion of the Pennsylvania Convention Center.

**FINDING: Convention Center expansion will be a major economic engine for Philadelphia's hospitality industry**

In the Task Force's discussions with local stakeholders and experts in hospitality and tourism, the expansion of the Convention Center was universally deemed to outweigh all but the most site-specific and implementation-based concerns about the costs and effects of gaming on the tourism industry.

While a full critical analysis of the impact of the expansion of the Convention Center is beyond the brief of this Task Force, the Pennsylvania Convention Center Authority and the Philadelphia Convention and Visitor Board have made some projections of the impact of expanding the Convention Center. These projections include:

- Substantial increase in the number of large conventions in Philadelphia and an almost doubling of small- to medium-sized simultaneous conventions
  - Increase of average daily hotel rates by about \$12, or eight percent
  - Significantly increase the number of convention-driven room nights, potentially driving the need for additional hotels and hotel jobs
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- Hundreds of millions of dollars in annual additional delegate spending on food, beverage, entertainment, and retail

**FINDING: The growth projected by Convention Center expansion proponents would lead to 3,200 jobs, \$195 million in increased annual economic traffic in Philadelphia, and \$3.8 million in new tax receipts.**

The Task Force has calculated that, based upon the Convention Center-related entity projections, total long-term ancillary, induced, and indirect expenditures are estimated to increase \$195 million annually in Philadelphia, leading to approximately 3,200 new jobs. Additionally, the four surrounding Pennsylvania counties will likely experience an additional \$58 million in indirect and induced expenditures creating approximately 3,400 new jobs. And there will be some benefit in the three suburban New Jersey counties as well.

Further, if Convention Center expansion proponent's projections are correct, the expansion-driven increased economic traffic would lead to approximately \$3.8 million in annual additional local tax receipts to the City of Philadelphia, even after accounting for gaming-driven wage tax reductions.

### **Tourism, Hospitality and Retail**

**FINDING: In the last decade, Philadelphia has become a major tourist destination and hospitality has flourished as a major local industry.**

In the last five years, Philadelphia's number of overnight leisure travelers has grown by 31 percent, despite the national decrease in tourism following the terrorist attacks of September 11, 2001. Tourism marketing has worked domestically and internationally. The region now attracts 17.9 million leisure visitors, with 7.9 million staying overnight (in 2003).

In 2003, travelers spent \$6.34 billion in the five-county region, up 19.6 percent from the \$5.3 billion they spent in 2001. Over half (56 percent) of total visitor spending is attributable to the leisure travel segment. Greater Philadelphia Tourism and Marketing Corporation ("GPTMC") projects that leisure spending today translates into:

- \$3.58 billion in leisure spending and \$2.76 billion in business/convention spending
- 84,265 jobs attributable to leisure travel and 66,208 jobs attributable to business/convention travel
- \$857 million in federal, state, and local taxes attributable to leisure travel and \$673 million in taxes due to business/leisure travel

Philadelphia's national ranking as an American destination for international tourists, has risen from 24th earlier this decade to 12th place in 2003, in part due to a three-year international marketing campaign that concluded in 2004. The measurement that indicated the growth in international recognition predates the Dali exhibition, Live 8, and other major international initiatives implemented by the City.

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Employment in Philadelphia hotels has also grown over the last several years, in part due to the boom in hotel construction prior to the 2000 Republican National Convention. In 2002, the last time the Department of Commerce took an economic census, 7,292 Philadelphians were employed in the hotel industry, a growth of 14 percent from the 1997 count of 6,404 employees.

Ensuring that gaming is a tourism enhancer will require a new marketing approach. Although gaming is being added to/considered for a number of other destinations, there is likely to be some concern on the part of some tourists that gaming will make the city undesirable and unsavory in some ways as Philadelphia is just overcoming widespread perceptions that the city is a dangerous place.

**FINDING: Overnight visitation will increase because a portion of regional residents who come to gamble will choose to spend the night in Philadelphia.**

Depending on the location of the casinos, the Task Force projects that there will be between 315,000 and 435,000 additional overnight visitors due only to stays by gamblers coming to gamble who are not already spending the night in Philadelphia. This is a conservative estimate because it assumes that none of the City's current overnight visitors who are expected to gamble would be induced to extend their stays; although prior studies and the Task Force's experts project that there two to five percent of such gamblers do so.

**TABLE 4.30: Estimated Percent Overnight Visitors by Location of Casino**

% Overnight	Navy Yard	North Delaware	South Delaware	Market East	176-City Avenue
Adjacent PA Suburbs	3.00%	3.60%	3.00%	6.00%	2.00%
Rest of PA	10.00%	12.00%	10.00%	20.00%	10.00%
Camden	0.00%	0.00%	0.00%	0.00%	3.00%
Other Adjacent NJ Suburbs	5.00%	6.00%	5.00%	10.00%	5.00%
Rest of NJ	10.00%	12.00%	10.00%	20.00%	10.00%
Maryland	10.00%	12.00%	10.00%	20.00%	10.00%
Delaware	10.00%	12.00%	10.00%	20.00%	10.00%
Philadelphia	0.00%	0.00%	0.00%	0.00%	0.00%
Estimated % overnight of total	3.6%	3.2%	3.0%	4.5%	2.8%
New Annual Overnight Visitors	150,000	190,000	165,000	245,000	170,000

Source: Econsult

**FINDING: On certain peak nights and during major attractions, Philadelphia is running out of hotel capacity to handle current and anticipated demand.**

Philadelphia hotels are already almost fully occupied on Saturday nights, with a 2004 mean Saturday night occupancy around 80 percent, and with many Saturday nights being sold out. Approximately one quarter of Center City hotel room-nights (687,000 hotel room-nights) in 2004 were used by tourists; regional tourism accounted for 32 percent of hotel room-nights. A



vast majority of these tourist bookings occur on weekends, which is also when casino peak demand occurs. While additional casino-hotel rooms will boost capacity, even with that capacity, there may not be space in the market to accommodate additional Saturday night demand. Similar concerns exist during major conventions, with convention guests routinely being shifted to South Jersey, King of Prussia, and, occasionally, Atlantic City hotels.

While Saturday nights and peak periods result in booked hotels throughout the city, it is also the case that the hotel industry in Philadelphia is still recovering from the shock to the national hotel industry that followed by the terror attacks of September 11, 2001. For instance, Average Daily Rates (ADR) in Philadelphia in 2004—though up from the year before—are still below levels in 1998–2000.

**TABLE 4.31: Average Daily Hotel Rates in Philadelphia 1998-2004**

YEAR	ADR
1998	\$120.87
1999	122.57
2000	127.62
2001	119.30
2002	122.22
2003	116.30
2004	119.72

Source: Smith Travel Research

As a result, the industry's marketing, including efforts by GPTMC, is changing to further direct visitors to off-peak nights and weeks. It is still the case, however, that filling Philadelphia hotels at non-discounted rates all year round is still something to work towards, and not yet achieved.

Among these efforts are a tourism conversion/extension program, with the Philadelphia Convention and Visitors Bureau and the Greater Philadelphia Hotel Association to encourage visitors to come back to the city after their convention, meeting, business trip is over. Similarly, marketing is being focused on seasonal variations in travel that allow for extending the weekend into Friday and Sunday nights, where there is still room for hotels to accommodate guests and nights of the week, where hotel rates are their lowest.

For gaming to have a significant impact on overnight tourism, it will have to be built around new hotel rooms and non-Saturday night hotel stays because there is just no room at the inn on Saturday night. However, in other markets, gamers' peak demand for hotel rooms is on Saturday nights. This limitation might hamper both casino marketing efforts and efforts to develop synergistic uses.

**FINDING: Industry experts have indicated that the successful growth of tourism in the Philadelphia region is largely attributable to the mix of experiences that visitors have while here and the marketing campaign that trumpets those opportunities.**

Tourist visits include history, culture, museums, shopping, outdoor cafes, fine dining, ethnic dining, sporting events, our university communities, and many other aspects of Philadelphia's life. Unlike many other communities that host gaming, Philadelphia is not a one-trick tourism town. But casinos will provide an additional thing to do in Philadelphia.

The City's marketing campaign has been tuned to capitalize on the broad set of tourist options. GPTMC's annual multi-aspect marketing plan focuses on advertising, public relations, and the Internet as its primary vehicles. Its campaigns have focused on building the image of the region, by emphasizing all there is to do here and the fun of sleeping over.

This regional marketing has relied in large part on successful partnerships with attractions, cultural institutions, and hotels. Area entities share information about media schedules for advertising purposes, statistics and tracking data on our customers/visitors, and do as much as possible to cross-sell and cross-promote. For the visitor, this means getting a coherent sense of all there is to do and how best to take advantage of a trip to Philadelphia, from using Phlash to get around, kicking off a trip at the Independence Visitor Center, to utilizing hotel packages and identifying restaurants.

It remains to be seen how best to integrate casinos into Philadelphia's marketing program. While the current Pennsylvania gaming legislation does not have a provision for contributing dollars to tourism marketing, New Orleans provides a model for how gaming facilities can support their destination. In New Orleans gaming licensees are required by state law to directly contribute to centrally prepared tourism marketing.

If gaming is to function as a tourism enhancer, it must be integrated into the other activities visitors enjoy and offered as another in the list of reasons to come and stay longer. Because casino operators are likely to undertake their own marketing campaigns, there is a real possibility of confusion or dilution of existing efforts if there is insufficient coordination with larger hospitality and tourism industry efforts.

To combat this possible concern, GPTMC and casino operators might explore joint or complementary marketing campaigns. Additionally, GPTMC could retool its marketing efforts to incorporate casinos. But collaboration or retooling is not without costs. To create the right gaming message, the existing and new tourism industry will involve a financial investment, including new creative input for advertising, new approaches to media-buys, outreach to visiting journalists, and revisions to the existing Internet campaign. For example, the on-going Culture Files program cost \$887,000 over three-years and the recent promotion of the Dali exhibition cost approximately \$800,000, including staff time and other direct expenses.

Similarly, operators, PCVB, GPTMC, and existing industry participants might share research on visitorship, understand each other's advertising and marketing plan, and look for opportunities to cooperate and partner. Coordination with activities on the Avenue of the Arts, at the sports complex, and elsewhere around town, particularly boxing venues such as The Blue Horizon, is also a key to maximizing benefits and minimizing costs.

**RECOMMENDATION: The City, casino operators, and Greater Philadelphia Tourism and Marketing Corporation should work to develop joint and/or complementary marketing strategies that promote all of Philadelphia's amenities, including gaming.**

**FINDING: Area residents who predict they will gamble in Philadelphia also expect to visit restaurants and shops while in the city.**

The regional residents and Philadelphians surveyed by the Task Force indicated that a significant

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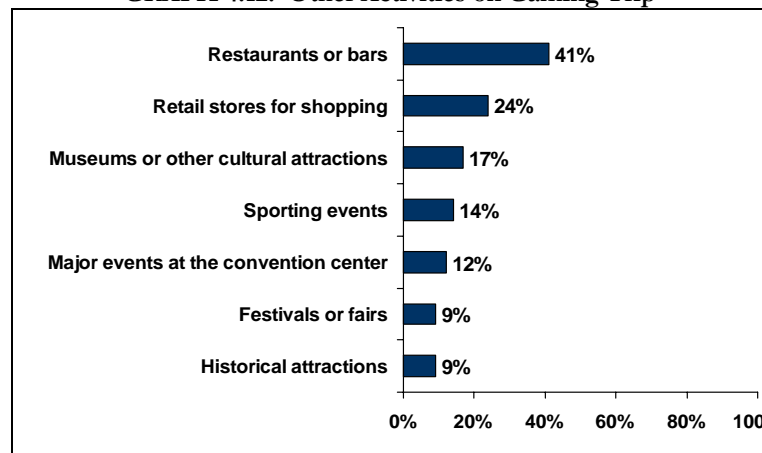
portion of respondents expected to eat and drink at local restaurants and bars and to undertake a variety of other activities widely representative of the scope of activities available in Philadelphia. Most surprising is the number of regional visitors who will turn gaming trips into larger tourist excursions, including visits to Philadelphia’s museums, cultural, and historic attractions.

This projection of future activities differs dramatically from why the same respondents say that they come to Philadelphia today. Respondents predict significantly increasing visits to bars, restaurants, and retail shopping. The respondents currently come into the City for sporting events (23 percent), restaurants and bars (21 percent), cultural attractions such as museums (20 percent), retail shopping (19 percent), to visit friends and family (15 percent) and to work (14 percent). In fact, restaurants, bars, and retail shopping are predicted to be more likely to be part of a casino trip from a regional resident than the focus of a stand-alone trip.

Sporting events and museums and cultural activities have a slight fall-off, but still maintain a significant share of activities. And festivals and fairs and historical attractions continue to draw at nine percent. These continuing strong numbers show a potential existing market willingness to extend current trips to include additional time at a casino.

The variety of existing attractions may make Philadelphia quite different from most other cities with “local” casinos. According to the experts the Task Force has consulted, in other markets spending outside casinos is generally maximized in areas where there is already development of services and activities that would attract leisure visitors. For example, the restaurants, nightclubs, gas stations, convenience stores, and outlet malls located in close proximity to a casino would benefit from the millions of gamer visits that a casino would generate that previously would not have been made to the immediate vicinity because some portion of these trips would spread from the casinos to these surrounding businesses. But, with the exception of New Orleans’s single data point, a data point confused by several peculiar and case-specific variables, there is no context nationally for what happens when a casino is inserted into a thriving entertainment and hospitality marketplace.

**GRAPH 4.12: Other Activities on Gaming Trip**



Source: Alea Advisors

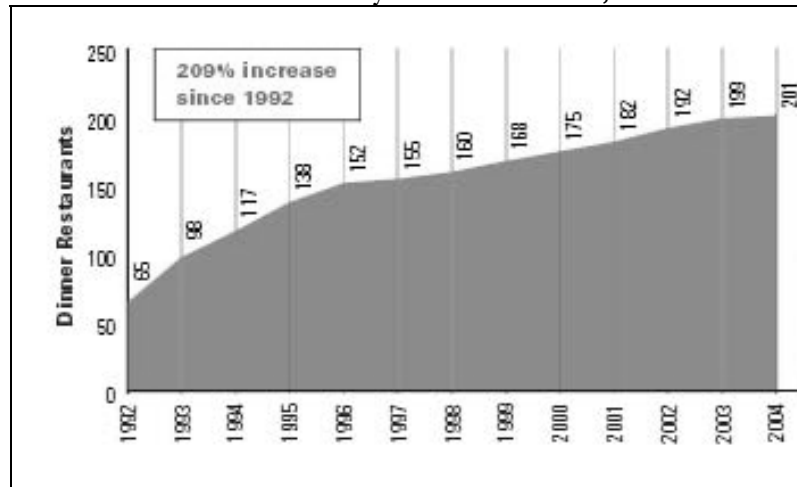
## Bars and Restaurants

**FINDING: Center City has a thriving restaurant and bar industry, but around the City results are less consistent.**

In the past decade, Center City Philadelphia has developed one of the nation's most exciting and varied collections of fine dining establishments, helping to change the city's former reputation as a place with limited restaurant choices. Restaurant growth outside of Center City has been more restrained than in downtown, but neighborhood restaurants and national chains alike have become more numerous in many parts of the city in recent years.

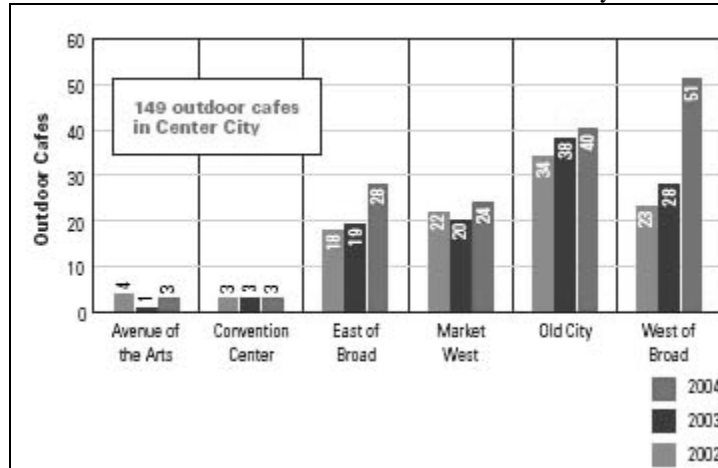
Center City's restaurant industry has boomed in the last decade, growing from 65 restaurants serving dinner in 1992 to 201 last year, with growth every year. In the last few years, this overall growth has extended to Center City's sidewalks as the number of outdoor cafes have increased as well.

**GRAPH 4.13: Center City Restaurant Trends, 1992-2004**



Source: Center City District

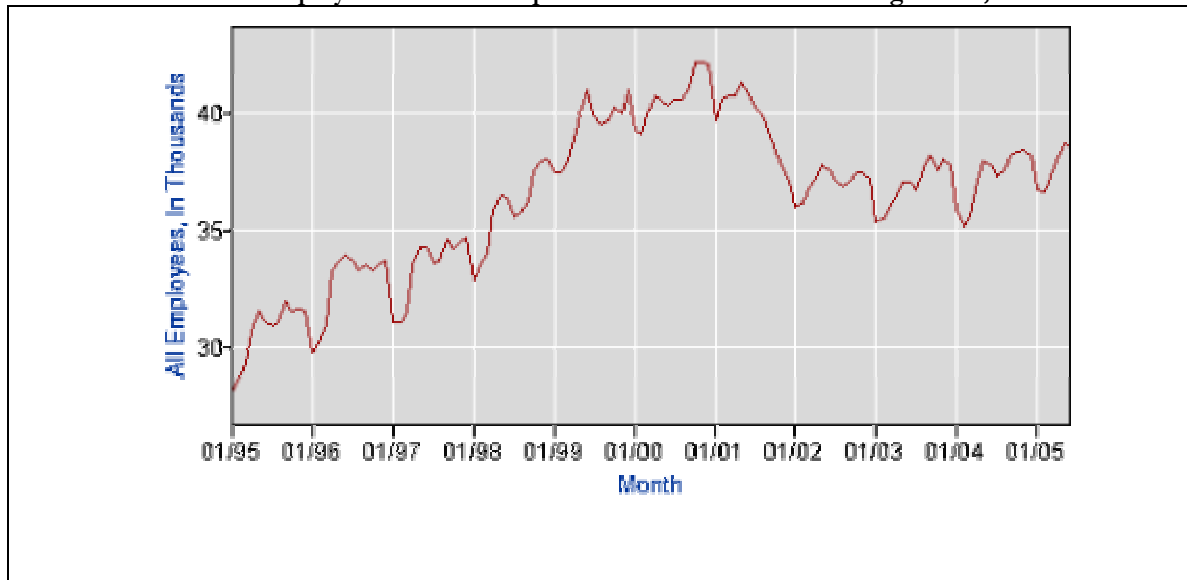
**GRAPH 4.14: Outdoor Cafes in Center City**



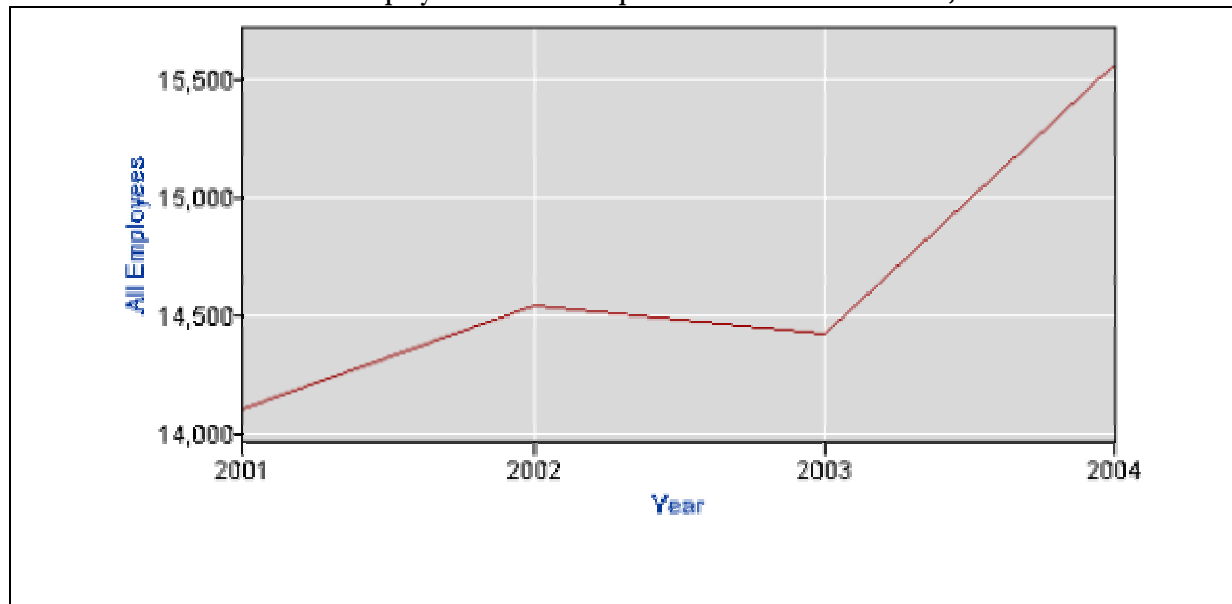
Source: Center City District

Citywide, food services and tavern sectors continues to grow. In the five years between the last two economic censuses, restaurant employment grew marginally from 14,179 to 14,329 employees, and drinking establishment employment grew more than 15 percent, increasing from 2,013 to 2,333. These numbers all decreased in 2002, potentially as an after-effect of the reduced national spending after the terror attacks of September 11, 2001. These numbers are now bouncing back, specifically in the restaurant industry, as shown by the charts below. Full service restaurants reflected no decrease at all, potentially reflecting the continuing strength and growth of the Center City restaurant sector.

**GRAPH 4.15: Employment in Philadelphia Food Services and Drinking Places, 1995-2005**



Source: Bureau of Labor Statistics

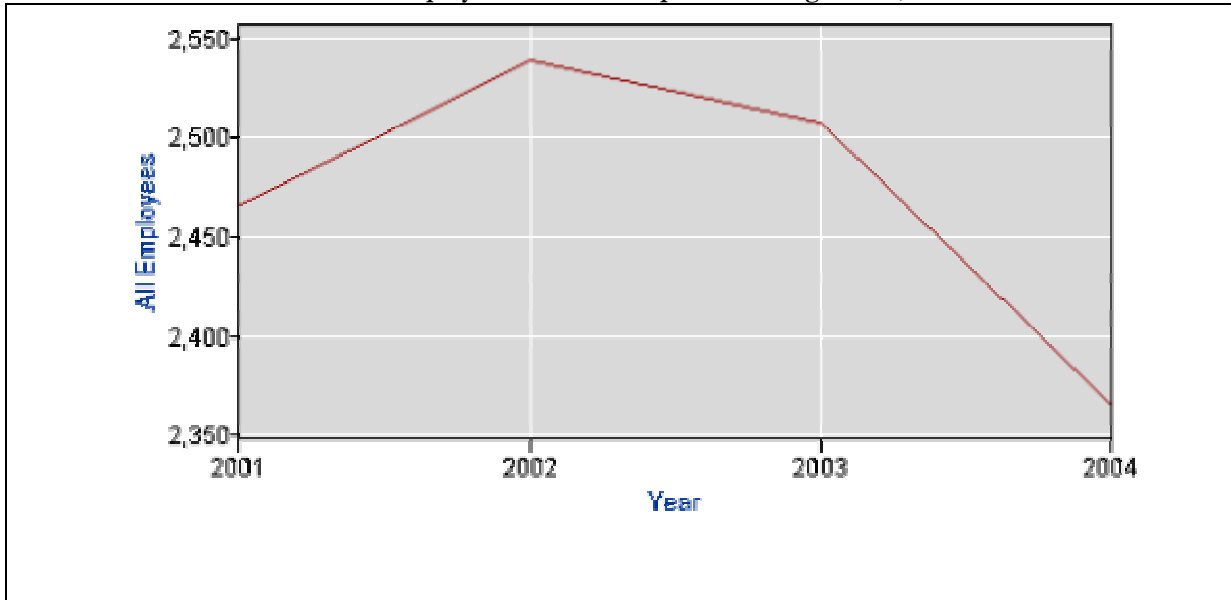
**GRAPH 4.16: Employment in Philadelphia Full Service Restaurants, 2001-2004**

Source: Bureau of Labor Statistics

Although employment is a better measure of economic activity than total establishments, since it captures growth, similar results are found when looking only at the number of establishments. Although the number of food services/drinking places fell from a 1991 high of 3,051 to 2,930 in 2002, the number has bounced back, reaching 3,127 in the preliminary 2004 numbers. And for full-service restaurants, there was a 2002 retrenchment from 823 to 779 restaurants, but that number has grown to 936 in the last two years.

There is a possible contrary impact, however, in the Philadelphia tavern industry. Recent Bureau of Labor Statistics numbers seem to indicate that the Census Bureau undercounted employment in taverns. While the BLS figures reflect the national up tick in 2001–2002 alcohol sales, but the tavern industry statistics show a more recent decline in employment, without a rebound.

GRAPH 4.17: Employment in Philadelphia Drinking Places, 2001-2004



Source: Bureau of Labor Statistics

**FINDING: Limited data from other markets makes it difficult to project the effect that the introduction of gaming will have on the restaurant/bar industry.**

While Philadelphia’s restaurant scene is currently thriving, there is insufficient data to determine whether the arrival of gaming will pose a threat. There is simply insufficient data on the restaurant/tavern impact in New Orleans, Delaware, Detroit, and elsewhere to allow us to project the impact these two facilities, and the two suburban facilities, might have on Philadelphia. For example, the BLS data so useful in analyzing Philadelphia’s recent trends was not compiled before to casinos entered any of those markets.

Of concern, however, is one set of data from Indiana; a very dissimilar marketplace. The data indicates that, in a significantly smaller marketplace, there was a significant decrease in projected restaurant/bar employment. The Task Force is unable to separate out this point of data from other trends that may explain the difference.

Indiana’s Gaming Commission has contracted with Purdue University’s Center for Urban Policy and the Environment to do follow-up studies on Indiana casinos, with interim studies done the first five years of their existence and a full study done when the casinos come up for their eight-year license renewal and every three years thereafter. The first eight-year studies are now being completed and show a disturbing trend in Gary, Indiana, home to four riverboat casinos serving the outskirts of Chicago. In 2001, there were 13,671 Gary employees employed in “food services and drinking places,” which is 14 percent less than would have been employed solely based upon the 1991-1996 trend and 8 percent lower than would have been projected based upon what happened in non-riverboat counties in Indiana.

While these figures are cause for concern, there may be alternate explanations—for example, Lake County’s manufacturing base cratered during the same time period. For example, transportation equipment manufacturing was 64 percent lower than “projected” by this

analytical context, machinery manufacturing was down 57 percent from these projections, food manufacturing was down 23 percent, chemical manufacturing down 13 percent, and motor vehicle and parts dealers down 72 percent.

The Indiana data echoes the story of Atlantic City, where the independent tavern industry has been crippled over the past 30 years. In 1978, Atlantic City had 311 taverns and restaurants. When the NGISC performed a comprehensive survey nineteen years later, there were only 66 remaining independent bars and restaurants. This reflects both the total consumption of the existing beach industry by casinos and casinos driving away immediately proximate competitors through the use of expansive offerings. The rapid tavern decline, however, was underway well before 1978 and thus cannot all be blamed upon the arrival of gambling.

As discussed above, despite physical proximity, Atlantic City is a poor model for comparison for Philadelphia. The transformation of Atlantic City, with a population of 40,000 people and 13 major casino resorts, into a gambling destination makes a direct comparison inappropriate for Philadelphia, a City of 1.4 million people with only two casinos permitted under the Gaming Act.

In a city the size of Philadelphia, citywide data will likely mask an entire range of outcomes in the immediate vicinity of a casino. For example, even if casinos are good for the broader bar and restaurant industry, they may threaten a neighborhood-focused facility mere feet from a casino. That threat, however, may also be seen as a glass that is half-full; where an existing neighborhood tavern may see a reduction in traffic from its current customers, it might lead to an opportunity to serve new casino customers by adopting a niche or to target casino employees.

## Retail

**FINDING: Philadelphia’s retail climate varies dramatically from area to area and the sites selected will dictate the effect of gaming on Philadelphia retail establishments.**

Center City’s resurgent residential population and the City’s overall growth as a tourism destination have given the retail sector renewed energy. New boutiques and destination stores have begun to open in formerly neglected precincts such as along Chestnut Street and in Old City. Furthermore, in the rest of Philadelphia, new “power centers” featuring big box stores are being developed, often on former industrial tracts in North, South and Northeast Philadelphia.

It is within this context that gaming will impact the retail community. And because of this wide variation, beyond the extent of the gaming amenities that will be included on-site, the factor that will most dictate the effect on the retail community will be the location selected for the casinos.

For example, a gaming facility on Market East, close to existing retail and dining attractions, could generate additional customer traffic that would expand retail sales and make additional retail more viable. In contrast, if the gaming facilities located in the city are sited in locations far from existing retail and dining attractions—for example a stand-alone facility on the Budd site in Nicetown—would likely have very limited impact as surrounding retail establishments almost exclusively service nearby residents.

Of course, impacts will also exist to the extent that the casino drives changes in the surrounding

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environments. A downtown casino would almost surely be situated in close proximity to existing retail and restaurants. However, a casino in a relatively remote location, such as on the Delaware riverfront far from existing commercial attractions, may have a more limited impact. Alternatively if a site is chosen which lends itself to the development of new restaurants in the vicinity an entirely new concentration of restaurants could develop based on patrons attracted to the slots parlors.

A casino will also have to match the neighborhood. One national retail expert who spoke to the Task Force worried that a big box casino, even with substantial internal retail, could empty out the streets between City Hall and Independence Mall, potentially causing Market Street and nascent Chestnut Street development to stagnate. She drew a parallel to the impact on the retail area near Detroit's Greektown casino. According to her, Greektown "killed" the limited pre-development growth in the neighborhood and no local or non-casino driven retail now exists in that vicinity. She also stated that retailers have "certainly not" followed the Greektown casino into the neighborhood and locals do not shop in the facility. However, the restaurant industry around Greektown has thrived, in part, probably, because the "temporary" nature of the casino has limited internal development.

As discussed elsewhere, casino design may be able to ameliorate that problem, at least to a degree. To the extent that a casino is in a retail area, the expert believes that a crucial design element is to get the casino off of the ground floor so that the ground floor can be utilized for outward-facing retail. This contradicts traditional industry focus, which is facing inward, so this should be a design element change that could have a major economic impact.

**FINDING: The limited hours of retail shopping downtown does not coincide with peak casino visitation hours.**

Gaming activity generally peaks on evenings and weekends, with gaming activity beginning to rise in late afternoon and peaking around 10 PM. See page 70 for details on the likely visitation patterns for casinos.

However, Philadelphia's retail sector tends to close relatively early, with most retail outlets in Center City, other than restaurants and bars, closing by 6 PM. As a result, the bulk of weekday casino patrons will likely arrive after most retail options are closed, which will limit retail benefit from casinos, until and unless traffic becomes significant enough to warrant a wide variety of retail outlets extending their hours.

## Entertainment

**FINDING: While Center City's restaurants and arts and culture attractions are thriving, the City remains weak in the kinds of popular entertainment offerings that casinos frequently develop.**

There is an entire sub-industry of entertainers who draw their best crowds, and best add value, as part of a casino experience. Casinos generally target a demographic more consistent with the profile of casino gamblers (see gaming market segment) than the demographic focused on by traditional nightclubs and comedy clubs. Casinos also tend to focus on large-scale entertainment

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spectacles such as the Cirque du Soleil or the Blue Man Group. To accommodate these acts, many regional casinos have constructed state-of-the-art entertainment facilities. These facilities generally range from 1,200 to 7,000 theater seats, although more recently the trend has been to increase the flexibility of the facility by utilizing convertible seating which would transform theater seating into flat floor service that can accommodate conventions, exhibits and banquets.

Most evenings, Center City's restaurants are filled with patrons enjoying a meal before and after performances at one of the city's theaters and music halls. However, the City lacks depth in higher-end nightclub acts and large-scale entertainment spectacles.

As discussed in the projected development scenarios, initial gaming developments are expected to incorporate modestly-sized entertainment venues of about 1,200 to 2,500 seats plus several bars and nightclubs. It is probable that these will be expanded to become even more significant entertainment venues with 4,000 to 7,000 seats within five years. These expanded venues will significantly enhance the City's entertainment offerings

Casino entertainment will likely thrive if it complements existing successful entertainment niches in the Philadelphia marketplace, which already strongly services the need for larger venues (Wachovia Center, Wachovia Spectrum, Liacouris Center) and smaller nightclubs. Even so, there may be competition with the few venues of comparable size.

**RECOMMENDATION: Major casino investments into entertainment venues should be channeled into venues appropriately designed to complement, rather than compete with, existing entertainment venues in Philadelphia.**

The Philadelphia entertainment marketplace is growing but is not yet mature, at least when compared to peer cities. Many types of entertainment venues found in comparable cities are not currently present in Philadelphia. As the casinos develop entertainment venues, they will ideally design the venue and the planned program to complement, in terms of size, design features, and marketing, the existing marketplace.

**FINDING: A small number of area residents would like to attend a sporting event and gamble on the same trip to Philadelphia.**

There are different degrees of opportunities for synergies with different aspects of the City's sporting industry. In other markets, casinos often enter into advertising/sponsorship deals, purchase luxury or box seats, or possibly enter into more complicated partnering transactions. In various forms, some synergy is likely because, as discussed above, Task Force market research indicates that 14 percent of regional gamblers desire to combine trips to sporting events with casino visits.

Generally sponsorship transactions differ greatly by sport depending on league rules, the local marketplace, and general affinities. National Football League teams, for example, are effectively prohibited by league rule from any interaction with gaming beyond the sale of seats. And as the Eagles are regularly completely sold out, there is only a limited possibility of cooperation between them and a casino.

Other teams, however, can consider a variety of possibilities of working with casinos. This

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could involve co-promotion of special events, from concerts to boxing, an effort to otherwise utilizing venues that would otherwise sit idle. Nationwide, boxing is a traditional casino staple, for example, and also a sport with a storied Philadelphia tradition. Traditionally, casinos have attempted to stage fights on or near premises to draw gamers to their venue, but many events are also staged offsite, for example at the Thomas and Mack Center at the University of Nevada Las Vegas.

It is further expected that if a casino is proximate to the sporting complex there will be an uptick in revenues from fans extending a trip to a game to include some gambling. The projected figures are not as large as the Task Force members instinctively believed before looking at the data because there are a number of site- and area-specific problems that will depress what might otherwise be projected.

Foremost is that current traffic congestion on event days would be exacerbated and likely deter potential gamers whether or not they attend the sporting event. The problem is compounded by the distance to the one possible site near the stadiums, at the East End of the Navy Yard. Because the East End site will not be pedestrian accessible from the Sports Complex, instead requiring people leaving the game to fight post-game traffic even if only driving to the casino, there will be a further deterrent to extending trips.

Additionally, the nature of sporting events dictates that large numbers of potential customers are “dumped” into the traffic pattern all at one time at the end of a game. However the casino can only accommodate a relatively limited number of players at a single time—its volume comes from continual operation. For example, with 3,000 gaming positions, a casino could only handle a tiny fraction of 60,000 people leaving an Eagles game at the same time, particularly as the games tend to be played on evenings and weekends, at which time a majority of the slot machines will likely already be in use.

Finally, many of these events are sporting events which last for several hours, more so if they follow tailgating, which makes the extension of a day trip for a significant gaming visit less likely. Even with these assumptions, and removing all child-related concerts, circuses, and similar events from the mix, the Task Force projects additional revenues from sports complex fans if a casino was located at the Navy Yard.

**TABLE 4.32: Stadium Related Incremental Revenues**

	Annual Attendance	Capture Rate	Total Annual Visits	Total Annual Win	Average Attendance per Event	Average Visits Per Event	% Casino Capacity Per Event
Sports	7,929,500	3%	237,885	\$16,414,065	24,857	746	24.86%
Conference	31,000	2%	620	\$40,300	10,333	207	6.89%
Concerts	612,000	4%	24,480	\$1,689,120	12,240	490	16.32%
<b>Total</b>	<b>8,572,500</b>		<b>262,985</b>	<b>\$18,143,485</b>			

Source: Innovation Group

**FINDING: Amenity options are being dramatically expanded at existing regional casinos and are planned for proposed new ventures.**

Attempting to satisfy the market’s desire for broader entertainment and hospitality experiences

has of late been a significant trend in the gaming industry. These developments monopolize on customer inertia and a unified marketing strategy to drive casino patrons to stay within the facility or complex. This growth is even expanding into those activities where “going out” otherwise might be part of the attraction, such as restaurants and nightclubs as there has been a growing trend in the industry to create separate spaces both on the casino floor and in the amenities, such as bars, nightclubs and restaurants, while keeping these proximate to the casino floor. Casinos hope these strategies maintain interest in gambling, while creating a sense of intimacy and exploration by offering a “getaway” location that has a different ambience than the casino floor but which is physically close.

In the past few years, casinos across the country have attempted to replicate the success of Caesar’s Las Vegas’s Forum Shops where retail rents become a substantial profit driver for casinos. Recent examples include the Desert Passage at the Aladdin, The Shops at Mohegan Sun, and The Quarter at the Tropicana in Atlantic City. Typically these ventures are high end restaurant/retail outlets offering unique or specialty items or brand name shops with independent consumer appeal, often based around national high-end and luxury chains (e.g. Sharper Image). Additionally, it is worth noting that the Quarter at the Tropicana has modified that approach to focus on a specific market – Philadelphians. In the Quarter, as at the Borgata, many of the shops and restaurants have a Philadelphia flavor to attempt to woo business from Philadelphians who are in Atlantic City for gaming/entertainment/beach purposes.

Similarly, the gaming industry has, in the last few years, greatly diversified its bar offerings, including brew pubs, Irish pubs, martini or cigar bars, and other themed bars. Sports bars, while still popular, have been updated to include interactive activities along with food and beverage, often through cooperation with a national brand such as ESPN Zone. Further, high-end nightclubs have made a resurgence in the form of trendy dance venues. These have tended to be more single-themed, creating a brand identity, but the industry seems to be exploring the ability to alter the offerings, from dance to rhythm and blues to Asian night to create and maintain a level of interest. However, this exploration has largely been driven by focus groups and has not yet been tried successfully at a large scale.

For casinos offering expanded amenities, marginal profits frequently come from the retail establishment through rents and/or equity interests rather than through the gaming floor. In many cases, there has been only the most limited tying of outsourced retail outlets to a player award program, as the costs of such a program can spiral rapidly and can be particularly costly for the casino to alter once instituted.

To the extent that the casinos bring in retail establishments to compete with existing Philadelphia businesses, retail establishments currently in the surrounding communities could suffer. One way to address this concern would be to take a page from the Tropicana and focus on Philadelphia and Philadelphia small businesses. This would provide an opportunity for inclusion of stakeholders who might otherwise be negatively impacted by gaming’s arrival.

Some form of cross-marketing plan between casinos and adjacent businesses would likely lead to greater growth, allowing different vendors to focus on core competencies. However, such an approach may require a community-friendly mission for a casino and it is unclear if such a mission would develop in the absence of aggressive community and municipal pressure and

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control.

**RECOMMENDATION: The City of Philadelphia should attempt to ensure that what is developed in Philadelphia is a full-scale entertainment facility, featuring theaters, nightclubs, bars, restaurants, and other entertainment options.**

Both the local economic impact and casino revenues will increase if a casino offers a broader array of amenities and contributes to energizing Philadelphia's entertainment offerings, rather than simply offering a slot parlor. Ideal development will include promotion of ancillary development on site and promotion of synergies with off-site Philadelphia partners.

## Wage Tax Cuts

The bulk of state tax revenues from gaming, 34 percent of all gaming revenues, are to be used at the state level for tax reduction. In Philadelphia, these funds are to be used for wage tax relief. These tax cuts will be in addition to, and not instead of, the wage tax cuts already enacted by the City over the past 14 years.

**FINDING: Gaming revenues will fund reductions in the wage tax of about 13 percent for residents and 8 percent for non-residents.**

Tax cuts are phased in as soon as the Commonwealth tax-cut share of casino gross revenues reaches \$500 million. Projecting that that the tax relief threshold will be reached for a full year in Fiscal 2008, increasing over two years to \$1 billion, the Task Force projects the following wage tax cuts due to gaming:

**TABLE 4.33: Projected Wage Tax Rates**

	FY08	FY09	FY10	FY11
<b>Without Gaming</b>				
<b>Resident</b>	4.2395%	4.1940%	4.0924%	3.9392%
<b>Non-resident</b>	3.7400%	3.7046%	3.6448%	3.5692%
<b>With Assumed State Gaming Revenue of</b>				
	<b>\$500 M</b>	<b>\$750 M</b>	<b>\$1,000 M</b>	<b>\$1,040 M</b>
<b>Resident</b>	3.9793%	3.8190%	3.6348%	3.4816%
<b>Non-resident</b>	3.6328%	3.5503%	3.3944%	3.3188%

Source: Econsult projections; because some tax cuts do not take place at the start of the fiscal year, those tax cuts are prorated for the appropriate number of months in each fiscal year

Tax relief funds depend only on state gaming revenues, so they will not be particularly sensitive to the choice of locations for the Philadelphia casinos. This also means that wage tax cuts will commence as soon as a substantial number of racinos are in operation, even if the Philadelphia casinos open later. However, with about a quarter of statewide gaming revenue coming from Philadelphia casinos, full tax cuts likely will not be achieved statewide until Philadelphia casinos are on-line.

There is some uncertainty about the form and scope of tax relief because the legislation

authorizing the distribution of the money (Act 72) was widely rejected by the school boards that had to adopt certain provisions to trigger the tax relief. While the provisions at issue do not pertain to Philadelphia, which is receiving tax relief in a different form than the rest of the state, with the relevant legislation reopened there is always uncertainty about the form a tax cut will take.

Given the statewide uncertainty, it may not be surprising that only 52 percent of Philadelphians polled by the Task Force believe that the wage tax cuts for Philadelphians and property tax cuts for the rest of the state. While the Task Force has other issues to address in the effort to revisit Act 72, and changes may be needed to Philadelphia's tax relief formula, the eventual process adopted will most likely result in significant reductions in Philadelphia wage taxes.

**FINDING: The reduction in the wage tax rate while maintaining service levels will spur further economic development in Philadelphia and will enhance Philadelphia's competitiveness, not only leading to new and captured businesses and jobs, but also increased tax receipts.**

Economists debate whether national tax rate reductions will dramatically increase economic activity and thereby increase tax revenue through so-called "supply side effects." An attempt to implement this theory in the 1980s led to burgeoning deficits and retarded national growth.

There is, however, widespread agreement among economists that local tax reductions have supply-side effects. This seeming paradox is easily resolved – local supply side effects are strong while national supply-side effects are dubious because it is much easier for employers and residents to leave or avoid a city than it is to leave or avoid the entire country. For example, the growth on the Montgomery County side of City Avenue is generally attributed to the significant tax incentives to locate on that side of the street. If city tax rates are reduced, not only will more existing businesses stay in the City, but logically more new ones will come and firms with multiple locations within the region will likely keep more of their jobs in Philadelphia, potentially leading to significant additional economic growth, and substantially more jobs in Philadelphia.

An analysis performed for the Task Force indicates that gaming-funded wage tax cuts can be expected to cause increases in the wage tax base, the property tax base, and the sales tax base. The models utilized in this analysis focused on Philadelphia's share of national activity, not on the absolute level of such activity. For example, the model evaluates the Philadelphia wage tax base as a percentage of total wages earned in the United States. This focus was adopted because Philadelphia competes nationally for business and household location, its share of the nation is a good indicator of its relative growth and success, and by using the local share the analysis effectively controlled for national trends in growth and inflation.

Because these tax reductions will be fully funded by gaming revenues, there will not be corresponding cuts in services, the traditional counter-balancing factor when it comes to tax cuts. Thus these tax cuts will have a substantial impact on the Philadelphia economy and on City tax revenue. These estimates are based on the assumption, discussed above, that state gaming revenues will equal \$500 million in fiscal 2008, \$750 million in fiscal 2009, \$1 billion in fiscal 2010, and \$1.04 billion in fiscal 2011. Nor are they time sensitive—a delay in revenues will generally lead to the same effect, just delayed as long as the tax cuts are delayed.

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**TABLE 4.34: Projected Supply Side Effects on Tax Revenues  
(\$ millions)**

Tax	FY2008	FY2009	FY2010	FY2011
Wage Taxes	\$9.8	\$12.8	\$13.1	\$32.5
Business Privilege	\$0.0	\$0.0	\$0.0	\$0.0
Property	\$0.0	\$11.0	\$16.8	\$23.1
Real Estate Transfer	\$0.0	\$3.5	\$5.0	\$6.4
Sales	\$1.3	\$1.8	\$2.4	\$4.4
Total	\$11.1	\$29.1	\$37.3	\$66.4

Source: Econsult

The model projects that the full supply side effects of cuts are not realized for four years, so if full tax reduction is not reached until fiscal 2010, then the supply side effect will likely continue to dramatically increase until fiscal 2013.

Because of problems with implementation of property tax cuts across the state of Pennsylvania, Act 72 is likely slated for major revision in the coming months. While they are working on the Act, the Legislature should revisit the tax cuts provided for Philadelphia.

**RECOMMENDATION: The allocation of Philadelphia’s share of gaming revenue should be revised, allowing the City to eliminate the different rates for residents and non-residents.**

Today, Philadelphia has different wage tax rates that apply to residents and a different rate that applies to non-residents. The current version of Act 72 rigidly reduces both the resident and non-resident wage tax rates pursuant to a given schedule. At certain thresholds the amount of money dedicated to resident and non-resident tax cuts shifts, and then it shifts the other direction.

Given that the money used for these reductions is the share dedicated to Philadelphia residents, the Task Force believes that initially, all wage tax relief in Philadelphia should be dedicated to eliminating the gap between resident and non-resident wage taxes. The only “loss” to non-residents is a foregone windfall, as they will still receive gaming-driven property tax breaks in their home county. Eliminating the gap between resident and non-resident wage taxes will simplify accounting for businesses and will increase accountability to residents for all aspects of the wage tax system. Additionally, eliminating the gap between resident and non-resident tax cuts will eliminate the unintentional disincentive for people employed in Philadelphia to live in the City.

**RECOMMENDATION: The Commonwealth should ensure that anti-windfall provisions do not result in Philadelphians being frozen out of gaming’s growth for a number of years.**

In an attempt to keep jurisdictions from getting property tax relief in excess of the taxes paid, Act 72 contains a provision that limits what can constitute a county’s share. When the

Legislature worked to apply this cap to Philadelphia, however, it did so in a manner that does not account for the wage tax and will, after gaming revenues hit certain landmarks, shift all marginal tax relief in “Philadelphia’s share” to non-resident wage tax reduction. As a result, Philadelphia residents will get no marginal benefit for a number of years from marginal increases in “Philadelphia’s share” of tax relief.

The Task Force believes this is inappropriate. Paradoxically, the “Philadelphia share” tax reduction could lead to an increased incentive for people who work in Philadelphia to move to New Jersey, Delaware, or Pennsylvania suburbs. It would also result in a major shift of Pennsylvania tax relief funds to Delaware and New Jersey residents who commute into Philadelphia. While the City does not want to gouge these commuters who so vitally contribute to the City, there is no interest in providing them with a windfall unavailable to Philadelphia residents.

Any revision of Act 72 needs to address this problem provision. Philadelphia’s share of tax reduction revenues should be dedicated to all people who live and/or work in Philadelphia, not just suburbanites who come into the City to work.

The Task Force suggests that excess funds be used to reduce all wage tax rates on a pro rata basis. The simplest manner to address this would be to consolidate the resident and non-resident wage tax rate and then reduce that rate. However, even if the dual rates are to be retained, pro rata reductions are a fair, reasonable, and logical solution to avoiding windfalls but accomplishing the state and City goal of driving down the wage tax.

**RECOMMENDATION: The Commonwealth should allow Philadelphia to determine which taxes should be reduced with tax-reduction funding that exceeds what was projected by the Commonwealth.**

The State of Pennsylvania has made definitive legislative decisions about what will be done with the initial \$1 billion in annual tax relief revenue, however, any amount in excess of \$1.25 billion for property tax relief is not planned on by the Commonwealth.

Task Force projections indicate that gaming revenues will be higher than were initially projected by the state. Even if the targets are only met once gaming is up and running, nationally, casino revenues generally grow at a rate significantly higher than the rate of inflation—approximately between 7-12 percent per year. Even with a relatively modest seven percent growth rate, \$1 billion in 2008 tax relief revenues would grow to exceed \$1.25 billion in 2012.

As revenue grows, tax relief revenues may more profitably be directed to other forms of tax relief. For example, in Philadelphia, it stands to reason that redirecting tax relief away from wage taxes and towards business privilege, property, or other taxes may be beneficial to the City.

Once substantial wage tax cuts are achieved the Task Force recommends that Philadelphia’s elected officials, working with the Pennsylvania Intergovernmental Cooperation Authority and City Council, will be best positioned to determine which taxes will spur the most growth and best benefit Philadelphia if reduced.

The Task Force favors instituting safeguards to ensure that any tax relief be actual. The Task

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Force urges the legislature to review this section of Act 72 to allow future elected Philadelphia elected officials to cut the most onerous taxes with increases in tax relief revenues beyond the thresholds already planned by the Commonwealth.

## Fiscal Impacts

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### Fees and Savings to the City

**FINDING: The city host fee will vary by scenario but will likely be between \$26 and \$30 million annually.**

Under the Gaming Act, the City will receive four percent of the casino's gross gaming revenue as a host fee. This amount is deemed a "local share assessment" under the Act and will be paid to the City's general fund, and similar provisions exist for every other venue in the Commonwealth, although often complicated by division between city and county and even city, county, and surrounding municipalities or other subdivision, depending on the size of the host locality.

It is the Task Force's understanding of the legislative history of this section that the intent was for the host municipalities and counties to have some revenue to spend on local programs and priorities to "make good" on the quality-of-life hassles that will come with hosting a gaming facility.

The amount of money that Philadelphia receives as its local share assessment, of course, varies with the amount of revenue generated. The variation, by scenario is between \$26 and \$30 million annually.

**RECOMMENDATION: The City's host fee dollars should be used to maintain current funding levels for public amenities that will enhance the quality of life for Philadelphians, including, but not limited to, libraries, parks, riverfront access, entertainment, and art.**

**FINDING: By funding the operating deficits at the Pennsylvania Convention Center, gaming could save the city about \$18 million annually.**

Five percent of gross gambling revenues are dedicated by the Gaming Act to fund other economic development efforts statewide. Philadelphia's access to, and use of, those funds are limited for the ten years following the commencement of gaming in Pennsylvania. During those ten years, the only payments made to or for Philadelphia out of that five percent will be for expansion of the Pennsylvania Convention Center and for reimbursement to Philadelphia for payments made by the City for the operating expenses of the Pennsylvania Convention Center.

The City's budget for fiscal 2006 calls for an advance from the City to the Convention Center of \$38.6 million and repayment of \$20.1 million at the end of the year, for a total planned subsidy of \$18.5 million. To the extent that this subsidy is covered by gambling revenues for the next ten years, it amounts to a saving to the City. This revenue is based on statewide gambling

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revenues so if racinos are in operation in fiscal 2006-07, it is possible that the City will see some partial relief that soon.

It is unclear if Philadelphia's share of the economic development fund, potentially about \$150 million annually, will be sufficient to pay for expansion of the Convention Center and to pay for the on-going operating subsidies.

### City Tax Receipt Growth

**FINDING: Casino operations and ancillary spending will generate between \$11 and \$15 million annually in additional Philadelphia tax receipts.**

Economic development from the casinos will not lead only to job growth, but also to growth in City tax receipts. Most of the economic development will be subject to some combination of wage, business privilege, and sales taxes. This will lead to millions of dollars in additional tax revenue, ranging from \$10.7 to \$15.1 million in additional tax receipts in the first full year of operation, with additional growth to follow as casino revenues grow over time (see page 211). A large portion, but not all, of these tax receipts will be incremental, or new, tax receipts.

**TABLE 4.35: Ongoing Tax Receipts Without Supply Side Effects  
(\$ millions per casino)**

Tax	Navy Yard	North Delaware	South Delaware	Market East	I76-City Avenue
Wage Taxes	\$3.5	\$5.3	\$3.8	\$6.0	\$4.1
Business Privilege	\$0.3	\$0.3	\$0.3	\$0.4	\$0.3
Property	\$1.1	\$1.2	\$1.2	\$1.4	\$1.2
Real Estate Transfer	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Sales	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2
Total	\$5.1	\$7.1	\$5.6	\$8.0	\$5.9

Source: Econsult

**FINDING: Casino construction will generate over \$4 million in one-time tax revenue for Philadelphia.**

Similarly, Philadelphia will garner tax receipts from the initial construction. The projected tax impact from initial construction will be between \$4.4 and \$5.0 million. Because, as discussed above, all of the construction spending is incremental rather than substitution, these projected tax receipts are all new tax receipts for the City.

**TABLE 4.36: Incremental One-Time Tax Receipts Without Supply Side Effects  
(\$ millions per casino)**

Tax	Navy Yard	North Delaware	South Delaware	Market East	I76-City Avenue
Wage Tax	\$1.95	\$2.18	\$2.18	\$2.42	\$2.12
Business Privilege Tax	\$0.12	\$0.14	\$0.14	\$0.17	\$0.13
Sales Tax	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03
Total Receipts	\$2.10	\$2.35	\$2.35	\$2.62	\$2.28

Source: Econsult

## City Costs

Part of having these casinos in Philadelphia is the reality that the City will have to provide public safety, social services, and infrastructure support to both the casinos and the citizens of Philadelphia. These costs are millions of dollars annually, costs that are in many cases typically borne by casino operators through funding of government agencies with expertise and local authority. For this reason, the Task Force analysis assumes that reasonable additional costs will be borne by the casinos, so long as the casinos can remain profitable.

**FINDING: Depending on the scenario, policing the casinos and the surrounding areas will annually cost between \$11 and \$16 million, with additional start-up costs.**

The largest burden on the City will come from having to police not only in the casinos, but in the immediate area surrounding the casinos and on the traffic approaches. The Philadelphia Police Department (“PPD”) is tentatively planning to follow the model used by the Detroit Police Department and establish a unit of officers who would be specifically dedicated to policing the casino and the casino areas. In many ways this will be similar to the PPD’s Airport Unit, which deals with specific law enforcement issues and deals with non-Philadelphia regulators and law enforcement.

The proposed casino unit would be responsible for crime patrol around the casino and the adjoining neighborhoods, traffic control and the initial investigation of casino related crime. The creation of this unit will provide a liaison with surrounding patrol districts, community groups and the enforcement and investigatory arm of the Gaming Control Board. In doing so, it will provide a level of traffic control and a perception of public safety necessary for casino success.

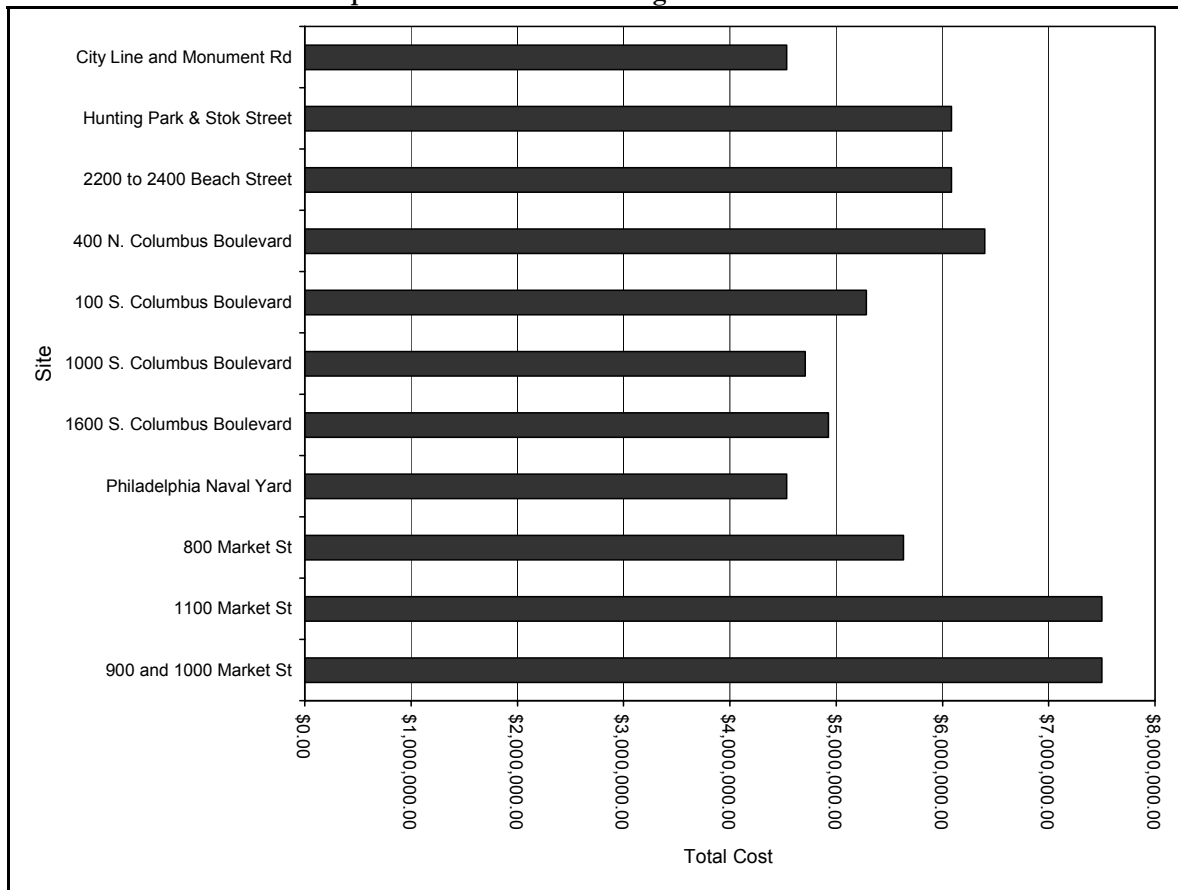
In order to provide this enhanced level of policing, and to not otherwise compromise policing in other neighborhoods, the Police Department will have to hire and train more officers and establish a central command. Existing resources are already fully deployed and cannot simply be pulled away from other duties.

Preliminary police evaluations for each of the projected sites indicate that there are several areas that will need traffic officers, either full-time or at certain peak times, to ensure the safe and orderly flow of vehicles. Additionally, there will be a need for two to five around-the-clock bike patrol teams at each location to control crime in and around the parking and pedestrian access areas.

**RECOMMENDATION: The City should expand the Police Department to staff a Casino Unit or whatever casino policing strategy that is developed.**

To ensure that there is no reduction in policing elsewhere, new hires to the Philadelphia Police Department and equipment will be necessary in order to establish a casino unit. In the vicinity of casinos that are open 24 hours-a-day and seven days-a-week, police costs will increase from \$4.5 to \$7.5 million annually per casino, although there would likely be some cost savings if two casinos were clustered into adjacent sites.

**Graph 4.18: Estimated Policing Costs for Each Site**



The proposed Gaming Unit would also need a command section, including: one captain, three lieutenants, ten sergeants, three corporals, six detectives, and a single clerk. Including operation, maintenance, and depreciation on six vehicles, this command section will likely cost almost \$2 million annually. There will also be a one-time start-up cost of approximately \$2 million.

Finally, there might be a need for site acquisition/management costs for the headquarters of the Gaming Unit, although it is possible that a casino would choose to provide such space without charge.

**FINDING: Annual additional emergency medical services costs to the city due to casinos will be about \$900,000, in each scenario. An additional \$2 million in Fire Department operating costs will be needed annually if one of the casinos is at the Navy Yard.**

The Philadelphia Fire Department (PFD) expects that it could address initial fire suppression services to all but one of the proposed locations with the current complement of fire stations and apparatus. The exception is the Navy Yard site where an entire station would need to be built, equipped and staffed.

There will also be additional requirements for emergency medical services (“EMS”), simply as a function of the increased visitor traffic. For example, the town of Preston, one of the communities near Foxwoods casino in Connecticut, has seen annual EMS calls jump from about 200 a year pre-casino to about 1000 today.

PFD projects that the additional EMS requirements are generally consistent across the sites and that with the addition of a round-the-clock EMS unit near each casino it can meet anticipate increased EMS needs at any proposed location. To provide two round-the-clock EMS units requires 16 additional paramedics.

**RECOMMENDATION: The City should expand emergency medical services capabilities in and around each casino by adding an additional unit, with around-the-clock staffing, near each casino.**

The cost for the paramedics, and for operation, maintenance, and depreciation of the EMS unit, would be \$450,000 per casino, and would also require a one-time investment of \$60,000 for the additional vehicle at each site. The cost for the fire station at the Navy Yard would be an additional \$2 million in operating expenses, and \$2.85 million to construct and equip a fire house, ladder, and engine.

For comparison’s sake, New Orleans spends about \$300,000 annually to provide EMS coverage and about \$870,000 for a share of the cost of fire suppression coverage for one casino. Detroit, with three casinos, budgeted \$4.4 million in 2004-2005 for casino-related fire department costs.

**FINDING: Serving the social service needs caused by new problem and pathological gamblers will be about \$2.3 million annually.**

Increased criminal justice costs, social services and family costs each represent costs to the people of Philadelphia that will have to be borne as a result of gaming coming to Philadelphia. As discussed on page 356, the Task Force projects the following approximate costs:

- \$4,000 in criminal justice costs per incremental arrested problem or pathological gambler
  - \$600 in treatment costs per incremental pathological or problem gamblers who seek help
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- \$110 in support costs per incremental family member or gamblers who seek help for problems relating to gambling

Based on the assumptions of the number of pathological gamblers who will turn to crime and be caught and the projected increased demand for social and family services due to problem or pathological gambling, the Task Force projects the annual cost to the city to deal with these issues is about \$2.3 million.

**FINDING: The Water Department, Philadelphia Gas Works, and electric utilities all will likely have an opportunity to add the two casinos as major customers.**

Casinos by their nature are massive consumers of electricity, water, and heat. As such, wherever they locate, these economic engines should also drive revenue for the utilities that have to serve them. Until sites are known and plans are developed, it is impossible to know exactly what, if any, burden or benefit the utilities will experience. There are, however, some impacts that are clear.

The Water Department projects that there will be annual water and sewage charges of about \$800,000 for casinos, depending on the amount of water consumed. The revenue generated will likely not generate either a net gain or net loss to the department because increased costs for operation and maintenance of existing infrastructure and overhead will offset any net gain on provision of water. There will likely be permitting costs of about \$87,000 and, depending on the site, necessary expenses for infrastructure adjustment/expansion or development of storm water management infrastructure. These costs, which range from minimal costs at the Gallery site to almost \$4 million at Penn's Landing, are set forth in the relevant site assessments above, and would be borne by the developers as part of site preparation costs.

All identified potential sites are within close proximity to Philadelphia Gas Works (PGW) facilities, although depending on the development plans at each site, some additional piping may be necessary. Additionally, all potential sites will likely require some degree of infrastructure upgrade to meet operator demands.

Operationally, PGW has estimated that, based upon the Task Force's projected initial development plans, each casino will need about 9 million BTUs per hour for heating and 2000 cooling tons for cooling. PGW suggests that the casinos can most efficiently meet their cooling and heating needs by installing a co-generation system that utilizes waste heat to heat and cool the casino complex as a 600 kilowatt engine can shave peak (and therefore most expensive) summer electric demand while also generating heat and cooling power at all times. PGW projects that the projected cogeneration plant would operate about 3000 hours per year utilizing about 25,000 million cubic feet of natural gas annually.

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**TABLE 4.37: Annual Gas Demand by Energy Utilization Model**

Energy Utilization Model	Cogeneration	Hybrid Cooling	Electric Cooling
<b>Cogeneration (electricity/heat/cooling)</b>	25,000 Mcf	n/a	n/a
<b>Heating</b>	Additional 4000 Mcf	10,000 Mcf	10,000 Mcf
<b>Hot Water/Cooking</b>	4,000 Mcf	4,000 Mcf	4,000 Mcf
<b>Cooling</b>	inc. in heating and cogeneration	One gas chiller (7,000 Mcf gas); one electric chiller	All electric
<b>Annual Gas Load</b>	33,000 Mcf	21,000 Mcf	14,000 Mcf

Depending on whether electric or gas units are utilized for cooling the casinos, PGW estimates its annual margin on gas sales to casinos will be between \$48,000 and \$65,000 per site, with the low projection being for a system relying on electricity for all cooling needs and the higher figure representing the cogeneration plan scenario detailed above. Both necessary utilization and net margin will, of course, increase as the casino complexes are expanded through later phases.

Beyond the competition between PGW and electric utilities over the energy utilized to cool the casinos, there is likely to be competition in the deregulated electricity marketplace. Impact on PECO and other potential electricity marketplace players is an issue that the Task Force hopes to resolve as casino plans develop.

**FINDING: Depending on the scenario and other factors, necessary roads and highway improvements due to casinos could amount to significant costs.**

The placement of a casino in the City of Philadelphia will undoubtedly require some alteration in the way traffic is managed in the road system by a modification in the traffic signals to the addition of turn lanes and through lanes. Only one gaming company has taken the time to date to put together a proposal for a gaming site and has discussed some of their findings with certain city agencies, although the Task Force was not one of them. The city policy in the past has put the burden of any infrastructure improvements recommended by a new business to be funded in full by that entity including a complete study, plans, contract documents, permits, construction and management of the contract from the beginning to completion. Since there are a number of potential sites with out formal proposals attached to them, we are unable to calculate the actual expense of what these changes to the infrastructure will be. The cost of a modification at a signalized intersection could be as low as \$100,000.00 dollars and upwards of multi-millions of dollars with the addition of lanes and other unforeseen required improvements.

**FINDING: The City will need to cover certain on-going costs driven by the casinos and potentially as yet unidentified infrastructure and operations related costs.**

There will be a series of relatively small charges that the City will face when dealing with casinos, the Task Force anticipates, for example, that the Mayor's office will have a small office detailed to handle problems arising from or relating to casinos. The increase in crime due to the number of additional visitors will not only lead to the increased policing costs, but likely some small increased demand on the district attorney's office and the Department of Prisons. There will be additional need for inspections, which also carry costs. The administrative resources of the City will be needed to prepare for casinos and for casino-driven special events. While no single cost is substantial, collectively they will likely add up to more than a million dollars annually for the pair of casinos.

In New Orleans, with the one casino and two riverboats, the administrative expense amount is about \$1.8 million. The New Orleans budget items are (2003 figures):

**TABLE 4.38: 2003 New Orleans Budget Items**

<b>Total Administrative</b>	\$1,785,423
<b>Chief Administrative Office</b>	\$459,546
<b>Law Department</b>	\$246,825
<b>Finance Department</b>	\$457,686
<b>Utilities Department</b>	\$32,035
<b>City Council</b>	\$182,358
<b>Health Department</b>	\$226,181
<b>Mayors Office</b>	\$180,792

Source: Innovation Group and the City of New Orleans

While this section has attempted to identify the primary City-related costs that have arisen elsewhere, until it is known which sites are moving forward with applications, and the City is presented with detailed development and operations plans, it will not be possible to develop a comprehensive City cost list for each site.

**FINDING: Casino-driven costs, such as infrastructure, police, fire, and social service costs, can be and often are directly funded by the casino operator, much like they are funded by developers and operators of other major Philadelphia projects.**

Economic development is almost universally cited as one of the primary factors when casinos are legalized. In that context, as is the case here, host municipalities do not have the resources to fund increased public safety and social costs that come with gambling. These costs are traditionally borne by casinos, although the manner in which they do so vary by environment.

In Detroit, for example, operators pay almost all of the City's public safety costs. In 2003-2004, the three Detroit casinos combined to pay \$14 million of the \$15.26 million spend for casino-driven police and fire services. In the just completed 2004-05 year, the Police Department casino-related budget was \$12.7 million and the Fire budget of \$4.4 million, and the casinos paid \$14.2 of the almost \$17 million. Those payments are beyond the tax payments to the city, which received about \$139 million in gaming taxes (Detroit casinos also pay a separate tax to the state).

This is also consistent with other new development in Philadelphia. For example, when Ikea and other "big box" retailers were looking to locate on Delaware Boulevard, the City mandated certain new infrastructure (turning lanes, lights, etc) and the developers paid these infrastructure costs out of their own pocket.

This is also true in the policing context. When the Philadelphia Phillies and Eagles were constructing their new stadiums, the teams wanted a greater police presence for traffic control, parking lot policing, and enforcement of certain venue-specific crimes (e.g. trademark infringement, scalping, and sale of counterfeit merchandise) than the City believed was justified as part of its larger mission to ensure public safety in the City. As a result, the teams and the City reached an agreement where, when they are available, a fixed number of officers are assigned overtime hours at each game, and the City is reimbursed all costs associated with their assignment.



Because two major factors for casino customer retention are a perception of safety and ease of access, it is probable that casinos will want a level of policing higher than the City believes is minimally necessary consistent with its public safety obligations. These are the levels set forth above. And it is reasonable and to be expected that these costs will be borne by the casino operators.

**RECOMMENDATION:** In the process of evaluating proposed casino license applications, the City should evaluate all necessary operating and capital costs and determine whether the operator's proposal addresses those costs.

**FINDING:** The city budget currently does not have revenues to subsidize casino-driven costs.

Philadelphia, like most other urban areas, is facing a stagnant national economy and a declining tax base necessitating significant cuts in services. Yet at the same time, Philadelphia has continued to push ahead with tax cuts, something not being done by any other major American city. And Philadelphia has run and continues to manage a balanced budget.

These remarkable feats, however, have not been without pain and in each of the last couple of budget cycles the City Council and the Mayor have had to work to determine where program cuts could be made, even where they could not really have been afforded. As a result, due to the hard choices forced upon City government by federal and state spending cuts, successful programs have been scaled back or eliminated. And just last month the Pennsylvania Intergovernmental Cooperation Authority forced the City to make several further changes to its projected spending over the next five years to bring the budget into compliance.

In this context, the City is simply not in a position to fund the additional services and infrastructure needed by casinos. Doing so would endanger library hours, fire stations, museum subsidies, and other essential elements that are required to take care of Philadelphians.

**FINDING:** The gaming industry traditionally funds costs for its infrastructure and costs for government operations that facilitate gaming operations.

Fortunately, the industry expectation is traditionally to fund its own infrastructure and marginal policing and fire needs out of operating revenues, traditionally through payment to the governmental entity providing the services. For this reason, the pro formae the Task Force has developed for each casino incorporated a payment to the City to cover these costs, conservatively estimated at \$20 million per casino annually. This payment, and the Task Force expects the actual number to be set at the marginal cost to the City driven by casinos once the actual location, plans, and neighborhood impacts are known at each site, will hold harmless City taxpayers who should not be further subsidizing these casinos, beyond the lucrative opportunity that will be provided under the Gaming Act.

And even incorporating this payment, Task Force pro formae still yield owner returns greater than 17 percent, calculated as earnings before interest, taxes, depreciation, and amortization, which eliminates differences in financing and accounting decisions. As a practical matter, even with the relatively high Pennsylvania tax rates, this profitability means that the typical casino

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development will have paid off its license fee and initial development in approximately five years, well ahead of what is generally expected in the industry.

**Recommendation: Applicants seeking to develop and operate a Philadelphia casino should promptly enter into discussions with City officials to develop site-specific plans for allocating responsibility for costs created by casino operations.**

## Appendix on Revenue Projection Methodology

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The revenue numbers were derived for the Task Force by the Innovation Group utilizing a series of gravity models developed and customized through their years of gaming industry experience. Gravity models are commonly used in location studies for commercial developments, public facilities and residential developments. They are used to define the behavior of a population based on travel distance and the availability of goods or services at various locations. The general form of the equation is that attraction is directly related to a measure of availability such as square feet (or for casinos, gaming positions) and inversely related to the square of the travel distance. Thus the gravity model quantifies the effect of distance on the behavior of a potential patron and considers the impact of competing venues.

The basic formulation is that the interaction between two or more gaming venues is based on Newton's Law of Universal Gravitation: two bodies in the universe attract each other in proportion to the product of their masses and inversely as the square distance between them. Thus, expected interaction between gaming venue  $i$  and market area  $j$  is shown as:

$$k \times \frac{P_i \times P_j}{d_{ij}^2}$$

where  $P_i$  = the gaming positions in gaming venue  $i$ ,  $P_j$  = the population in market area  $j$ ,  $d_{ij}$  = the distance between them, and  $k$  = an attraction factor relating to the quality and amenities to be found at each gaming venue in comparison to the competing set of venues. When this formulation is applied to each gaming venue gaming trips generated from any given zip code are then distributed among all the competing venues.

In their work for the Task Force, the Innovation Group used a constrained gravity model that particularly focused on the Philadelphia market and a surrounding radius of 100 miles. This included the identification of thirty eight discrete market areas, with particular attention paid to the location of competitive alternatives in the market. Each of these market areas is assigned a unique set of propensity and frequency factors. These factors are derived based upon primary research in the region conducted by the Innovation Group and the Task Force and are based on Innovation Group's experience of consumer reaction to the development of new gaming venues throughout the country.

From this analysis, gamer visits are then generated from zip codes in the outer market areas and by block group for the inner market areas by applying propensity and frequency factors to the adult populations in each of these areas. The gamer visits thus generated are then distributed among the competitors in the market based upon the size of each facility, its "attractiveness"

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(see below), and the relative distance from the zip code or block group in question. In this model the region included in the analysis extended approximately 100 miles from Philadelphia. The gravity model then calculates the probabilistic distribution of gamer visits from each market area to each of the gaming locations in the market. Other competitors located outside the defined market regions are treated as external competitors siphoning off a portion of gaming trips from zip codes within the region.

The model relied on the following various components of the model:

## **Gamer Visits**

Gamer visits are a measure used to specify the number of local patron trips to a gaming market, where an individual can make any number of separate visits in the course of a year. In order to estimate the gamer visits, market penetration rates, made up of the separate measures of propensity and frequency, are applied to the adult population in each zip code. These rates vary with distance from casino, the number of casinos in the market, the type of casino. The resultant participation rates are then varied by applying the market potential index (MPI). This index represents the proclivity of the population in each area to participate in gaming independent of consideration of distance, which is the primary determinant of casino participation rates. This index in itself is derived through a comprehensive survey by Simmons Market Research of consumers nationally. One of the questions asked is the level of participation in gaming in the past year. These data is then tied to the 64 lifestyle types developed by the Claritas Company which define the American population by lifestyle. A composite MPI index is then developed for each geographic area representing the proportional lifestyle composition of each geographic area. The MPI is then used to vary the base propensity and frequency factors assigned to the geographic area thus accounting for the types of individuals found in each area.

## **Propensity**

Propensity measures the percentage of adults who will participate in casino gaming within the zip code during the course of a given year. This figure varies based upon a number of factors, which includes the number of gaming venues, their type (i.e. land-based versus cruising riverboat versus dockside riverboat), games permitted, availability of other entertainment and leisure options, and most importantly, distance from a gaming venue.<sup>4</sup> Propensity in inner market areas from 0-30 minutes can vary between the high 30 percent range in a single venue market to the 50-55 percent range, or more, for multiple land-based casinos with a well developed array of amenities.

Given the proximity of Atlantic City it was expected that the propensity to gamble would be high. The following table presents the estimated propensity and frequency figures estimated by the survey which confirm the expectation of high frequencies. For example, the model predicts that 48 percent of adult Philadelphians gamble each year and that, on average, they do so 6.45

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<sup>4</sup> As evidenced from racinos in New York, several additional factors may influence gaming participation rates, including smoking bans and the level of customer service and advertising that can be afforded.

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times a year, with 90 percent of that gambling taking place in Atlantic City and 6 percent in Delaware.

Philadelphia Only	
Propensity	48.00%
Frequency	6.45
Market Share	
Atlantic City	89.96%
Delaware	5.90%
Other	4.15%
Gloucester, Camden & Burlington	
Propensity	46.60%
Frequency	5.92
Market Share	
Atlantic City	90.89%
Delaware	2.51%
Other	6.61%
Bucks, Montgomery, Delaware & Chester	
Propensity	34.60%
Frequency	5.27
Market Share	
Atlantic City	81.55%
Delaware	8.63%
Other	9.82%
75 Miles Plus Exclusive	
Propensity	35.00%
Frequency	4.65
Market Share	
Atlantic City	70.33%
Delaware	14.84%
Other	14.84%
Total Survey	
Propensity	42.50%
Frequency	5.83
Market Share	
Atlantic City	85.01%
Delaware	7.37%
Other	7.62%

In addition to these data, proprietary information allowed Innovation Group to make reasonable estimates of the portions of Atlantic City business that is generated by each market area. Propensities along with other factors are then adjusted to match these known patterns and levels of visitation and revenue generation.

Propensities and frequencies applied in the survey subsequent to the addition of Pennsylvania

gaming venues varied from a high of 52.8 percent propensity and a frequency of 16 in the Philadelphia area to a low of 35 percent and a frequency of 7.5 in some of the outer markets.

## Frequency

This measures the average number of visits that an adult with a propensity to game will make annually to casinos in the subject market. Frequency is a function of annual gaming budget as indicated by income variations, the number of venues in the market, and the type of gaming facility. The frequency of visitation is inversely related to distance from a gaming venue, as fewer trips are made when convenience declines. However, the length of the average gaming trip increases with distance, such that an annual gaming budget for those living relatively far from a casino may approach that of those living close by, for whom short gaming trips are typical.

Frequencies vary by distance with the highest frequencies in areas close to the market center with well developed markets with multiple casino properties.

## Attraction Factors

Attraction factors measure the relative attraction of one gaming venue in relation to others in the market. Attraction factors are applied to the size of the gaming venue as measured by the number of positions it has in the market. Positions are defined as the number of gaming machines plus the number of seats at gaming tables (Innovation Group uses an industry average calculation of six seats per gaming table), where applicable. A normative attraction factor would be one. When this is applied to the number of positions in a gaming venue, there is no change in the size of the gaming venue as calculated by the model, hence its attraction to potential patrons. A value of less than one adjusts the size of the gaming venue downwards and conversely a value greater than one indicates that the gaming venue has characteristics that make it more attractive. Attraction factors can be based on a number of components including branding, the level and effectiveness of marketing efforts, and the level of quality and amenities of a facility. Attraction factors are also adjusted to model the presence of natural and man-made boundaries which impact ease of access and convenience of travel in the market area.

The sensitivity of the model to changes in these factors is not in the nature of a direct multiplication. For example, a doubling of the attraction factor will not lead to a doubling of the gamer visits attracted to the site. It will however cause a doubling of the attractive power of the gaming venue, which is then translated via non-linear functions into an increase in the number of gamer visits attracted to the gaming venue. This is based upon the location, size, and number of competing gaming venues and their relationship to the market area to which the equation is applied. The variation of these factors is based upon The Innovation Group's experience in developing and applying these models, and consideration of the existing visitation and revenues. The latter represents the calibration of the model and has been accomplished by adjusting attraction factors to force the model to recreate the existing revenues and patron counts. In this case attraction factors have been adjusted for each casino for each of the defined market areas. This is based upon known visitation patterns to an Atlantic City facility.

In the case of the Philadelphia slots-only casinos an attraction factor of 0.75 was used as

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opposed to value in excess of 1.0 for casinos offering full gaming. Additional adjustments were made to the base attraction factors to account for the characteristics of the site which includes consumer preferences for a waterfront site, the benefits of clustering, and consumer preferences for locations closer to more peripheral residential areas.

## **Revenue per Visit**

This is the amount that an individual gamer, on average, will leave behind in the casino each time he or she visits. That amount obviously varies by the individual but on average the higher the average household income the higher the average revenue per visit (in gaming industry parlance “win per visit”) for a given area.

The average revenue per visit for the local market for slots establishments in 2010 was estimated at \$70. This is a relatively low number reflecting the limited amenities versus Atlantic City, where the estimated average revenue per visit is currently in excess of \$110, but reflects an expectation based upon the Innovation Group’s expertise. The revenue per visit is also limited by the high frequency of visitation likely for these venues. While revenue per visit in any given area is permitted to vary based on the areas relationship to the average household income for the region, a minimum is established equivalent to two thirds the average revenue per visit to represent that gamers typically have a minimum amount of money that they wager when they make a trip to a casino.

When the revenue per visit is applied to gamer visits an estimate of gaming revenue is derived.

## **Appendix on Induced/Indirect Spending Methodology**

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Once the direct expenditures have been estimated, the model used an econometric input-output model of the City of Philadelphia to calculate the indirect and induced expenditures as well as the tax revenues generated by these direct expenditures. Regional input-output models are widely used for such calculations because they are well adapted to this type of analysis, in this case the Task Force utilized the Department of Commerce’s Regional Input-Output Modeling System II (RIMS II) model for the City of Philadelphia, a standard and widely used tool for estimating regional economic impacts. It is similar to that used in similar projections elsewhere in the gaming industry. The results generated from the RIMS II are widely recognized as reasonable and plausible in cases where the data utilized as the input to the model are accurate and based on reasonable assumptions. This section describes the basic concepts that underlie RIMS II.

The total economic impact of the \$1 million in initial sales includes one additional element. All economic activity that results from the initial \$1 million in sales, whether direct or indirect, requires workers, and these workers must be paid for their labor. This means that part of the direct and indirect output produced is actually in the form of wages and salaries paid to workers in the various affected industries. These wages and salaries will in turn be spent in part on goods and services produced locally, creating another round of regional economic impacts referred to as “induced” impacts.

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Direct expenditures are input into the RIMS II model. The model then produces a calculation of the total expenditures within the regional economy that results from these direct expenditures. This total effect is the sum of the initial direct, indirect, and induced expenditures. The RIMS II model also estimates the proportion of direct, indirect, and induced expenditures that represent income earned by regional households. Finally, the RIMS II model calculates total expenditure impacts that occur within each industrial sector, and translates this estimate into an estimate of the total number of full-time and part-time jobs within each industry required to produce this output.

The RIMS II model is based on regional *multipliers*, which are summary measures of economic impacts generated from direct changes in expenditures, earnings, or employment. An *expenditure multiplier*, or *output multiplier*, indicates the level of total expenditures (direct, indirect, and induced expenditures) that can be expected following an increase in direct expenditures for the goods produced by a particular regional industry. For example, if an industry in the City is said to have an output multiplier of 2, this tells us that a \$1 increase in the direct expenditures for the good produced by the industry leads to indirect and induced expenditures of another \$1 and, therefore, total expenditures of \$2 in the City economy. The \$2 includes the various wages and salaries (referred to here as earnings) generated across industries in the particular region.

The impact of this spending on the Philadelphia economy will depend on how much of the money is spent locally and regionally and how much is spent elsewhere, and that varies by industry and area. Multipliers show this overall impact to a regional economy resulting from a change in a particular industry. Multipliers can vary widely by industry and area and are generally higher for regions with a diverse industry mix. Industries that buy most of their materials from outside the state or region tend to have lower multipliers. Multipliers also tend to be higher for industries located in larger areas, because more of the spending by the industry stays within the area.

The RIMS II model generated expenditure multipliers for construction expenditures, parlor operations, and ancillary expenditures that the model implies for the City of Philadelphia are approximately 1.51, 1.54, and 1.58, respectively. It should be noted that the corresponding multipliers for the Philadelphia metropolitan area would be larger because a larger share of the indirect and induced expenditures would be made in the metropolitan area than in the smaller area of the City of Philadelphia.

## **Appendix on Tax Receipts Methodology**

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The economic activity estimated to result from an economic development project will result in additional tax revenue for state and local government in the region where that economic activity occurs. The Fiscal Impact model used for this report is designed to estimate this level of additional tax revenue based on the estimates of economic impact produced by the RIMS II model.

The RIMS II model provides estimates of direct, indirect, and induced expenditures, earnings, and employment within a county, metropolitan area, or state. The Econsult proprietary model used for this report combines the output of the RIMS II model with Census Bureau County

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Business Patterns data to produce estimates of the distribution of additional employment and earnings by county within a region or state. In addition, Census Bureau “Journey to Work” data on commuting flows from the 2000 Census are utilized to estimate income earned by residents of each county within a region. For models of the Philadelphia region, the fiscal impact model also estimates income earned within the City of Philadelphia by suburban residents. These estimates form the basis of estimates of tax revenues from local income taxes in Pennsylvania as well as Pennsylvania and New Jersey state individual income taxes. This model is the one utilized by Econsult in its work with the Tax Reform Commission and other local entities.

Pennsylvania state business and sales taxes are estimated based on the most recent data on average sales tax base per employee by major industry, as contained in publications from the Pennsylvania Department of Revenue. Estimates of New Jersey state business and sales tax revenue are based on the statewide average sales and business tax base per employee. For both states, the RIMS II model produces estimates of additional employment by industry. These estimates, combined with estimates of the average business and sales tax base per employee, and current and projected future tax rates, produce the estimates of additional annual state business and sales tax revenue.

For the current study, the fiscal impact estimates take into account estimated additional revenue from the following major tax sources:

- Local earned income taxes in Pennsylvania (counties other than Philadelphia)
  - Philadelphia wage and earnings tax
  - Philadelphia sales tax
  - Philadelphia business privilege tax
  - Pennsylvania and Philadelphia sales taxes
  - Pennsylvania and state individual income taxes
  - Pennsylvania corporate net income tax
  - Pennsylvania capital stock and franchise tax
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# SECTION 5

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## SOCIAL IMPACTS

## Social Impact Framework

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Social issues that surround gaming have been examined to ensure that opportunities are properly leveraged and that both real and perceived social problems are mitigated.

The Task Force compiled primary data from polling, public hearings, public stakeholder meetings, and data from existing studies. Information from these sources confirms that casino gambling is expected to affect the quality of life for individuals in Philadelphia. Wage tax cuts and new jobs created by this industry will positively effect individuals, families and communities, while issues like problem gaming could negatively effect this same population.

The physical site of the facility is another key issue that will affect the lives of Philadelphia citizens. The Task Force has found that in other jurisdictions where gaming was introduced, municipalities were not always adequately prepared for dealing with casino related issues such as crime, public safety and various public nuisances. The Task Force has endeavored to insure that casino planning incorporates preemptive strategic measures.

Issues of problem and pathological gambling have also been analyzed. Problem and pathological gambling greatly affect families and communities, and a plan to deal with these issues should be folded into the overall strategy for social service in Philadelphia.

**FINDING: Comprehensive and conclusive information on the social impacts of gaming is limited.**

Quantifying many of the “intangible” effects of this new industry presented several challenges. Comprehensive information on the social implications of gaming is limited. Much of the published data offers conflicting and/or inconclusive information. Additionally, much of the secondary data available is several years old and is not specific to slots-only gambling.

The first major American study on gambling impact was the 1976 Commission on the Review of the National Policy Toward Gambling. At the time of that study only 13 states had lotteries, two states had approved off-track-wagering, only one state had casinos; and there were no tribal casinos. The key recommendations of the 1976 study focused on the enforcement of state and local gambling statutes, the regulation of legal gambling industries, and the issues surrounding illegal gambling industries.<sup>5</sup>

There was not another national study for twenty years until Congressman Frank Wolfe’s (R-Virginia) legislation in the 104<sup>th</sup> Congress in 1996 created the National Gambling Impact Study Commission. The nine-member commission, whose members were appointed by the President, Senate, and House of Representatives, held public hearings in nine cities across the country, beginning in Washington in August 1997 and ending in Las Vegas, Nevada in November 1998. The final report was released in June 1999.

Two additional reports were also generated for the National Gambling Impact Study

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<sup>5</sup> National Gambling Impact Study Commission, page 9.

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Commission. The National Opinion Research Center (NORC) at the University of Chicago conducted a national survey of gambling behavior and to examine the impact of gambling on a variety of indices, including financial health, crime and social problems.<sup>6</sup> The research team's final report, *The Gambling Impact and Behavior Study: Final Report to the National Gambling Impact Study Commission* was submitted in March 1999.

After the release of the Impact Study Commission's final report, another national study was conducted by the National Council of Legislators from Gaming States because, as the chairman of the organization stated: "There were no state legislators, no governors, no attorney generals and no mayors" on the National Gaming Impact Study Commission.<sup>7</sup> The eleven-member public sector commission included a governor, mayor, state senator, state representative, state gaming commission personnel and an attorney general.<sup>8</sup> Its findings were published as *Gambling Policy and the Role of the State* in March 2000.

Subsequent gaming studies tend to be of two types: (1) Social impact studies to measure the result of government action on the well-being of a community and (2) Prevalence studies to measure the rate of problematic gambling behavior. Social impact studies vary in their format in that they may focus on a particular social issue such as bankruptcy, suicide or crime, may study the impact of a particular type of gaming, such as the General Accounting Office 2000 report on convenience gambling, or may be more broad-based in studying many issues related to gaming and problematic gambling.

The Task Force has reviewed data from various municipalities that have casino gambling and other forms of gambling. Unfortunately, very little has been done to monitor the ongoing social effects of casino gambling and the opening of casinos. As a result, there are many unknowns about the effects of problem and pathological gambling. There are also various studies with findings that have conflicting results and leave unanswered questions. The Task Force believes this does not have to be the case in Philadelphia. Presently, there are many mechanisms throughout our health care industry, social services departments and law enforcement departments that track the effects of addictions such as drug and alcohol abuse. Modifications to our current system can allow the city to do the kinds of detailed analyses that can give us more definitive answers than the existing level of data tracking presents.

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<sup>6</sup> National Gambling Impact Study Commission, p. 4-3.

<sup>7</sup> Letter from Senator Steven Geller, Florida State Senate, Chairman, Public Sector Gaming Study Commission in the Final Report of the National Public Sector Gaming Study, National Council of Legislators from Gaming States

<sup>8</sup> Included in the membership was Benjamin Nolt, then executive secretary of the Pennsylvania Horse Racing Commission.

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## Quality of Life

### Attitudes about Gaming

**FINDING:** The overwhelming majority of Philadelphia residents say the quality of life in Philadelphia is acceptable and that a slots-only casino will not cause the quality of life to decrease.

Eighty-six percent of Philadelphia residents find their current quality of life acceptable and many are concerned about the impact of gaming on their quality of life. When asked how slots-only gaming would impact the quality of life for Philadelphia residents, 16 percent stated that it would improve the quality of life, 44 percent stated there would be no change, and 33 percent stated that the quality of life would decrease.

**TABLE 5.1: Concern about Quality of Life Issues**

	Total	White	Black	Latino	Men	Women	<45 yrs	46-60	>60 yrs
Improve	16	13	18	31	19	13	18	14	16
No Effect	44	50	42	22	45	44	43	43	47
Worsen	33	34	30	37	31	35	33	36	29
Improve/No Effect	60	63	60	53	64	57	61	57	63

**SOURCE:** Lester and Associates

Poll results show an overwhelming majority of the public (83 percent) find slots-only gambling acceptable for either themselves or for others. Nearly one in three residents (30 percent) say gambling is an acceptable activity for all and that they would be open to participating themselves. A majority (53 percent) responded that while they would not personally gamble, it is an acceptable activity for others. Only 15 percent say gambling is an unacceptable activity. The acceptance of gaming crosses demographic lines, with no group registering less than a basic approval of 77 percent.

**RECOMMENDATION:** The City of Philadelphia should facilitate the implementation of the necessary systems and procedures to effectively establish baseline data and continually monitor the effects casinos on neighborhoods, families and individuals, the results of these studies should be published on a quarterly basis.

The City should acquire professionals with expertise in problem and pathological gambling that can work with the various city agencies to integrate the appropriate screening instruments throughout the City. The level of tracking for problem and pathological gambling within Philadelphia should be raised to the same standards as that of drug and alcohol abuse.

There are several areas that can be monitored for possible impacts, including (but not limited to):

- Emergency Medical Services
- Domestic Violence
- Child Abuse/Neglect

- Health Care and Hospital Intake Systems
- Criminal Investigations
- Suicide and other Crisis Help Lines

These are the areas where the Task Force looked for information in other cities but found insufficient data. It is important to begin collecting this baseline data before casinos arrive in Philadelphia to ensure that the City's health professionals have a point of reference with which to judge the actual impact two casinos will have on Philadelphia residents. This valuable data will help us to more accurately project future costs and assess the effectiveness of any programs put into place for mitigating the possible negative effects of gambling in Philadelphia.

**TABLE 5.2: Acceptance of Slots-Only Gaming**

	Total	Whites	Blacks	Latino	Men	Women	<45 yrs	46-60	>60 yrs
Acceptable <sup>9</sup>	30	30	34	23	28	32	34	27	28
No Objections <sup>10</sup>	53	55	46	54	54	51	54	51	53
Unacceptable <sup>11</sup>	15	14	17	16	16	14	10	20	16
Total Accept/ No Objections	83	85	80	77	82	83	88	78	81

**SOURCE:** Lester and Associates

**FINDING: Philadelphia residents accept gaming, but are concerned about possible crime rate increases. However, these perceptions are largely just perceptions and crime can be controlled with appropriate police staffing.**

Although polling results indicate that Philadelphia residents support gaming, residents expressed concern about possible increase in crime due to the casino presence. Sixty-two percent of the respondents believe gaming will “greatly” or “somewhat” increase crime.

Crime rates in the most comparable cities, New Orleans and Detroit, show no evidence that the introduction of gaming to these cities has caused an increase in the crime rates at the city-wide level. In fact, the Task Force study indicates that crime rates have for the most part declined in line with changes in national crime rates. This is not to suggest that casinos have caused these declines. These declining crime rates could be as a result of generally improved economic conditions, and improved policing approaches, and other more important causal relationships associated with the broader social and general welfare of these communities.

Likewise, as detailed on page 312, there is no evidence for large increases in major crimes within the adjacent casino neighborhoods.

<sup>9</sup> I find slots-only gambling acceptable for me and for others

<sup>10</sup> I would not participate personally, but I have no objections if others wish to participate

<sup>11</sup> It is unacceptable to me and I do not believe others should participate in this form of gambling

**FINDING: Philadelphia residents believe nuisance crimes will increase as a result of casinos.**

Task Force polling indicates that 64 percent of Philadelphians anticipate an increase in public nuisances such as loitering, public drunkenness and littering as a result of the casino’s presence. This issue was also a consistent concern raised at the Task Force’s public hearings. Philadelphia residents consistently testified that they feared increases in public nuisances would negatively affect their neighborhoods.

The neighborhoods, the City government and the casinos will have to work together to address these issues. The City of Philadelphia has experience in working together with community organizations and businesses to handle issues dealing with quality of life and economic interests. An example of this is the Sports Complex Special Service District (SCSSD). The SCSSD addresses quality of life issues neighborhoods surrounding the South Philadelphia sports complex area. For further details see page 328.

**FINDING: Polling indicates that a majority of Philadelphia residents expect to see some benefits and some negative impacts from gaming in Philadelphia, yet most do not believe themselves or their families will be affected.**

Most City residents believe the introduction of slot machines will have a positive impact (45 percent) or no impact at all (19 percent) on Philadelphia. African Americans and Latinos are the most optimistic of the benefits they will bring—nearly half (49 percent) believe that the introduction of slots-only gambling will have a positive impact on the city, compared to 43 percent of white voters. Residents over 60 years old are by far the most positive on the impact of slots gambling (52 percent positive, 32 percent negative) while middle-aged residents (45-60 years old) are the most skeptical (40 percent positive, 39 percent negative).

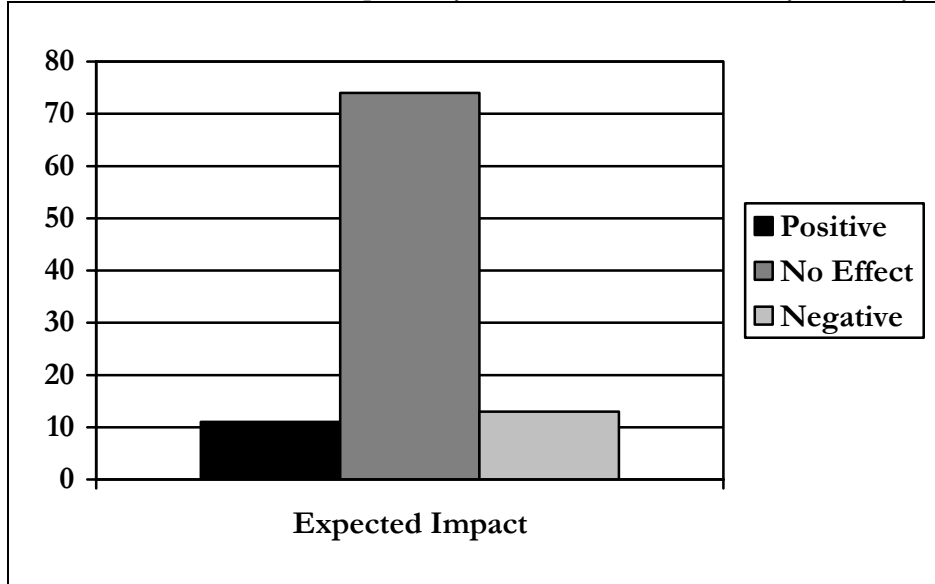
**TABLE 5.3: Impact of Slots Facilities on Philadelphia**

	Total	Whites	Blacks	Latino	Men	Women	<45 yrs	46-60	>60 yrs
Positive	45	43	49	49	47	43	43	40	52
Negative	33	38	28	32	32	35	29	39	32
No Impact	19	18	19	18	20	19	25	18	13

**SOURCE: Lester and Associates**

Half of the respondents (50 percent) believe that gaming will help the economy while 30 percent believe it will not make much of a difference. Only 17 percent of respondents believe it will hurt the economy. A majority of the respondents believes that the casinos would create more jobs in the City of Philadelphia. Seventy-four percent believes it will create at least 500 jobs with 22 percent stating that the facilities could create well over 1,000 jobs.

A majority of the respondents (52 percent) believe that the intended purpose for gaming revenues would be realized—i.e. wage tax relief for Philadelphia residents and property tax reductions for the rest of the state. However, when probed further an overwhelming majority (77 percent) believes it will either eliminate or decrease the wage tax. Only 12 percent believed it would have no effect on the wage tax.

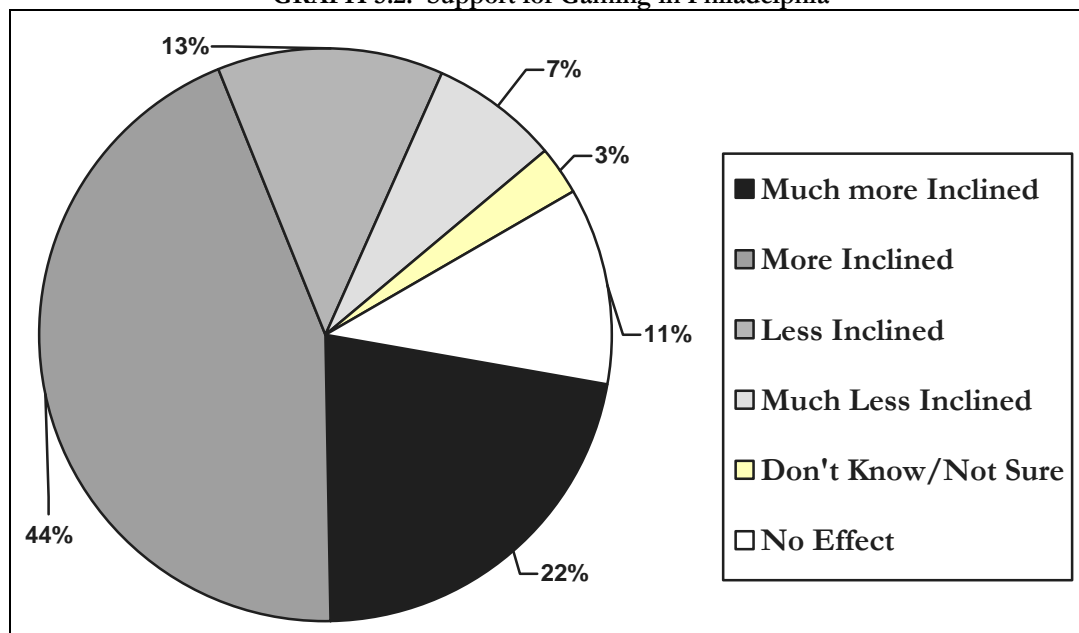
**GRAPH 5.1: What kind of impact do you believe slots will have on your family?**

SOURCE: Lester and Associates

A majority of Philadelphia residents don't expect slots gambling to have a direct impact on their families. Nearly 3-in-4 residents (74 percent) say slots operations will have no major impact on their families, with the remaining residents split almost evenly (11 percent positive, 13 percent negative).

**FINDING:** Polling indicates a greater amount of public support for casinos when revenue is directed toward community programs.

GRAPH 5.2: Support for Gaming in Philadelphia



SOURCE: Lester and Associates

Sixty-six percent of Philadelphia residents say they would be more inclined to support gaming in Philadelphia if they knew that the facilities would make substantial contributions to after-school programs for youth. Eleven percent said it would have no effect on their support and 20 percent said they'd be less inclined to support casinos in Philadelphia.

## Neighborhood Concerns

**FINDING:** Despite an overwhelming acceptance of gaming, most Philadelphia residents are against having casinos near their neighborhoods.

While polling supports the fact that citizens do want and will support casinos in Philadelphia; the Task Force has learned through its public process that communities are concerned about the negative effects of having a slots-only casino near their residential neighborhoods.

Three-in-five (60 percent) residents oppose a slot facility near their neighborhood. The sentiment was a common theme throughout the polling, the public hearings, and the stakeholder meetings. While some minor differences emerge along racial and geographic lines, similarly sized majorities of every race and virtually every region oppose casinos near their own neighborhoods.

**FINDING:** Community leaders that addressed the Task Force are concerned that existing overcrowding and traffic congestion will be exacerbated by casinos near their neighborhoods.

Anticipated traffic issues were raised in all of the public hearings. This was one of the issues



most often cited as a negative effect of locating a gaming facility near any particular neighborhood.

Although each community voiced concern, testimony from residents currently living near the sports stadiums was particularly passionate. Increased gridlock due to stadium traffic combined with lack of street parking in neighborhoods surrounding the stadiums was a point of great contention. One resident stated: “Make no mistake; there cannot be any resolution to our current problems if there is another entertainment venue introduced into the mix.”

Additional concerns over pollution and air quality were raised. One South Philadelphia resident noted that “the carbon monoxide is enough to kill you” when sharing how he is effected by the large numbers of cars that start their engines at the same time as motorists prepare to exit the stadium at the end of a sporting event.

**FINDING: Most Philadelphia community groups that presented to the Task Force feel that casinos would harm the fabric of their neighborhoods.**

In series of separate community stakeholder meetings, a majority of the community leaders who felt their neighborhoods have a strong sense of community indicated that they believe that a gambling establishment would weaken that sense of community. The perceived increase of crime, trash and traffic all contributed to this feeling. Many citizens who reside in communities near proposed sites voiced concerns that traffic increases, loitering and noise pollution would be disruptive to their communities.

**FINDING: Most Philadelphia residents say that a Delaware River waterfront casino should be easily accessible to public transportation, yet they would prefer to drive to that location.**

An overwhelming majority of Philadelphians view the Delaware River waterfront as the optimal location for a casino; 68 percent prefer the waterfront, followed in a very distant second place by Center City at 12 percent, the Northeast at five percent, South Philadelphia at three percent, and West Philadelphia and North Philadelphia at two percent each.

Closely related to the issue of location is the question of transportation. Philadelphians cite a number of reasons why the waterfront would be the ideal location, most notably its easy access by car (36 percent) or public transportation (33 percent). However, of the 54 percent of residents who regularly or occasionally use SEPTA, 56 percent say they would ride SEPTA to visit a casino in Center City while only 38 percent would use it to visit a casino on the waterfront.

## Employment

**FINDING: Increases in the number of jobs held by neighborhood residents improve the quality of life in neighborhoods.**

The gaming industry has the potential to create full-time entry level jobs which are badly needed in neighborhoods where unemployment and underemployment exists. Even if the casinos hire people already employed in the service sector, they will indirectly create jobs that will be in reach

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to much of Philadelphia’s underemployed and unemployed population. For more information on potential job creation, see page 245.

**RECOMMENDATION: The City of Philadelphia should ensure that community groups are included in the efforts to prepare residents for the new jobs that will be created directly and indirectly due to casinos.**

Civic leaders can play a very important role in communicating both the needs and resources of potential employers and business to the community and also in communicating the needs of the community as it pertains to employment and compensation for residents. Community organizers and civic leaders can help organize the community to take full advantage of the jobs created by the casinos. The community benefits from this type of inclusion when local vendors and residents are able to reap the benefits of contracts and employment from the casino. For more information on job preparedness see page 250.

**FINDING: Gaming in Philadelphia will create significant employment opportunities during nontraditional work hours; additional childcare and after-school programs will help to maintain healthy families and communities.**

Casinos will be open 24 hours per day and they will need staffing around-the-clock. Philadelphia currently has limited around-the-clock employment and thus the market has not been driven to provide around-the-clock childcare. With the opening of casinos, there will be an urgent need to provide such care.

In an interview with Task Force members, former Atlantic City Council President, Rosalind Norell-Nance stated there was a link between a lack of adequate childcare and increased levels of child neglect and abuse cases. She also noticed an increase in cases of childhood diabetes which she believed could be attributed to children not having a parent or guardian available to enforce a healthy diet. These conclusions were echoed during an interview with Tina Minus of New Jersey’s Department of Youth and Family Services (DYFS). Minus added that the average casino jobs pays too much to qualify the worker for childcare subsidy yet not enough to allow that same worker to afford quality childcare. This, compounded by the fact that the majority of households affected were those of single mothers, left a tremendous gap in care for children after hours. The resulting fallout included increased instances of child neglect and child abuse because children were being left home alone. An increase in childhood diabetes was also noticed as fast food became a convenient substitute for home cooked meals for “latch-key kids.”

**RECOMMENDATION: Encourage casinos to help fund 24-hour childcare services and after-school programs for casino workers and their families.**

Casinos should fund childcare for the families of its employees. Casino-funded 24-hour childcare services will help residents to maintain the new jobs while ensuring that children are not left home alone. These facilities can ensure that children are well-supported while spending their time productively.

## **Crime and Public Safety**

A key area of concern for Philadelphia residents is the issue of crime. Philadelphia residents

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have a perception that crime rates will increase due to the introduction of casinos. However, a look at comparable markets revealed little correlation between crime rates and casino gambling. Sixty-two percent of City residents believe slots operations will greatly (17 percent) or somewhat (45 percent) increase crime in the city, compared to 29 percent who say they will have no significant impact on crime; just six percent believe they will actually reduce crime. These concerns are largely consistent across the City.

**TABLE 5.4: Concern About an Increase in Crime**

	Total	White	Black	Latino	Men	Women	<45 yrs	46-60	>60 yrs
Total Increase	62	65	58	68	58	67	66	60	59
No Impact	29	29	31	23	33	25	25	31	32
Reduce	6	3	7	7	8	4	7	5	4

SOURCE: Lester and Associates

**FINDING: Although there are no projected increases in crime rates, an increase in net crimes is expected due to increased visitation.**

Research suggests that while crime rates will not increase, crime incidents will increase in proportion to the increased number of people in the area. For example, it is likely that traffic violations will increase with a greater number of people traveling to the casinos. There will also be new unique casino related crimes, such as patrons attempting to cheat and passing counterfeit money, that criminal justice officials will have to prosecute.

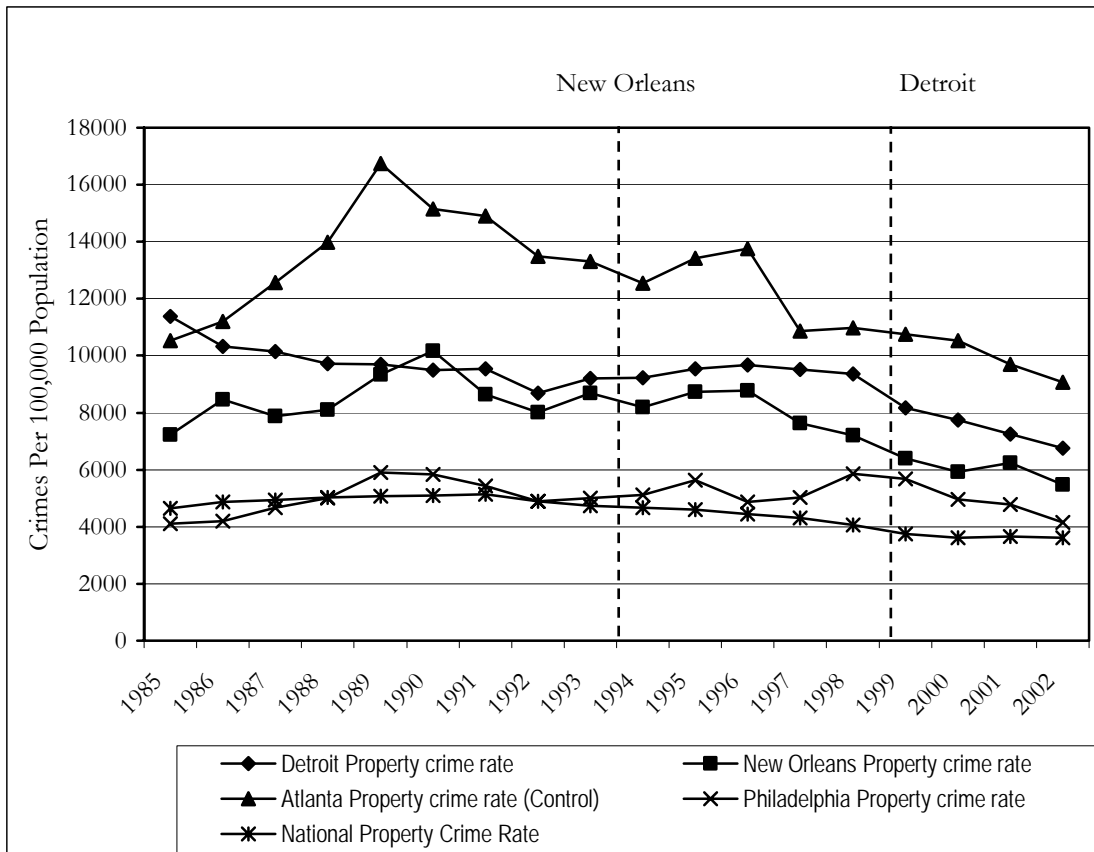
### Analysis of Crime

To address the public's concerns about crime, the Task Force conducted a review of crime rates in:

- 1) Philadelphia
- 2) Comparable Gaming Cities- Detroit and New Orleans
- 3) Comparable Non-Gaming City of Atlanta
- 4) The National Crime Rate

The crime statistics for Detroit; New Orleans; Atlanta and Philadelphia from 1985 to 2002 were compiled from the Federal Bureau of Justice Statistics and the FBI's Uniform Crime Reports.

The national crime rate peaked in the late 1980's and the early 1990's and has been declining ever since, although it has appeared to stabilize in the last six years. The Task Force compared crime rates in New Orleans and Detroit (before and after gaming was introduced) to crime rates in Philadelphia and Atlanta (cities that had no gaming for the period studied). In all four cities, rates were fairly steady throughout the mid 1990s. Starting in 1996, New Orleans and Atlanta saw significant declines. In Detroit crime began to decline in 1999, the same year that casino opened. Philadelphia had a relatively stable crime rate until; 1999/2000 when crime rates started to decline.

**GRAPH 5.3: Composite Crime Index**

Source: FBI, Uniform Crime Reports, prepared by the National Archive of Criminal Justice Data

There is no evidence from these data that casinos increase city-wide crime rates in general. One theory suggests that crimes associated with the arrival of casinos are offset by the economic benefits brought by casinos or that the level of crime is so small as to be overwhelmed by other more significant factors such as the economy.

The 1994 opening of two riverboat casinos in New Orleans and the 1999 opening of two casinos in Detroit mark the points of comparison for observing any relationships between casinos and crime. In viewing the following graphs, the following casino openings/closings should be kept in mind:

- In New Orleans, both the Boomtown and the Treasure Chest opened in mid 1994. Boomtown is a riverboat casino located on the west bank of the Mississippi River and separated from the main portion of the City on the East Bank. The Treasure Chest is located in Kenner, a suburban community outside of New Orleans.
- Bally's, another riverboat casino, opened in mid-1995 on the east bank of New Orleans near the lakefront, remote from the core urban area.
- Harrah's temporary casino opened in May 995 in a poor location and subsequently closed in October of the same year. The Harrah's permanent casino, located near the

- New Orleans riverfront, opened in October 1999.
- In the Detroit/Windsor market Casino Windsor opened in May of 1994.
  - In Detroit MGM opened in July of 1999, Motor City in December of 1999, and Greektown in November of 2000.

The crime statistics used in the following graphs have not been adjusted for non-resident casino visitors and include crimes committed within the casinos. With the onset of gaming, if there were a significant relationship between crime and casinos then the crime rate would increase. Due to the exclusion of visitor volumes, any relationship that might exist between casinos and crimes would be exaggerated in the following graphs.

In the following sections, graphs have been provided to illustrate the crime rates and how the introduction of casinos has or has not affected them. There were periods of time where data was not available in certain jurisdictions, in those cases the line segments are excluded or the year is simply not represented.

There were also some instances where data was not recorded correctly, data was either incomplete or recording practices had changed making it unsuitable for our review:

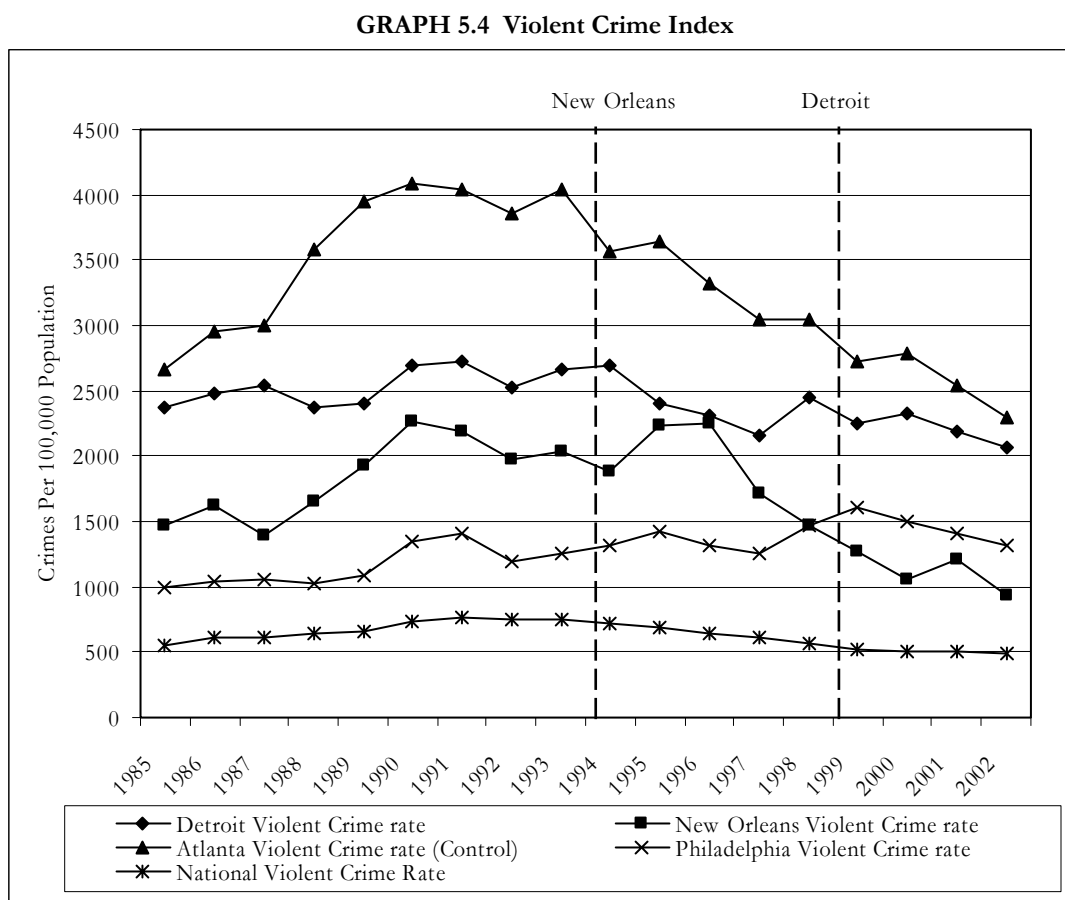
- Michigan agencies 1993, Forcible rape figures furnished through the State program were not in accordance with national UCR guidelines and are excluded from these data.
- Philadelphia Police Dept, Pennsylvania 1999, Due to changes in reporting practices, annexations, and/or incomplete data, 1999 figures are not comparable to previous years' data
- New Orleans Police Dept, Louisiana 2000, Due to changes in reporting practices, annexations, and/or incomplete data, 2000 figures are not comparable to previous years' data.

### ***Comparison using the Composite Crime Index***

The Composite Crime Index is defined as "...selected offenses used to gauge fluctuations in the volume and rate of crime reported to law enforcement. The offenses that make up the Crime Index are the violent crimes of murder and non-negligent manslaughter, forcible rape, robbery, and aggravated assault and the property crimes of burglary, larceny/theft, motor vehicle theft and arson."<sup>12</sup> There are no major increases in the crime rates for any of the jurisdictions compared. The composite crime index shows no signs of being drastically affected by the New Orleans casinos that opened in 1994 or the Detroit casinos that opened in 1999.

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<sup>12</sup> <http://bjsdata.ojp.usdoj.gov/dataonline/Search/Crime/definitions.cfm>

*Comparison using the Violent Crimes Index*

Source: FBI, Uniform Crime Reports, prepared by the National Archive of Criminal Justice Data

**FINDING:** There is no evidence to suggest that violent crime rates are in any affected by the presence of casino gambling.

The violent crime rate in Detroit has been in an erratic but general decline since 1994, coincidentally the same year Casino Windsor opened. In New Orleans violent crimes have declined sharply since 1996, with the exception of a brief spike in 2001. Atlanta on the other hand has seen sustained declines since 1993. Philadelphia saw sustained increases through 1999 and subsequent declines each year since then. These increases in the major cities, although more volatile, generally followed the national pattern which showed an increase in the latter 1980's through mid-1990's and a decline thereafter. This is consistent with the National Gambling Impact Study Commission's report in 1999 which analyzed FBI crime data from 100 communities with varying degrees of proximity to casino gambling and had concluded that the availability of casino gambling had no effect on rates of serious violent crimes like murder or

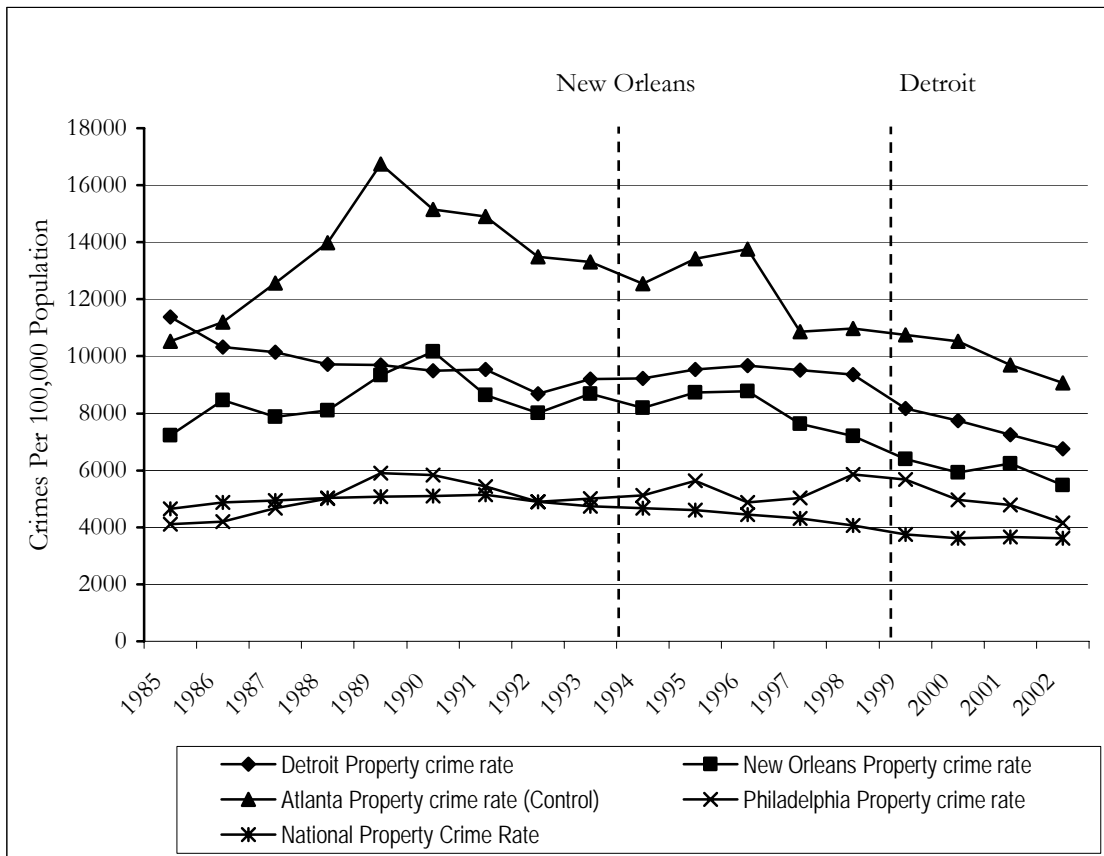
assault.<sup>13</sup>

*Comparison using the Property Crimes Index*

**FINDING: There is also no correlation between property crime and the introduction of casinos.**

Data shows that major cities had a higher crime rate than the nation as a whole, and were more volatile. These cities generally followed a similar trend, unaffected by the introduction of casinos.

**GRAPH 5.5: Property Crime Index**



Source: FBI, Uniform Crime Reports, prepared by the National Archive of Criminal Justice Data

<sup>13</sup> National Opinion Research Center, Gambling Impact and Behavior Study, Report to the National Gambling Impact Study Commission, April 1, 1999, p. 71.

### *Crime within the Vicinity of Casinos*

While it appears that the rate of most major crimes committed throughout a municipality are unaffected by the introduction of casinos, the Task Force also believes there is the potential that crime at the neighborhood level where the casino is located could be affected. This is based on the fact that if there is a substantial increase in suitable targets, targets that in all likelihood (at least upon their arrival) are carrying cash then there is the probability that criminal elements will focus on this area. However there is a third consideration. Knowing this relationship “guardians” can also be focused on this area to reduce and prevent crime. In the case of casinos, “guardians” come in two forms, the casino security and surveillance, responsible for on-site security and crime prevention, and the local police force responsible for patrolling the surrounding streets and neighborhoods.

Casinos are aware that criminal elements initially view their properties as “target-rich” areas and therefore they expend a considerable amount of resources to provide adequate security to deter on-site crimes. This is not only driven by responsibility to their patrons but also from a profit perspective. In a survey conducted for the Task Force, safety and security perceptions of the casino site play a paramount role in the process of deciding which casino to visit. In many cities casinos provide direct funding support to local police forces to provide additional police patrols in the neighborhood of the casino. From the limited data available and from anecdotal evidence, it appears that crime at the neighborhood level does not pose a major problem when sufficient resources are committed to provide the required level of “guardians”.

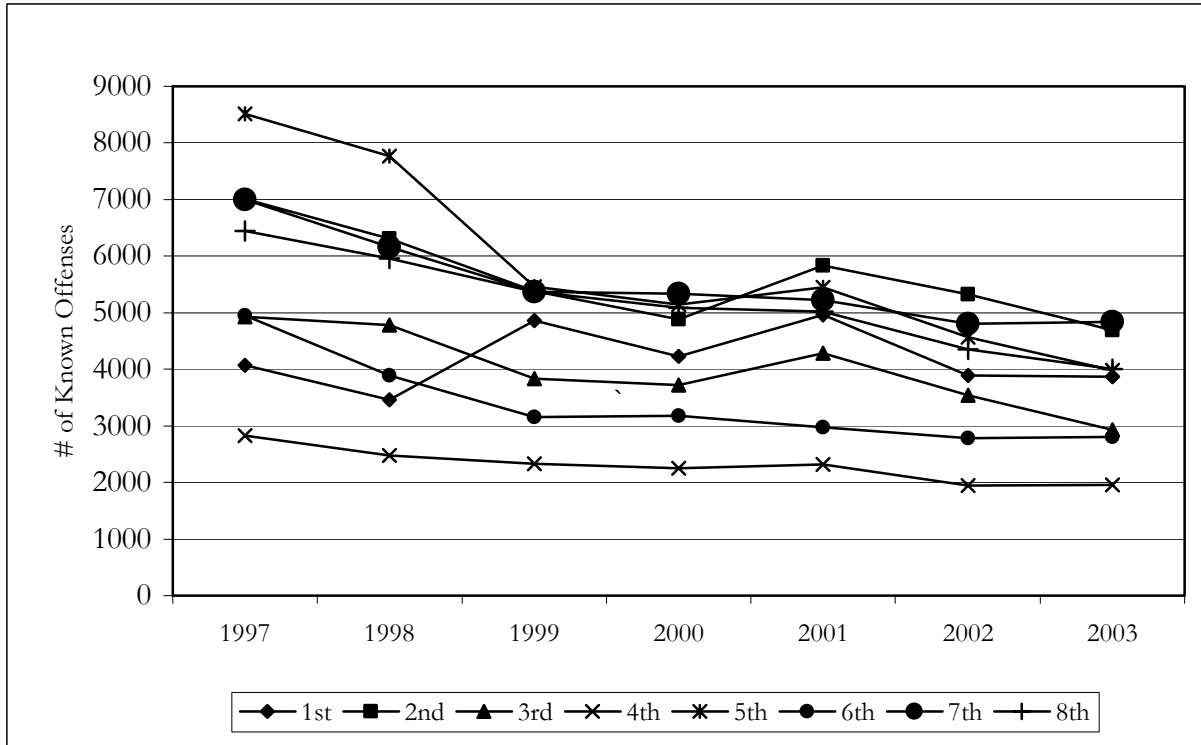
#### **FINDING: Overall crime within the vicinity of casinos was unaffected by the introduction of casinos in New Orleans.**

In New Orleans, based on district-level crime statistics, crime rates and traffic offenses have declined for the most recent eight year period in the 7<sup>th</sup> district (Harrah’s opened in October of 1999) and 8<sup>th</sup> district (home to a riverboat casino). These declines have been consistent each year compared to the first second and third districts where this general decline was interrupted by an upward spike in 2001. Additionally, crimes such as robberies and thefts declined in these districts.

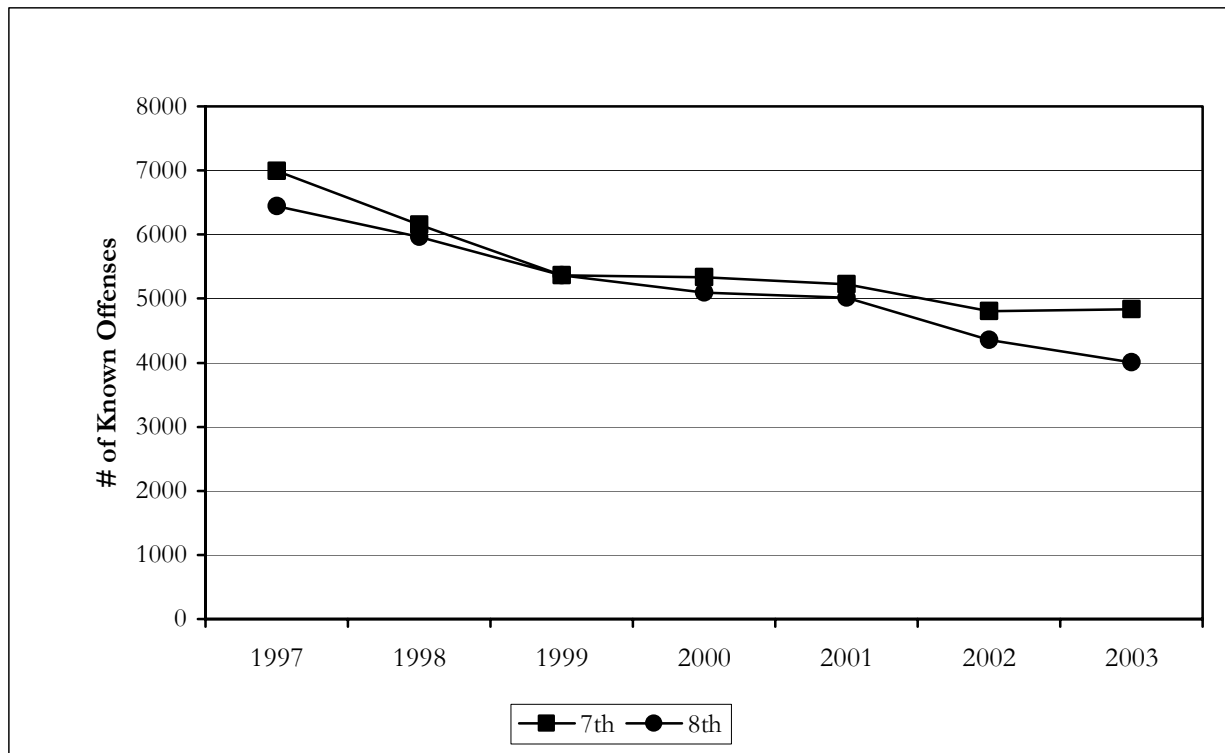
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GRAPH 5.6: New Orleans Crime by District



GRAPH 5.7: New Orleans Casino District Comparison



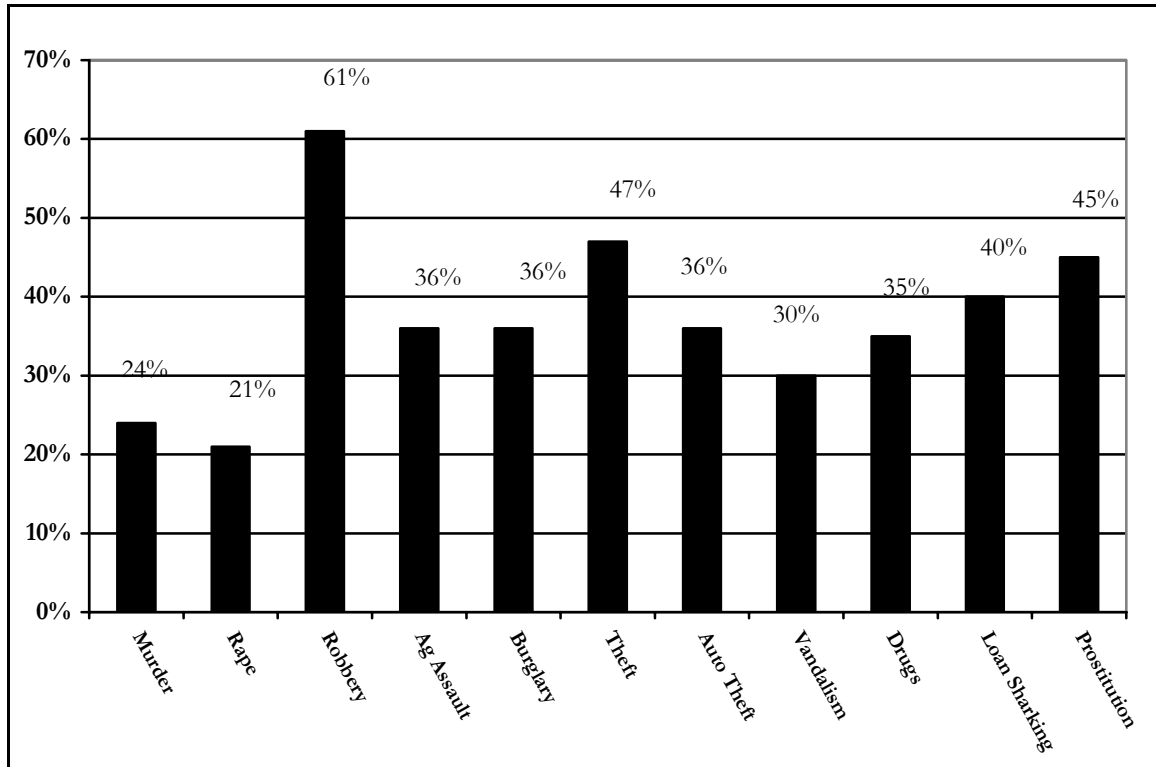
Source: <http://www.new-orleans.la.us/home/nopd/content.php?dir=ucr&page=ucrtitle.html>

One Louisiana jurisdiction credits the internal security provided by the casinos for the low levels of crime within the facilities. In Gretna, Louisiana host to Boomtown Casino and an off-track betting (OTB) video-poker facility, both the mayor and the police chief report no problems associated with either venue. In fact, the chief of police, crediting the internal security provided by the facilities, says that more calls for service are received from Home Depot and low-cost hotels in area than from the OTB parlor or Boomtown.

## Concerns about Crime

**FINDING:** Polling indicates Philadelphia residents are most concerned about increases in property crimes, prostitution and loan-sharking.

GRAPH 5.8: Crime Concern



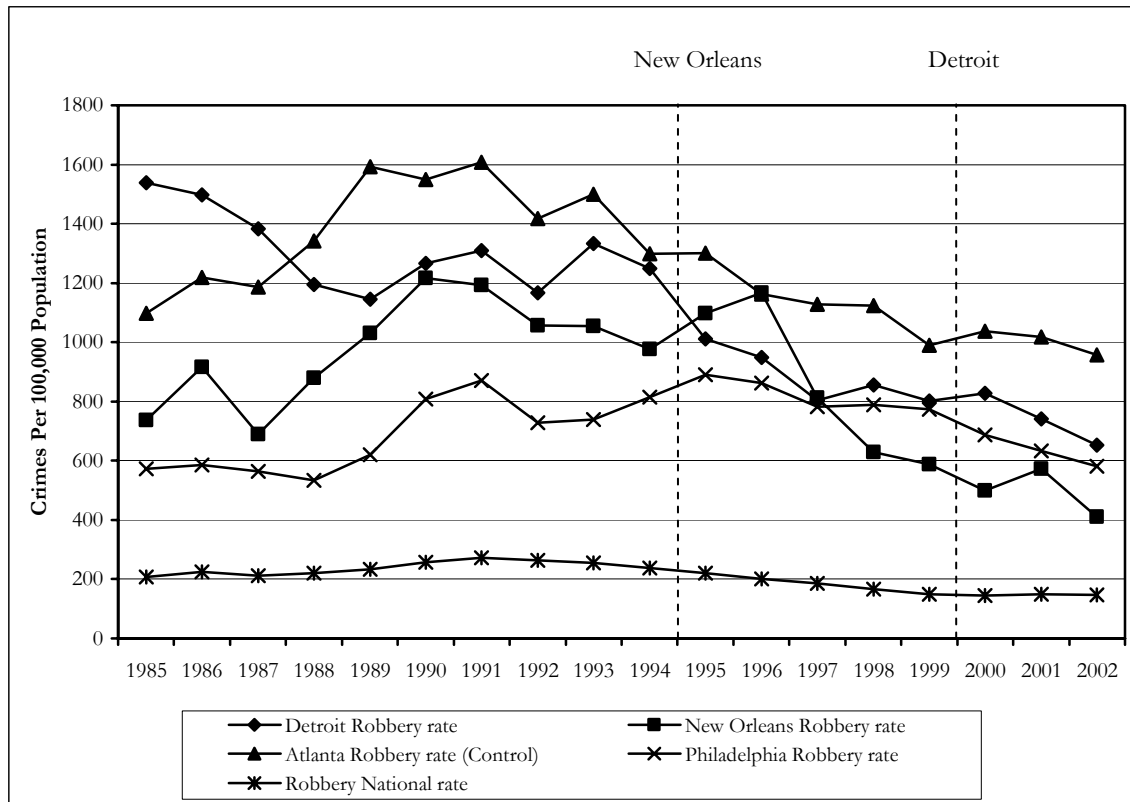
SOURCE: Lester and Associates

Philadelphia residents have indicated that they are most concerned that casinos will increase property crimes. Illustrated in the above graph, the three primary concerns for Philadelphia residents were: robbery at 61 percent, theft at 47 percent, and prostitution at 45 percent. The next few sections explore some of those concerns in detail.

### ***Robbery***

Robbery rates in all cities have declined since the early 1990's. Both New Orleans and Detroit have seen significant sustained declines greater than, or equal to, those experienced in Atlanta or in Philadelphia.

GRAPH 5.9: Robbery Rates



Source: FBI, Uniform Crime Reports, prepared by the National Archive of Criminal Justice Data

Some preliminary research does, however, make a connection between robbery and pathological gambling. A report funded and published by the Department of Justice studied arrestees in Las Vegas, Nevada and Des Moines, Iowa—both of which have casino gaming. In these jurisdictions, more than 30 percent of pathological gamblers who had been arrested reportedly having committed a robbery in the past year, nearly double the rate of low-risk gamblers. Of those, nearly one-third admitted that they had committed the robbery to pay for gambling or to pay gambling debts. About 13 percent said they had assaulted someone to get money.<sup>14</sup>

Nearly 40 percent of the subjects in the study had committed more than one theft in the past year, four times the number of arrestees without either a gambling or a substance abuse problem.

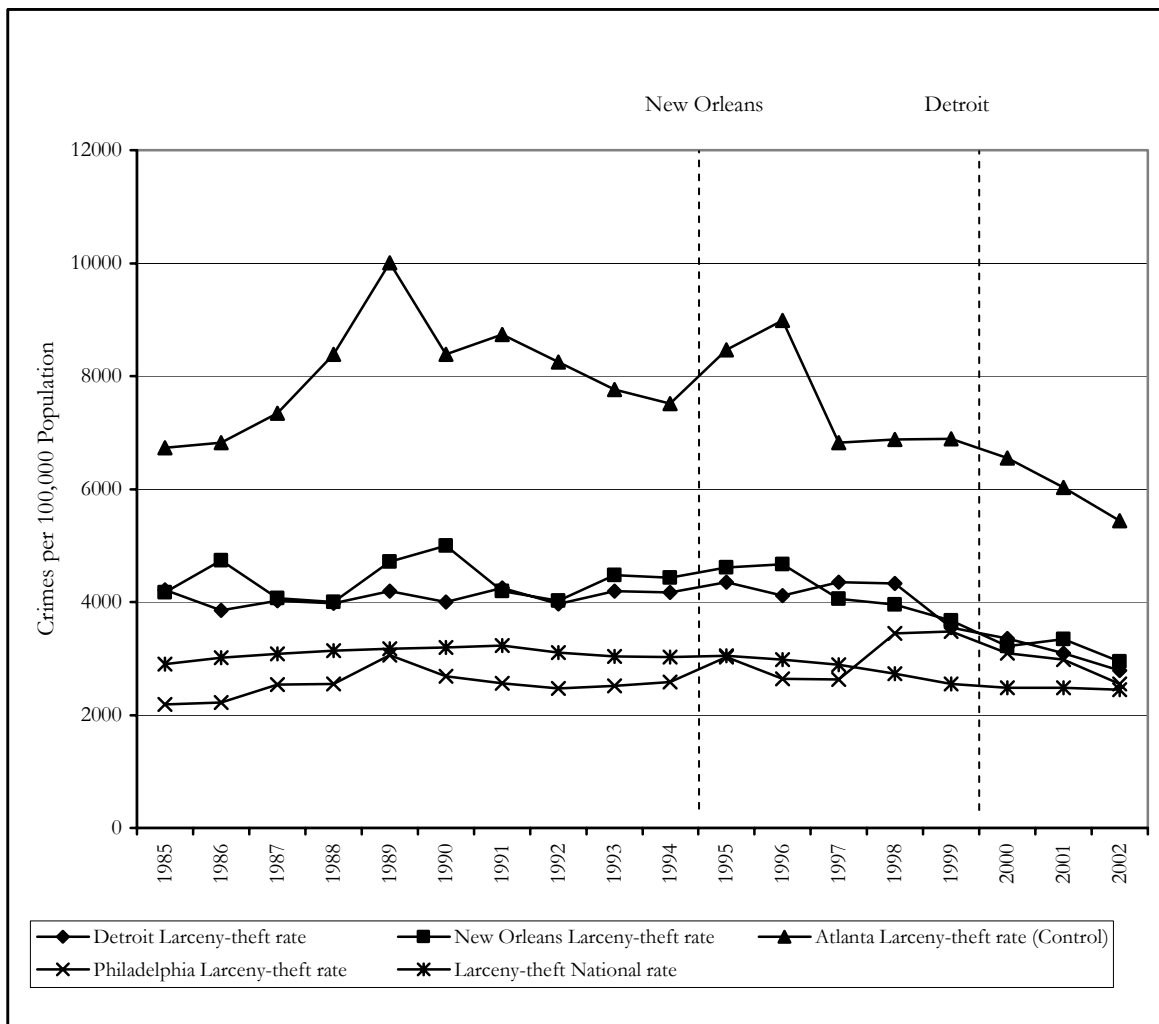
If further research confirms that pathological gamblers do have higher incidents of robbery and assault, this would point to the urgency in early identification of pathological gamblers in all jurisdictions and intensified efforts to get them into treatment or self-help recovery groups before their criminal activities escalate. In the Department of Justice study, for example, only 13 percent of pathological gamblers in the study said they had sought treatment and only 10 percent said they had attended Gamblers Anonymous.

<sup>14</sup>U.S. Department of Justice Office of Justice Programs National Institute of Justice, July, 2004

**Larceny/Theft**

Larceny/theft rates were unaffected by the introduction of casinos. There was a slight increase the year after the casino opened, but this was also true in Philadelphia and Atlanta. Rates in New Orleans and Detroit were relatively stable between 1985 and 1998 then declined through 2002. Atlanta rates fluctuate between 1985 and 1997 then declined through 2002. Philadelphia rates were relatively stable also between 1985 and 1997 then increased in 1998 and have declined each year through 2002. Again there is no discernible relationship to casino development at a city level.

**GRAPH 5.10: Larceny/Theft Rates**



Source: FBI, Uniform Crime Reports, prepared by the National Archive of Criminal Justice Data

Some social scientists, however, suggest that many of the financial crimes of burglary, theft, embezzlement and robbery in a gaming environment are committed by problematic gamblers.

Even before slots-only casinos are operating in Philadelphia, robberies and burglaries of both residential and commercial properties are already among the highest reported incidents in

Philadelphia crime statistics.<sup>15</sup> An analysis of the number of these crimes by city council districts and the percentage of the city's total in each category as reported in each city council district for the 2004 reporting period is shown in the following chart:<sup>16</sup>

**TABLE 5.5: Selected Crimes by City Council Districts**

District	Robberies	Pct. By District	Aggr. Assault	Pct. By District	Residential Burglary	Pct. By District	Commercial Burglary	Pct. By District
1	1290	13.9%	1071	11.5%	882	11.5%	366	15.4%
2	1046	11.2%	1055	11.3%	681	8.9%	278	11.7%
3	1151	12.4%	1176	12.6%	797	10.4%	196	8.2%
4	582	6.2%	628	6.8%	746	9.8%	181	7.6%
5	1292	13.9%	1478	15.9%	734	9.6%	261	11.0%
6	720	7.7%	654	7.0%	695	9.1%	275	11.5%
7	1240	13.3%	1298	14.0%	904	11.8%	286	12.0%
8	1003	10.8%	1048	11.3%	1043	13.6%	231	9.7%
9	753	8.1%	620	6.7%	692	9.1%	125	5.2%
10	236	2.5%	274	2.9%	471	6.2%	183	7.7%
<b>Totals</b>	<b>9313</b>	<b>100.0%</b>	<b>9302</b>	<b>100.0%</b>	<b>7645</b>	<b>100.0%</b>	<b>2382</b>	<b>100.0%</b>

### *Prostitution*

The subject of the connection between prostitution and gambling often appears in debates when a jurisdiction considers adding casino-type gaming. Philadelphians were clearly concerned about prostitution as 45 percent of Philadelphians polled indicated that they thought this category of crime would increase.

Most of the references in a literature review to connections between prostitution and gambling appear to be with illegal gambling or a combination of illegal gambling, prostitution and drugs. Some jurisdictions link these three together in a “vice” department.

The Task Force found insufficient data to make a correlation between prostitution and legalized gambling. As recommended on page 300, systems and procedures should be implemented to monitor for any correlations.

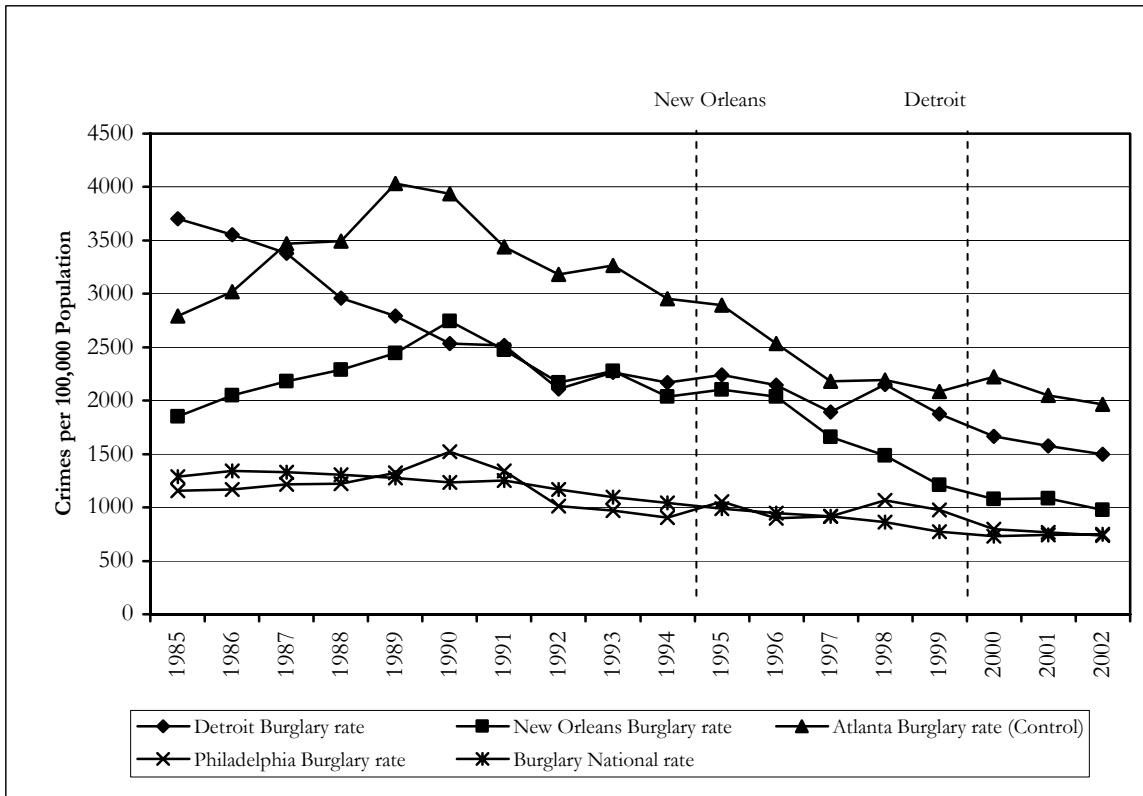
### *Burglary*

Burglary has similar patterns as noted above for robbery. The decline remains steady despite the introduction of casinos in 1994 and 1999. This is also counter to the concerns of Philadelphia residents of which 36 percent were concerned about burglaries increasing.

<sup>15</sup> Crime data available at <http://cml.upenn.edu/crimebase/>

<sup>16</sup> Ibid

GRAPH 5.11: Burglary Rates



Source: FBI, Uniform Crime Reports, prepared by the National Archive of Criminal Justice Data

### ***Loan Sharking***

A related area of concern to Philadelphians appears to be that of loan sharking, loosely defined as “charging an illegally high interest rate and/or implying threats.” Public perception generally associates this method of loans with gambling. Nearly one-half of Philadelphians (40 percent) polled indicated they thought that gaming would increase this type of activity. Some gamblers who have exhausted their funds turn to loan sharks. There are currently no studies that estimate the percentage of problem gamblers that take money from loan sharks.

The connection between loan sharks and problematic gambling may be a worldwide issue. In China, for example, a psychiatrist reviewed the circumstances and client records of 56 gamblers he was treating who later took their own lives. He remembered these clients as under “tremendous pressure from loan sharks who harassed them” and estimated that 30 percent of their debt was to loan sharks.<sup>17</sup>

### ***Embezzlement***

Embezzlement is a form of stealing that occurs when one who has been entrusted with property, appropriates it fraudulently for his or her own use. It is the type of crime which has the potential to disrupt the lives of many individuals.

Whether the motivation for embezzlements is gambling or some other need for money, this type of theft can have a profound—and often rippling—affect on many people as shown in these two examples.

Those who have been victimized by gambling-related embezzlements emphasize the importance of businesses, governmental units, non-profit organizations and even churches and PTA-type organizations strengthening both their policies and procedures and internal controls to avoid a multiplication of embezzlements in a new gaming jurisdiction.

### ***Domestic Violence***

It is widely believed that families impacted by addictions encounter more discord and violence than families that are not impacted. Alcohol addiction, for example, is frequently mentioned as a factor in family violence.

Studies about domestic violence and problematic gambling are rare, but they do show that problematic gambling does influence domestic violence incidents. According to the National Research Council, studies indicate that between 25 and 50 percent of spouses of pathological gamblers have been abused and between 10 and 17 percent of their children have been abused.<sup>18</sup>

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<sup>17</sup> Wong Fei Wan, todayonline.com, April 15, 2005

<sup>18</sup> National Research Council

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**FINDING: Studies of communities with casinos have shown an increase in domestic violence relative to the introduction of casinos in those communities.**

Six of the ten cases in the National Opinion Research Center's case studies reported an increase in domestic violence relative to the advent of casinos.<sup>19</sup>

The GAO report previously referenced found that domestic violence incidents per 10,000 of the population in Charleston County, South Carolina increased by 11 in the year after convenience gambling was legalized and increased by 15 per 10,000 in a survey three years after legalization. In the entire state, the number of incidents of domestic violence increased by 38 per 10,000 between 1988 and 1994.<sup>20</sup>

***Child Abuse/Neglect***

The National Opinion Research Center surveyed ten casino communities and found that six communities had one or more respondents who said they had seen increases in child neglect, and attributed this increase at least in part to parents leaving their children alone at home or in casino lobbies and parking lots while they went to gamble. Respondents in other communities in the same area however, reported no noticeable increases in child abuse.<sup>21</sup>

To bring resolution to these issues, the American Gaming Association (AGA) formed a partnership with the National Center for Missing and Exploited Children (NCMEC) in order to address concerns about unattended children left alone in casino properties, and to form working solutions to combat the problem. With the help of the NCMEC, the AGA created "Guidelines for Children and Minors," and suggested standards for gaming companies to follow regarding unattended children.<sup>22</sup> One of the objectives of this collaboration was to educate parents on their responsibilities and duties when they are guests at a casino.

It is a more difficult task to document the number of incidents where children are left home alone because the adult responsible for their care is gambling. A contractor of the Department of Health and Human Services indicated to the U. S. General Accounting Office that complete national data on child abuse and neglect cases was not available because the data is reported on a voluntary basis and all states do not report certain data.

Some studies indicate a long-term impact on children of problematic gamblers. Early studies by Dr. Durand Jacobs, who has had a long interest in youth gambling issues, and Lesieur and Rothschild found that children of problem gamblers are more likely to report having an unhappy childhood, being depressed and suicidal, abuse stimulant drugs, engage in overeating, have gambling problem themselves and show other signs of psychosocial maladjustments than

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<sup>19</sup> NORC.

<sup>20</sup> GAO Report, p. 44.

<sup>21</sup> National Gambling Impact Study Commission Report, Page 7-28.

<sup>22</sup> [www.americangaming.org](http://www.americangaming.org).

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children without troubled parents.<sup>23</sup> Lesieur and Rothschild also found that children of pathological gamblers frequently reported feelings of anger, sadness and depression.

### ***Murder***

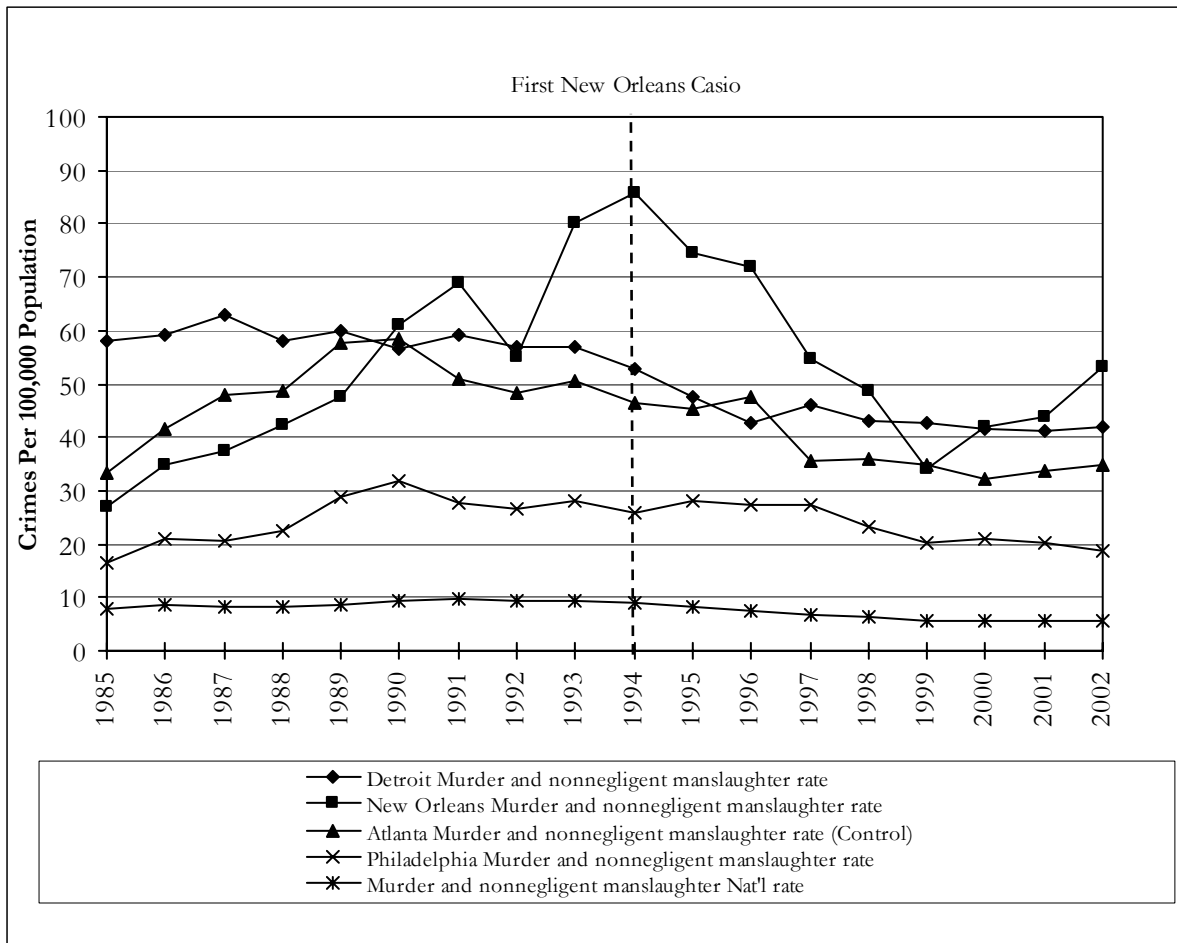
Murder rates declined significantly since 1993 in Atlanta, and since 1996 in New Orleans. Philadelphia rates increased between 1985 and 1999 but have continued to decline each year through 2002. Detroit murder rates were relatively stable throughout the late-1980's to early-1990's. Then declined through 1997, increased in 1998 and then began a period of decline through 2002. Again, there is no evidence from any link between casino development and murder rates.

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<sup>23</sup> Durand Jacobs, Children of Problem Gamblers, Journal of Gambling Behavior, 5, 261-268 and Lesieur, H. R. and Rothschild, J, Children of Problem Gamblers, Journal of Gambling Behavior, 5, pp. 269-282.

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GRAPH 5.12: Murder Rates

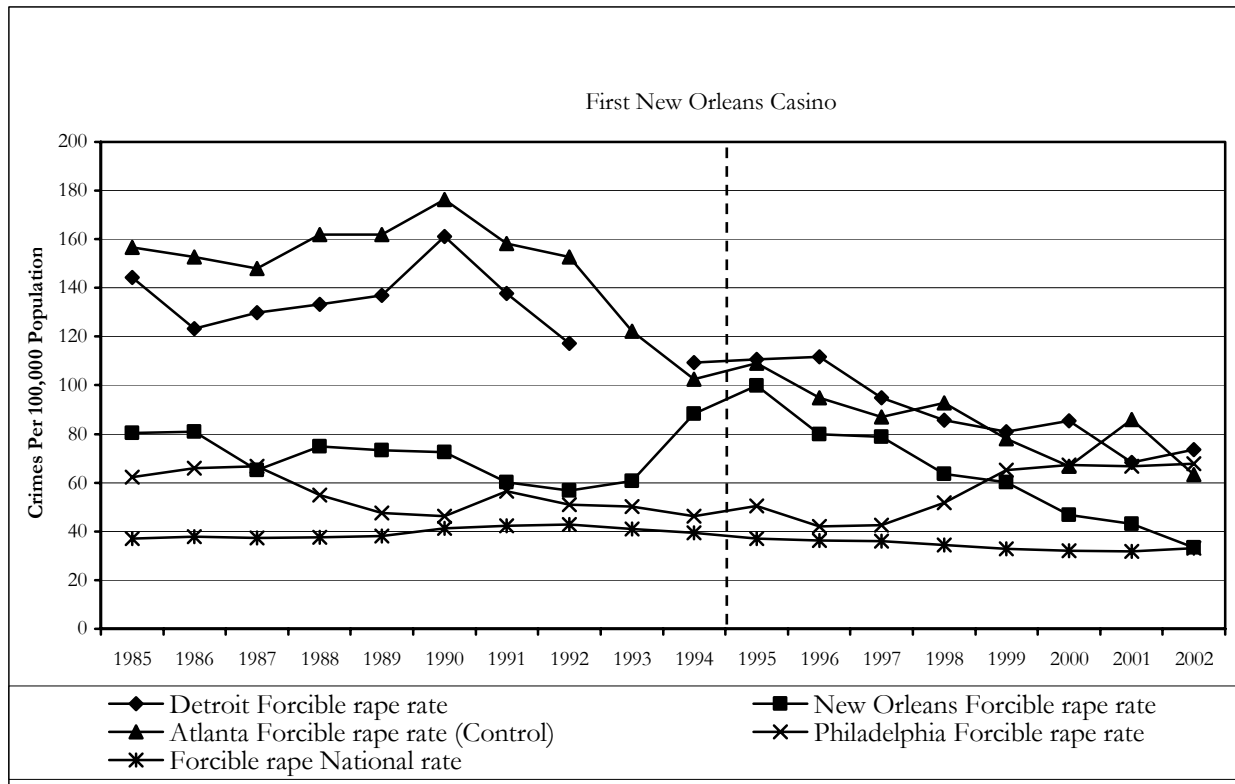


Source: FBI, Uniform Crime Reports, prepared by the National Archive of Criminal Justice Data

**Forcible Rape**

Between 1996 and 1999 the rate of forcible rapes in Philadelphia increased but has remained constant since then while numbers declined in Atlanta, Detroit, and New Orleans. However improvements in Atlanta and Detroit have brought their rates down to a level similar to Philadelphia while New Orleans has shown marked improvement. Again there is no evidence to link this crime category with casino development.

GRAPH 5.13: Forcible Rape

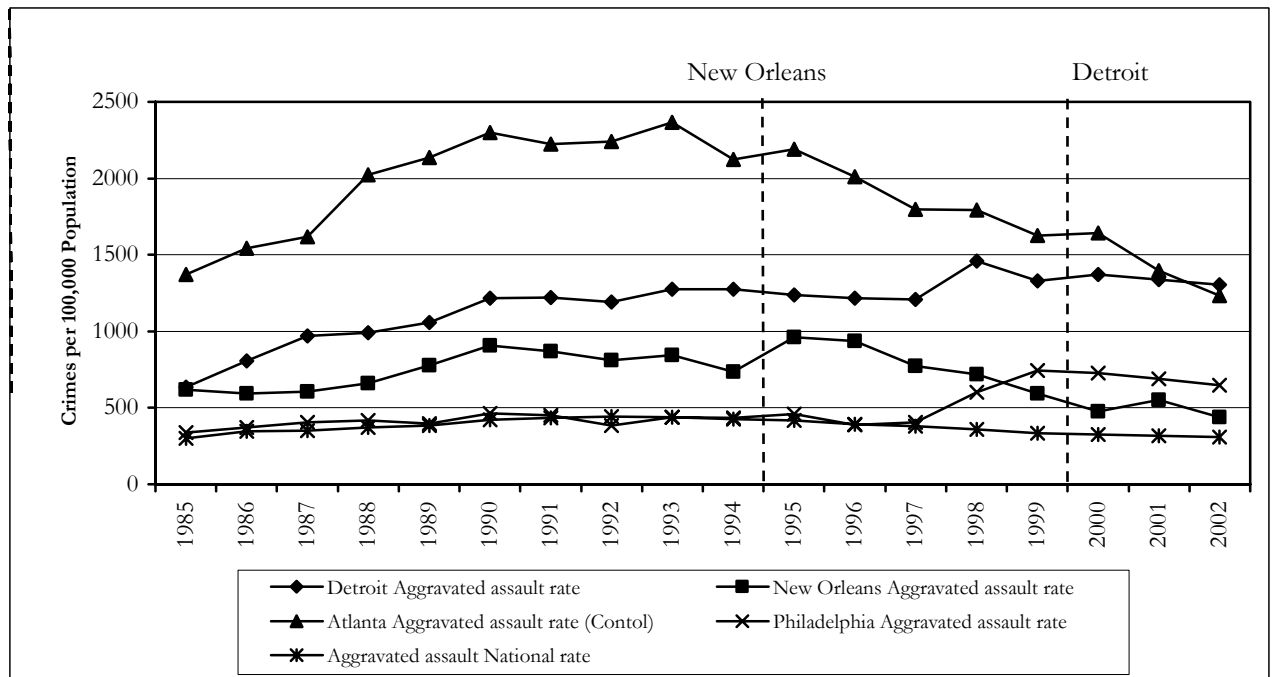


Source: FBI, Uniform Crime Reports, prepared by the National Archive of Criminal Justice Data

**Aggravated Assault**

Aggravated assault rates have declined in Atlanta and in New Orleans since 1996. Detroit and Philadelphia follow similar patterns although Philadelphia has a substantially lower rate. Again there is no discernable pattern in relation to the advent of casino development in either Detroit or New Orleans.

GRAPH 5.14: Aggravated Assault



Source: FBI, Uniform Crime Reports, prepared by the National Archive of Criminal Justice Data

### ***Suicide***

Another social impact issue that is a frequent topic in the debate over gaming issues is that of suicide as a result of problem gambling. Like other issues involving gaming, published studies have come to differing conclusions. This issue is more difficult to assess than some other social impact issues, for it is often impossible to make an exact determination of what dominant factor or factors led to a person to taking their own life.

Suicide is the 11<sup>th</sup> highest ranking cause of death in the United States, ranking behind illnesses of heart disease, stroke, cancer, etc. and accidents, but ahead of death by assaults (homicides) and is the third highest-ranking cause in youth deaths.<sup>24</sup> Some studies attempt to make the link between gaming and suicide because Nevada historically leads the nation in the number of suicide deaths per year. Other researchers find that to be an inconclusive example by pointing out that some other gaming jurisdictions have lower than average rates.

The link between pathological gamblers and suicide is much more prevalent. Attempted suicide has been reported in 17 to 24 percent among Gamblers Anonymous members and other people seeking treatment for pathological gambling.<sup>25</sup> Many factors can be connected with suicides

<sup>24</sup> 2002 Official Suicide Data compiled by John McIntosh, Ph.D. for the American Association on Suicidology, September 26, 2004 and available at [www.suicidology.org](http://www.suicidology.org).

<sup>25</sup> Potenza, MN, et al: *Illegal behaviors in problem gambling: analysis of data from a gambling helpline*. Journal of Am. Academy of Psychiatry Law 28:389-403, 2000

including financial difficulties, depression, and relationship problems.<sup>26</sup>

**FINDING: State-by-State suicide rates do not correlate with legalized gambling; however, one study found that Atlantic City experienced increased suicide levels for both visitors and residents after casinos opened.**

Newer gaming jurisdictions were near the national average as shown in the following chart:<sup>27</sup>

**TABLE 5.6: Rate of Suicides Per 100,000 Population in Selected States**

2002 Rank	State	Previous Rank	Rate per 100,000	Total
1	Wyoming	4	21.1	105
4	Nevada	3	19.5	423
14	Oklahoma	9	14.3	501
23	Missouri	18	12.2	693
24	Indiana	26T	12.1	743
25	Mississippi	28T	11.9	343
31	Louisiana	34	11.1	499
32	Michigan	38	11.0	1,106
34	Pennsylvania	39T	10.9	1,341
35	Iowa	39T	10.7	314
40	Minnesota	42	9.9	497
42T	California	46T	9.2	3,228
42T	Delaware	16	9.2	74
44	Illinois	43	9.1	1,145
47	Connecticut	46T	7.5	260
49	New Jersey	49	6.4	553
	<b>U. S. Average</b>		11.0	31,655

In looking at the New Jersey statistics, however, it should be noted that one study found that Atlantic City has experienced higher suicide levels for both visitors and residents after gaming casinos opened.<sup>28</sup>

Another fact considered unusual by those who have studied suicide data is the higher concentration of suicide rates in “mountainous” states. The top twelve states with the highest

<sup>26</sup> Grant, J.; and Potenza, M. *Pathological Gambling – A Clinical Guide to Treatment*. American Psychiatric Publishing, Inc. 2004

<sup>27</sup> Ibid.

<sup>28</sup> David Phillips, Ward Welty and Marisa Smith, *Elevated Suicide Levels Associated with Legalized Gambling*, University of California at San Diego, February 1997.

rates for completed suicides in the last available data from the American Association on Suicidology, for example, all fell in this category: Wyoming, Alaska, Montana, Nevada, New Mexico, Arizona, Colorado, West Virginia, Idaho, Vermont, Oregon, and Utah.<sup>29</sup> The highest-ranking state, Wyoming, had no casino gaming during the time frame that was reviewed.

Adding to the debate over the connectivity of suicides to gambling are suicides that are completed in or near a casino property. In Mississippi, for example, a male gambler shot himself in the parking lot of a casino. In New Jersey, gamblers have jumped to their deaths from casino parking lots, while in Detroit, an off-duty police officer shot himself while at the gaming table of a casino and another gambler returned from a losing weekend trip to Las Vegas, killed his family, wrote a note explaining his gambling losses and then took his own life.<sup>30</sup>

Researchers in both the fields of problematic gambling and suicide are becoming increasingly interested in the linkage between the two pathologies:

*The association between problem gambling and suicide may be more complex than commonly assumed. ... Regardless of the underlying cause, pathological gamblers appear to be a high risk population and might benefit from an assessment of both comorbid mental illness and suicide ideation at entrance to treatment. A better understanding of the interactions among illnesses might lead to more effective treatment.*<sup>31</sup>

The studies and news stories of problematic gamblers taking their own lives underscore the importance of a community having effective problem gambling and suicide crisis help lines and wide publicity of their existence.

**RECOMMENDATION: The Department of Human Services should monitor suicide and problematic gambling issues by active involvement with suicide crisis lines, survivors of suicide organizations and Philadelphia-area members of the American Association on Suicidology.**

### ***Substance Abuse***

Numerous studies lead one to believe that substance abusers are more susceptible to gambling disorders than those who are not substance abusers. A study found the rate of alcohol or other drug abuse was nearly seven-fold greater in problematic gamblers than among people without gambling problems. There are also concerns that patients in recovery from alcohol or drug dependence will either encounter difficulties with problem gambling or lose their sobriety during a problem gambling episode.

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<sup>29</sup>Op. cit. AAS Data.

<sup>30</sup>Sue Cox, Presentation at the 11<sup>th</sup> Annual Conference on Gambling and Risk-taking, Institute for the Study of Gambling and Commercial Gambling, 2000.

<sup>31</sup>Newman, S., & Thompson, A. (2003). A population-based study of the association between pathological gambling and attempted suicide. *Suicide and Life-Threatening Behavior*, 33(1), 80-87

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The General Accounting Office’s 2000 study on convenience gambling found that social service agencies in gaming jurisdictions with slot-type facilities had seen some impact in these areas. Nine of thirteen agencies surveyed, for example, said that the new type of gaming had either had a “great” impact or “some impact” on both alcohol abuse and drug abuse, while the remainder said there was no basis with which to judge.<sup>32</sup> It should be noted that convenience gambling in this respect refers to small numbers of video poker machines located in a large number of locations, primarily bars and restaurants, providing highly convenient gaming options for the problem gambler. This is very different than the large central locations and tightly monitored facilities planned for Philadelphia.

Studies show pathological gambling has a strong relationship with other disorders. Dr. Jon Grant points out that:

- Seventy-six percent of an inpatient pathological gambling treatment sample met criteria for major depressive disorder
- Twenty-four percent lifetime prevalence of bipolar disorder in persons with problem gambling
- Twenty percent met criteria for lifetime attention-deficit hyperactivity disorder
- Problem gamblers suffer from high rates of lifetime anxiety disorders (16-40 percent)<sup>33</sup>

There have been studies that examine other psychiatric disorders in persons with pathological gambling. Pathological gamblers have the propensity for higher anxiety, substance abuse disorders, along with other disorders. Overall, 13 percent to 78 percent of people who are pathological gamblers are also likely to suffer from a mood disorder. They will also report increased rates of lifetime anxiety disorders. Alcohol or drug dependence has been consistently reported with pathological gamblers. 28 percent of pathological gamblers had current alcohol dependence while the rate was only one percent for non-pathological gamblers.<sup>34</sup>

### **Impacts on Police Department and Court System**

#### **FINDING: Police officers will need specialized training in casino crimes.**

Historically, casinos have been targets of certain crimes such as check forgery, underage gambling and counterfeiting. Detection of these crimes will require specialized training for the public safety officers that patrol the casinos and surrounding areas. Officers will need to be educated in the laws relating to such areas as gambling and fraud. This type of specialized training is not unfamiliar to police departments.

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<sup>32</sup> National Gambling Impact Study Commission Report.

<sup>33</sup> Jon Grant, MD presentation to Social Impact Committee of the PGATF.

<sup>34</sup> Grant, J.; and Potenza, M. *Pathological Gambling – A Clinical Guide to Treatment*. American Psychiatric Publishing, Inc. 2004

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The Philadelphia Police Department has experience with implementing specialized training for dealing with specific issues. Specialized units have undergone training in crowd control, traffic control, crime prevention, polygraph-testing, counter-terrorism, water rescues and high-rise fires.

**RECOMMENDATION: The Philadelphia Police Department should develop specialized training in casino crimes.**

It is recommended that the Philadelphia Police Department and the Law Department consult with law enforcement from other municipalities that have gambling, such as Las Vegas, Atlantic City, New Orleans and Detroit to develop a specialized training program for the Philadelphia Police department to prepare officers for enforcing the gaming laws and detecting crimes such as counterfeiting, fraud and check forgery.

**FINDING: An increase in incidents of crimes will impact both the Philadelphia court system and the Philadelphia prison system; steps to expedite the judiciary process will be necessary.**

Former Atlantic City Council President Rosalind Norell-Nance advised that increases in the incidents of crime had an impact on the court system in Atlantic City. Expanded court hours were necessary since the 24-hour casinos were often the targets of crimes such as forgery and counterfeiting. Expanded hours also meant that additional staff was needed.

The Philadelphia court system has experience in expediting trials and adapting to high demands for criminal adjudication. This is evidenced by the creation of the former in-stadium court at the former Veteran's Stadium. It was created to deal with the unruly behavior of patrons that were committing assault and other disruptive crimes at sporting events. This was an effective endeavor because after two years the criminal behavior greatly subsided and there was no longer a need for the in-stadium tribunal.

**RECOMMENDATION: The Philadelphia Court system should monitor any increases in crime to determine whether it needs to develop a plan to temporarily expedite the judicial system in the event of increased arrests due to gaming.**

As recommended on page 300, various monitoring mechanisms should be implemented; these mechanisms will allow the court system to evaluate for increases in crime due to the casino industry or problem and pathological gamblers. Based upon any noted increases, the court system can decide if it needs to develop a more expeditious model. Using the Veteran's Stadium court as a model, a plan can be developed to create "mobile" courts to address any temporary increases in dockets related to infractions caused by or against gaming patrons if necessary. To address minor legal infractions, "temporary" courts can be organized to process suspects that are arrested on the spot, while more serious infractions can be sent to the regular court system.

**FINDING: Casinos will impact the number of safety officers needed to maintain crowd control, traffic control, public decency, and protect property.**

Citizens are concerned that the additional police needed to patrol the areas around the casinos will be taken from areas that are currently patrolled. However, as detailed on page 283, the Philadelphia Police Department's current plan is to hire additional police specifically for the

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areas around the casino, these officers would not be taken from other areas and would have specialized training to deal specifically with casino issues.

**RECOMMENDATION: The City of Philadelphia should create a separate police unit complete with its own station.**

Crime and other possible negatives of casino gambling can be controlled when there are enough officers present. The City should hire new officers specifically for the casino entertainment district and should not borrow officers from other patrols. These new police officers will need to be trained in specialized areas such as counterfeit-detection, fraud and gambling law.

**FINDING: Atlantic City officials cited decreases in public safety issues when casinos became 24-hour operations.**

In Atlantic City, the move from set closing times to 24 hour casinos led to a decrease in public safety issues. Set closing times contributed to public nuisances such as loitering, noise pollution and robbery as casino patrons would have to exit the establishment at 4am. Traffic jams and vehicular accidents were also common as casino workers, and patrons all converged on roads and exits at the same time. Twenty-four hour operations alleviated many of the issues created by a mass exodus. Twenty-four hour casinos allow employees to arrive and depart on a more flexible schedule, decreasing traffic issues and also diminishing opportunities to target casino employees and patrons as potential victims of crimes like assault and robbery. Twenty-four hour security also diminishes the potential for individuals to become victims. Embracing a 24 hour operation could actually save money and deter crime and traffic accidents.

**FINDING: Philadelphia has a variety of successful models of collaboration among impacted neighborhoods, business interests and government agencies.**

Existing Philadelphia models provide a formal and ongoing process for receiving community input, effectively monitoring and responding to changing community and business concerns and balancing the economic growth for businesses with the quality of life for adjacent neighborhoods. Philadelphia's communities and community groups have worked together in the past with city government to successfully address neighborhood concerns such as public nuisances, public drunkenness, traffic issues and criminal activity. As a result, the City has developed models such as the South Street Detail, Special Services district and the Public Nuisance Task Force as a means to minimize the negative effects of establishments like taverns, clubs, stadiums and other types of entertainment venues and tourist attractions. These models have been very effective in bridging the lines of communication between business owners and communities.

**The South Street Detail**-The South Street Detail is a dedicated team of officers assigned to traffic posts, bike patrols, motor vehicle patrols, and foot patrols with specialized training in crime prevention and crowd patrol. Their mission is to develop and continuously implement an effective partnership among the police, residents, businesses and visitors of the South Street corridor.

**The Public Nuisance Task Force (PNTF)**-Created in 1992, PNTF has been engaging individual citizens and community groups in efforts to abate or close crack houses, nuisance

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bars, houses of prostitution, and weed stores. PNTF has also assisted in handling nuisance problems that are technically outside the scope of its jurisdiction (e.g. neighborhood disputes, loud noise, abandoned cars, abandoned houses, and vacant lots) these cases are referred by the assistant district attorney to the appropriate city agency (L&I, DHS, Vector Control, Health Department, Humans Relations Commissions) and that agency will provide all the help and information needed by the District Attorney's Office. Since its inception, the PNTF has seized, sealed and/or forfeited scores of drug houses, weed stores and nuisance bars. The PNTF has also cultivated an on-going relationship with hundreds of community groups throughout Philadelphia.<sup>35</sup>

**Special Services District-** A special service district is an organization funded by businesses and controlled by communities to address community concerns normally dealing with neighborhood quality of life issues as a result of a living near large commercial corridor or venue. Philadelphia has several special service districts including Center City District (CCD), City Avenue Special Services District and the Sports Complex Special Services District (SCSSD). SCSSD is the most relevant example to casinos. SCSSD was formed to address the unique needs of residents living near an active sports complex. Many of these unique concerns are also relevant to living near a casino such as traffic congestion, public drunkenness, loitering, littering and noise pollution.

The special services districts, the Public Nuisance Task Force and the South Street Detail were all created with cooperation between the City of Philadelphia, the communities and affecting businesses. These Philadelphia models are effective at mitigating the negative impacts of a large-scale entertainment venue such as a casino.

**RECOMMENDATION: The Philadelphia Police Department (PPD), the Pennsylvania State Police and the community should develop a close working relationship with security personnel at the casino properties.**

A synergy must be present between neighborhoods, businesses, and government so that a smooth seamless interaction occurs that is transparent to the consumer. The ability to enjoy the entertainment of the district and the security of one's property and person are paramount to both residents and visitors alike.

A community-friendly approach should be taken to increasing the visibility of public safety officers in the casino areas and in neighboring residential areas. The visible presence of public safety officers is a deterrent to crime; however, if the police presence is too bold then it could be intimidating to residents and visitors. Multiple police cars (and their flashing lights) are often associated with trouble and troubled areas and create a less relaxed and inviting atmosphere for residents and visitors. The Task Force recommends that policing details start out consisting of a combination of plain-clothes officers, bike patrols and vehicle patrols. This initial approach should be adjusted as needed to fit the needs of the particular venues and neighborhoods.

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<sup>35</sup> <http://www.phila.gov/districtattorney/community/nuisance/>

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## Problem and Pathological Gambling

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### Problem and Pathological Gambling Defined

Problem and pathological gambling is a hidden behavioral disorders with symptoms that are not as easy to determine as those of someone with a chemical addiction. Like other forms of addiction, pathological gambling can usually be traced to a wish to suppress or avoid some kind of emotional pain. Pathological gambling and chemical dependency are both progressive diseases with similar phases. These include chasing the first win/high, experiencing blackouts and using the object of addiction to escape pain. Both pathological gamblers and persons addicted to alcohol or drugs are preoccupied with their addiction, experience low self-esteem, use rituals, and seek immediate gratification.

The American Psychiatric Association defines problem and pathological gambling as:

- Pathological gambling is a disorder characterized by maladaptive gambling behavior leading to negative personal, family and/or social consequences. Pathological gambling is sometimes accompanied by other disorders such as alcohol or drug abuse, or depression.<sup>36</sup>
  
- Problem gambling is a term used to cover both pathological gamblers and those who are having some gambling-related problems, but do not have a sufficient number of symptoms for a diagnosis of pathological gambling. The latter group is at high risk for developing pathological gambling.<sup>37</sup>

### Assessment of Problem and Pathological Gamblers

**FINDING: Problem and pathological gambling is a serious consequence of gambling for millions of Americans. However, the national prevalence rate is lower than that of both drug and alcohol dependence and abuse.**

National research studies have proposed wildly varying tallies on the number of Americans suffering from some form of gambling addiction. The National Research Council study found that in a given year, approximately 1.8 million adults in the US are pathological gamblers. The National Opinion Research Council found that approximately 2.5 million adults in the US are pathological gamblers and that another three million were problem gamblers. The most frequently cited study is one conducted by Harvard University in 1997. This Meta-analysis concluded that approximately 1.6 percent or 3.2 million American adults are pathological gamblers. Kept in perspective, these numbers are relatively low. As detailed on page 334, the prevalence rates for problem and pathological gambling are less than that of drug and alcohol dependence and abuse.

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<sup>36</sup> American Psychiatric Association, APA Advisory on Internet Gambling, <http://www.psych.org>

<sup>37</sup> Ibid

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## Profile of the Problem Gambling Population

Among problem gamblers, roughly one third are female and two thirds are male. Males tend to develop problem gambling behaviors at an earlier age. The typical gambler will lose about 45 percent of their gross annual income. Problem gamblers have a high propensity for: lying to family and friends, borrow money for gambling (or to recover from a gambling debt), accumulate credit card debt, file for bankruptcy and experience marital problems.<sup>38</sup> Individuals who report gambling problems in a parent or other close relative are likely to have a gambling problem.

## Diagnosis

**FINDING: Problem gamblers are usually only identified once they experience tremendous financial problems that require immediate attention.**

The Diagnostic and Statistical Manual of Mental Disorders- Fourth Edition (DSM IV) produced by the American Psychiatric Association (APA), is currently used by mental health physicians and insurance companies as the standard to diagnose mental health disorders. To date, the APA has not yet set a standard for problem gambling.

The APA has, however, set the following criteria for diagnosis of pathological gambling (at least five of the criteria must be met to qualify):

- Preoccupation with gambling-related thoughts, plans or activities
- Needing to gamble with increased sums to produce the desired excitement
- Restlessness or irritability when attempting to cut down or stop gambling
- Gambling to escape from problems or relieve an undesired mood such as helplessness, guilt, anxiety or depression
- After losing money while gambling, often returning to try to win it back (chasing losses)
- Lying to conceal gambling activities or consequences
- Committing illegal acts to finance gambling
- Jeopardizing or losing a significant relationship, job, educational or career opportunity because of gambling
- Relying on a “bailout” (money from others to relieve a desperate gambling-related financial situation)

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<sup>38</sup> Grant, J.; and Potenza, M. *Pathological Gambling – A Clinical Guide to Treatment*. American Psychiatric Publishing, Inc. 2004

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- Having made repeated unsuccessful attempts to control, cut back or stop gambling

## Prevalence Rates

In most cases, a general population prevalence study is used to determine the adult problematic gambling rates. The study is conducted by administering a survey to a statistically valid sample of the adult population of a state, city or other jurisdiction in which prevalence is being measured. The survey is often a variation of the South Oaks Gambling Screen (screening questionnaire that is often used in problematic gambling measurements) or a modified DSM-IV questionnaire. Adolescent rates are measured in a similar manner. These rates are not static and as previously mentioned vary by jurisdiction.

When examining prevalence it must be noted that numbers and percentages identified express one's "likelihood" to be effected by problem gambling. Probability is commonly used in prevalence discussions and it must be noted that when phrases like "probable pathological gambler" is used in this report it refers to a numbers of people suspected of being a pathological gambler, but who has not been clinically diagnosed.

### ***Estimated Number of Adults in Philadelphia likely to become Problematic Gamblers***

No prevalence study has yet been conducted for the City of Philadelphia. When the Harvard Study prevalence percentages (0.9 percent of adults are probable pathological gamblers and 2.0 percent of adults are probable problem gamblers.<sup>39</sup>) are applied to the Philadelphia adult population; it is estimated that currently 30,740 Philadelphia residents are probable problem and pathological gamblers. This rate is lower than both the prevalence of alcohol dependence and abuse (9.7 percent) and drug dependence and abuse (3.6 percent). The Task Force projects a combined increase of 4,000 - 5,000 probable problem and pathological gamblers due to the introduction of casinos in Philadelphia.

Continuing this projection, it can be assumed that at least one family member per problem gambler is also in need of counseling or some other form of treatment as a result of their loved one's affliction. That means that at the least an additional 30,740 people could need some form of therapeutic treatment. That's a grand total of 61,480 possible Philadelphia patients.

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<sup>39</sup> Shaffer, H.J., Hall, M.N., and Vander Bilt, J. Estimating the Prevalence of Disordered Gambling in the United States and Canada: A Meta-analysis. Boston: President and Fellows of Harvard College, 1997, p.

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**TABLE 5.7: Existing Problem and Pathological Gamblers Estimated for Philadelphia**

City of Philadelphia	%	Philadelphia Adult Population	#
Probable Pathological Gamblers	0.9%	1,059,979	9,540
Probable Problem Gamblers	2.0%	1,059,979	21,200
<b>Total</b>	<b>2.9%</b>	<b>1,059,979</b>	<b>30,740</b>
		Family Members	30,740
		<b>Grand Total</b>	<b>61,480</b>

Not all persons in need of these services will seek help. This suggests a need for public education on diagnosis and available treatments.

***Estimated Number of Adolescents in Philadelphia likely to become Problematic Gamblers***

**FINDING: Studies conducted over the past decade suggest that gambling activities remain particularly attractive to today's youth and that its popularity is on the rise among both children and adolescents.**

Questions about gambling were included in a 2003 survey nationwide of adolescent risky behavior by the Philadelphia-based Attenberg Adolescent Risk Communication Institute. The survey indicated that 45 percent of youth between the ages of 14 and 17 nationwide were gambling monthly.<sup>40</sup>

Widely respected researchers at McGill University in Montréal, Canada indicated that gambling activities remained particularly attractive to today's youth and that its popularity is on the rise amongst both children and adolescents. Prevalence studies conducted in the United States, Canada, New Zealand, Europe, and in Australia all confirmed the rising rates of youth involvement in both legal and illegal gambling.

While approximately eighty percent of high school students reported gambling for money during the past year, four to eight percent of adolescents presently have a serious gambling problem while another 10 to 14 percent of adolescents are at-risk for developing a serious gambling problem.<sup>41</sup>

Using the lowest of these range of numbers (4 percent for a current gambling problem and 10 percent for adolescents at risk for developing a serious gambling problem), the Task Force estimates there are 6,061 Philadelphia male and females between the ages of 12 to 18 who presently have a gambling problem and an additional 15,153 who are at risk for developing a

<sup>40</sup>Anneburg National Risk Survey of Youth 2003: *On the Path to Problem Gambling*

<sup>41</sup> <http://www.education.mcgill.ca/gambling/en/problemgambling.htm> also citing Jacobs, 2000; National Research Council, 1999; Shaffer & Hall, 1996.

serious gambling problem or a total of 21,214 adolescents.<sup>42</sup>

A study completed in Alberta, Canada compared youths with adults and found youths were four times more likely to be at risk or be problem gamblers than adults (23 percent of youths vs. 5 percent of adults). Some explanation to the high prevalence rates includes more forms of licensed gambling in Alberta, social acceptance for underage gambling, and advertising that suggests gambling is harmless.<sup>43</sup>

## Consequences of Problem and Pathological Gambling

There are a number of social impact issues related to gambling that affect the family. Most of the issues involve problematic gambling behavior by a member of the immediate or extended family and can have an immediate negative effect on the well-being of the family. It can also have long-term consequences on a child's development. These issues include bankruptcy and other financial problems, child abuse, child neglect, domestic violence, divorce, suicide, homelessness, comorbidity of depression and substance abuse.

A problematic gambler entering the criminal justice system can easily escalate family problems. Family members may have a variety of problems or illnesses related to the gambler's addiction. A study of female spouses of male problematic gamblers, for example, shows they may have a "wide range of stress-related physical problems including chronic or severe headaches, intestinal disorders, asthma and depression"<sup>44</sup>

It is important that city, community and volunteer agencies/organizations that focus on family issues have information on how problematic gambling relates to their clients. Often, depression and physical health issues brought on by problematic gambling behavior of a family member are related to the stress created by the relative's disease. This is not often disclosed to the medical personnel or other helping agencies.

While studies about domestic violence and problematic gambling are scarce, they do show that problematic gambling does influence domestic violence incidents. According to the National Research Council, studies indicate that between 25 and 50 percent of spouses of pathological gamblers have been abused and between 10 and 17 percent of their children had been abused.<sup>45</sup>

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<sup>42</sup> US Census Data for population figures; McGill University's Youth Gambling Institute prevalence rates.

<sup>43</sup> Grant, J.; and Potenza, M. *Pathological Gambling – A Clinical Guide to Treatment*. American Psychiatric Publishing, Inc. 2004, also citing Wynne et al. 1994; and Wynne Resources 1998.

<sup>44</sup> Lorenz and Yaffee, 1988 as referenced in A Research and Data Driven Guide to Pathological Gambling and Social Policy, Henry Lesieur, July 1999.

<sup>45</sup> National Research Council

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### *Divorce*

**FINDING: More than half of gamblers in a study by NORC attribute divorces or separations to their gambling difficulties.**

Another issue frequently discussed in gaming debates is whether problematic gambling increases the likelihood of a couple ending a marriage in divorce. Such debate often occurs without data. While there are generally a number of reasons why marriages end, the consequences of problematic gambling can be one of many such reasons or it can be the dominant, driving force in the dissolution of the household.

The National Gambling Impact Study Commission reported that it received "abundant testimony and evidence that compulsive gambling introduces a greatly heightened level of stress and tension into marriages and families, often culminating in divorce and other manifestations of familial disharmony."

In research by the National Opinion Research Center (NORC), 53.3 percent of identified pathological gamblers reported having been divorced, versus 18.2 percent of non-gamblers and 29.8 percent of low-risk gamblers. A significant number of respondents identified a spouse's gambling as a significant factor in a prior divorce.

### *Youth*

Another concern is whether children of problematic gamblers will also experience gambling problems. The National Research Council, for example, found that studies are beginning to show that pathological gamblers are more likely than non-pathological gamblers to report that their parents were pathological gamblers.<sup>46</sup>

Youth are impacted both by problematic gambling of their own and by that of family members.

While the dangers of youth participation in alcohol and drug use is well documented, comparatively little attention has focused on youth gambling. As discussed in a later section of this report (see page 334), the rate of problematic gambling is higher among young people than it is in other age groups.

The National Gambling Impact Study Commission summarized that "the available evidence indicates that individuals who begin gambling at an early age run a much higher lifetime risk of developing a gambling problem."<sup>47</sup>

**RECOMMENDATION: The City of Philadelphia should develop family centers where children and families feel welcome to seek help when needed.**

Family centers can be a one-stop shop for the community to seek social services, but also these

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<sup>46</sup> National Research Council, p. 4.

<sup>47</sup> National Gaming Impact Study Commission, p. 4-12.

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centers can provide recreation for children, especially youth, that may be idle or alone after school, and or during evening hours when parents may be working at the casinos.

Each family center should have a psychologist available during a specified period of time to help address any behavioral health issues that may arise in conjunction with parents who are employees of the casinos or their children who may develop issues related to parents being less available due to new employment opportunities. Atlantic City's AtlantiCare has an impressive model, the City should take a detailed look at it and shape it to meet the needs of Philadelphians.

### ***Older Adults***

Older adults were significantly less likely to know someone with a gambling problem (12 percent) compared with 24 percent for the younger group and 28 percent for the mid-age group, but were approximately equal to the others that Gamblers Anonymous would be their choice for assistance (60 percent for seniors, 58 percent and 63 percent for the others).

The subject of older adults and casino-type gambling is receiving more and more attention both by researchers and the media, but like many other areas of problematic gambling, the results are mixed.

In a discussion on the health correlates of recreational gambling and older adults published in the *American Journal of Psychiatry*, for example, researchers found that:

*Older adult gamblers were more likely than younger adult gamblers to begin gambling after later in life, to gamble more frequently, and to report a larger maximum win. Recreational gambling patterns of older adults differ from those of younger adults. In contrast to findings in younger adults, recreational gambling in older adults is not associated with negative measures of health and well-being.<sup>48</sup>*

A University of Pennsylvania researcher, Dr. David Oslin, found that 70 percent of seniors who responded to his survey indicated they had gambled in the past year. Eleven percent of the seniors were identified as at-risk gamblers.<sup>49</sup>

Treatment of problem gambling in older adults is more difficult since many times their symptoms can be attributed to old age rather than a link to gambling. Because of this, gambling related problems are more likely to go undetected. In a survey of nursing home residents, 23 percent of residents reported engaging in on-site bingo games more than once a week, and 16 percent reported taking a day trip to a casino at least once a month. When comparing elders in gambling venues (casinos and bingo games) with elders in the community, McNeilly and Burke (2000) found that gambling patrons were more likely to report gambling on most types of games at least once a week.<sup>50</sup>

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<sup>48</sup> Am J Psychiatry 2004; 161:1672–1679)

<sup>49</sup> Julie Sturgeon, [www.bankrate.com](http://www.bankrate.com), 2/28/05

<sup>50</sup> Grant, J.; and Potenza, M. *Pathological Gambling – A Clinical Guide to Treatment*, citing McNeilly and Burke 2000 & 2001.

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Few question that gambling by older adults in general—and casino gaming in particular—is popular. A study last year by Harrah’s, for example, shows that adults older than 66 make up more than a quarter of casino goers.<sup>51</sup>

The Florida Council on Compulsive Gambling lists reasons why this age group finds gambling such an attractive pastime:

- Many seniors have disposable incomes.
- Some have limited financial resources or are looking for that big payoff to compensate an ever-shrinking limited retirement income.
- Opportunity and availability for elderly to gamble.
- Some are bored with lots of time on their hands after retirement: they may be widowed, lonely, or have feelings of depression.
- Others are lonely, have lost a spouse, close friends, or moved from other parts of the country to a new area of retirement, leaving family and friends behind.
- Seniors are subject to limited alternatives for socializing, often due to availability or physical restraints.
- Seniors are subject to peer pressure and some are just looking to be with their peers in an exciting and fun activity.

Gaming venues are some of the few commercial entertainment venues that actively market to seniors. Seniors can participate in casino promotions that are open to all 21 and over age groups, such as slot club promotions, bus transportation, buffet discounts and prize drawings.

Some research has found that gambling is the most frequently identified social activity among persons 65 and older.<sup>52</sup> An 81-year old casino visitor may have summed up some of the reasons for this age group’s finding the casinos an inviting venue: "It's an opportunity to be around other people. You're treated well. The parking lots are well lit. The marketing is very friendly to seniors. The people at the casino learn and call you by name. It can be a nice feeling."<sup>53</sup>

While the number of older gamblers may not reach the proportions of other demographic groups, there are special concerns about senior problematic gambling. Some believe that older adults are more reluctant to reach out for help than other groups, especially regarding gambling problems. Others have concerns that debt and other negative consequences can spiral out of

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<sup>51</sup> Chicago Tribune, 3/20/2005

<sup>52</sup> Dennis McNeilly and Burke, 2001, Journal of Aging and Human Development.

<sup>53</sup>Lawrence, KS Journal World, 4/20/2005

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control while seniors deal with the denial, stigma and shame. In addition, it is very difficult for some older adults to turn away grandchildren and adult children who have a gambling problem and will utilize their own resources to “bail them out.”

More research seems to have focused on identifying the extent of problematic gambling among older persons than in developing creative responsible gaming practices so that this age group could take advantages of the benefits it brings but without negative approaches.

**RECOMMENDATION: Develop programs targeting vulnerable groups such as seniors and youth to make them aware of the potential dangers of gambling. These programs should also refer them to the necessary resources that are available.**

It is important to deliver the message about the potential negative influences gaming may have on seniors and youth because these group appear to be most susceptible to developing problem gambling habits (i.e. seniors with disposable income, loneliness or excess leisure time; youth with natural curiosity for anything “adult-like” in nature, free time, rebellious attitudes in general, or thrill-seeking.)

Problem and pathological gambling issues can be and will be addressed through our social service network. It should be clear to all that enter a casino or think to enter a casino that it could be a risky endeavor, but help, if needed is available. This could occur in conjunction with the already established Gambling Anonymous public service announcements and the City’s Public Health Awareness department.

### **Bankruptcy**

**FINDING: Pathological gamblers have high levels of debt and declare bankruptcy at higher rates than other types of gamblers and non-gamblers.**

Pathological gamblers have clearly elevated rates of indebtedness, both in an absolute sense and relative to their income. Indebtedness per person is 25 percent greater than that of low-risk gamblers and about 120 percent greater than that of non-gamblers. However, the disparity is even greater when debt is compared to income: pathological gamblers owe \$1.20 for every dollar of annual income, while low-risk and non-gamblers only owe \$0.80 and \$0.60, respectively.<sup>54</sup>

In accord with their higher debt, pathological gamblers have significantly elevated rates of having ever declared bankruptcy: 19.2 percent, versus 5.5 percent and 4.2 percent for low-risk and non-gamblers. A problem gambler’s average level of indebtedness is actually the lowest of any type of gambler; however, they still have an elevated rate of bankruptcy (10.3 percent), but this is only marginally statistically significant when compared to the rate among non-gamblers.<sup>55</sup>

Many think that problematic gamblers misuse the bankruptcy protection afforded them by law

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<sup>54</sup> NORC, “Gambling Impact and Behavior Study Commission,” (April 1, 1999), p.46.

<sup>55</sup> Ibid.

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and treat it as the ultimate “bailout.” In problematic gambling, a bailout is generally defined as the problematic gambler getting money by some means that bails him/her out of the current pressing problems. Often it is a relative who comes up with needed cash for the “bail out”.

One of the ten diagnostic criteria in the DSM-IV in determining whether one is a pathological gambler is whether he/she “relies on others to provide money to relieve a desperate financial situation caused by gambling.” Instead of the gambler realizing how fortunate he/she is to have escaped major problems and quitting gambling forever, the bailout frequently has the opposite effect and can accelerate the downward path of the gambling addiction.

Robert Custer, considered one of the pioneers of problematic gambling treatment, describes the after effect of a bailout:

*With the first substantial bailout, the process accelerates sharply along the downward path. Why the bailout has this effect, we do not know. It may very well be that with the bailout money in hand, and feeling immensely relieved, the gambler's despair turns to euphoria and he convinces himself that even when he was on the brink of disaster, his 'lucky' star would not let him be destroyed...*

*Now he will not only be able to recoup everything he has lost, he will be on the way so making the fortune he had always dreamed about.<sup>56</sup>*

One trend disturbing to gambling treatment personnel and persons actively helping recovering gamblers through Gamblers Anonymous has been the tendency for gamblers to immediately return to gambling after the bankruptcy proceedings.

While this is an understudied field, an examination of calls to a problem gamblers helpline suggested that bankruptcy declarations often had little impact on out-of-control gambling behavior. As one helpline worker remarked, “It doesn’t even seem to slow them down. I’ve had a caller who referred to her bankruptcies by number, as in my ‘first bankruptcy.’<sup>57</sup>”

A small sample of help line calls reflects this attitude:

- A shipyard worker under the age of 25 completed a bankruptcy, but within three months was already in debt for \$22,000.
- A couple who gambled together had filed for bankruptcy six months previously before the call to the help line but were still going to the casino to play slots and were \$5,000 in debt in their ‘post-bankruptcy’ phase.
- A video poker player filed for bankruptcy, but a year later, she owed \$5,000 and was

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<sup>56</sup> Robert L. Custer and Harry Milt, *When Luck Runs Out: Help for Compulsive Gamblers and Their Families*, 1985.

<sup>57</sup> *Ibid*

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stealing money on her job.<sup>58</sup>

There is concern by some that consumers—including gamblers—do not understand the consequences of bankruptcy proceedings. Said one veteran attendee at Gamblers Anonymous meetings: “I am often amused by the comments of some new compulsive gamblers that a ‘bankruptcy declaration is really no big deal and won’t affect me that much.’”<sup>59</sup>

Mental health counselors are concerned that gamblers will choose bankruptcy rather than counseling. Even in states like Iowa, which has a more generous and easily accessible state-funded treatment than most states, counselors report of dropouts from the counseling program who choose bankruptcy as a better alternative for their problems than counseling sessions<sup>60</sup>

Like some other areas in the debate over expanded gaming, there is conflicting data on whether bankruptcies increase in casino areas.

A U. S. Department of Treasury report presented results of its finding that “no connection between state bankruptcy rates and either the extent of or introduction of casino gambling.” In preparing its analysis, the Treasury Department examined existing literature on gambling and bankruptcy and conducted new research. According to the study, much of the earlier increase in the national bankruptcy rate has been attributed to the changes in the bankruptcy law of 1978 ... and higher levels of debt relative to income, increasing availability of credit through general purpose credit cards and the reduced social stigma of declaring bankruptcy.<sup>61</sup>

A later study, however, by Creighton University professors concluded that bankruptcy rates in counties with casinos initially drop but (after a few years) then rise until they exceed the rates in counties without casinos.<sup>62</sup>

There are multiple reasons for bankruptcy filings other than gambling debts. Research by Harvard Medical and Law Schools have found that approximately half of the bankruptcies in the jurisdictions selected for their study were filed because of overwhelming medical expenses.<sup>63</sup>

The ability for debtors to utilize the traditional bankruptcy procedures may be altered by passage of the federal Bankruptcy Abuse Prevention and Consumer Protection Act early in its 2005 session.

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<sup>58</sup> e-Update on Problem Gambling News from the Texas Council on Problem and Compulsive Gambling, April 15, 2000.

<sup>59</sup> Ibid

<sup>60</sup> Des Moines Channel 7 News, 5/5/05.

<sup>61</sup> Department of the Treasury, A Study of the Interaction of Gambling and Bankruptcy, July 1999 as posted on the American Gaming Association web page, [www.americangaming.org](http://www.americangaming.org).

<sup>62</sup> Omaha World Herald, June 5, 2005

<sup>63</sup> Health Affairs February 2, 2005

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Among the provisions:

- Requiring individual debtors who have the means to pay to enter into a repayment plan under Chapter 11 rather than have their debts cancelled under Chapter 7.
- Limiting consumer's use of Chapter 7 to liquidate credit card bills or loans unsecured by a house or assets.
- Imposing a means test to make sure people with assets repay some or all of their debts
- Requiring debtors to submit to credit counseling and meet other obligations to dissuade them from seeking bankruptcy protection.<sup>64</sup>

The impact on problem gambling of this legislation may be explained in this excerpt from in a discussion about crime and addiction:

*In bankruptcy cases, compulsive gambling claims often used to result in discharge ability judgments, that is the person declaring bankruptcy was excused from repaying a credit card company. Judges seemed to view the promiscuous distribution of credit cards as justifying having the companies accept the consequences of their seductive offers. But that situation ended this April when Congress foreclosed such exemptions.<sup>65</sup>*

## Homelessness

**FINDING: In some cases studied, there seemed to be a correlation between problem gambling and the homeless population.**

Some jurisdictions with new casino-type gaming operations have indicated an increased rate of homelessness. A survey of social service officials in South Carolina, Montana and Oregon who responded to a questionnaire on the social impact of convenience gambling, for example, showed that one-fourth of the respondents said that the new form of gambling had a great impact on homelessness while another one-fourth said there was some impact; the remaining one-half said there was no basis with which to judge. It should be noted again that convenience gambling in this respect refers to small numbers of video poker machines located in a large number of locations, primarily bars and restaurants, providing highly convenient and unnatural gaming options for the problem gambler. This is very different than the facilities planned for Philadelphia.

A study of more than 1,100 rescue mission clients by the International Union of Gospel Missions in 1998 found 18 percent stated that gambling was a factor in their homelessness; a similar study of substance abusing homeless veterans found 14 percent meeting pathological

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<sup>64</sup> S. 256, The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005.

<sup>65</sup> Gilbert Geis, Crime and Addiction Series Part 4 - Pathological gambling should not be an excuse for lawbreaking, [www.thebasics.org](http://www.thebasics.org).

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gambling criteria.<sup>66</sup> The National Gambling Impact Study Commission also found that a survey of homeless service providers in Chicago found that 33 percent considered gambling as a contributing factor in the homelessness of people in their program.<sup>67</sup> The Atlantic City Rescue Mission reported that 22 percent of its clients are homeless due to a gambling problem.

Research seems to suggest that it would be important to screen homeless persons in a city's social service delivery system for problem gambling tendencies. Homelessness is a large issue with many ramifications, and it is important to note that problem gambling is just one part of that issue.

### **Workplace**

The workplace may be one of the most vulnerable for negative consequences of gaming, but it also may be one of the best sources of help.

In the diagnostic criteria of the DSM-IV one of the ten indicators of “persistent and recurrent maladaptive gambling” is if the person has “jeopardized or lost a significant relationship, job, or educational or career opportunity because of gambling.”

Surveys using one of the three above questions show a relatively high percentage of affirmative responses as shown in this sample of research projects:

- Henry Lesieur, in his study on pathological gambling and social policy found between 69 and 76 percent of pathological gamblers state they have missed time from work due to gambling.<sup>68</sup>
- An Indiana survey found that pathological gamblers lost three times as much time from work (2.8 days per month) as low frequency gamblers (0.9) days.<sup>69</sup>
- Between 21 and 36 percent of gamblers in treatment or attending Gamblers Anonymous meetings have lost a job due to their gambling.<sup>70</sup>
- The NORC study that was part of the National Gambling Impact Study Commission found pathological gamblers were significantly more likely to have lost a job or been

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<sup>66</sup> Cited by Henry Lesieur in Pathological Gambling and Social Policy Report to the Indiana Gambling Impact Study Commission, p. 31. Dr. Lesieur also reported that homeless pathological gamblers are being treated at the Moody House in the United Kingdom and in some VA Medical Centers in the United States.

<sup>67</sup> NGISC, p. 7-27.

<sup>68</sup> Research by Ladouceur, et al; Meyer, et al; and Lesieur & Anderson as summarized in *A Research and Data Driven Guide to Pathological Gambling and Social Policy* by Henry Lesieur, July 1999.

<sup>69</sup> Westphal, Rush and Stevens, 1998 as included in the 1999 Lesieur summary.

<sup>70</sup> Ibid.

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fired from one than low-risk gamblers (13.8 percent versus 4 percent).<sup>71</sup>

In addition to missing time from work to gamble, scientific research indicates that both recreational and problematic gamblers participate in some form of gambling while on the job. A study in Alberta, for example, showed that 30 percent of employees had gambled at work at least once during the past year; at least one-quarter had gambled weekly.<sup>72</sup>

These statistics do not indicate what type of gambling is taking place on the job, but it can range from using an office computer for Internet wagering to participating in what some may consider relatively innocuous office pools.

Another source of lost productivity is the distraction of employees concerned about their own gambling problem or that of a loved one. Statistical data from problem gambling help lines, for example, shows that from 8-10 percent of calls are placed from the workplace, with 69 percent of those calling about their own gambling problem.<sup>73</sup> There are also workplace issues of using sick leave because of personal or family gambling problems.

### **Problem Gamblers in the Criminal Justice System**

Considerable dialogue has centered by criminal justice experts on whether persons who commit a crime and who are also diagnosed as a pathological gambler in the DSM-IV criteria should be considered as criminals or treated as someone with an illness.

This question was discussed in a series on crime and addiction by a professor in criminology at the University of California-Irvine:

*There have been cases in which a sympathetic judge granted a “downward departure” for a convicted “pathological gambler.” Such instances primarily appear to involve a belief that the mandated term of imprisonment was too severe for the actual offense. This procedure came to an end, however, when Congress in 2003 singled out pathological gambling as an excuse no longer qualifying for a reduced sentence.<sup>74</sup>*

Several jurisdictions have looked at alternative solutions:

- In Louisiana, the State Attorney General initiated a diversionary program in which a district attorney can make a determination if a non-violent crime is the direct result of problems with gambling. If so, the person is referred to the state’s treatment program and thus is diverted from jail. In order to avoid jail, however, the gambler must go through the treatment program and make restitution. Even though it is a voluntary

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<sup>71</sup> Gambling Impact and Behavior Study, p. 44.

<sup>72</sup> Substance Use and Gambling in the Alberta Workplace, 2002.

<sup>73</sup> E-Update publication of the Texas Council on Problem and Compulsive Gambling.

<sup>74</sup> [www.basisonline.org](http://www.basisonline.org)

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program, more than 35 percent of the state's district attorneys are using the program.<sup>75</sup>

- In Minnesota state law mandates that persons committing certain types of crimes undergo a compulsive gambling assessment.
- A therapeutic gambling treatment court in Amherst, New York has drawn wide acclaim for its gambling treatment court, modeled after traditional drug treatment courts.
- Criminal justice researchers have also voiced the need for treatment for problematic gamblers in the criminal justice system to reduce the chances of relapses once prisoners are released.

In the Department of Justice report on Gambling and Crime among Arrestees, researchers also explored the need for alternative treatment for problematic gamblers while serving their sentences:

*Being behind bars is likely to worsen the gambling habits of many compulsive or pathological gamblers. Although it is officially banned, gambling is difficult to control in prisons and jails. It is a diversion from the monotony of jail. As a result, jailed arrestees and prison inmates may accrue significant gambling debts behind bars that can only be paid off by committing further crimes after their release. Authorities could provide increased attention to gambling behaviors in detention centers, jails and prisons.<sup>76</sup>*

## Education and Prevention Programs

Education and prevention programs for problem and pathological gambling will help to both build awareness and help to promote responsible gambling behavior. Currently, Philadelphia's only resource for education and awareness of problematic gambling is the Council on Compulsive Gambling of Pennsylvania (CCGP).

**FINDING: The Council on Compulsive Gambling of Pennsylvania (CCGP) is currently the only organization to promote public awareness about compulsive gambling.**

Council on Compulsive Gambling of Pennsylvania (CCGP) is a nonprofit organization affiliated with the National Council on Problem Gambling. Its purpose is to educate and disseminate information on compulsive gambling and to facilitate referrals. The Pennsylvania Council provides speakers, workshops, seminars, and information on this public health problem to business, industry and labor groups, schools and colleges, health care and treatment facilities, and to community and religious organizations. CCGP also maintains the 1-800-GAMBLER calls for the state of Pennsylvania. CCGP is currently the only organization that attempts to educate Philadelphia about problem gambling.

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<sup>75</sup> Personal communication with the Louisiana Association of Problem Gambling, June 6, 2005.

<sup>76</sup> U. S. Department of Justice, Gambling and Crime Among Arrestees: Exploring the Link.

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**RECOMMENDATION: The Department of Public Health should educate the public on how to identify problematic gambling by publicizing screening instruments**

The symptoms of problem and pathological gambling are extremely subtle and early detection is a key to prevention. Public awareness materials and programs should consist of a guide to recognizing the symptoms of problem and pathological gambling. This can be helpful in preventing devastating consequences in families and at the work place.

**RECOMMENDATION: The Department of Public Health should ensure that all problem gambling materials are available in public spaces and are available in the multiple languages.**

In order to ensure that public awareness materials are affective, they need to be both accessible to the public and available in multiple languages. Aside from being available at gaming establishments, problem gambling materials should be available in public spaces throughout the city such as libraries, post offices, information and tourism centers and subway and bus stops.

Measures also need to be taken to ensure that materials can be read by residents. Non English-speaking neighborhoods should be furnished with language-specific information on problem gambling.

The national helpline of the National Council on Problem Gambling is listed in the “Helpful Numbers” section of the Yellow Pages. Some cities utilize business cards and a number of other creative marketing strategies. In some casino jurisdictions, most of the callers to their problem gambling helpline find the number through brochures, posters, signs on the ATMs or some other method at the casino. Family members are more likely to find the helpline number through broadcast public awareness messages or through telephone book listings. Some casino companies include a helpline number on their frequent player loyalty cards. The City should ensure that all these methods are in place.

**FINDING: The Pennsylvania calls for the current 1-800-Gambler hotline has virtually no statistical tracking system.**

CCGP currently operates largely on funding from the Pennsylvania Lottery, the Pennsylvania Horse Racing Association and, in part, on donations from the private sector. This money is used to educate employees, therapists in mental health centers and agencies and the general public on compulsive gambling. CCGP receives between 20 and 30 calls a day from across the Delaware Valley. There are approximately 10,000 calls statewide, of those approximately 50 percent come from Philadelphia, 10 to 15 percent from Pittsburgh and 10 to 15 percent reading and surrounding areas such as Harrisburg.

CCGP does not currently have a system for electronically tracking its calls and referrals and currently undergoes a manual process; however, they were able to provide some estimated statistics that were tracked manually. According to CCGP’s Executive Director Jim Pappas, about 90 percent of the callers are referred to Gamblers Anonymous, a 12-step program and family members are referred to GAM-ANON. Mr. Pappas estimates that a problem gambler’s behavior affects 10 to 12 people, including children, spouse, other relatives, and employers.

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## Treatments

To effectively mitigate the consequences of problem and pathological gambling, measures will need to be taken to provide the proper treatment for the individuals, families and communities affected. Although the estimated prevalence of problem and pathological gambling in Philadelphia is low compared to the prevalence of other addictions, Philadelphia will have to augment its current treatment options in order to provide the proper treatment to residents.

### Monitoring the Prevalence of Problem Gambling in Philadelphia

**FINDING: No prevalence study has been conducted for the City of Philadelphia to monitor problem gambling.**

In order to assess the rate of problematic gambling in Philadelphia and provide an adequate amount of treatment services, it will be necessary to devise appropriate methods of monitoring prevalence. As mentioned earlier, prevalence studies can be conducted using a telephone survey. A prevalence study has never been conducted for Philadelphia and is needed for an accurate assessment of the prevalence of problem gambling. These phone surveys are a standard practice for establishing the scope and severity of problematic gambling behavior; however, it does not help the medical community to monitor the relationship between problematic gambling behavior and other mental and physical afflictions such as comorbidity and chemical dependency.

**RECOMMENDATION: The Office of Behavioral Health should acquire expert consultants to develop and conduct a prevalence study for the city of Philadelphia prior to the onset of gaming and continue to perform this study on a quarterly basis. These efforts should be coordinated with the Pennsylvania Department of Health.**

A true prevalence study accurately representing the population needs to be conducted for the city of Philadelphia. The Office of Behavioral Health and the State Health Department should work together to identify the appropriate consultants to develop the questionnaire to be administered. Prevalence studies in other jurisdictions have hired private firms and research institutes. These consultants designed their questionnaires based on existing screening instruments such as the DSM IV criteria for pathological gambling to determine both lifetime (rate of gambling over their lifetime) prevalence and past-year (rate of gambling in the past 12 months) prevalence among respondents. The results of this study should be included in a quarterly report of the effects of problem and pathological gambling in Philadelphia.

**FINDING: Medical providers do not currently have protocols to detect the presence of problematic gambling behavior.**

A standard method for detecting and tracking the prevalence of health issues, including comorbidity and chemical dependency, is during the intake interview process. This occurs when the health provider and the patient discuss the patient's medical history and the provider probes about the patient's current symptoms.

Currently, it is not a standard for medical providers to ask questions regarding problem gambling during their intake interview process. Modification of the current intake procedures and the

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intake questionnaire would help to paint a clearer picture of the prevalence of problematic gambling. It would also be necessary to train the interview personnel to look for signs of problematic gambling behaviors. Once health providers have the ability to track problems such as an individual's comorbidity, the assessment and proper treatment course for that patient can be more accurately prescribed.

**RECOMMENDATION: The Office of Behavioral Health should modify intake and interview procedures across city departments and non-city social services and organizations to collect meaningful data that may reveal correlations or causal relationships between gambling behaviors and other problems such as domestic abuse, divorce, crime, homelessness, suicides, child abuse and child abandonment.**

Questions of drug and alcohol abuse and questions of child abuse or neglect are now standard on most intake forms and interview processes. This is commonly practiced both for the purpose of obtaining a pre-diagnosis of the patient/client and also for the purposes of studying co-morbidities and statistical prevalence. These questionnaires should also attempt to make a distinction between the different types of gambling (i.e. slots, card games, roulette, lottery, etc.)

In order to truly assess the effects of problem and pathological gambling in Philadelphia, it is necessary to develop and implement a process for determining to what degree, if any, problem and compulsive gambling are factors in a particular situation. Therefore, it will be necessary to modify the city's current intake and incident data collection systems to recognize and track problem and pathological gambling as it relates to various items such as crime, divorce, child abuse, child neglect, domestic violence and illness. All of the following groups will need to modify their intake/interview questionnaires:

- **Hospitals, private practices and other medical providers**—for prevalence and correlations to other sicknesses, medical emergencies and addictions
- **City agencies**—for correlations to domestic violence, child abuse and child neglect, the older adult population, homelessness
- **The criminal and civil justice system**—for correlations to various crimes, suicides and divorce

These changes should take place early enough to get an accurate benchmark of gambling-related issues prior to racino operations beginning in Chester and Bensalem and also prior to slots-only casinos opening in Philadelphia.

### **Clinical Resources**

Philadelphia has limited resources for providing treatment for problem and pathological gamblers. City agencies, health providers and local support groups have existing resources that can be built upon to provide the necessary treatment.

**RECOMMENDATION: The City of Philadelphia should provide education and training for city healthcare professionals and social service employees on problem and**

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**pathological gambling and it should also encourage non-city healthcare providers and social service organizations to provide training and education to their employees.**

Current resources for problem and pathological gambling are lacking and this professional skill set can be as helpful in the areas of social work and healthcare as is the skill set for drug and alcohol abuse. Some professions that could benefit from this kind of training are:

- Department of Behavioral Health and Mental Retardation
- Department of Human Services
- Department of Public Health
- Judges and court personnel
- Social service workers (city and non-city)
- Marriage and family therapists and counselors
- Bankruptcy lawyers
- Persons active in working with the homeless population

It should be noted that not every above-mentioned profession needs the same level of expertise, for instance a doctor or social worker does not need the same kind of training as a bankruptcy lawyer. A bankruptcy lawyer may just need to know how to recognize the symptoms and then refer the individual to the proper treatment facility.

### ***Division of Social Services (DSS)***

DSS encompasses the following departments: Department of Public Health, Department of Human Services (DHS), Office of Behavioral Health (OBH), Philadelphia Prison System, Department of Recreation, Office of Adult Services, and The Mayor's Office of Community Services.

DSS is also comprised of two commissions: Mayor's Commission on Aging, Mayor's Commission on People with Disabilities.

**FINDING: The DSS tracking system currently in development can be a tool used to truly track the effects of problem gambling in Philadelphia.**

The mission of DSS is to function as an integrated program and administrative system, operating a comprehensive service delivery model that collaborates, coordinates and integrates across DSS units/divisions and uses best practices to maximize all persons' quality of life and self-sufficiency within safe and supportive communities. Due to the limitations of its current system, DSS is ill-equipped to accomplish this in an efficient manner. A data tracking system is currently being developed for DSS that is intended to allow a seamless transfer of client information from one department to the next. Parameters to track problem gambling are being included in this system. A system of this nature would allow Philadelphia to monitor and assess the prevalence and the impacts of problem gambling across DSS units and divisions in a way that has never been possible in other cities. The first phase of the DSS tracking system is expected mid 2006.

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***Department of Human Services (DHS)***

The mission of DHS is to protect children from abuse, neglect and delinquency; to ensure their safety and permanency in nurturing environments; and to strengthen and preserve families by enhancing community-based prevention services.

**FINDING: The Philadelphia Department of Human Services (DHS) Children and Youth Division (CYD), responsible for investigating instances of child abuse and child neglect, would be affected by any increases in child neglect or child abandonment.**

The Children and Youth Division (CYD) of the Philadelphia Department of Human services (DHS) provides child and family-centered services to nearly 20,000 children and their families each year. These services are strategically designed to ensure the safety, permanency, and overall well-being of DHS's clients.

The CYD is responsible for investigating all reports of child abuse and neglect. Reports whose allegations meet the Pennsylvania definition of child abuse as well as other allegations impacting on a child's immediate safety require that the investigation begin immediately and the child seen immediately, if warranted, or within 24 hours. Reports whose allegations do not rise to this level are assigned according to risk factors indicated in the report.

Depending upon the particular needs of children and families, services can include foster care, Services to Children in their Own Homes (SCOH), adoption, and other prevention and community-based services that address the well-being of the entire family. Another important service is a network of support and educational groups designed to help adults to become more effective parents.

**FINDING: The DHS Hotline (Crisis Center), currently handles 150,000 calls per year, may need increased staffing to deal with increases as a result of problem gambling.**

The DHS Crisis Center hotline is a 24 hours per day, 7 days per week operation. It receives and assigns reports of suspected child abuse and child neglect made by telephone or in-person. It also employs an after-hours (nights/weekends) emergency response program to protect children from further harm. The hotline currently handles 150,000 calls per year with approximately 43.8 full-time employees (FTE) scheduled weekly. DHS does not know the capacity of calls that their current staffing, equipment and budget can handle.

Increased staffing may be necessary to deal with possible increased levels of child neglect and child abuse due to problem gambling. Currently, there are no statistics that give us a sound basis for estimating the increase in cases of child neglect and abuse.

**RECOMMENDATION: The Department of Human Services should assess its capacity to handle issues of issues of child abuse, child neglect and domestic violence and increase capacity where necessary.**

DHS may need to expand their scope of what constitutes child abuse and child neglect. As such, this will likely result in a need to increase staffing to investigate these issues and process claims found to be valid. As the need for social services increases, creative planning is needed

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to finance this increase in service utilization; DHS will need the cooperation of the gaming facilities.

Any increases in incidents of child abuse and neglect due to gaming will affect the hotline's level of service. The hotline's current capacity is unknown; an assessment needs to be made of how many additional calls can be taken with the current staffing and hardware infrastructure.

### ***Behavioral Health System***

The Mission of the Behavioral Health System is to help consumers receive coordinated and effective mental health and drug and alcohol treatment services. The three core entities are the Coordinating Office for Drug and Alcohol Abuse Programs, the Office of Mental Health (OMH) and, Community Behavioral Health. These are currently under some reorganization, under the present commissioner, Dr. Arthur C Evans.

Current intake procedures do not account for problem gambling, they will need to be adapted. Community Behavioral Health (CBH) refers Medicaid patients to about 300 different providers; none of the CBH providers are currently equipped to handle problem gambling treatment. Also, both CBH intake procedures and provider intake procedures will have to be adapted to detect for problem gambling behavior as currently they do not. The Behavioral Health System will need to determine if additional specialized providers are needed or if training current personnel is sufficient.

We need to have a mental health professional available at these centers or treatment facilities who is experienced in assessing suicidal ideation and can provide a reliable assessment as to the level of potential self harm or even potential homicidal thoughts as well.

**FINDING: The Keystone Center has the only residential inpatient care program local to Philadelphia residents; patients must be insured or show ability to pay for treatment out-of-pocket.**

The Keystone Center is considered a drug and alcohol treatment center and is not a gambling treatment center. Keystone's gambling treatment program does not qualify it for payment by most insurance companies. Of the 5–10 calls a week for treatment, only one caller every two weeks is able to get the needed treatment. Einstein's Belmont Center for Comprehensive Treatment, ultimately had to discontinue the gambling addiction program due to the lack of paying patients. Patients at Keystone must be pre-approved for payment by their insurance company or show that they have the ability to pay for treatment themselves. Keystone's residential inpatient program costs approximately \$10,000 per month.

**RECOMMENDATION: The City of Philadelphia should develop a plan to increase the number of medical providers with expertise in problem and pathological gambling and ensure they are located throughout the city and have a multi-lingual staff.**

The City may need to take a combination of the following steps to increase the number of medical providers with expertise in problem and pathological gambling:

- Encourage the augmentation of existing agencies to include problem and pathological
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gambling (as mention on page 349)

- Encourage the creation of more agencies that can provide appropriate treatment for gambling problems
- Reinstigate of licenses to agencies/facilities that at one time provided problem gambling treatment
- Entice outside providers to come to Philadelphia

Gambling issues affect more than just the identified “patient.” Families and communities can be affected by the break down of just one individual. Applying the smallest numbers of the national average yields estimates that indicate individual gambling issues can be quite serious. By having state of the art prevention and intervention services in place, we can reduce the number of individuals who are negatively impacted in our communities.

The City also needs to ensure that there is a high volume of quality therapists, counselors, and other social service professionals who speak non-English languages most appropriate to the given population. These professionals should be available at counseling centers, community/family centers, schools etc. in neighborhoods throughout the city.

**FINDING: Although Belmont Center for Comprehensive Treatment no longer has a gambling treatment program, gambling treatment experience still exists at Belmont and may be a helpful resource for future gambling treatment programs in Philadelphia.**

Belmont Center for Comprehensive Treatment of the Albert Einstein Healthcare Network is currently a drug treatment facility, but formerly had a gambling addiction treatment program. Their gambling treatment program was similar to that of the Keystone Center. They faced the same dilemma as Keystone as it pertains to insurance coverage and gambling treatment program was ended due to the lack of paying patients. Many of the personnel who participated in the programs there still remain and can be viable resources for future gambling treatment programs in Philadelphia.

**RECOMMENDATION: The City of Philadelphia should utilize the expertise of the staff at the Keystone Center and also the remaining gambling treatment staff at Belmont Behavioral Health and possibly have them spearhead any training that will be necessary for other Philadelphia provider agencies.**

### **Support Groups**

As with the recovery of an alcohol or a narcotic addiction, there is a need for the individuals and families to have non-clinical help in both dealing with the effects of the addiction and for staying in recovery.

Support groups are member-run programs that focus on providing a network of support. This provides the type of peer-to-peer interaction that a medical provider cannot. Members can identify with each other in ways that they cannot identify with medical professionals. A

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psychiatrist who has not suffered from the addiction cannot honestly say “I know what you are going through” whereas a peer can actually relate. Peer support and testimony can give the type of hope that a medical professional cannot. Members find more meaning in member statements like “I’ve been in recovery for three years” than in affirming statements coming from a medical professional. This also helps to combat feelings of isolation.

Members know that they are not alone in facing the unique problems caused by the addiction. In support groups, where members share their experiences and feelings, members have the opportunity to build strong bonds with each other. In groups where members have formed strong bonds, members trust and rely on each other and they have a stake in each other’s recovery. The group dynamics of these organizations are aimed at encouraging the recovery of the individual. Support groups also aid by providing extended help and referral services for their members.

**FINDING: Gamblers Anonymous (GA) and Gam-Anon are 12-step programs and do not provide clinical treatment to problem gamblers or family members.**

Two very important resources for problem gamblers and family members are Gamblers Anonymous (GA) and Gam-Anon. They are twelve-step recovery programs modeled after Alcoholics Anonymous (AA) and Al-Anon respectively. Like AA, GA is for the compulsive gambler; and like Al-Anon, Gam-Anon is for the spouse of the gambler and other extended family members and friends. GA and Gam-Anon are both free programs that focus on providing support groups for their members. Gam-Anon also provides family members—and those trying to help them—with access to background material to help them better understand their options in coping with the myriad problems facing the family.

### **Health Insurance Coverage Issues**

**FINDING: Most treatment facilities in Pennsylvania do not qualify for insurance dollars for problem or pathological gambling; this includes the Keystone Center and what was formerly the gambling program at the Belmont Center for Comprehensive Treatment.**

Health insurance coverage is a current challenge for two reasons:

- 1) **Drug and alcohol treatment centers that have gambling treatment programs don’t qualify for insurance payments.** Health insurance companies will pay drug and alcohol centers for inpatient treatment of drug and alcohol problems only. It is only in cases when an individual has drug and alcohol problem coupled with a problem gambling disorder that the treatment center can also receive payment for patient participation in their problem gambling treatment program. In essence, the gambling problem must be related to the drug and/or alcohol problem.
  - 2) **Only pathological gambling is recognized by insurance carriers since there is no diagnosis for problem gambling in the Diagnostic Statistics Manual (DSM IV).** Magellan Behavioral Health Inc, which is the behavioral health network for most of the major insurance carriers in Philadelphia, outlines
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DSM IV diagnosis as a requirement for both residential inpatient treatment and intensive outpatient treatment. This means that an individual who is a problem gambler, but has not yet developed into a pathological gambler is not covered for treatment.

**RECOMMENDATION: The City of Philadelphia should take steps to determine what resources are available to most working insured residents of Philadelphia.**

The Pennsylvania Gaming Control Board and the Pennsylvania Department of Health have committed to paying for the treatment of Pennsylvania residents who need problem and pathological gamblers and are uninsured. The City should determine if there are any gaps in the level of treatment coverage for the working insured residents of Philadelphia. A survey of the major employers in Philadelphia should be conducted to identify the companies that offer employee assistance programs and health include problematic gambling within the scope of their coverage. The City should also determine the level of coverage available to those insure and begin to engage in active discussions with major health insurance providers in the city on how coverage for problematic gambling diagnosis can increase.

**FINDING: Drug and Alcohol treatment centers do not qualify for insurance payments; both the former program at the Belmont Center for Comprehensive Treatment and the existing inpatient program at the Keystone Center faced this dilemma.**

The only facility that treats problem gambling in the Greater Philadelphia Metropolitan Area is the Keystone Center in Chester, Pennsylvania. Keystone is a drug and alcohol addiction facility that has a gambling treatment program. Since it is not an actual gambling treatment facility; it does not qualify to receive insurance funds.

Keystone has stated that it receives five to 10 calls per week for treatment; of those five to 10 calls per week, only one caller every two weeks is able to get the needed treatment. Most patients that can participate in Keystone's gambling treatment program can either afford to pay for the treatment themselves, or are already pre-qualified for their stay due to a drug or alcohol addiction. Einstein's Belmont Center for Comprehensive Treatment which formerly had a gambling treatment program, faced the same situation and ultimately had to discontinue their gambling addiction program due to the lack of patients who could afford treatment.

**RECOMMENDATION: Encourage existing drug and alcohol treatment facilities to get qualified as pathological gambling treatment facilities.**

Existing drug and alcohol treatment facilities have personnel with the basic background needed for treating problem and pathological. They may however, lack the specific training needed to help patients with problem or pathological gambling disorders which disqualifies them for insurance dollars. These types of facilities and their treatment programs are most similar to the type of treatment required for problem and pathological gamblers.

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**FINDING: Insurance companies recognize pathological gambling, but do not recognize or cover problem gambling; DSM IV defines pathological gambling criteria, but not problem gambling criteria.**

DSM IV defines the criteria for diagnosis of pathological gambling, but does not for problem gambling. Pathological gambling is a physical addiction like alcoholism or drug addiction. Problem gambling is the stage one enters before it becomes a physical addiction. Most health insurance companies do not recognize problem gambling since it is not defined in DSM IV.

**FINDING: Section 1509 of Act 71 provides a minimum of \$1.5 Million annually for the Compulsive and Problem Gambling Treatment Fund; No local agency has been identified to accept this state funding, the CBH model is a Philadelphia model which has proven itself capable for treatment distribution.**

Section 1509 of the Gaming Act creates the Problem and Compulsive Gambling Fund and allocates to it \$1.5 million or 0.1 percent of gross gaming revenue (whichever is greater) in annual funds. This fund is designated for problem and compulsive gambling and is not expected to be enough to treat the uninsured problem gamblers. The act also allows the Gaming Control Board to allocate additional money to the fund. Grants can be made from the fund for gambling prevention, treatment or awareness. The fund is managed by the Department of Health and falls under the Bureau of Drug and Alcohol Programs (BDAP). BDAP is currently looking for the appropriate model to provide treatment for uninsured or under-insured individuals who have problem or pathological gambling behaviors. BDAP is also looking for experts in the field of problem and pathological gambling to serve as providers or trainers for providers.

The Department of Health has not yet identified any agency to accept any of this funding on behalf of Philadelphia County, nor has it found the appropriate model for distribution of treatment services. Philadelphia's Community Behavioral Health department has a model for successful treatment distribution that has been working in Philadelphia since 1997.

The Department of Health has already decided to pay for problem gambling treatment for uninsured Pennsylvania residents with problem or pathological gambling addictions. According to Bill Noonan, Director of Problem and Compulsive Gambling Fund, the state has decided to pay for treatment for uninsured problem gamblers in Pennsylvania. They are also funding a prevalence study for the state of Pennsylvania.

**RECOMMENDATION: The Department of Behavioral Health and Mental Retardation Services should be the leader in organizing the reception and utilization of funding earmarked for treatment of problem and pathological gambling.**

CBH has a proven history of provider relations, quality assurance, providing technical and clinical assistance, and maintaining "best practice" criteria for a very large provider network. This effort, however, may need the input of a "team approach." It would be in the city's best interest to utilize the overall expertise that CBH, BHSI, and COODAP consistently provide to organize the creation of programs to addressing problem gambling-related issues. In short, recommendations should include the opportunity for the Department of Behavioral Health and

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Mental Retardation Services to assume responsibility for reception and utilization of any funds earmarked for treatment or intervention for gambling issues.

## Costs of Problem and Pathological Gambling

Many of the social impact studies concentrate on the costs to a gaming area brought about by problematic gamblers. An Australia Productivity Commission report on gaming, for example, concluded “the principal costs for society related to gambling (costs that are not offset by benefits elsewhere) result from problem gambling.”<sup>77</sup>

The Solicitor General of the United States came to a similar conclusion: “Many of the associated social costs to casino gambling stem from ‘pathological’ or ‘compulsive’ gambling by approximately three million Americans.”<sup>78</sup>

Attempts to quantify these costs may result in a wide range of estimates. The Australia Productivity Commission, for example, estimates the average yearly costs associated with a problem gambler vary over a range of \$560 to \$52,000.<sup>79</sup> The Canadian Public Health Agency reports that research yields social costs to be between \$20,000 and \$56,000 per compulsive gambler.<sup>80</sup>

The authors of the Wisconsin Policy Research Institute Report, Thompson, Gazel and Rickman used a social cost survey completed by 98 members of Gamblers Anonymous and applied those rates to Wisconsin. The social costs of problematic gamblers were divided into four categories:

- 1) Employment-related costs (working hours lost due to gambling, unemployment compensation due to gambling, and foregone income due to unemployment): \$2,940.89
- 2) Bad debts and theft costs: \$3,220.00
- 3) Police and judicial-imprisonment and costs of arrest: \$2,612.34
- 4) Total health and welfare-related social costs (treatment costs, food stamps and AFDC): \$695.49

In their survey, they estimated the total annual cost of these four categories per gambler is \$9,468.72. Based on the estimated pathological gambling prevalence rate of 0.9 percent<sup>81</sup> among

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<sup>77</sup> Australia Productivity Commission

<sup>78</sup> Greater New Orleans Broadcasting Association, Inc. et. al. Petitioners vs. United States, et. al, 1999.

<sup>79</sup> Productivity Commission (1999). Australia’s Gambling Industries, Report No. 10. Canberra: AusInfo.

<sup>80</sup> Democratic Reform BC, Victoria, April 28, 2005.

<sup>81</sup> The percentage used by Thompson, Gazel and Rickman for pathological gamblers is the same as the percentage of past-year pathological gamblers in the National Research Council’s estimates and the Harvard meta-analysis.

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Wisconsin adults, the total social costs for the entire state from the estimate of 32,425 problem gamblers in Wisconsin is \$307,023.24 from these four social cost categories. Additional categories, the authors suggested, would increase the estimate, as would the social costs incurred by non-pathological gamblers.<sup>82</sup>

Some have expanded the categories of costs in social impact to include “medical services, mental health, lost productivity, workplace absenteeism, divorce, family breakdown, bankruptcy, social welfare, crime and legal problems and the effect on other areas of the economy and the social environment in communities”<sup>83</sup>

A 2003 report by Collins and Lapsley examined the reasons for such large discrepancies in cost estimates as:

- The inability to define private and social costs. Private costs are those born by the individual, while social costs are those imposed involuntarily on others in society as a result of the action.<sup>84</sup>
- The inability to distinguish between private and social costs. One study found that it is the inability to distinguish between private and social costs that has led to the widespread variability of cost estimation.<sup>85</sup>
- The inability to attribute costs that are directly attributed to gambling rather than those associated with the behavior but due to some other factor.
- The inability to include both benefits and cost in a social cost study. Some believe that benefits must be included in impact studies.

A study by the Genuine Progress Index for Atlantic Canada and funded by the Nova Scotia Gaming Foundation observed:

*There is considerably less agreement concerning gambling impact studies than in comparable work assessing the costs of tobacco, alcohol abuse, physical inactivity, and other risk factors for health and social costs. This is due partly to the complexity of the subject matter and partly to the newness of the evolving research.*<sup>86</sup>

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<sup>82</sup> Thompson, W. N., Gazel, R. and Rickman, D, Wisconsin Policy Research Institute Report 9(6) as summarized on the Wager, April 15, 1997.

<sup>83</sup> Statement by Tom Morino, political leader of the Democratic Reform BC.

<sup>84</sup> Collins and Lapsley, The Social Costs and Benefits of Gambling: An Introduction to the Economic Issues, *Journal of Gambling Studies*, 19 (2), 123-148.

<sup>85</sup> Walker and Barnett, The Social Costs of Gambling: An Economic Perspective. *Journal of Gambling Studies*, 15 (3), 181-212.

<sup>86</sup> The Costs and Benefits of Gaming: A Summary Report from the Literature Review, GPI Atlantic, September 2004.

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A question remains whether the public perceives problematic gambling as much of a social problem as other addictions. A report on gambling-related problems and opinions by the Ontario-based Addiction Research Foundation, for example, found that 65 percent of the respondents in a structured general population telephone survey felt that drug addiction was the most serious social problem, followed by heavy drinking (22 percent), smoking (9 percent) and heavy gambling (3 percent).<sup>87</sup>

**TABLE 5.8: Summary of costs per additional pathological<sup>88</sup> and problem gambler**

Costs*	\$
<b>Crime</b>	4,000
<b>Social Services</b>	600
<b>Family Costs</b>	110

\* Estimated costs to society per additional problem and pathological gambler

The resource burden of a society can be studied by looking at problem and pathological gamblers. Crime is the largest of the costs and includes apprehension, criminal and civil justice costs, incarceration costs and police costs. It is estimated that 21 percent of additional pathological gamblers will be charged with a crime.<sup>89</sup> That means of the 1,400 new pathological gamblers, 290 will likely commit a crime in a given year. With a cost of \$4,000 per problem gambler, the estimated cost to society is approximately \$1.16 million.

Social service costs include treatment and therapy costs, welfare, food stamps, and costs related to unemployment.<sup>90</sup> Applying the estimated \$600 to those seeking help in a given year (270) is equivalent to approximately \$162,000.

Family costs include divorce, separation, spousal abuse and child neglect.<sup>90</sup> Because the family costs will apply to those family members and those who are suffering, additional family costs will total about \$979,000 (\$110 x 8,900).

**FINDING: \$1.5 million in funding statewide is not sufficient to cover the costs of problem and pathological gambling. The estimated need in Philadelphia alone is \$2.3 million.**

The Gaming Act requires the Pennsylvania Gaming Control Board to transfer \$1.5 million each year (or an amount equal to .001 multiplied by the total gross terminal revenue of all active and operating licensed gaming entities, whichever is greater) to the Compulsive Problem Gambling

<sup>87</sup> Ferris and Stripe, *Gambling in Ontario: A report from a general population survey on gambling-related problems and opinions as summarized in the Wager*, January 7, 1997.

<sup>88</sup> Grinols, E.L. & Mustard, D.B. (2001). "Business profitability versus social profitability: Evaluating industries with externalities, the case of casinos." *Managerial and Decision Economics*, 22, 143-162.

<sup>89</sup> Grant, J.; and Potenza, M. *Pathological Gambling – A Clinical Guide to Treatment*. American Psychiatric Publishing, Inc. 2004 also citing Blaszczynski et al. 1989.

<sup>90</sup> Grinols, E.L. & Mustard, D.B. (2001).

Treatment Fund.<sup>91</sup>

Among the additional activities that must be funded is the operation of a problem gamblers helpline, training of counselors, administrative costs, and funding treatment services.

Because the funding covers all of Pennsylvania, the amount of state treatment funds available is very limited for counseling services of the 30,740 adult Philadelphians in need of treatment for a personal gambling problem, the additional 30,740 Philadelphians in need of treatment because of a family member's problematic gambling diagnosis and the 21,214 adolescents needing services.

**RECOMMENDATION: The Philadelphia Department of Health should petition the Gaming Control Board to increase the amount of funding set aside for problem and pathological gambling and work with the State Department of Health in developing a policy for paying for treatment of problem gamblers.**

Problem gamblers cannot get payment for treatment of their disorder since there is no diagnosis for it in DSM IV, it may be necessary for the state to provide agencies with the ability to include problem gambling treatment as a reimbursable service.

**FINDING: Atlantic City has both state-mandated programs and programs funded by voluntary contributions from casino dollars to help mitigate the perceived negative effects of casinos.**

Atlantic City also has a model for building community and promoting family strength through family centers. The family centers are school-based one-stop social service agencies under the umbrella of AtlantiCare Behavioral Health. Atlantic City's state-mandated Casino Reinvestment Development Authority (CRDA) aids in building up communities with development projects and strategizing synergies among communities, casinos and non-casino businesses.

AtlantiCare's family centers have worked to mitigate issues often associated with casinos, but has also worked outside of that framework to provide a complete family strengthening program. The recreational programs at these family centers seek to both educate and keep youth healthy after school while some parents are still working. Director Rosalind Norell-Nance of the Uptown Complex Family Center cited how a sugar-free candy give away program and a balanced meal program were instituted to ensure that unsupervised youth were getting healthy meals. This came about in response to a rise in youth diabetes cases. Family centers have also targeted domestic violence, substance abuse and homelessness.

CRDA has been working since 1984 to rebuild the communities of Atlantic City and other areas

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<sup>91</sup> Section 1509 of the Pennsylvania Race Horse Development and Gaming Act

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of New Jersey. CRDA has increased Atlantic City's housing stock by 12 percent and has begun a revitalization of Atlantic City which includes the city's new "The Walk," an outdoor complex of new high-end low-priced outlet stores and restaurants.



## **SECTION 6**

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# **LOCAL GOVERNMENT AND GAMING**

## The Role of Local Government

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While the state is the primary authority dealing with gaming issues, the City of Philadelphia will still play a substantial role in the approval, development, and operation of the casinos in the City.

Initially, the City will review casino applications and will have an opportunity to comment on those applications, ideally providing valuable local input to inform the Gaming Control Board's licensing decision.

Once the casino licenses are awarded, the City will then need to review development plans and regulate all construction activities. This will include a series of licensing and permitting decisions that include zoning and building permitting at the outset and occupancy permits and use licenses at the end of construction.

Throughout the entire process, neighborhood groups, casino applicants/operators, state regulators, the business community, state and federal highway officials, and the City will need to cooperatively address a range of issues, including transportation, site access, noise, employment, diversity, and local business participation. The City is uniquely positioned to coordinate all of these parties and to lead the effort to resolve these complicated development issues. Philadelphians will only maximize benefits and minimize the social and economic costs if the City, casinos, neighbors, businesses, and the Commonwealth creatively and aggressively address these challenges.

## Casino Zoning and Permitting

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### Current Zoning Code Provisions Regulating Entertainment Uses

**FINDING: While the current Philadelphia Zoning Code permits a variety of entertainment uses across zoning classifications, it does not explicitly regulate gaming.**

The Philadelphia Zoning Code classifies land uses into several zoning categories and within each category applies regulations as to uses and building programs. The permitted uses are critical because if a use is not expressly permitted, it is deemed prohibited absent a variance granted by zoning authorities. Among the relevant zoning classifications are the Commercial or "C" classifications, the Limited Industrial or "L" classifications and the Least Restricted Industrial or "LR" classification.

The Zoning Code currently permits entertainment uses across several zoning classifications that potentially could also include gaming facilities. The "C-2" commercial zoning classification allows restaurants as a matter of right (i.e., does not require approval of the Zoning Board of Adjustment or ZBA) and also allows dance halls, theaters, motion picture theaters, open-air theaters, amusement parks and other entertainment activities as a main use with a certificate from the ZBA (the ZBA can issue a certificate without the demonstration of a hardship required for a variance). The "C-3," "C-4" and "C-5" Commercial zoning classifications allow all of the uses noted above under "C-2" but do not require a ZBA certificate for any of those uses. The

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"L-4" and "L-5" Limited Industrial zoning classifications also permit these uses as a matter of right since Limited Industrial zones permit the commercial uses allowable in any commercial classification.

The "C-7" Commercial zoning classification permits restaurants and theaters, as does the "ASC" Area Shopping Center classification. The "C-7" classification is a district that is mapped primarily in neighborhood commercial areas, while the "ASC" designation has been used for major shopping centers. The "C-2" classification is mapped primarily in neighborhood commercial areas, the "C-4" and "C-5" classifications are mapped almost exclusively in Center City, and "C-3" is mapped throughout the City.

Licensed gaming facilities, however, are not explicitly considered in any of these zoning classifications, likely because casinos were, of course, illegal when the Zoning Code was enacted in 1962. Thus current zoning provisions do not provide clear guidance on regulation of gaming uses. An argument might be made that gaming uses would be permitted as a permitted entertainment use in the "C-3", "C-4", and "C-5" Commercial zoning classifications, as well as in the "L-4" and "L-5" Limited Industrial districts.

Further complicating matters is a 2003 zoning ordinance that bans licensed gaming in Philadelphia unless expressly permitted by a subsequent ordinance. This prohibition will expire on May 29, 2006, under the terms of the 2003 ordinance.

**RECOMMENDATION: City Council should amend the Philadelphia Zoning Code to adopt a new Commercial Entertainment District (CED) classification that would permit licensed gaming facilities, in addition to other uses.**

The City can best clarify casino development zoning rules through a zoning ordinance. The Planning Commission has worked with other City agencies and the Task Force to develop a proposed new Commercial Entertainment District (CED) zoning classification that would permit casinos where licensed by the Gaming Control Board.

Within a CED, a casino would be permitted if licensed pursuant to the Gaming Act. The CED would also permit accessory or ancillary uses generally considered as part of a gaming operation, such as hotels and condominiums, restaurants, nightclubs, live entertainment, and amusement arcades, among other such uses. Most regulated uses, such as adult bookstores and other adult entertainment facilities, would be prohibited.

If the CED enabling legislation is enacted, the City will be able to designate CED zoning overlay areas. The proposed CED designation is design such that it could be mapped for specific parcels or mapped over much broader areas, giving the City many options regarding the location of gaming facilities.

Casino developers will have to comply with the requirements of the CED and submit plans to the Planning Commission for approval. The submitted plans would need to detail the layout and dimensions of the site, proposed buildings and uses, parking areas, and driveways and streets. The developer would also need to submit open space and landscaping plans and details on the size and location of any proposed signs. Additionally, the CED ordinance provides

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specific regulations concerning gross floor area, open space and setbacks, off-street parking and loading, signage, and public art requirements.

The proposed CED ordinance is included as in the Appendix on page 409. Also in the Appendix are draft pieces of legislation applying the CED designation to areas around several of the proposed sites evaluated in this final report.

**FINDING: Locations of adult entertainment businesses, check cashing businesses, pawnshops, and other regulated uses are heavily controlled. Such businesses are not permitted to cluster nor are they allowed within 500 feet of any residential district, Institutional Development District, church, school, library, or recreation facility.**

Certain businesses that in other gaming markets sometimes cluster near casinos are regulated under Section 14-1605 of the Zoning Code as “regulated uses.” These regulated uses include adult book stores, cabarets (go-go bars), massage parlors, adult video stores, adult entertainment stores, check cashing businesses, pawnshops, adult spas, amusement arcades, pool halls, and tattoo and piercing parlors.

Except where grandfathered, regulated uses are not permitted in any mapped residential district or most mapped commercial districts throughout the City and, with the exception of land zoned “LR” or “C-6”, cannot be established without approval of the ZBA. Regulated uses are not permitted within 1,000 feet of any existing regulated use, nor are they permitted within 500 feet of any residential district, Institutional Development District, church, school, library, or recreation facility.

**RECOMMENDATION: City Council should prohibit regulated uses near casinos with limited exceptions.**

Much like the City desires to prevent regulated uses from clustering together, it is also in the interest of the City to avoid having regulated uses surrounding casinos. As such, the City should ban regulated uses within 1000 feet of the casinos, either by specific amendment to Section 14-1605 or by defining a casino as a regulated use. If a casino is defined as a regulated use, Council should specifically allow casinos to be established without regard to the location of existing regulated uses.

The only exceptions allowed should be for pool halls and amusement arcades in the casino complexes and for grandfathered uses as required by law.

**FINDING: Establishing a gaming facility in Philadelphia would currently require numerous permits and licenses.**

City development permitting procedures can involve up to 14 different agencies and boards, requiring approvals by multiple decision-makers. These permitting and licensing processes can be very confusing and time-consuming for developers, whether or not they are familiar with the intricacies and requirements of Philadelphia development projects.

The City, through the Departments of Planning, Licenses and Inspection (L&I), Streets, Water, and the Managing Director’s office, among many others, has established a developer’s

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roundtable process to begin to streamline City permitting related to new developments. In a 2004 report titled *If You Fix It, They Will Come*, the Building Industry Association of Philadelphia (BIAP) detailed the complexity of the current City permitting and licensing processes required for new development projects and proposed ten steps for reform.

Because of the likely variety of amenities that casinos will offer, casinos will need even more permits and licenses than would other developments of comparable size. The likely permit requirements include building permits for construction and zoning, use, and registration permits for any hotel, retail, restaurant, nightclub, entertainment, or similar use associated with the casino. Among the many required licenses are licenses for food preparation and service, parking, and housing. Special assembly licenses would be required for parking uses, hotel rooms, restaurants and other places of assembly. Certificates of occupancy would also be required for new buildings or for a change of use in any existing building.

**RECOMMENDATION: The City should accelerate its efforts to streamline its licensing and permitting processes for major developments, such as casinos, and evaluate the processes recommended by the Building Industry Association of Philadelphia for all large-scale developments.**

As with all major development efforts, the City should take all reasonable steps to accelerate the licensing and permitting process while still exercising all necessary regulatory control. It can do this by assigning project liaisons from relevant departments, implementing a phased permitting process, and by taking other measures to more generally streamline the City's permitting process.

The acceleration of license and permit approval is in the best interest of not only the developer, but also the City, which will benefit from the host fees, the jobs, and the local economic development. The Task Force encourages the efforts of the Managing Director's office and L&I to continue their efforts in reviewing these processes. Assigning a single liaison from relevant departments to ensure that all permit and license requests are promptly processed is one of the methods under consideration. Additionally, as with other major developments, the L&I and Planning departments should allow for phased (also known as "bundled") permitting that can allow for permits to be issued for foundations or other interim phases while final design elements are still being developed.

Streamlined permitting is a good idea for more than just casinos. The Task Force recommends that the City explore how to best meet the goals and evaluate the processes set forth in the BIAP 2004 report. If realized, the BIAP goals will speed all development and, according to BIAP estimates, save millions of dollars for local developers, residents, and businesses.

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## **Structuring Real Estate Development Incentives Around Casinos**

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Both the Commonwealth of Pennsylvania and the City of Philadelphia have existing tax-related incentive programs to encourage investment in new construction and rehabilitation of existing buildings. These programs are designed to spur development where development otherwise would not occur.

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One of these incentives is the Commonwealth's Keystone Opportunity Zone program (KOZ). A second type of incentive is the City of Philadelphia's ten-year property tax abatement that is granted to all new construction and substantial rehabilitation of existing properties.

**FINDING: It is not in the public interest to continue incentives for investments if the development would otherwise occur without the public subsidy.**

The simple purpose of taxation is to generate revenue. Generally, taxes are allocated with each taxpayer paying a fair share and no more. However, tax-based incentives use tax codes to shift tax burdens with the goal of encouraging development or other activity that would not have otherwise occurred. Experts differ on the public policy merits of using taxes as incentives in this manner. However, in the absence of a change in behavior, an incentive simply constitutes a windfall and thus is a waste of public resources.

Unlike other forms of real estate development which can occur wherever market demand exists and local zoning allow, only two casinos will be authorized by the Commonwealth in Philadelphia. This licensed exclusivity is a significant public incentive that encourages casinos and nearby commercial property to be developed without further incentives.

Gaming elsewhere has not required any government incentive other than legalization. In fact, in a recent discussion of tax incentives being offered to Gulf Coast casino operators in the wake of Hurricane Katrina, industry officials are shocked at the concept of government providing further incentives. Said one executive: "We're actually scratching our heads. We can't ever remember an instance of being offered a tax credit—ever."

**RECOMMENDATION: Development incentives should be restructured or eliminated in areas surrounding probable gaming sites where development will occur in the absence of the incentives. The City should not support any casino license application that is not accompanied by a binding commitment to forego City-funded development incentives (including foregone City or school district taxes) if the license is awarded to the applicant.**

Given the casinos' exclusive rights under the Gaming Act, the Task Force expects that the two Philadelphia casinos will be sufficiently profitable that licensees will be willing to make the necessary investments without additional incentives. As discussed on page 210, these casinos will return profits significantly in excess of what is required to stimulate investment. These calculations included full application of applicable business and property taxes on the Philadelphia casinos. Thus, the legalization of gaming alone constitutes sufficient incentive for development and the casinos do not require any further tax incentives.

**FINDING: Detailed and careful analysis by local community, planning, and development experts will be required to properly determine the precise boundaries of the zone around a casino where the casino's legalization acts as a sufficient incentive to develop the properties.**

As a general rule, the Commonwealth and the City also should avoid providing unnecessary tax incentives to developers and investors in properties in close proximity to the casinos.

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The casinos will provide the economic incentive for development of both adjacent properties and non-gaming uses on casino-owned property. Each casino will draw approximately five million visitors annually, see page 209. That traffic alone will be sufficient to spur significant development of commercial properties immediately adjacent to casinos and on commercial strips leading to the casinos. Thus, many properties on the perimeter of casinos probably can be developed in the absence of tax incentives. At the same time, incentives may be required and appropriate for particular projects or locations near the casinos.

In the absence of having fully evaluated the proposal for a specific casino, it is not possible at this time to know at the property-by-property level how that casino will impact the investment climate in adjacent areas. The Task Force recommends the development of customized approaches for each site guided by the general principle of trying to avoid unnecessary incentives for investments that are likely to be made without incentives. The Task Force thus encourages the Commonwealth and the City to analyze the immediate environment of each casino separately to determine what, if any, incentives might be required within each area and look with skepticism on any claim that such an incentive is required for a casino.

### **Keystone Opportunity Zones**

Keystone Opportunity Zone (KOZ) programs are statewide programs targeting specific formerly industrial properties with the aim of encouraging commercial re-use of those sites provided that they meet capital improvement or new employment targets. KOZ programs, which include the Keystone Opportunity Zones, Keystone Opportunity Expansion Zones, and Keystone Opportunity Improvement Zones, reduce for a varying number of years almost all taxes on targeted properties and business operations on the targeted properties.

KOZs eliminate a large range of taxes, including (i) the business privilege tax, (ii) sales tax for items consumed at the site, (iii) use and occupancy tax, (iv) real estate tax, (v) net profits tax, (vi) corporate net income tax, (vii) capital stock tax, and (viii) franchise tax.

**FINDING: Several identified potential gaming sites lie within KOZs and it is possible that other not-yet-identified sites also lie within KOZs.**

Each KOZ consists of a defined-parcel-specific area that has been designated by local communities and approved by the state as part of a partnership effort involving state and local taxing bodies, school districts, economic development agencies and community-based organizations.

Several of the identified potential gaming sites lie within KOZs and it is possible that there are other potential casino sites within existing KOZs that have not been considered by the Task Force. The identified sites are the Nicetown site, the Fishtown site, and part of the Old Incinerator site. KOZ treatment expires in 2010 for the Nicetown and Fishtown sites and in 2013 for the Old Incinerator. Of course, sites that have not been identified as of yet might also lie in KOZ zones.

**RECOMMENDATION: Gaming sites and immediately surrounding properties should not receive KOZ benefits. Operators and all involved governmental bodies should do**

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**everything within their power to prevent these unnecessary windfalls.**

As House Speaker John Perzel recently stated, “Why give 15 years of tax exemption if the whole purpose was to raise revenue? That doesn't make any sense at all.”

The Task Force believes it would be incongruous to allow gaming at these sites if they do not pay their share of the City and state taxes. The responsibility for resolving these contradictory aims can be handled in different ways. One way is for the Legislature to either prohibit the granting of casino licenses in KOZs or to make KOZ benefits inapplicable to casinos.

The Gaming Control Board also can solve the KOZ problem by refusing to issue non-racino licenses (technically, Category 2 and 3 licenses) to any property that is in a KOZ until and unless the operator agrees that it will decertify the property if a license is granted. The City can and should complement these efforts by insisting that a KOZ-located project will only have the City's support if it is covered by a binding commitment to decertify the property promptly upon the award of a gaming license.

To allow cities and other communities to address the inequity of providing significant tax incentives to developments that would occur anyway, in 2002 the Legislature amended the KOZ programs to permit removal of properties from the KOZ programs. Under this decertification process, all parties with an interest in the property to be decertified must waive the tax benefits afforded by the Act and properties may be decertified at any time. In the last couple of years, the City has sought to have prospective developers of non-industrial development decertify the KOZ property before development commences.

Finally, the prospective operators themselves can address this issue head-on. By voluntarily pursuing a decertification process, or by committing to do so if a license is issued, they can both avoid this bar to public support and serve as constructive members of the Philadelphia community.

It will be more difficult to eliminate KOZ incentives for third-party investments in close proximity to casinos, but in some cases it would be good public policy to do so. In those cases, license applicants could be asked to secure waivers of KOZ rights by owners of nearby properties, and potentially the GCB could require applicants to obtain such waivers from its neighbors.

**Tax Abatement Programs**

Tax abatements create incentives for new development by foregoing increases in property taxes caused solely by the new development for a period of time (ten years in Philadelphia). These abatements essentially make underdeveloped land more attractive, when compared to land on which homes or businesses already sit.

Under state law, abatements may be made available by the City to any area designated as a “distressed area” that meets a variety of tests under the relevant acts. All of Philadelphia is currently designated as a distressed area, and City Council has extended tax abatements to all new residential, commercial, and industrial developments in the City.

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**FINDING: In the absence of legislative action, it is likely that any casino and casino-related construction in Philadelphia would be eligible for a 10-year abatement of property taxes on the value of the new construction.**

For many years the City used a three-year tax abatement program. Since 1997, the City had been using a 10-year tax abatement program to encourage the conversion of obsolete commercial, industrial and institutional buildings into new residential uses. In 2000 the City adopted the expanded 10-year tax abatement program, so all new construction and substantial rehabilitation in Philadelphia currently qualifies for a 10-year abatement of all property taxes on the value of new construction. By encouraging developers that had been foregoing City development to invest in Philadelphia, this sweeping approach to tax abatements is widely credited for assisting the turnaround in the Philadelphia real estate market over the past eight years.

**FINDING: There are areas of the City that are not distressed today and where significant development might continue even if the abatements are eliminated.**

Development has recently accelerated in several areas of the city. New high-rise residential towers and multi-unit residential developments are sprouting in formerly industrial areas and other areas that were largely abandoned. New office towers (although heavily subsidized) are sprouting for the first time in over a decade and others are on planning boards. Some areas have seen commercial development growth and the City's population and job losses are showing signs of halting and potentially reversing.

In broad swaths of Philadelphia there are neighborhoods where every parcel is being or has been developed and where landowners have seen property values double or triple in only a few years. Residents are concerned about recent and planned reassessments that will increase property taxes dramatically because property values have grown significantly. The City's real estate market, particularly its residential market and the commercial market in certain subsections, is doing exceptionally well. In many of these areas, it is probable that a significant portion of the development would occur even without the abatement.

**RECOMMENDATION: The City of Philadelphia should explore restructuring the tax abatement program to limit tax abatement to areas in need of development incentives.**

If there is development being subsidized that would occur without the abatement, in these areas abatements instead result solely in higher profits for developers who would have developed anyway. That is an outcome inconsistent with the principles of tax fairness and good public policy.

The time has thus come to reexamine the structure and parameters of the tax abatement program with the objective of continuing to subsidize only those areas that continue to need development incentives. In doing so, however, the City should be careful not to unintentionally end the growth that is revitalizing Philadelphia.

All recent Philadelphia market place data is grounded in a situation in which the abatements have been in place. It is very hard to evaluate how much of this development might have occurred without the ten-year abatement and the City should thus evaluate carefully whether

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specific future projects would be likely to occur without the abatement. The City must be cognizant of the risk that in changing the rules about abatements in limited geographic areas it will be favoring development in some areas rather than others. Thus, where development is likely to be more marginal without the incentive, the City should exercise restraint and proceed deliberately.

The Task Force urges City Council and the Mayor to undertake a thorough review of all abatement programs in a thoughtful and deliberate manner in which the City is examined at the scale of individual neighborhoods and commercial districts to determine what areas are truly distressed. If Council determines that an area is not distressed, specifically where Council is certain that development incentives likely are not required for development to occur, the designation can be lifted in that area. This process may take multiple ordinances over a number of years but will ensure that development is encouraged where necessary and not where the abatement is solely a windfall to people who have been holding underdeveloped land or who are planning development that will occur even without the tax abatement.

**RECOMMENDATION: The first areas to be designated as no longer distressed should be the commercial areas surrounding where casinos are licensed.**

The Task Force suggests that the sites of and the industrial/commercial areas immediately surrounding casinos may be the place to start to reevaluate which neighborhoods are distressed. Development will happen in these areas with or without the incentives, and thus it is bad public policy to provide these developers with unnecessary incentives. If this review is undertaken before casino licenses are awarded, designations should be lifted on a conditional basis, with the sole condition being the award of a slot machine license by the Gaming Control Board.

### **TIF Districts**

If addressing the tax abatements more generally is a course that the City chooses not to pursue, the City could create a tax increment financing (TIF) district to capture the casino-driven appreciation in an area and to direct it to the community surrounding a casino. Philadelphia is likely faced with an either-or option of TIF districts or abatement revisions in a specific area because the state TIF act specifically limits Philadelphia TIF districts to redevelopment areas created pursuant to the Urban Redevelopment Law.

**FINDING: Tax increment financing districts can be used to provide tax breaks that are smaller than full abatements to areas around the casinos, returning more money to the general fund and creating a pool of money for the benefit of the districts.**

Pennsylvania jurisdictions typically use TIFs as a form of public subsidy to a development, by “capturing” some of the increased taxes generated by the increased value to a tax base created by that particular development project within a defined contiguous geographic area, which is known as a “TIF district”. Instead of going to the jurisdiction’s general revenue fund, the incremental tax increases are diverted into a fund that can be used in various ways to support the real estate district. In Philadelphia and around Pennsylvania TIF districts have traditionally been, but need not be, single property districts where the revenues created are used to subsidize the project. But, as used elsewhere, and as permitted under applicable state law, TIFs can be directed to the

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benefit of the neighborhood.

During the TIF term, which can last up to 20 years, any additional selected taxes generated can be used to fund/finance the district. Mathematically, this can be the equivalent of granting tax abatements, except in the case of TIF, the project/land owner/businesses still pay the taxes. These taxes, however, are diverted and are used for the district, either to cover ongoing expenses, or to pay off debt incurred upfront via a “TIF project financing.”

The incremental revenues that can be captured by a TIF district can include an allocation of any percentage up to 100 percent of incremental property tax, use and occupancy tax, local sales tax (the one percent Philadelphia tax that raises sales tax from six to seven percent), and business privilege taxes. A TIF district could capture only incremental real estate tax revenues for example, while 100 percent of all other taxes would still flow to the City’s general fund.

**FINDING: TIF districts will impact the City budget by simultaneously increasing general fund revenues by eliminating the abatement in the TIF district and reducing revenues by diverting the TIF funds to the district.**

The net fiscal impact of a TIF on the City is somewhat complex and depends on the portion of taxes covered, the duration of the arrangement, and whether the investment would have been made if the TIF financing had not been made available (the “but for” test). Compared with the ten-year property tax abatement, a TIF can cause a larger or smaller reduction in City tax revenue.

**RECOMMENDATION: The City should explore utilizing TIFs as one possible method to ensure the City avoids providing a windfall of City tax dollars to casinos and surrounding commercial property that would be developed even without further development incentives.**

For example, a ten-year TIF based on all of the incremental property tax would have the same impact on City tax revenue, but if it were for 20 years, the TIF would be more costly for the City. If it were for 20 years but based on only 30 percent of the incremental property tax, the TIF would be less costly for the City. And if the TIF were for 10 years and based only on one percent of the incremental property tax, it still could meet the requirements of the TIF law while at the same time virtually eliminating the unnecessary tax incentive for development in the district.

**FINDING: Defining the boundaries of a TIF district must balance competing needs as properties included will benefit from future spending by the TIF district but will forego tax abatements on future improvements to the properties.**

Under state law, properties included in a TIF district must be contiguous and all money generated by the TIF district must be spent in, or for the benefit of, the district. The revenue could fund, for example, a TIF district that encompasses a largely commercial area but also includes a school, park, and/or recreation center that could receive improvement funds through the TIF. TIF district funds could also be partially or completely allocated to cover costs of a Casino Neighborhood Special Service District (see page 380) if the areas of the TIF and the

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service district are linked.

**RECOMMENDATION:** Any TIF district should include casino sites and nearby commercial and industrial properties that are currently vacant or being used for commercial purposes.

Many casino neighbors might want their areas included within the TIF district. But they must be aware that under Commonwealth law any property included within a TIF district will not be eligible for any new tax abatements. Thus, individual property owners who are anticipating large-scale short-term property improvements might prefer the abatement. The market value of undeveloped or underdeveloped land in the TIF district and the incentives to invest in those properties would be diminished unless the owners derive sufficient offsetting benefits from the presence of the Casino and/or the TIF.

From the City's perspective, the goals should be (i) to include the truly incremental properties (properties that will be developed because the casinos arrive), and (ii) to not undo the benefits of the abatement program for other properties.

Just because a district must be contiguous does not mean that it cannot be shaped to accomplish these ends, but determining which parcels should be included and which should be excluded would be difficult conceptually and could be contentious. Specifically, if a TIF district is the path chosen for a casino neighborhood, the district can be structured on a parcel-by-parcel basis to exclude underdeveloped single-family residential blocks but capture commercial strips and nearby vacant, commercial, and industrial properties. Care should be taken with industrial properties to not remove the abatement from a functioning industrial property that is planning on expanding its operations.

**FINDING:** A TIF on a small percentage of a single tax can eliminate the windfall of unnecessary abatements that would otherwise be provided to casinos and nearby developers.

In the context of casino development, a TIF district is particularly attractive because other tax abatements are prohibited in a TIF district. Thus, by TIF'ing any percentage of any single tax or group of taxes, the remaining taxes are returned to the general fund. A TIF based on a very small percentage of incremental tax liabilities would significantly increase City revenue because it would eliminate the ten-year property tax abatement. Of course, if the ten-year property tax abatement were not in place in the casino area because Council acts to address the areas covered by the abatement or the length of the abatement, then any TIF would cause a reduction in City revenue.

Once a district is defined, the other important decisions are the amounts of various taxes to be included and the use of the funds. These decisions are obviously closely interrelated. If the goal is to provide a large amount of funds, then the TIF arrangement will have to apply to substantial portions of one or more taxes. From the point of view of City revenue, however, once there is any TIF at all, every additional dollar that goes into the TIF represents one less dollar of City revenue. Increasing the number of dollars going into a TIF does not create new funds; rather it reallocates funds to particular uses. The City would have maximum fiscal flexibility if a TIF

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arrangement were put in place for a very small amount of incremental taxes.

The only downside of limiting the financial magnitude of a Casino area TIF is that it will limit the amount of TIF funds available to remediate negative neighborhood impacts of the casino, although those funds can be obtained from other sources as well. The Task force believes that this downside can be ameliorated in other ways such as a contractual arrangement between the casino and a neighborhood association or a City commitment. It might be possible to avoid the legal barrier to a long run City commitment if the remediation is done through an authority and/or if the funds are spent on capital investments, such as a park that serves as a buffer.

**FINDING: Funds generated by a TIF district could be used to provide additional public services or neighborhood amenities (e.g., additional police, libraries, parks, or school improvements) in the TIF district.**

A casino area TIF could provide a reliable stream of funds dedicated to the provision of special services in the district. Such an arrangement would be one way to assure residents and businesses in the area of a long run remediation of any negative impacts that the casino may have on the neighborhood.

**RECOMENDATION: The City should also develop a non-TIF strategy for providing remediation of negative impacts of the casino on the neighborhood. This also could include negotiating contractually obligated payments in lieu of taxes with casinos and nearby property owners.**

Of course, there are other ways to assure residents that funds are dedicated to remediation. One way to assure such a stream would be the establishment of an involuntary special tax district, but it would be difficult to convince the neighborhood that it should pay for the remediation. Another way to assure such a stream would be a contractual arrangement between the casino and some sort of neighborhood entity. Finally, the City could make a commitment to long run remediation, though any long-term agreements would have to be structured to address certain City Charter barriers to long-term commitments.

**Finding: The mechanics of creating a TIF in Pennsylvania are straight-forward but encumbered by significant procedural burdens, involving several steps.**

Creation of a TIF district is a prolonged process and if the City intends to pursue creation of a TIF district around casinos, planning should start shortly. The steps are as follows:

- First, a formal presentation must be made by an authority to the City (and if taxes that benefit schools are involved, the school district – to simplify the analysis below we assume that the school district portion of real estate taxes are not involved), which must include a description of the proposed boundaries of the district, the tentative plans for the development or redevelopment of the TIF district, and an estimate of the general impact of the proposed district on property values and tax revenues.
  - Second, the City must designate a representative who will be given the responsibility of meeting with the authority to discuss the creation of the district, the boundaries of the
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district, development within the district, the tax increment that the municipality and school district would contribute to the tax increment fund, the exclusion of particular parcels of property from the district, tax collection for the district and any other relevant matter.

- Third, the parties must recommend boundaries of the tax increment district to be created, which is to be submitted by the authority to City Council the term of the TIF, the taxes to be included, and a “base” year (before the impact of the project) for taxes generated from each property and freezing that amount for the general fund for the term of the TIF.
- Fourth, the authority must prepare a detailed project plan for the TIF district, which is submitted to Council.
- Fifth, Council must have at least one public hearing at which interested parties are afforded a reasonable opportunity to express their views on the concept of tax increment financing, on the proposed creation of a tax increment district and its proposed boundaries, on the proposed adoption of a project plan for the district and the benefits to the City.
- Sixth, no earlier than three weeks after the public hearing, Council must adopt a resolution or ordinance which adopts the project plan and creates the tax increment district.
- Seventh, Council must adopt an ordinance indicating that the City will participate in the tax increment district.
- Eighth, the ordinances must become law either through the Mayor’s signature or otherwise.

The Task Force recommends that tax abatements, like KOZ benefits, not be provided to casino developers. There are two methods for achieving this objective: the first is declaring an area no longer “distressed.” The second option is overlaying a TIF District. Each option has advantages and disadvantages. As specific proposals are submitted to the Gaming Control Board, the City, through the Philadelphia Gaming Commission, should immediately commence a site-specific evaluation of the merits of each of these options.

## **Local Governance and Monitoring of Casino Industry**

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The work of the Task Force has made it clear that while regulatory authority of gaming resides at the state level, the municipalities that host gaming venues will have to deal with many issues that affect its residents and businesses. A critical element to the successful integration of gaming into the infrastructure of Philadelphia will lie in the City’s ability to provide an effective, centralized way to coordinate services provided by the City, the casino operators, and other agencies such as SEPTA and PennDOT. As issues arise during the planning, construction, and operation of casinos in Philadelphia, the City will need to be able to efficiently work with the Gaming Control

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Board, casino operators, and neighborhood residents.

**FINDING: Cities with gaming facilities have implemented various strategies to coordinate the needs of citizens, visitors, gaming operators, and other business in the most effective manner.**

To date, the Task Force has served in an advisory and coordinating capacity working on casino related issues. The Taskforce will cease to exist at the end of October 2005 and it is essential that a process be put in place to continue the coordination and oversight of gaming issues going forward.

The Task Force has conducted research on how other municipalities have managed overall coordination and governance of gaming. While it became clear that the best method for coordinating services was to establish a single point of contact within the city to manage ongoing casino related issues, no one structure prevailed as the “right” solution for Philadelphia.

The Casino Reinvestment and Development Authority of New Jersey and the Atlantic City Special Improvement District work jointly on coordinating interests of neighborhoods, businesses and casinos. The Legislature created the Casino Reinvestment Development Authority in 1984. Later, the City chartered the Special Improvement District (SID) which is a special services district that provides supplementary cleaning, security and marketing services to commercial downtown of Atlantic City. The two agencies, along with state and city government officials, lead a public-private coordination of varied interests.

The New Orleans “Downtown Development District” was created in 1974 before gaming was legalized and today helps manage casino related issues on an ongoing basis. The Downtown Development District is funded by a special taxing district created by the state legislature. The district is governed by an 11 member board that is appointed by the mayor and Downtown's State Senator and Representative.

In addition to studying how other gaming jurisdictions have monitored and coordinated services relating to gaming, the Task Force reviewed processes put in place to coordinate services around other highly visited venues in Philadelphia, such as the Center City District, the Stadium Special Services District, and the University City District.

Special services districts (SSD) are now in place in many different sections of Philadelphia helping forge close partnerships between local government, community residents, local businesses, and other stake holders. An effective SSD works with the City to improve an area in terms of attractiveness, livability and development by developing and carrying out a program of cleaning, security and other services that are specially tailored to the specific needs of the area.

The Center City District (CCD) was created in 1990 to provide cleaning, safety, marketing and capital improvement services, that supplement, but do not replace municipal services. The CCD is funded through a surcharge on real estate tax bills. In University City, a contractual relationship between the major health care and education institutions funds similar supplementary service district for the Penn and Drexel areas and surrounding communities. The Sports Complex Special Service District (SCSSD) in South Philadelphia is funded by the

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stadium-district sports teams.

The challenges that will confront the areas around casino sites are probably most similar to the experiences of the SCSSD. The SCSSD has successfully coordinated, managed, and synchronized community interests to maintain and improve neighborhood quality of life for those most impacted by proximity to a major regional destination.

**RECOMMENDATION:** The City should adopt a four-step process to manage and coordinate issues related to gaming that affect residents, visitors, businesses, and casino operators.

As the Task Force completes its mission and ends its term of service, it is critical that a process be put in place to coordinate gaming related issues as they arise. The Task Force recommends the following four steps:

### **Step One: Establish the Philadelphia Gaming Commission (PGC)**

By Executive Order, a commission should be created to serve the City as the single point of contact to coordinate issues between casino developers, operators, the State Gaming Control Board, neighborhood groups and the City as they arise during the development of the two casinos in Philadelphia.

The PGC will be charged with several major objectives, including the following:

- **Application Evaluation and Design Review.** The PGC will take the lead, working closely with the Philadelphia Planning Commission, on evaluating applications submitted by potential gaming operators as they apply for a Gaming License with the State Gaming Control Board. The PGC will be guided by the design criteria recommended by the Task Force on page 63 as well as the operator evaluation criteria recommended in the appendix at page 432. The PGC will prepare a formal process to review these applications in a diligent manner and then make recommendation to the Administration to prepare the Mayor to make official comments to the Gaming Control Board during the city's designated comment period.
  - **Zoning and Development Incentive Legislation.** The PGC will work with the Administration and City Council to prepare legislation that is necessary to build casinos in the city. The PGC will coordinate efforts to amend the zoning code to allow for Commercial Entertainment Districts in Philadelphia as recommended on page 365, as well as prepare legislative initiatives to deal with inappropriate developer incentives as recommended on page 367.
  - **Oversight.** The PGC will manage, coordinate and support the efforts of the committee overseeing casino compliance with commitments surrounding diversity, labor policies, and local business participation.
  - **Establishment of Casino Neighborhood Special Services Districts.** The PGC will work to establish special services districts as recommended below to serve the needs of
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the residents and businesses in the areas around the two casinos in Philadelphia, as well as the specific needs of the casino operators themselves. The PGC will draft legislation needed to create the district and take the lead in coordinating its creation.

- **Monitor Implementation of Accepted Task Force Recommendations.** The PGC should take the lead in advocating for the recommendations made in this report and working with the City, State, and casino operators to implement as many of the recommendations as possible.

### **Commission Structure**

The Commission should be made up of five members. Three should be appointed by the Mayor and include one private citizen, a representative of the Managing Director's Office, and a representative of City Planning. Two other members should be appointed by the President of City Council. Additionally, the City Solicitor will act as a non voting General Counsel of the Commission.

The Commission members should serve through June 2008. They will meet weekly through the application review process and monthly thereafter. Commissioners will be compensated at a rate of \$150.00 per meeting. All Commission meetings will be subject to the Sunshine Act thus making them open to the public.

The Commission should be staffed with three full time employees dedicated to providing day to day oversight and administrative support to the commission. The staff will work with dedicated liaisons from key City departments to conduct its work.

- **Executive Director**—This position will provide overall leadership for the commission. This staffer will be charged primarily with keeping staff and commission on track; provide oversight to budget; and serve as point of contact for commission with the press, government, public and private sector.
  - **Deputy Director**—This position will manage daily operations of the commission, including staff. This staffer will serve as point of contact for commissioners; schedule commission meetings; and provide written follow up to commission and Executive Director.
  - **Administrative Assistant**—In addition to providing administrative support to the Executive Director and Deputy Director, the Administrative Assistant will also manage the data management systems, as well as keep the office technology up and running.
  - **City Liaisons**—Additionally there should be a person assigned as a point of contact from the following city departments: the Mayor's Office, the Managing Director's office, the Law Department, the Department of Commerce, and the Philadelphia City Planning Commission.
-

## **Step Two: Adoption of an Ethics Policy**

The Task Force has developed an ethics policy that it suggests should be considered by the Mayor and established by Executive Order. This policy will define the actions and activities of the members of the PGC and officials within the administration. The ethics policy covers gifts, political activities, and interactions with gaming entities and companies. A draft of this ethics policy can be found in the appendix on page 429.

## **Step Three: Establish Casino Neighborhood Special Services Districts (CNSSD)**

The PGC should encourage the creation of a special services district for each casino setting. Once the districts are fully operational, they will then serve three critical functions: (1) replace the PGC as the single point of contact for the City on all issues relating to gaming, (2) provide supplementary improvement services to impacted commercial areas and neighborhoods, and (3) provide a forum for local businesses and communities to come together with casino operators, the City, and the Commonwealth to respond to on-going challenges.

### **Jurisdiction**

One Casino Neighborhood Special Service Districts (CNSSD) should be created to service designated commercial areas and residential neighborhoods surrounding each casino. In the event that one or both of the selected casino sites is in an area where there is an existing special service district, the Task Force recommends that the additional resources generated by the casino be used to strengthen the staff and infrastructure of that special services district so that it may take on the additional functions outlined below.

If two casinos are placed in close proximity (two casinos on the waterfront, for example) and there is no existing special service district in place, there should be one centralized special service district that will serve the communities around both casinos.

### **Board of Directors**

Each new CNSSD should be governed by a Board of Directors that includes representation from those who are contributing the majority of the resources, as well as representatives from the surrounding community and from the City of Philadelphia. The structure of the Board of the each CNSSD should reflect the method selected for funding the CNSSD (see below) while ensuring community control. The Task Force suggests that there be seven voting members of a new CNSSD Board, that could include four Community Directors elected by members of designated neighborhood groups, one member appointed by the casino operator, one member appointed by the Mayor, and one member appointed by the local district councilperson. The Mayor, Managing Director, City Solicitor, Director of Commerce, and Director of City Planning shall serve as ex-officio, non-voting representatives to the Board.

### **Staff**

The Task Force recommends that the CNSSD be organized, and staffed with, individuals

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principally responsible for on, all answerable to an executive director, who can exercise balance the needs of the competing interests and be accessible and accountable to the leaders of the communities and the City. It is recommended that each district be staffed with:

- **One executive director**—Charged with the responsibility of working with the board and staff to fulfill the mission of the CNSSD. The Executive Director will be responsible for all projects, programs, budgets, and personnel. This should be a salaried position with benefits.
- **Three administrative staff members**—Administrative staff will be responsible for all administrative duties for the CNSSD. These should be salaried positions with benefits
- **One operations manager**—Charged with the responsibility of day-to-day oversight of the CNSSD. The Operations Manager is responsible for supervising line staff and overseeing operations. The Operations Manager must establish, maintain and oversee effective staffing, management systems and community relations to help ensure the CNSSD is achieving its mission.
- **One community liaison**—Charged with facilitating effective relationships between neighbors, businesses, the City, and the casino.
- **Cleaning and greening employees**—On-street operations staff should be sufficient to provide frequent daily cleaning, greening and other neighborhood needs in the area immediately around the casino and in the adjacent residential communities.

### **Methods of Funding Services**

Once casino sites are chosen, it will be necessary to carry out a planning process to determine the areas which will be directly impacted by the casinos and are warranting supplementary services. A detailed assessment of the area should be undertaken in partnership with the City and the local communities to determine the types and frequencies of services that will be required immediately around the casinos and in adjacent residential areas. These could include cleaning, landscaping, lighting, directional signs, parks, neighborhood ombudsmen, and other community needs.

The Task Force has determined that any one or combination of the following revenue sources can be used to fund the CNSSD:

- **Contractual arrangement**—The casinos could follow a model similar to that used by the University City District and contractually obligate themselves to fund supplementary services for the area surrounding casinos and nearby residential communities.
  - **City**—The CNSSD could be funded by the City of Philadelphia out of the general fund with new revenues originating from the City's host fee or as a result of revenue growth due to additional economic activities spurred by gaming.
  - **Self-imposed assessments**—The casinos and adjacent commercial property owners
-

could follow the procedures mandated by the Municipality Authorities Act of 1945, as amended by the Neighborhood Improvement District Act of 1998, in which all commercial properties within a defined zone vote to impose a special assessment which is used to fund supplementary services for both the commercial entertainment area that includes casinos and surrounding residential communities. This is similar to the model that was followed in Atlantic City, New Jersey.

- **State**—The Gaming Act has set aside five percent of total revenues to be used for economic development purposes. For the first 10 years, any money from this fund that is spent in Philadelphia can only be used for costs related to the Pennsylvania Convention Center expansion and operating deficits. After 10 years, Philadelphia could apply for those dollars to be used in other areas, including, potentially, funding of a CNSSD.
- **TIF Districts**—As discussed on page 375, if a TIF District is created around a casino as a strategy to minimize unnecessary developer incentives, the TIF could provide a revenue source for the CNSSD for the term of the TIF.

#### **Step Four: Final Delegation of Responsibilities**

In 2008, the PGC should issue a final report making recommendations as to how the City can best handle issues that fall outside of the purview of the special services districts.

For example, as casinos expand, the Philadelphia City Planning Commission should continue the design review process put in place by the PGC. City agencies should be charged to continue the oversight processes put in place by the Commission. The final report also should clearly indicate what objectives were completed and which specific tasks will become the responsibility of other specified entities and to recommend the necessary transition processes.

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## **SECTION 7**

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# **ACKNOWLEDGEMENTS**

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# SECTION 8

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## Comments on Draft Regulations

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As the Pennsylvania Gaming Control Board drafted regulations for the gaming industry in Pennsylvania, the Task Force took part in the comment process by giving feedback to the Control Board. In the pages that follow are the official comments of the Task Force on three sets of regulations proposed by the Gaming Control Board.

## Category I Regulations (June 17, 2005)



# CITY OF PHILADELPHIA

OFFICE OF THE MAYOR  
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JOHN F. STREET, ESQUIRE  
MAYOR

June 17, 2005

Pennsylvania Gaming Control Board  
P.O. Box 69060  
Harrisburg, PA 17106-9060

Dear Members of the Pennsylvania Gaming Control Board:

Pursuant to your request to submit comments on the Board's May 18, 2005 Order, I am transmitting herewith the recommendations and comments prepared by the Philadelphia Gaming Advisory Task Force. Your proposed regulations pertain primarily to conditional Category I casinos (Philadelphia will host Category II facilities). However, since we anticipate that the eventual regulations for Category II facilities will track the current proposals we felt it necessary to comment.

I established The Philadelphia Gaming Advisory Task Force to study issues related to the arrival of licensed gaming facilities within Philadelphia. This task force serves in an advisory capacity in conjunction with the City Planning Commission and will make recommendations to the administration on acceptable locations and report on the overall impact gaming will have on Philadelphia.

Although the actual decision making powers are vested in the Gaming Control Board, the Philadelphia Gaming Advisory Task Force hopes to work cooperatively with you to ensure an efficient and profitable implementation of gaming in Philadelphia. The mission with which I have charged the Task Force is to: develop recommendations on acceptable locations for two Philadelphia licensed gaming facilities; develop appropriate design standards for such licensed facilities; make recommendations on a mechanism for future governance and operations; and prepare a report assessing the overall impact of such licensed facilities.

We look forward to sending you a complete report of our findings and hope they will be an informative and useful resource.

With kind regards, I am

  
John F. Street, Esquire  
Mayor



The Philadelphia Gaming Advisory Task Force respectfully submits these comments pursuant to the Pennsylvania Gaming Control Board's ("Board") Order of May 18, 2005. In so doing, we seek to share with this Board the perspective of our 47 community leaders and the experts and staff who have been working with the Task Force in reviewing the impact and implications of the Pennsylvania Race Horse Development and Gaming Act (the "Gaming Act") on the City of Philadelphia and the Commonwealth. We commend the draft regulations and extend our gratitude to the Board for its efforts to move the process forward during the pendency of the current court challenge.

#### **The Task Force**

This spring, Mayor John F. Street formed a Philadelphia Gaming Advisory Task Force ("PGATF"), consisting of a wide cross-section of professionals and residents, to make recommendations to City government on all aspects of the introduction of the gaming industry to our city. The Mayor and the other members of the PGATF believe that gaming presents a historic opportunity for Philadelphia to introduce a major new industry in a cohesive manner to maximize not only the revenue for the Commonwealth, but to maximize benefits, and minimize costs, to the people living in and near the venues while ensuring that the new Pennsylvania gaming industry thrives. As the Mayor has stated, "for gaming to work, it must be done right."

The PGATF has spent the last three months studying gaming around the country and studying the existing Philadelphia marketplace into which two slots-only casinos will enter. We have focused on evaluations of potential sites and on the impact, both economic and social, of the industry's arrival. The Task Force is preparing an interim report that summarizes our findings for delivery to the Mayor in July. We will also present the Mayor with a final report in early Fall detailing our recommendations for gaming in Philadelphia. We will, of course, provide copies of these reports to the Board.

#### **Comments to Application Requirements in Section 437.4**

##### The Need for Further Requirements in § 437.4

PGATF generally commends the breadth and depth of the application requirements. However, during our analysis of the impact of these facilities on Philadelphia we have identified several additional pieces of information that will be critically important in assessing applications, and we therefore urge the Board to add the following requirements as new subsections in Section 437.4:

- **Site and surrounding neighborhood safety and security plan.** This should be accompanied by any evaluations of the plan provided by relevant safety agencies and other experts. Crime and traffic are the primary issues of concern for residents who are about to become neighbors of a gaming facility, and we suggest that applications should fully address any steps taken to provide safe venues and to secure their surrounding communities.
- **A maintenance plan for the physical area around the gaming facility.** This plan should cover nearby property both controlled and not controlled by the applicant,

including development of new exterior public amenities. Such considerations are crucial for casinos locating in existing urban areas that are striving to maintain their built environment and provide quality public amenities, as will be the case in Philadelphia.

- **A proposed building program.** A proposed building program for the site detailing what will be completed at the time of initial opening and plans and an estimated timetable for later phases of development will be essential in both Board and local review of any application. Any analysis of the economic impact of a casino, from revenue to jobs, is heavily dependent upon the development program adopted by the operator. Although operators will likely undertake phased development, we are sure that the Board's assessment of a proposal will depend heavily on the full planned development, as well as the timetable proposed.
- **Projected timetable for development.** A one-year delay in opening a Philadelphia casino could mean as much as a \$100 million reduction in revenue made available to the Commonwealth for tax relief and other purposes. We thus suggest that the Board mandate that proposed timetables be included in applications, and that granted applications be required to comply with such timetables, subject to reasonable relief for circumstances beyond the control of the developer.
- **Local employment strategies.** For citizens throughout the Commonwealth to fully benefit from the introduction of gaming, each operator should be required to develop recruitment, training, retention, and promotion strategies for local employees at all levels of the organization, with special attention paid to residents of the areas surrounding the proposed site. These strategies should detail any commitments that the operator is willing to make, and to which the operator is willing to be bound, to limit the number of positions that will be eligible for relocation benefits during construction and during the first three years of operation.
- **A local vendor plan.** We recommend that each operator be required to develop a local vendor plan detailing the capacity demanded and scope of services to be retained from local vendors, including, but not limited to, professional services, food and beverage, other consumables, outsourced internal areas providing retail, restaurant, and club services, and construction services. Without such a plan, preferably a binding one, economic impact on the local community will be much more difficult to project.
- **Traffic circulation plan.** Although we expect that most visitors will arrive by automobile, each casino also will involve access by taxis, limousines, public bus, casino bus, service vehicles, and pedestrians. We urge the Board to require each applicant to provide a comprehensive access plan detailing how the proposed development will handle arrival and storage of each type of vehicle.
- **Neighborhood and community involvement.** In Philadelphia, and we assume in many other areas of the Commonwealth, every site under widespread discussion for a stand-alone facility is located in the midst of existing neighborhoods. It is anticipated, as part of an amelioration strategy, that the casinos will make specific "good neighbor"

commitments to both the immediate surrounding neighborhoods and to the host municipality. In order to increase transparency and enforceability, applicants should be required to include details in their applications to the extent that such commitments are made.

- **Capital Expenditures.** As proposed for conditional racino licenses, *see* § 437.12 (8)(v), we encourage the Board to require that all applicants detail their estimated capital expenditure, including the cost of purchasing slot machines, for the applicant's proposed facility. Although we anticipate similar regulations will be promulgated for each class of licenses, because this category is similar to the other materials already included in § 437.4, we include it here.

Proposed Modification to Diversity Plan Requirements in Section 437.4(5)

The PGATF does not see a rationale why the diversity plan required by proposed regulation § 437.4(5) should not be provided with the application, as are almost all other required parts of the application. While the PGATF and the City applaud the Legislature's inclusion of diversity language in the Gaming Act, such language will have meaning only if the Board and all other interested parties breathe life into these provisions. We are concerned that delaying, even by 30 days, the diversity plan sends a signal that this is a less essential portion of the application.

We also believe that the diversity plan requirement should detail the elements of a minimally comprehensive diversity plan. Among the items we would suggest for inclusion are: (i) a statement of minority, woman, and disabled ("MWD") and local ownership interests, (ii) a list of all contractual commitments for business participation with local and other MWD-controlled businesses, with details of such participation including capacity and share, (iii) a detailed list of involvement of local and other MWD professionals in development of the application and related plans, (iv) a detailed recruitment and training strategy for MWD employees at all levels of the organization, (v) a detailed retention and promotion strategy for MWD employees at all levels of the organization, (vi) details about creation and funding of an outside compliance oversight group involving relevant community stakeholders and experts, and (ix) diversity participation goals for each category listed above. The planning and oversight functions described above have led to improved diversity outcomes in major Philadelphia development projects over the last several years.

Additionally, to properly contextualize the diversity plan, applicants should be required to provide information about their track records, and those of their partners and construction manager/developers, in meeting diversity in employment and contracting commitments in other locations and on other local projects.

Proposed Expansion of Tax Clearance Review in §§ 437.4(12) and 437.12(b)(9)

*It would be incongruous for any applicant to be later found to owe taxes to either the Commonwealth or any host municipality. The PGATF thus suggests that §§ 437.4(12) and 437.12(b)(9) be amended to also require tax clearance review from the host subdivisions.*

Proposed Expansion of Marketing Efforts Detail in § 437.4(16)

Marketing strategy plays a crucial role in the viability of any gaming facility and will significantly influence both the economic success of the operator and the ultimate impact that gaming has on its host community. We thus encourage expansion of § 437.4(16) to require submission of information on plans of target markets, both geographically and demographically; the extent to which the applicant plans to contract with bus companies to bring patrons to the facility; planned advertising strategy including use of billboards and other media; and, if applicable, how the proposed facility will be marketed in conjunction with other properties owned or operated by the applicant. While these plans are all speculative, there will be key marketing assumptions underlying the operating pro formas used by the companies and those underlying assumptions should be provided for Board and public review.

Proposed Expansion of § 437.4(18) to Include Building Materials

Philadelphia is a city of neighborhoods and many of these neighborhoods have distinctive architectural styles, often featuring specific materials. In order to protect and enhance these assets, gaming facilities should aspire to top-level design standards, including the use of high-quality building materials. We thus suggest that § 437.4(18) be expanded to include the types of building materials that will be used in the project.

Greater Detail in the Requirements for a Local Impact Report is Needed in § 437.4(21)

The PGATF has spent a significant amount of effort examining the potential local impacts of gaming on Philadelphia and hopes that license applicants match this effort. Towards that end, beyond the local impact analysis already provided for in § 437.4(21) we recommend that applicants also be directed to include analysis of local impacts on (i) parking, (ii) public transit, (iii) localized/neighborhood crime, (iv) local and regional families, including access to childcare, (v) if the proposed facility is relatively proximate to a major local facility (hospital, convention center, shopping mall, plaza, etc), its impact on access to such facilities and corresponding effect on the people and places in the vicinity, and (vi) the host subdivisions' social service delivery system, including, but not limited to, child welfare, behavioral health, homelessness, shelter services, and emergency responders, and should include not only a focus on the existing infrastructure but should embody a view toward enhancing or improving service delivery.

Additionally, traffic studies should include information on all significantly impacted roadways, expressways, surface streets, and mass transit; average daily traffic and peak period movement counts; and peak period intersection turning movement counts. It also should reference and make available the specific data on which these traffic estimates are based. Finally, applicants should include a summary of regional transit operations leading to the proposed site and any suggested, planned and funded expansion of such transit.

Public and Municipal Access to the Applications under § 437.4(21) and § 437.15

We are also concerned about some ambiguous language surrounding confidentiality in § 437.4(21). Similarly, § 437.15 indicates that the local impact statement may be the only

information that will be included in the evidentiary record for review by the political subdivision, and we do not believe that is the intent of the Board. The PGATF does not believe that any aspect of a local impact analysis should ever be confidential because the people who will have to live with the local impact should have full access to the analysis. We urge the Board to go one step further, even, and require that data underlying the local impact analysis, and all other relevant analysis, be made publicly available so that the local impact report and other applicant assertions can be vetted with maximum transparency and accuracy.

The Need for Detail Surrounding Applications Involving Temporary Facilities and § 437.4(25)

The PGATF is concerned about temporary facilities disrupting two additional Philadelphia communities and doing so in a manner that is not controlled to the degree that a permanent facility would be. We thus believe that if a temporary facility is proposed, § 437.4(25) should require the submission of all information otherwise required for the permanent facility.

We are also concerned about a repeat of the Detroit experience where nearly a decade later the casinos are still in their “temporary” facilities. The PGATF thus urges that the Board, through an amended § 437.4(25), require that every applicant proposing a temporary facility submit, along with the transition plan, an irrevocable graduated completion bond, with substantial daily payments payable to the host municipality if the operator fails to conform to its proposed plan.

The Need for Full Mitigation Plans Under § 437.4(31)

The PGATF welcomes the Board’s requirement of a discussion of adverse impact mitigation in proposed § 437.4(31), however we would urge that a specific mitigation plan be required from each applicant. This will allow the Board and the public to judge the credibility and completeness of each applicant’s approach to problem mitigation.

**Clarification to Procedure in Section 437.7**

The PGATF seeks clarification on language in § 437.7 stating that the Board may issue a slot machine license as long as the applicant meets stipulated financial fitness and character requirements. We wish to confirm our view that the Board believes that such requirements are necessary, but not sufficient, preconditions for license issuance. The remainder of the proposed regulations ensure that the GCB will be in possession of substantial information detailing the nature and quality of proposed facilities, and consideration of this information should play a central role in the licensing procedure.

The City of Philadelphia intends to utilize a broad set of performance criteria during its review of applications during the political subdivision comment period. The PGATF’s reports to the Mayor, which will be made available to the Board, license applicants, and the general public, will detail the criteria that we will utilize to evaluate the sites, economic and social impacts, and building program, design, and transportation considerations.

**Comments to Public and Local Subdivision Input in Sections 437.15-16**

PGATF research shows that a significant portion of Philadelphians are skeptical that gaming will benefit them, and they have significant concerns about the introduction of gaming into their communities. In addition to the public disclosure concerns discussed above, we believe that the Board can utilize public and local subdivision input processes to clarify public perception about both gaming proposals and the licensing process. The PGATF has thus far conducted ten public hearings and numerous meetings with impacted groups across the City of Philadelphia, and community input and confidence in our process has increased dramatically as a result of these efforts. We urge the Board to take similar measures to ensure significant public input.

Specifically, we urge the Board to allow subdivisions the power to, by request, organize a Board meeting in their jurisdiction during the public comment window. Additionally, we urge the Board to adopt a process through which the Board will require applicants to make themselves available to meet with the leadership of the local subdivisions.

#### **Comments on the Timing of Section 501's Plan to Address Compulsive and Problem Gaming Requirements**

The requirements of § 501 properly target the need to quickly identify and treat those persons who may become compulsive or problem gamblers. Prevention or early attention to the warning signals of this disease will limit the potential drain on limited county-level resources.

Given the importance of this program, the PGATF strongly recommends that the requirements of § 501 be made mandatory at the time of submission of a gaming license application, allowing these treatment plans to be subject to competitive and comparative review. The crucible of a competitive application process will motivate potential applicants to put their best resources to work during this critical process. Relegating this significant aspect of the gaming plan to a post-approval analysis diminishes the importance of creating an efficient and accurate early warning system for this vulnerable population. It would also effectively limit public comment at a stage when the comments could be heard and considered in the Board's decision-making processes.

By instead requiring pre-approval submission the Board could have an opportunity to review each plan for thoroughness in identifying and meeting the needs of this troubled population. The Board will have the opportunity to compare a variety of relevant treatment models and assess their creativity and efficacy.

Finally, based on this analysis and the heightened public review it would receive while the attention of the public is on the Board's decision-making, the Board may be swayed by a more comprehensive program or ultimately make recommendations for implementation of a particular program on a statewide basis.

#### **Comments on the Need for a Check-Cashing Limitation**

The PGATF is concerned that certain especially vulnerable patrons (*e.g.*, the elderly, low-income, fixed-income families) with a potential of engaging in problem gambling could completely exhaust their social security, public assistance, unemployment, or disability checks at the casinos. Ready access to their entire check for someone with a gaming problem could yield

an unaffordable loss. The loss would likely be compounded by further dramatic repercussions that would echo throughout the social welfare system including, but not limited to, increases in homelessness, domestic abuse, petty crimes and prostitution.

However, PGATF does not believe in a uniform ban on check cashing at the casino because it could create increased crime risks to patrons entering and exiting the casino, particularly as the Gaming Act prohibits credit gambling and limits automated teller access. We do not believe that it would be long before criminals began to target cash-carrying casino customers for theft or burglary.

To balance both the issues of safety and of prevention of a major unaffordable loss for the patron, the PGATF recommends that the Board adopt an intermediate limit (either in dollars or a specific percentage) of cash to be made available for certain negotiable instruments, with the rest turned over through an alternate instrument pre-marked for deposit only. Specific limitations should be imposed on certain checks including, but not limited to, public assistance, social security, payroll, unemployment and disability.

#### **Comments on the Advertising Requirements in Section 501.3(a)(4)**

The PGATF has learned that one of the major catalysts in developing a gaming problem, among boredom, the need for an escape, and access to gaming, is pervasive advertising of gaming. Given that approximately four percent of people significantly exposed to gaming will develop some degree of gaming problem, we believe that advertising needs to be better regulated, and that simply advertising a problem gambling hotline within a certain distance of the exits and entrances of a casino is not adequate mitigation of the potential effects caused by the advertising itself.

We thus suggest that the Board augment its proposed regulations by requiring that all gaming advertising include a prominent display of the problem gambling treatment hotline, much as cigarette packs must display health warnings. This would extend to all media advertisements, including flyers, posters, and billboards that market gaming facilities or operations. This inclusion would help ensure that all exposed to gaming through advertising can simultaneously get information on treatment and rehabilitation.

#### **Comments on the Self-Exclusion Provisions of Section 501.3(a)(3)(v)**

Section 501.3(a)(3)(v) requires the referral of individuals who have self excluded from gaming to qualified treatment professionals. This section should be expanded or augmented as set forth below.

The PGATF believes that self-exclusion programs can work, but that casinos currently do not sufficiently use their resources to enforce restrictions on self-excluded persons to the extent that they can and do for individuals who have been excluded for other reasons, such as underage gambling, criminal activity, or card counting. We do not believe the proposed regulations provide sufficient incentive for gaming operators to expend their resources to enforce self-exclusions.

But that need not be the case. A typical casino security department has ample resources available to fully enforce a reasonable self-exclusion plan. A person who has asked for self-exclusion should have their request honored. In this regard, revocation should be a process that requires some passage of time to allow impulses to cool because pathological gamblers do not always have the mental capability to resist the immediate urge. Further, operators should be required to inform the person requesting exclusion in writing, at the time of self exclusion, that any proceeds, promotions, or funds obtained as a result of gambling after the person's voluntary self exclusion, will be forfeited. Because self-exclusion plans are typically the last line of defense to help prevent the pathological gambler from relapsing, full enforcement should be a duty of the casinos.

Finally, we agree with Senator Fumo's superb suggestion that any winnings resulting from gambling by a self-excluded person should go to the Fund for Problem Gambling pursuant to Section 1509 of the Gaming Act. This would both eliminate the disincentive to enforce self-exclusion plans and channel necessary resources into assisting other addicts.

#### **Comments to Liability Limits in Section 501.6**

While the PGATF understands the need for many of the limits to liability set forth in proposed § 501.6, we believe that the regulations can accomplish the necessary reasonable ends with slightly less aggressive means. Specifically, while we wish to protect good faith conduct from spurious lawsuits, there should be carve-outs for conduct where there is a lack of good faith. Similarly, where a contract is validly negotiated, and not properly revoked, the regulations should not interfere in that marketplace. And, finally, nothing in these regulations should allow an operator impunity in taking advantage of children and others who are objectively incapable of entering into a gaming contract.

#### Good Faith and Overbroad Protections

Any search of casino-related case law, as with most areas of the law, leads to both valid claims and specious overreaching. PGATF fears that the overbroad language of § 501.6(5) does not respect potentially valid claims.

We do not believe that Board intervention is needed in the area of contract claims because underlying principles of contract law successfully eliminate all but the most meritorious of claims (*e.g.*, the *Wynn* claim discussed below).

In the tort arena, cases in other jurisdictions indicate that some limitation may be necessary, which is why states such as Nevada have adopted limiting provisions. However, such a limitation should not apply to truly bad actors. By incorporating a good faith requirement into the subsection (5) restriction, the Board could appropriately insulate operators and employees while not shielding the blatant tortfeasors, such as someone who encourages a seven-year-old to gamble.



In the absence of a good-faith compliance requirement, there will be minimal, if any, ability for the public to hold operators accountable for failure to comport with the regulations that the Board is promulgating in this regard. Recognizing, however, that it serves no one's interest to inundate the courts with frivolous lawsuits, we suggest that the regulation utilize burden-shifting to raise the bar for a prospective plaintiff. This could easily be done by extending the liability protection in § 501.6 only "in the absence of gross negligence or willful misconduct," thereby allowing an enforcement mechanism while still limiting unnecessary litigation.

#### Contract Claims

While it is obvious that unsuccessful gamblers should not have a claim simply because they have lost, subsections (4) and (5) are overbroad insofar as they reach contracts that are made between competent parties, remain in effect, and are supported by adequate consideration.

As with all other contracts, as a general rule, exclusion contracts can always be broken by simply entering into a new agreement revoking the old arrangement. However, where the party has lost the capacity to contract (*e.g.*, where a child obtains a valid custody order on a parent with dementia) or where a contract involves a third party, contracts cannot necessarily be revoked. For example, the case *Wynn v. Monterey Club*, 168 Cal. Rptr. 878, 880-81 (Cal. Ct. App. 1980), involved a contract between a card club and a husband who agreed to pay off his wife's unsecured gambling debts if the club would exclude her from the premises and deny further check-cashing services. The card club made a business decision to take the husband's money and then broke its end of the agreement, allowing the wife to continue to gamble and cash checks. The husband eventually won his claim and also prevailed on appeal. *Id.* at 881.

The current draft of the regulations allow operators a windfall from the consideration they accept without having to satisfy their obligations under the contract. For these limited, but valid, reasons, the liability protection provisions should not apply to contract claims.

## Comments on Two-Region Supplier Concept (July 18, 2005)

### Comments of the Philadelphia Gaming Advisory Task Force

#### **Two-Region Supplier Concept**

Submitted July 18, 2005

By and through undersigned counsel, the Philadelphia Gaming Advisory Task Force respectfully submits these comments pursuant to the Pennsylvania Gaming Control Board's Order of July 7, 2005.

The proposal at issue seeks to regulate slot machine suppliers in Pennsylvania with a two-region supplier plan designed to address concerns about (1) the financial viability of a large number of regions; (2) the need to encourage diversity in ownership and participation; and (3) the expansion of the market to additional competition among suppliers. We commend the Board for a creative attempt to respond to comments from the regulated industry.

The Task Force submits that, in responding to the industry concerns, the Board must not abandon the equally consistent objectives of full and meaningfully diverse participation by all businesses of appropriate size in the Commonwealth and maximized efficiency through the selection of the best suppliers without regard to location or access to a particular region or manufacturer. The Task Force therefore suggests that the Board resist a "compromise" that will limit the ability of qualified businesses to take full advantage of the economic opportunities that the incipient gaming industry represents and will undermine the effectiveness of diversity plans already in place.

Instead, the Task Force recommends that the Board either retain the original proposal for multiple smaller regions, which will permit participation by a greater number of smaller entities, or implement a plan for a single set of statewide suppliers.

#### Supplier Plan Must Adhere to "Best Practices" Spirit of Manufacturer Regulations

The regulations already promulgated by the Board establish a comprehensive regulatory system designed to "enhance the credibility of the licensed operation of slot machines and associated equipment in the Commonwealth and to carry out the policy and purposes of the Board," which are to facilitate the prompt implementation of the Pennsylvania Race Horse Development and Gaming Act of 2004. The fitness and disclosure requirements contained in the regulations are designed to ensure participation in the gaming industry by businesses selected objectively on the basis of their industry-appropriate business qualifications and their implementation of a comprehensive diversity plan that promotes diversity in ownership and participation (this objective is discussed in greater detail below). *See, e.g.*, §§ 421.1, 423, 427.

It is essential, therefore, that in creating a supplier plan the Board continue to be mindful that these goals are best achieved by expanding, rather than restricting, the opportunity for businesses to become involved in gaming. Thus, a plan either for statewide suppliers, encouraging maximum competition, or for several smaller regional suppliers to protect smaller companies without deep pockets will maximize the potential for the greatest number of qualified businesses to take advantage of this new local industry. We are concerned that a compromise measure will combine the weaknesses of both options, resulting in patronage-like pockets that limit market operation without truly opening the doors to local, small, and diversely-owned businesses.

Supplier Diversity Plan Should Be Consistent with Existing Diversity Goals

The previously promulgated regulations contain a comprehensive diversity plan requirement. *See* § 481, *et seq.* The Task Force recommends that the supplier regulations contain a similarly comprehensive plan, with a concrete enforcement mechanism to ensure the plan's effectiveness in achieving meaningfully diverse business participation. Much like the Task Force recommended in commenting on the regulations governing license applicants, we would suggest for inclusion: (i) a statement of minority, woman, and disabled ("MWD") and local ownership interests; (ii) a list of all contractual commitments for business participation with local and other MWD-controlled businesses, with details of such participation including capacity and share; (iii) a detailed recruitment, promotion, retention, and training strategy for local and MWD employees at all levels of the organization; and (iv) local and diversity participation goals set by the supplier, including penalties for failure to reach such goals.

Additionally, to properly contextualize the diversity plan, applicants should be required to provide information about their track records, and those of their partners and construction manager/developers, in meeting diversity and local-participation goals and commitments in employment and contracting in other locations and on other projects.

Respectfully Submitted,



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## Comments on Bureau of Investigations and Enforcement & Class 2 and 3 License Applications Response (September 6, 2005)

### **Comments of the Philadelphia Gaming Advisory Task Force**

#### **Bureau of Investigations and Enforcement Class 2 and 3 License Applications**

Submitted September 6, 2005

By and through undersigned counsel, the Philadelphia Gaming Advisory Task Force respectfully submits these comments pursuant to the Pennsylvania Gaming Control Board's order of August 4, 2005. The proposed regulations would establish regulations for the Bureau of Investigations and Enforcement and set further criteria for Class 2 and 3 license applications.

#### **Section 405 – Bureau of Investigations and Enforcement**

The Task Force is concerned that there is a potential conflict inherent in the Board both adjudicating allegations of impropriety and supervising the enforcement entity that brings forth the same allegations. To ensure successful implementation and operation of gaming in Pennsylvania, the Board must operate here in a manner that narrowly focuses on protecting the integrity of the process. This can only be achieved through rules that clearly delineate the authority, establish appropriate procedural protections and provide specific guidance and limitation on authority to subordinates delegated decision-making power.

Towards that end, the Task Force believes that the Board should now adopt clear parameters for the discretion provided in section 405.3(a)(3)-(4). These parameters should include guidelines for initiation of action, dispute settlements, license conditions and revocations, and other disciplinary outcomes. These regulations and guidelines should be strictly delineated and any circumstances that may give rise to exceptions or deviations should also be explicitly stated. The Task Force urges that such guidelines or criteria either be developed now or that the Board in these regulations set a deadline by which such guidelines will be adopted.

Additionally, the Task Force suggests clarification of section 405.3(a). The Task Force is concerned that the sole discretion language might be read to prevent the Board, for example, from seeking license conditions, revocations, or other penalties where the Office of Enforcement Counsel does not itself initiate such action. Similarly, Pennsylvania residents, officials, government subdivisions, and companies need to be empowered to provide advice or file recommendations and objections on matters covered by section 405. This ambiguity can be corrected by clarifying that the powers delineated in section 405.3(a) are vested in the Office of Enforcement Counsel on a non-exclusive basis.

### Section 443 – Class 2 and 3 License Applications

As the Board is aware, the Task Force has performed an extensive analysis of many of the issues generally facing cities that will host Class 2 facilities, and specifically how those issues relate to the City of Philadelphia. The Task Force commends the Board for including many of these issues in the adopted version of section 441 (and many appeared in the initial version proposed by the Board) and for the thoughtful consideration that was clearly applied to the extensive comments submitted on application requirements.

However, there remain a few issues that may not have been priority considerations for applicants seeking non-competitive Class 1 licenses, but which are highly relevant for Class 2 and Class 3 license applicants. Many of these issues apply uniquely to the dense urban settings where several Class 2 facilities will be located. For example, the local impact statements requirements under 441.4(a)(21) do not adequately address the impact of casino development on existing parking supply and demand, or the impact on casinos of yet-to-be-completed nearby developments as well as the impact of casinos on those developments.

#### Traffic and Transportation

While a traffic circulation plan may not have been necessary for racinos developed on the large plots of land available right off an interstate at probable Class 1 sites, managing traffic around urban casinos is a critical challenge that will be faced at almost every potential site identified in Philadelphia. The Task Force believes that it would be most constructive to consider applications only if they include a full and complete traffic circulation plan, both on and off site, including all proposed roadway improvements with input from local streets (and where applicable state and federal highway) officials.

Traffic circulation is not the only transportation issue that is magnified in evaluating casino development in densely developed urban settings. The Task Force therefore urges the Board to require from each applicant a transportation demand plan (“TDP”). The Task Force recommends that TDPs should include, among other items, the needs of patrons, employees, and service delivery traffic with regard to:

- (i) Transportation inventory. For Philadelphia casinos, for example, this should include expressways, surface streets, and mass transit, including elevated train lines, commuter rail, Amtrak, and SEPTA and New Jersey Transit buses.
- (ii) Transit capacity, including peak hour ridership and capacity on transit lines serving each site and capacity of such lines to expand to handle additional ridership.

- (iii) Roadway capacity, including analysis of excess and already over-utilized capacity of each road. This analysis should be augmented by an analysis of the additional traffic police officers needed to facilitate area traffic movements and identified funding for those officers.
- (iv) Parking, including the impacts on both existing capacity and existing demand.
- (v) Charter buses, including projections of volume and time-of-day for arrival and departure. This analysis should also include arrival and departure routes, where the buses will be stored, and transportation impacts at the storage site and along the travel routes.
- (vi) Porte-cochere operations on site, including taxi and valet storage operations.
- (vii) Proposed mitigation measures, including any street modifications, traffic signal improvements, reduction in on-site parking demand through off-site employee parking, transit improvements, and off-site parking locations for charter buses. Funding commitments for these improvements should be specified in the application.

The Task Force recommends that the Board pursue aggressive independent review of TDPs and all traffic and transportation information submitted by license applicants. If this review cannot be provided in a timely and thorough manner by the Pennsylvania Department of Transportation, the Task Force urges the Board to quickly commence a public procurement process for traffic engineer/transportation consultants capable of providing the necessary independent review of submitted transportation analyses and plans.

#### Public Safety

It became clear during the Task Force's research that, other than traffic, the gaming-related impact that was most important to Philadelphians was concern about possible degradation in public safety. In this context, the Task Force believes that 441.4(a)(31) or a new section of 443.4 should require expansion of the applicant's adverse effect analysis to include projected impacts on crime, emergency medical services, and other aspects of public safety. A response to this requirement could potentially include a neighborhood safety and security plan.

#### Architectural Drawings and Design Criteria

Given the fact that the Philadelphia Class 2 facilities will be placed in an already built urban environment and may be constructed in phases, the Task Force believes that expansion of section 441.4(a)(18) or a new subsection in 443.4 should require applicants to indicate clearly in their submission the impact of the design on neighboring communities and development. Among the factors that should be considered are:

- (i) How the design concept is responsive to the urban setting in which it is located.
- (ii) Building materials that will be used.
- (iii) Any phasing in of development.
- (iv) How the facility will maximize a positive street-frontage to ensure a positive urban design impact, even as it accommodates a high volume of vehicles.
- (v) If the proposed facility is adjacent to amenities such as rivers and parks, how the development will facilitate access to such public amenities.

#### Tax Clearance

The Task Force appreciates the Board's stated willingness to evaluate any tax delinquencies found by host municipalities. A full and prompt evaluation, however, may not be possible without the cooperation of the applicant. Towards that end, the Board should require each applicant to certify that all necessary tax clearances from host municipalities have been sought and, if such clearances are not included with the application, all necessary information has been provided to the municipality in pursuit of obtaining a tax clearance.

#### Underage Gambling

Task Force research has confirmed that underage gambling is an issue that will confront the people of the Commonwealth. Because of the importance of this issue, all Pennsylvania operators should be held responsible for enforcing the minimum age prohibitions as central elements of their operational plans.

The Task Force understands that the language proposed in section 443.5(a)(4) for Class 3 facilities is proposed in response to a specific section of the Pennsylvania Race Horse Development and Gaming Act. However, insofar as it applies to underage gambling, the Task Force urges the Board to extend this concept and require from all applicants (either in section 441 or in 443.1-443.4) a "plan detailing how the applicant, as part of its operational plan, will monitor the gaming area to ensure that only patrons over the age of 21 are permitted to enter the gaming area."

Acceptability of “Information Not Available”

The Task Force believes that parts of section 441, as currently worded, will naturally lead applicants to declare that certain required information is not yet available. However, the Board can, and should, instruct applicants that, where such information is not yet available, detailed, good-faith plans and projections should be provided by each applicant.

For example, in 441.4(a)(20), an applicant could state that outside restaurant operators have not yet been identified. However, even in the absence of final contracts, a more thorough review of the project will be possible if the application includes business plans that indicate items such as whether the restaurants will be stand-alone or chains, if they will be locally owned, and if they will be locally themed, information that is essential to assessing some components of local economic impact.

Clarification to Section 441(a)(21)

In connection with the importance of these issues to the people of Philadelphia, the Task Force also seeks guidance on the confidentiality parameters of a local impact report under section 441.4(a)(21). That some or all of the provisions might be kept from the local communities and subdivisions that are being affected is a matter of great concern. Both the City and the Task Force believe that no aspect of the local impact statement should be confidential and, in fact, that only the most limited aspects of the applications (e.g., personal medical and financial histories) should be kept from public review.

Disclosure of Consultants

It has become clear that several potential applicants for Philadelphia licenses have already retained local consultants in an attempt to influence the selection process. The Task Force is concerned about the possibility of individuals presenting themselves or their opinions to the community or to the Board regarding other applications without disclosing that they represent interested parties. Recent local experience has convinced the Task Force of the wisdom of requiring disclosure of paid lobbyists, communication consultants, and other experts in connection with these proposals, even if the representation is limited to grassroots communication efforts in nearby neighborhoods.

Transmittal

These comments are respectfully submitted this 6<sup>th</sup> day of September, 2005.

Romulo L. Diaz, Jr.  
General Counsel  
Philadelphia Gaming Advisory Task Force



## Commercial Entertainment District (CED) Zoning Ordinances

### Proposed CED Master Ordinance

#### AN ORDINANCE

Explanation:  
Italics indicate matter added.

Amending Title 14 of The Philadelphia Code, entitled "Zoning and Planning," by adopting a new Chapter 14-400, entitled "Commercial Entertainment District," under certain terms and conditions.

*The Council of the City of Philadelphia hereby ordains:*

SECTION 1. Title 14 of The Philadelphia Code is hereby amended to read as follows:

#### TITLE 14. ZONING AND PLANNING.

\* \* \*

#### CHAPTER 14-400. COMMERCIAL ENTERTAINMENT DISTRICT.

##### **§14-401. Statement of Purpose.**

(1) This district is intended to encourage the orderly development of major entertainment facilities and certain other uses in accordance with an approved plan of development. The plan shall be approved and may be amended as necessary and is subject to restrictions on the type of use and certain other development controls.

##### **§14-402. Definitions.**

(1) Licensed Gaming Facility. A licensed gaming facility as authorized by the Commonwealth of Pennsylvania, pursuant to 18 Pa. C.S., Ch. 92, entitled "Racetrack and Licensed Gaming."

(2) Commission. The City Planning Commission.

##### **§14-403. Procedures for the Establishment of a Commercial Entertainment District.**

(1) Council shall designate, by ordinance, such Commercial Entertainment Districts in such areas as Council deems appropriate. For each such District, such designations shall become effective upon the adoption of an ordinance designating the district boundaries; and the approval by Council of a Plan of Development for the District. Upon the designation becoming effective, the underlying zoning classification for all lots within the District shall be superseded, and no permits shall issue for any use within the District other than as permitted by the approved Plan of Development and this Chapter.

(2) Council approval of a Plan of Development shall be presumed if Council fails to approve by ordinance, disapprove by ordinance, or table consideration of, a proposed Plan within 45 days after submission by the Commission of a proposed Plan to the Council. In the event the owner of a lot within a District submits a proposed Plan to the Commission and the Commission fails to approve, disapprove or table consideration of it within 45 days after submission, the proponent may submit the application directly to the Council and it will be deemed submitted to the Council by the Commission.

(3) Plan Submission Requirements. The owner of any lot within a proposed or adopted Commercial Entertainment District may submit a proposed Plan of Development to the Commission, or, at any time after approval of a Plan of Development, a proposed amendment to a Plan of Development, for the Commission's review and approval. Said Plan shall be submitted with the following information:

- (a) The extent, boundaries, and area of the district to include lot area and width dimensions;
- (b) The proposed maximum gross floor area;
- (c) The dimensions and heights of the proposed structures or existing structures to be retained as well as the use or uses intended for each structure;
- (d) The occupied area, gross floor area, and height of all buildings within the district;
- (e) The size and location of all parking areas; the size and location of all driveways leading thereto; and the size and location of all other private drives, ways or streets intended to be used by automobile traffic;
- (f) The size and location of all off-street loading facilities;
- (g) The size and location of any signs;
- (h) A landscaping plan;
- (i) Any other information which the Commission may deem necessary, to include sufficient guarantees in the form of restrictive covenants running with the land or letters of intent for any lands to be dedicated for public use.

(4) Review and approval of a proposed Plan of Development. The Commission shall submit to the Council for its consideration a proposed Plan of Development for a Commercial Entertainment District if the Commission finds that the Plan is consistent with the purposes of such a District, is in compliance with the provisions of this Chapter, and is otherwise appropriate in terms of scale, density, accessibility and design for the neighborhood.

**§14-404. Procedure for Issuance of Permits in a Commercial Entertainment District.**

(1) Prior to the issuance of any zoning permits in a Commercial Entertainment District, the Commission shall review the application and accompanying plans to determine if they are in accord with the approved Plan of Development.

(a) If the Commission determines that the proposed plans are in accord with the approved Plan of Development and is otherwise in accord with the provisions of Chapter 14-400, the Commission shall approve the proposed plans and return them to the Department of Licenses and Inspections for the issuance of zoning permits.

(2) No City department shall issue any building or zoning permit for any parcel zoned Commercial Entertainment District unless the Commission shall have approved the applicant's development plans as consistent with the requirements of this District. The plans shall contain, as a minimum, the following information and details:

(a) Plans for the development of the entire district, or for a separate lot, parcel, or block within the district;

(b) The height, and use of all buildings and structures;

(c) All proposed set-backs and open space;

(d) The gross floor area of all buildings;

(e) Any proposed change to the existing confirmed street layout within or surrounding the boundaries of the district;

(f) The total occupied area of the district, expressed in square feet and percentages;

(g) A landscaping plan;

(h) A parking plan, including all driveways leading thereto and the size and location of all private drives or public streets intended to be used for automobile traffic. All proposed plans for off-street parking lots shall be approved by the Department of Streets;

(i) The size and location of all off-street loading facilities;

(j) The size and location of any signs.

(3) The Commission shall take no action on any proposed plans unless the Commission shall have first referred the plans to the Streets Department and the Water Department for their review. Said departments shall have thirty days to offer their recommendations. If the Commission fails to approve, disapprove, conditionally approve or table the proposal within 45 days after submission of complete plans to the Commission, the approval of the Commission shall be presumed. The Commission shall reply in writing informing the proponent as to the action that the Commission has taken.

(4) Where the approval of the Department of Streets is required before the issuance of a permit, including as provided in sections 14-404(2)(h) and 14-408(2), relating to off-street parking, if the Department fails to approve, disapprove or conditionally approve the proposal within 45 days after submission of complete plans to the Department, the approval of the Department shall be presumed.

**§14-405. Use Regulations.**

(1) The specific uses permitted in this district shall be the erection, construction, alteration or use of one or more structures or land for:

- (a) Exhibition halls, meeting facilities, banquet facilities except for any use regulated under the provisions of Section 14-1605 of the Philadelphia Code;
- (b) Single-family, two-family or multi-family dwellings and hotels;
- (c) Licensed gaming facilities;
- (d) Marinas, boat launches;
- (e) Offices;
- (f) Parking lots or garages;
- (g) Restaurants, nightclubs and other entertainment of guests and patrons except for any use regulated under the provisions of Section 14-1605 of the Philadelphia Code;
- (h) Retail sales of goods and the provision of services to the ultimate consumer except for any goods or services regulated under the provisions of Section 14-1605 of the Philadelphia Code;
- (i) Theaters;
- (j) Accessory uses, customarily incidental to the above uses, including amusement arcades and pool halls.

**§14-406. Area Regulations.**

(1) District Area and Boundaries. Boundaries shall be so designated to afford a reasonable line of division between the district and adjacent uses consistent to carry out the purposes and scope of this Title as required in §14-101. The Plan should also provide for reasonable, compatible spatial relationships between buildings that are situated on the periphery of the district and abutting non- Commercial Entertainment District areas. No limitation on multiple buildings on a lot shall apply in this District.

(2) Gross Floor Area.

(a) For specifically designated areas, the gross floor area of all buildings shall not exceed 400% of the Commercial Entertainment District. Underground parking shall not be included in this calculation.

(3) Open Area. For sites that consist of four acres or more, not less than 30% of the site shall be open. For sites of less than four acres, not less than 10% shall be open. No less than fifty percent of this open area shall be constructed of a permeable surface. The total open area calculation shall not include open-air parking lots;

(4) Open Area Above the Ground Level. 30% of the required open area may be located above the ground level;

(5) Yards. Front, side, or rear yards shall be required in this district as follows and as may be required as part of the approval of a Commercial Entertainment District Plan:

(a) Surface parking areas, and any access to parking, loading or other servicing shall not be permitted within 50 feet of any residential district;

(b) Waterfront Setback. When located along the Schuylkill or Delaware River, all lots shall provide or allow for an unencumbered set-back from the top of the bank of any river to allow for unrestricted public access to the river's edge. Any land located within this set-back which is dedicated to the City of Philadelphia, the Commonwealth of Pennsylvania or any public entity, shall be included in the determination of conformance to the requirements of Section 14-406. This waterfront setback shall include as follows:

(.1) A public open space which may include privately or publicly owned space at a width of no less than 30 feet; and a publicly or privately owned right-of-way dedicated for pedestrian and bicycle traffic at a width of no less than 20 feet.

**§14-407. Height Regulations.**

(1) For specifically designated areas, the maximum height of any building shall not exceed 300 feet or 30 stories;

**§14-408. Off-Street Parking.**

(1) Plans for all off-street parking areas must comply with the provisions set forth herein, and the prerequisite approvals contained herein:

(a) Number of Spaces. Within any Commercial Entertainment District, off-street parking spaces shall be provided in accordance with the following requirements:

(.1) Licensed gaming facilities:

(.a) For specifically designated areas, four parking spaces for every five (5) slot machine or gaming positions provided for patrons and guests;

(.b) For other specifically designated areas, one parking space for every slot machine or gaming position provided for patrons and guests.

(.2) Hotels:

(.a) For specifically designated areas, one parking space for every 2 units.

(.b) Traffic Study. Prior to the establishment of Commercial Entertainment District the proponent of said district must provide a traffic study prepared by a professional licensed traffic-engineering firm to the Commission and the Streets Department for their consideration. The study must address accommodations for public transit access.

(2) Off-Street Parking Layout and Access Conditions. Parking provided in this district shall be adequately served by high capacity roads and/or driveways approved by the Department of Streets as being adequate to safely serve the ingress and egress of patrons and guests using the facility, further provided:

(a) Not more than 10% of all parking spaces in a Commercial Entertainment District may be provided in parking lots. This includes required handicapped spaces, bus parking, limousine parking, cabstands, loading spaces and delivery spaces;

(b) All areas used for surface parking and access to all parking facilities shall be paved;

(c) All entrances to parking areas and/or facilities shall be provided with adequate vehicle reservoir spaces approved by the Department of Streets;

(d) All proposed plans for off-street parking lots shall be approved by the Department of Streets;

(e) Each parking space in an off-street parking lot shall not be less than 8 1/2 feet wide nor 18 feet deep for standard parking spaces and not less than 8 feet wide nor 16 feet deep for compact parking spaces exclusive of access driveways or aisles; provided, that the size and layout of all parking spaces located in a garage structure shall be approved by the Department of Streets as provided herein;

(f) All off-street parking lots and facilities shall be permitted to provide compact parking spaces at a ratio of up to 30% of the required parking spaces, provided that such spaces are clearly marked as being limited to the parking of compact cars;

(g) Open-Air Parking Provisions. Where parking spaces are in an open-air area, the open-air parking area shall:

(.1) Be situated on ground that does not contain any grades in excess of 10%, namely, changes of grade of one foot for each 10 feet;

(.2) Be paved with a hard top surface of cement concrete, bituminous concrete, or pervious pavers, including all accessways and/or driveways from the street;

(.3) Where more than 3 motor vehicles are to be parked, comply with the applicable provisions of §9-601 of the Philadelphia Code;

(.4) Be provided with adequate lighting facilities for use at night, which lights shall be focused so as to prevent glare on surrounding lots;

(.5) Contain permanent, substantial barriers around the area, constructed of metal or masonry. If constructed of masonry, the wall shall be not less than 2 feet above the ground, and if constructed of metal or masonry posts, the posts shall be not less than 4 inches nor more than 6 inches in diameter, placed not more than 5 feet apart, nor less than 30 inches above the ground and connected by metal pipes, rods, fencing or chains;

(h) Driveways, Aisles, Walkways, Screening, Landscaping and Lighting.

(.1) Parking facilities shall comply with the following requirements:

(.a) Driveways and Aisles. An additional area of the off-street parking lot or parking garage equal to not less than 25% of the total area of the lot or garage shall be provided for access driveways and aisles.

(b) Walkways. Where an off-street parking lot containing over 25 spaces or a portion of an off-street parking lot where such portion contains over 25 spaces is located between a building and a public street, a pedestrian walkway of at least 5 feet in width shall be provided in accordance with the following requirements:

(i) The walkway shall be located within or along the edge of the parking lot;

(ii) The walkway shall connect the street and the building;

(iii) One such pedestrian walkway shall be provided for each 300 feet of street frontage along a street; and,

(iv) Where a walkway crosses a driveway or aisle, the driveway and/or aisle shall be clearly marked and signed so as to indicate the location of the walkway and to require vehicles to stop for individuals using the walkway;

(c) Screening Along Residential Lot Lines. Where an off-street parking lot, parking garage, driveway or aisle is located between a building and a residential district, or is located so that there is not a building or portion of a building between the parking lot, parking garage, driveway or aisle and a residential district, a planted buffer at least 6 feet wide and 6 feet high shall be installed and maintained between the parking lot, parking garage, driveway or aisle and the residential district in accordance with the following requirements:

(i) The planted buffer shall be installed along the entire edge of the lot line where it abuts the lot line of the residential district;

(ii) Where an off-street parking lot, parking garage, driveway or aisle is located between a building and a residential district along 2 or more lot lines, a planted buffer shall be installed along the entire edge of each lot line which abuts the lot line of a residential district;

(iii) The planting material shall be installed at a size and number to ensure adequate screening from the time the material is installed;

(iv) The type of plant material shall be selected from a list of types, sizes of species of plants, and numbers of plants that are appropriate for the location of the parking facility. This list shall be prepared and maintained by the Commission, in conjunction with the Fairmount Park Commission;

(v) The planted buffer may be located within the required side and rear yards;



(.vi) The required screening shall be maintained in a manner to ensure its survival. In the event that any landscaping dies, it shall be replaced at the required ratio;

(.d) Screening Along Street Frontage. Along the street line of all public streets whether or not a set-back is required, a landscaped area at least 4 feet wide and 2 feet high, shall be installed along the outward edge of the parking lot in accordance with the following requirements:

(.i) The landscaped area shall be installed along the entire street frontage of all streets, except where walkways and driveways connect to the public street;

(.ii) The planting material shall be installed at a size and number to ensure adequate screening from the time the material is installed;

(.iii) The type of plant material shall be selected from a list of types, sizes of species of plants, and numbers of plants that are appropriate to achieve adequate screening and appropriate for the location of the parking facility. This list shall be prepared and maintained by the Commission, in conjunction with the Fairmount Park Commission;

(.iv) The landscaped area may be located within any required set-back;

(.v) The required landscaped area shall be maintained in a manner to ensure its survival. In the event that any landscaping dies, it shall be replaced at the required ratio; and,

(.e) Landscaping. All off-street parking lots shall include landscaped areas in accordance with the following requirements:

(.i) In any required set-back, a landscaped area at least equal to the required set-back, but in no case less than 4 feet wide, shall be installed along the outward edge of the parking lot, subject to the requirements of sub-paragraph (.4) above;

(.ii) Within the parking lot, an additional area shall be provided for the installation and maintenance of landscaping. The total landscaping shall not be less than 10% of the area of the parking lot, including all spaces, aisles and driveways, but excluding all walkways and screening required elsewhere herein;

(.iii) The planting material shall be installed at a size and number to ensure adequate screening from the time the material is installed;

(.iv) The type of plant material shall be selected from a list of types, sizes, species and numbers of plants that are appropriate to the environment in which they are to be installed and appropriate for the location of the parking facility. The list shall be prepared and maintained by the Commission, in conjunction with the Fairmount Park Commission;

(v) The required landscaping may be located anywhere within or along the parking lot; provided, it shall be maintained in a manner to insure its survival. In the event that any landscaping dies, it shall be replaced at the required ratio; and,

(f) Lighting All parking lots shall include lighting in accordance with the following requirements:

(i) The lighting shall illuminate the entire parking lot and walkways with an overall minimum average level of illumination of not less than 2 horizontal foot-candles;

(ii) The illumination shall be maintained throughout the hours of darkness;

(iii) The illumination shall be focused upon the lot so as to prevent glare upon the surrounding areas.

**§14-409. Off-Street Loading.**

(1) Off-street loading spaces shall be provided in accordance with the following table. The number of required spaces for a Commercial Entertainment District shall be determined by calculating the total gross floor area of all buildings in the district.

Gross Floor Area (square feet)	Minimum Required Spaces
0 - 100,000	0
100,001 - 150,000	1
150,001 - 400,000	2
400,001 - 660,000	3
660,001 - 970,000	4
970,001 - 1,300,000	5

for each additional 400,000 sq. ft.

over 1,300,000 sq. ft. 1 additional space;

(2) The off-street loading areas must be designed in such a manner that all service vehicles enter and exit the facility in forward gear.

**§14-410. Signs.**

(1) For uses specified in §14-405(1)(a) through (j), signs shall be permitted in accordance with the following limitations and conditions:

(a) Each building in the Commercial Entertainment District signs shall be permitted to have signs, identifying the name, use or purpose of said building;

(b) Lots facing one street line shall be permitted a total sign area of 5 square feet for each lineal foot of street line;

(c) Lots facing more than one street line shall be permitted a total sign area as follows:

(.1) For a shorter street line frontage there shall be permitted a sign area of 2 square feet for each lineal foot of street line;

(.2) For a longer street line frontage there shall be permitted a sign area of 5 square feet for each lineal foot of street line; provided, that in no case shall the total sign area on the longer street line frontage be less than the equivalent sign area permitted upon the shorter street line frontage;

(.3) Where a lot has 2 or more short and/or 2 or more long street line frontages, the provisions of (.1) and (.2) shall apply to each of said street frontages;

(d) The total of the sign areas permitted in sub-paragraphs (b) and (c) may be cumulated;

(e) Signs that are freestanding structures on the ground shall not exceed 40 feet in height, measured from the average level of ground of the lot to the top of said structure;

(f) Signs may be animated or illuminated; provided, the illumination shall be focused upon the sign itself so as to prevent glare upon the surrounding area;

(g) Signs with flashing or intermittent illumination shall not be erected within 150 feet of any Residential District, nor facing any Residential District within 300 feet of the sign;

(h) Any revolving device that causes intermittent flashes of light to be projected shall be prohibited;

(i) Non-accessory or outdoor advertising signs shall not be permitted.

(2) Signs permitted with Art Commission Approval. In addition to the permitted signs as set forth above, the following signs may also be permitted, provided that the Art Commission has approved such signs:

(a) A free-standing accessory advertising sign, not exceeding fifty (40) feet in height above the average street level on which it fronts, with no more than two sign faces of one thousand two hundred (1200) square feet each may be erected for each street frontage of the district, provided that more than one sign may be erected along a single street frontage so long as the total number of signs does not exceed the number of signs permitted in the district;

(b) Roof signs or signs on top of a marquee;

(c) In addition to the signs allowed above, one additional freestanding sign for each 80,000 square feet of District Area shall be permitted under the following conditions:

(.1) Such sign shall not contain more than two sign faces with a total area of 300 square feet, exclusive of supporting structures, nor exceed in total height 40 from grade level to the top of the sign;

(d) Signs permitted pursuant to the provisions of paragraph (2) above shall comply with the following requirements:

(.1) The applicant shall provide the Art Commission with a copy of its application for a Zoning and/or Use Registration Permit and/or all information that the Art Commission may deem necessary to carry out the review of the proposed sign, including but not limited to, architectural renderings and/or elevations;

(.2) Upon receipt of an application and all other pertinent information for the erection of a sign, the Art Commission shall have forty-five (45) days to notify the applicant and the City Planning Commission in writing, of its approval, disapproval or tabling for additional information, of the proposed sign(s). If after forty-five (45) days the Art Commission has not transmitted notice of its action, Art Commission approval shall be presumed.

**§14-411. Design Review Submission Requirements.**

(1) The significant physical scale and extraordinary activity level of the uses permitted in this District create major impacts on the areas in which they are located. To ensure that these facilities are constructed in the most appropriate manner, design, scale and density, the following requirements are imposed:

(a) No permitted use shall be constructed or opened for occupancy unless the Commission certifies, based on a review of the architectural plans, that the proposed design is in compliance with the provisions of this Section 14-411.

(b) The Commission must act to accept or reject the submission within 30 days or the submission will be considered approved. No construction drawings will be reviewed for

purposes of building permits until after the Commission approves the design development plans pursuant to subsection (a) above.

(2) General requirements.

(a) Any building in a Commercial Entertainment District must be designed by a registered architect.

(b) Designers must use their best efforts, as determined by the Commission, to attain the highest level of LEED (Leadership in Energy and Environmental Design) accreditation possible.

(3) Siting, Access and Landscaping.

(a) If a permitted use faces a public street, a significant pedestrian entrance shall be on and front that street;

(b) A permitted use developed on a waterfront site, must provide dedicated public access to the waterfront, open to and connected from a public street. Public access will be provided along the site's waterfront length, the width of which will in no case be less than twelve feet wide.

(c) A permitted use must provide for adequate public transit access to the site;

(d) Prior to the issuance of any permit for any use in the District, the applicant must submit a landscape plan prepared by a licensed landscape architect;

(3) Lighting. No use will be approved unless it provides appropriate lighting levels throughout the site to support pedestrian safety. A lighting plan prepared by a qualified lighting engineer or designer must be submitted;

(4) Public Art. A public art requirement is being imposed as a mechanism to expand and enrich the public environment and to create buildings and public spaces that are designed and executed with diverse and high quality materials, activities, and furnishings. It is intended to allow for the broadest definition of public art and encourage imaginative interpretation of media. In order to comply with this subsection, all of the following conditions must be met:

(a) On-site Public Art. It may include, but shall not be limited to the following, separately or in combination:

(.1) Sculpture;

(.2) Murals or paintings;

(3) Earthworks, waterworks, fiber works, functional elements, furnishings, neon, glass mosaics, photography, prints, calligraphy, in any combination of forms of media including sound, film, holographic and video systems; hybrids of any media and new genres;

(4) Lighting in any combinations of forms;

(5) Commercial Activity. Items, functions and events which are basically commercial in nature, such as commercial art galleries, exhibits of items for sale, etc., shall not satisfy requirements of this section of the code;

(b) Location. Public art shall be located within the building, upon the building, or within public spaces on the site. Public art may be provided within the public sidewalk, if authorization, by ordinance, is obtained;

(c) Approval Criteria. In order to meet the requirements of this section, the owner of the lot or a designee must have the proposed public art approved by the Art Commission of the City of Philadelphia;

(d) The Art Commission may, upon request, assist in the selection of an artist or artists for the project and/or the selection of an arts coordinator for the project;

(e) Decorative, ornamental or functional elements of the building or public space which are not designed by an artist and created specifically for the site, nor to have landscaping or other furnishings or elements required elsewhere herein, shall not qualify as part of the public art requirement, unless the Art Commission determines such elements comply with the intent of the public art requirement.

(f) Cost. Public Art as required in this Section shall be provided at an individual or combined minimum cost in accordance with the following:

(.1) For development on a lot, with construction costs of twenty million (\$20,000,000) dollars or less, an amount equal to one percent (1%) of the construction costs;

(.2) For development on a lot, with construction costs of up to forty million (\$40,000,000) dollars, one percent (1%) of the first twenty million (\$20,000,000) dollars of construction costs and one half percent (0.5%) of the construction costs in excess of twenty million (\$20,000,000) dollars but less than forty million (\$40,000,000) dollars; and,

(.3) For construction costs over forty million (\$40,000,000) dollars, one percent (1%) for the first twenty million (\$20,000,000) dollars of construction costs, one-half percent (0.5%) of the amount of construction costs in excess of twenty million (\$20,000,000) dollars but less than forty million (\$40,000,000) dollars and one-quarter percent (0.25%) of any construction costs in excess of forty million (\$40,000,000) dollars.

**§14-412. Administration.**

(1) **Administrative Regulations.** Within one (1) year of the enactment of this section, the Department of Licenses and Inspections, after consultation with the Law Department, the Commission, the Office of the Director of Commerce and City Representative (Office of Arts and Culture) and the Art Commission, shall adopt regulations as necessary to implement this subsection; provided, however, that nothing in this subsection (g) shall delay or affect the effectiveness of this Chapter.

(2) The provisions of this Chapter shall apply in the following Commercial Entertainment Districts:

(a) Reserved.

## Proposed South Delaware Waterfront CED Designation Ordinance

AN ORDINANCE

Amending Chapter 14-400 of The Philadelphia Code, entitled “Commercial Entertainment District,” by designating an area bounded by Washington Avenue, the Delaware River, McKean Street and Christopher Columbus Boulevard as a Commercial Entertainment District, under certain terms and conditions.

*THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:*

SECTION 1. Chapter 14-400 of The Philadelphia Code is amended to read as follows:

CHAPTER 14-400. COMMERCIAL ENTERTAINMENT DISTRICT

\* \* \*

§14-412. Administration.

\* \* \*

(2) The provisions of this Chapter shall apply in the following Commercial Entertainment Districts:

(a) *The area bounded by Washington Avenue, the Delaware River, McKean Street and Christopher Columbus Boulevard, including all properties fronting on such boundary streets.*



## Proposed North-Central Delaware Waterfront CED Designation Ordinance

### AN ORDINANCE

Amending Chapter 14-400 of The Philadelphia Code, entitled “Commercial Entertainment District,” by designating an area bounded by Lehigh Avenue, the Delaware River, Market Street, Christopher Columbus Boulevard, Delaware Avenue and Richmond Street as a Commercial Entertainment District, under certain terms and conditions.

*THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:*

SECTION 1. Chapter 14-400 of The Philadelphia Code is amended to read as follows:

#### CHAPTER 14-400. COMMERCIAL ENTERTAINMENT DISTRICT

\* \* \*

§14-412. Administration.

\* \* \*

(2) The provisions of this Chapter shall apply in the following Commercial Entertainment Districts:

(a) *The area bounded by Lehigh Avenue, the Delaware River, Market Street, Christopher Columbus Boulevard, Delaware Avenue and Richmond Street, including all properties fronting on such boundary streets.*

## Proposed Market East CED Designation Ordinance

AN ORDINANCE

Amending Chapter 14-400 of The Philadelphia Code, entitled “Commercial Entertainment District,” by designating an area bounded by Arch Street, 7th Street, Chestnut Street and 13th Street as a Commercial Entertainment District, under certain terms and conditions.

*THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:*

SECTION 1. Chapter 14-400 of The Philadelphia Code is amended to read as follows:

CHAPTER 14-400. COMMERCIAL ENTERTAINMENT DISTRICT

\* \* \*

§14-412. Administration.

\* \* \*

(2) The provisions of this Chapter shall apply in the following Commercial Entertainment Districts:

(a) *The area bounded by Arch Street, 7th Street, Chestnut Street and 13th Street, including all properties fronting on such boundary streets.*

## Proposed Nicetown CED Designation Ordinance

### AN ORDINANCE

Amending Chapter 14-400 of The Philadelphia Code, entitled “Commercial Entertainment District,” by designating an area bounded by Roberts Avenue, Wissahickon Avenue, Hunting Park Avenue, a Conrail/SEPTA right-of-way, Westmoreland Street and Hunting Park Avenue as a Commercial Entertainment District, under certain terms and conditions.

*THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:*

SECTION 1. Chapter 14-400 of The Philadelphia Code is amended to read as follows:

#### CHAPTER 14-400. COMMERCIAL ENTERTAINMENT DISTRICT

\* \* \*

§14-412. Administration.

\* \* \*

(2) The provisions of this Chapter shall apply in the following Commercial Entertainment Districts:

(a) *The area bounded by Roberts Avenue, Wissahickon Avenue, Hunting Park Avenue, a Conrail/SEPTA right-of-way, Westmoreland Street and Hunting Park Avenue, including all properties fronting on such boundary streets.*

## Proposed City Avenue CED Designation Ordinance

### AN ORDINANCE

Amending Chapter 14-400 of The Philadelphia Code, entitled “Commercial Entertainment District,” by designating an area bounded by City Avenue, Monument Avenue, Presidential Boulevard and Neill Drive as a Commercial Entertainment District, under certain terms and conditions.

*THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:*

SECTION 1. Chapter 14-400 of The Philadelphia Code is amended to read as follows:

#### CHAPTER 14-400. COMMERCIAL ENTERTAINMENT DISTRICT

\* \* \*

§14-412. Administration.

\* \* \*

(2) The provisions of this Chapter shall apply in the following Commercial Entertainment Districts:

(a) *The area bounded by City Avenue, Monument Avenue, Presidential Boulevard and Neill Drive, including all properties fronting on such boundary streets.*

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## Philadelphia Gaming Commission Proposed Ethics Policy

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### Philadelphia Gaming Commission Proposed Ethics Policy

**PURPOSE:** The Philadelphia Gaming Commission (PGC) is obligated to promote the public interest and maintain public confidence in the Commission's integrity and impartiality. The commission and its staff must be held to the highest ethical and professional standards and must conduct all business in a manner that maintains the public trust. Furthermore the commission will work to insure the integrity of legalized gaming in Philadelphia.

**PUBLIC ACCESS:** The Commission will comply with the provisions of the Pennsylvania Open Meetings Law and the Pennsylvania Right to Know Act. All minutes of commission meetings will be maintained and made available to the public for review. The decisions of the commission will be recorded, memorialized in writing and made available to the public for review. All commission votes will be recorded and made available to the public for review. Information on the salaries paid to the commissioners and all employees will be made available to the public for review.

**BACKGROUND:** The members and staff of the PGC will comply with all current City of Philadelphia ethics laws, regulations, policies, executive orders and any other prevailing City of Philadelphia ethical standards. In addition to all ethics rules and regulations that apply to City officials and employees, this ethics policy sets forth additional requirements that will apply to PGC commissioners, staff, and any City employee assigned to work with the PGC or the casinos. This intent of this policy is to prohibit both improper practices and practices that create an appearance of impropriety. The codification of this policy will include definitions in order to distinguish the varying personnel of the PGC, including commissioners, PGC employees, other City employees and those contracting with the PGC.

- (1) Standard of Compliance for Commission and its Employees. Each member of the PGC and all of its employees are directed to read and comply with this ethics policy, Mayor's Executive Order No. 002-04, and all applicable sections of the Philadelphia Code, Philadelphia Home Rule Charter, and State Ethics Act. For the purposes of this ethics policy, the term "employee" shall include all direct employees of the commission and all persons who are employed by entities which have (i) contracted with the commission or (ii) have entered into a memorandum of understanding with the commission where specific mention is made of the PGC's ethics policy. The PGC and the Philadelphia Board of Ethics shall be responsible for referring possible violations of the applicable statutes, Executive Order or the ethics policy to the proper authorities.

- (2) **Prohibition of Gratuities From Persons Subject to Commission Regulation.** No member or employee of the PGC shall solicit or accept any thing of value from any holder of or applicant for a Philadelphia slot machine license or the agent of such applicant or licensee. For the purposes of this section, grant or payment of a thing of value to another person on behalf of the member or employee shall be considered agent or payment to the member or employee and an offer of an employment opportunity to any person shall constitute a thing of value. Nothing in this section shall preclude the acceptance of any award, presentation, honor or memorabilia presented to the member or employee of the PGC, by a public agency, in recognition of his/her official capacity and not designed to influence any particular action taken by the member or employee of the PGC.
- (3) **Recommendations for Employment Prohibited.** Every commissioner and every person employed by the PGC or appointed to a commission committee, is forbidden and prohibited to solicit, suggest, request or recommend to any holder of or applicant for a license issued or any representative or agency of such license holder or applicant the appointment of any person to any office, place, position or employment.
- (4) **Stock Ownership and Non-Fair Market Value Contracts Prohibited.** No commissioner, executive employee or any employee of the commission, while in office or employed by the commission, or during the first one (1) year after termination of office or employment, may (other than through a publicly traded mutual fund) own any stock or other ownership or beneficial interest in any holder of or applicant for a Philadelphia slot machine license or enter into any contractual relationship with any holder of or applicant for a license issued or any representative or agency of such license holder or applicant in which the commissioner or commission employee receives consideration that is above fair market value.
- (5) **Prohibited Relationships.** No person who is related to a member or executive employee of the Commission within the second degree of consanguinity or affinity shall possess a slot machine license or be a key employee (as such term is defined in the Pennsylvania Horse Race Development and Gaming Act of 2004) of such licensee.
- (6) **Gambling Prohibited in Philadelphia.** No member, commissioner or executive employee of the commission shall participate in any gaming at any location in Philadelphia or any location outside of Philadelphia that is owned or operated by a Philadelphia licensee.

- (7) **Ex Parte Contacts.** No commissioner shall knowingly have ex parte conversations beyond the scope of their responsibilities to PGC and the City with applicants for or holders of a slot machine license. Any member of the Commission who receives such a communication, shall immediately prepare a written report concerning the communication and submit it to the chairman and each member of the Commission. The report shall identify the person(s) who participated in the ex parte communication; the substance of the communication; and the relationship of the communication to a particular matter at issue before the Commission.
- (8) **Violation of the Sunshine Act Prohibited.** The Philadelphia Gaming Commission and its employees are directed to set the highest standards for open meetings and will comply with the Pennsylvania Open Meetings Law, 65 P.S. §701 et seq. No commissioner, executive employees or commission employee shall conduct any official business unless there is proper compliance with 65 P.S. §701 et seq. As a matter of commission policy, all commission business will follow the provisions of the Open Meetings Law.
- (9) **Confidential Information.** Except as is required for performance of such person's official duties for the PGC or as required by law, no commissioner or employee of the PGC shall use or disclose confidential information gained in the course of or by reason of the member's or employee's official position or activities.
- (10) **No commissioner, or employee of the commission or person who has been a member of the Commission within the previous one year may in any dealings with the PGC or the City serve as a representative or agent of the holder or applicant for a license.**
- (11) **Employment by Commission.** Anyone who is a holder of or applicant for a license or is a representative, agent, officer, director or employee of such license holder or applicant is not eligible for employment with the Commission for a period of two years from the date of termination of employment with said holder or applicant.
- (12) **Ban on Solicitation or Contribution of Money.** Except on the behalf of the City or a neighborhood service district, no Commissioner or employee of the PGC may solicit money or anything of value from any applicant for or holder of a slot machine license, including any agent or Key Employee of such license applicant or holder. No Commissioner or employee of the PGC shall make any financial contribution to any candidate for office for any Philadelphia or Pennsylvania statewide office or to any municipal or statewide political party.
- (13) **Certification of Compliance.** The PGC shall adopt a policy requiring that every commissioner, direct PGC employee, and company doing business with the PGC shall annually certify in writing compliance with this ethics policy.

## Criteria for Evaluating Casino Proposals

### Criteria for Evaluating Casino Proposals

The Task Force recommends that the PGC use the following criteria to evaluate future casino proposals. Some criteria relate to the inherent characteristics of a proposed gaming site, and others pertain to the specifics of a given license applicant's proposal. Taken as a whole, these criteria are designed to cover Philadelphia's key gaming-related interests, yet be sufficiently flexible to be applied evenly across potential gaming sites and license applicants.

As various gaming proposals become public in the coming months, these site evaluation, economic impact, and social impact criteria can be used by the Mayor, the general public, and the media to evaluate and compare proposed alternatives. These performance criteria will also clearly communicate to license applicants the components that are expected in a Philadelphia gaming facility proposal.

#### Site Suitability Criteria

All potential Philadelphia gaming sites have advantages and challenges associated with them. Successful sites will maximize their locational advantages, while compensating creatively for site disadvantages. The following general site suitability standards are of particular importance in evaluating and comparing different sites:

- Compatible with broader planning and local community objectives for the area
- Visible and easily located by those not familiar with Philadelphia
- Takes advantage of adjacent amenities and services (e.g., retail, riverfront, parking)
- Facility can generate customers for adjacent businesses
- Allows for phased expansion of gaming space and non-gaming uses
- Contributes to the removal of blight and deterioration
- Enhances prospects for further appropriate development of adjacent sites
- Potential to leverage development of new public amenities and infrastructure



### Transportation Access Criteria

Accessibility is a top priority for any casino operator and plays a crucial role in the overall viability of a gaming venue. Successful gaming sites will provide convenient access for gamers and employees by a variety of modes of transportation, adequate space for parking and circulation, and minimize the potential for traffic congestion.

- Convenient regional highway access
- Convenient local access by car
- Accessible by public transit
- Accessible to pedestrians
- Provides adequate parking on or adjacent to site
- Provides adequate space for bus, taxi, and other common carrier loading and unloading
- Minimizes potential for traffic congestion

**Economic Impact Criteria**

As discussed elsewhere, the economic impact of casinos is driven by the site selected, the development planned, and the casino's choices about how to operate. These economic impact standards are of particular importance in evaluating and comparing different proposals:

- Maximizes job creation and ensures jobs are quality jobs
- Provides meaningful service sector job training for Philadelphians
- Aggressively recruits Philadelphia residents as employees and vendors
- Implements enforceable diversity plan with meaningful goals and oversight
- Maximizes ability to market to suburban and overnight visitor gamers
- Promotes visitor spending off of casino floor and outside casino walls
- Enhances convention, tourism, hotel, retail, and restaurant activity
- Creates synergy with other Philadelphia entertainment, sports, and gaming venues and activities
- Utilizes existing Philadelphia restaurant/bar/retail vendors in casino complex

**Fiscal Impact Criteria**

While most of the fiscal impacts of casinos are dictated by state law and market forces, casinos will directly and indirectly impact the need for a wide range of City services. Towards that end, the City should expect that prospective operators:

- Provide a strategy and resources to minimize and ameliorate policing burden to City
- Provide a strategy and resources to minimize and ameliorate emergency medical services burden to City
- Address with private funding all necessary infrastructure improvements

**Social Impact Criteria**

The introduction of slots-only casinos in Philadelphia will impact the City as a whole, nearby communities, and individual families. In order to mitigate any potential negative social impacts associated with casinos, prospective gaming facility operators should be evaluated according to the following items:

- Plan to fund programs and/or a special service district to aid nearby communities
- Community relations liaison and plan, with adequate resources to interface with neighbors
- Demonstrated history of community involvement and consideration of community concerns
- Plans to identify and assist in treatment of problem and pathological gamblers
- If applicable, demonstrated implementation of self-exclusion and other responsible gaming efforts as part of its operations in other jurisdictions

## Design Criteria

The Task Force has proposed the following design criteria to help in evaluating competing design proposals and to help guide quality casino development:

### Design Criteria for Philadelphia Gaming Facilities

CRITERIA
<b>Location</b>
Compatible with site context in land use, scale, appearance and materials.
Makes maximum use of the site's development potential.
<b>Program</b>
Includes an effective site plan for pedestrian, auto, bus and service traffic.
Incorporates a unique development concept.
Contains an exciting mix of recreational and entertainment activities.
Includes retail and restaurant space.
Allows for expansion of gaming and other entertainment space.
<b>Site</b>
Minimizes the visual impact of on-site parking.
Contains exterior public amenities such as plazas, landscaping, arcades, river walks, & lighting.
<b>Building</b>
Design approach is bold, contemporary and innovative.
Street facades are active, inviting and visually connected to the interior.
Uses institutional and corporate quality building materials.
Contains monumental and memorable public spaces that connect to the exterior.
Clear and legible interior spatial organization and circulation.
<b>Design Team</b>
Experienced in design of gambling and entertainment development.
Has achieved public awards for design excellence.
Participation by MBE/WBE and local firms