

Penn National makes casino suitability pitch

Written by Administrator

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Alex Wigglesworth, *PHILLY.COM*

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The Pennsylvania Gaming Control Board on Tuesday launched a series of suitability hearings to further assess the five applicants vying for Philadelphia's sole remaining casino license.

Up first was Penn National Gaming, with its \$480 million Hollywood Casino Philadelphia proposed for 7th Street and Packer Avenue.

Operators touted the organization's experience and fiscal track record. The largest regional casino operator, Penn National is involved in 26 properties, six of which were opened within the last five years. Penn National has an estimated 2.7 million customer database east of the Mississippi from which operators hope to draw by offering travel packages in partnership with hotels and regional tourism organizations.

Penn National officials upheld Hollywood Philadelphia's proposed location as a key strength. The South Philadelphia stadium-area site, just off interstates 76 and 95, would provide convenient access to patrons traveling by car, as well as for the South Jersey population the casino would aim to attract. Penn National CEO Tim Wilmott said the location would give the casino "tremendous access into markets we believe the other applicants can't reach into."

Some board members expressed reservations about the impact of additional traffic on the already heavily-traveled area, particularly on game days. But a traffic impact study presented at the hearing concluded the neighborhood's roads were actually under-utilized at peak hours and could support the additional volume.

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Operators also proposed a 3,450-space parking garage and pledged an “unconditional commitment” to construct an I-76 off ramp at 7th Street to help ameliorate commuter snarls.

Penn National operators estimated the casino would have a total economic impact of \$155 million in state and city gaming taxes, \$30 million annually in additional taxes and \$132 million in annual wages and salaries paid to Pennsylvanians. Unique to the Penn National proposal is a pledge to direct 2/3 of the casino’s free cash flow – at least \$2 million each year – to be split evenly between funding the city’s struggling school district and pension fund.

Some board members expressed concerns about the casino’s relatively paltry non-gaming offerings, particularly in a region many believe is nearing market saturation.

The Penn National team in their response again stressed the ease of access afforded by the proposed casino’s location. “We believe that, from having surveyed customers, the restaurants we’re offering, the on-floor casino entertainment – they value all those things,” chief operating officer Jay Snowden said. “They want to have great food, great experiences and a great time but, above all, they value convenience.” He said an estimated 60 percent of business generated by the casino would be from out-of-state visitors, the highest proportion suggested so far by any applicant.

The proposed phased nature of the development also drew some criticism. Penn National pitched first constructing the casino itself; then, at an undetermined time, expanding into a second phase consisting of a 500-room hotel, additional slot machines, 24 square feet of meeting space and an expanded parking garage. Some board members were skeptical of the plans and asked for assurances that second phase would ever be realized.

“We will do it are solely based on demand in the marketplace,” Wilmott replied. “We are proposing this facility phase one. We cannot, at this point, give you any hard assurances when phase two will occur.”

Bart Blatstein's Tower Entertainment, LLC, who proposes developing The Provence casino and hotel in the former Inquirer building at 400 N. Broad Street, are before the commission this afternoon.

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The rest of the suitability hearings are scheduled for:

Wednesday, Jan. 29, 2014 from 9 a.m. to 1 p.m. - Market8 Associates (The Goldenberg Group, Mohegan Gaming and others) proposing Market8 at 8th and Market streets in Center City.

Wednesday, Jan. 29, 2014 from 2 to 6 p.m. - PHL Local Gaming, LLC (led by Joe Procacci), proposing Casino Revolution at 3333 South Front St. in South Philadelphia.

Thursday, Jan. 30, 2014 from 9 a.m. to 1 p.m. - Stadium Casino, LLC (partnership between Greenwood Gaming and The Cordish Companies) proposing Live! Hotel & Casino at 900 Packer Ave., in South Philadelphia.

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