LOCAL IMPACT REPORT
OF
IOC PITTSBURGH, INC.

Provided to the
City of Pittsburgh, Pennsylvania
on this, the 21st day of December 2005,
pursuant to 58 Pa. Code § 441.3(c)

Filed on behalf of:
IOC Pittsburgh, Inc.

Counsel for this Party
in this filing:

Andrea Geraghty, Esquire
Geraghty & Associates, P.C.
425 Sixth Avenue, Suite 2490
Pittsburgh, PA 15219
(412) 261-7070
(412) 261-7090 (Telefax)

Under 58 Pa. Code § 441.4(a)(21): "Local impact reports and other studies and reports shall clearly indicate all information in the study or report that the applicant considers confidential."

In this submission, all information that IOC Pittsburgh, Inc. considers confidential has been stamped "CONFIDENTIAL."

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Public Transit Impact Study

Isle of Capri - Pittsburgh, Pennsylvania

Prepared for:
Isle of Capri Casinos, Inc.

December, 2005

Prepared by:
The Innovation Group
2305 E Arapahoe Road – Suite 135
Littleton, CO 80122

Atlantic City New Orleans Denver

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Introduction

The Innovation Group analyzed the public transportation system in the Pittsburgh metropolitan area in order to estimate the impact of the casino development on the system. The main objective was to determine if the system could handle the increase in volume resulting from the casino development in the city of Pittsburgh. The analysis included estimating the number of casino patrons and casino employees that would utilize the system, and compare the results to the excess capacity currently in the system. Furthermore, we endeavored to determine whether the system has the resources to add additional capacity during peak casino usage times. The report begins with a background review of the current public transit system.

Background

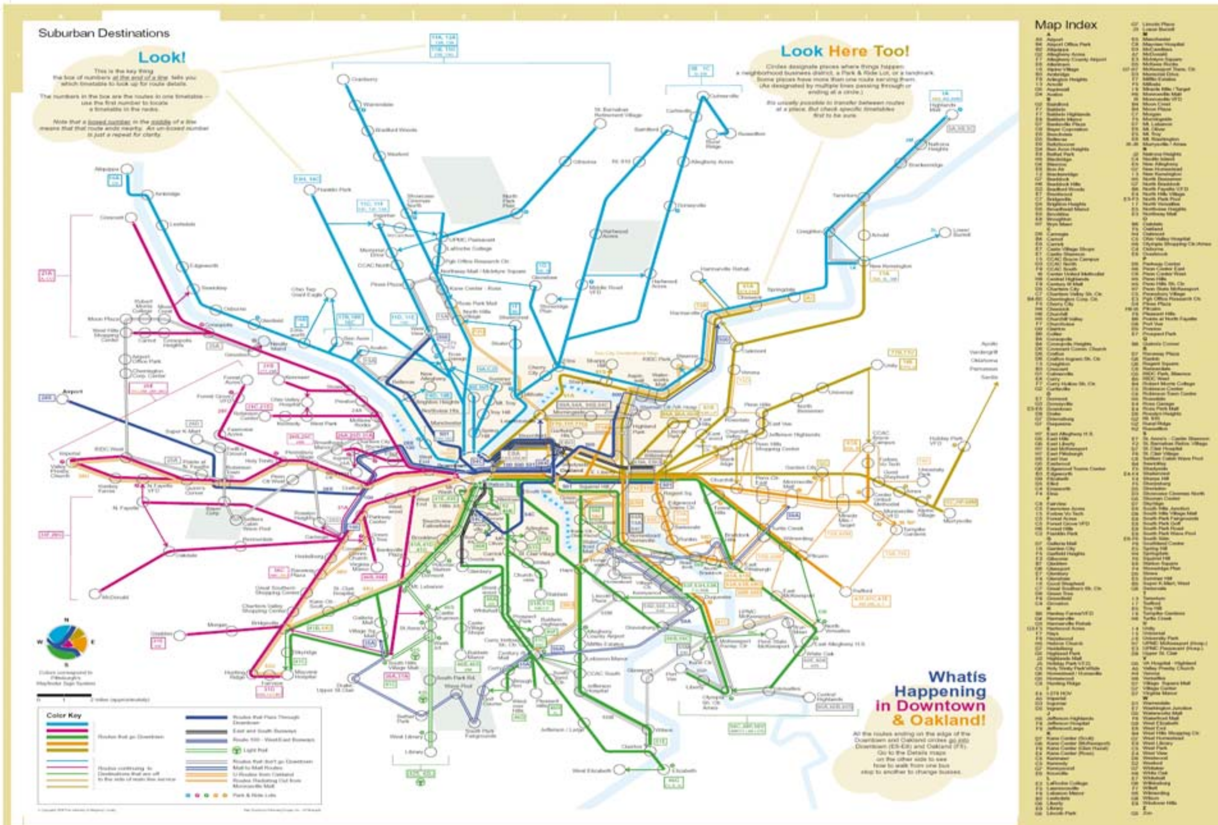
The greater Pittsburgh area has an extensive public transportation system. Public transportation to downtown and while in downtown is popular due to a lack of available parking and high traffic volume. The public transportation system is run by the Port Authority of Allegheny County ("Port Authority"). The service area includes 734 square miles, encompassing all of Allegheny County and parts of Armstrong, Beaver, Washington and Westmoreland Counties. There are a total of about 15,900 transit stops in the system, with 256 providing shelters or stations. The system has 64 park & ride lots with a total of 14,850 parking spaces. Annual ridership in 2004 was approximately 68 million (down from 76.6 million in 2000), an average of about 29 rides per person living in the Pittsburgh metropolitan area. The average annual 2.9% decline in ridership between 2000 and 2004 was partly due to fare hikes resulting from the increase in fuel prices. The average daily ridership on weekdays, Saturdays, and Sunday/Holidays is about 228,454, 108,140, and 59,053, respectively. The transportation system includes bus transit, light rail transit and two inclines.

Bus Transit

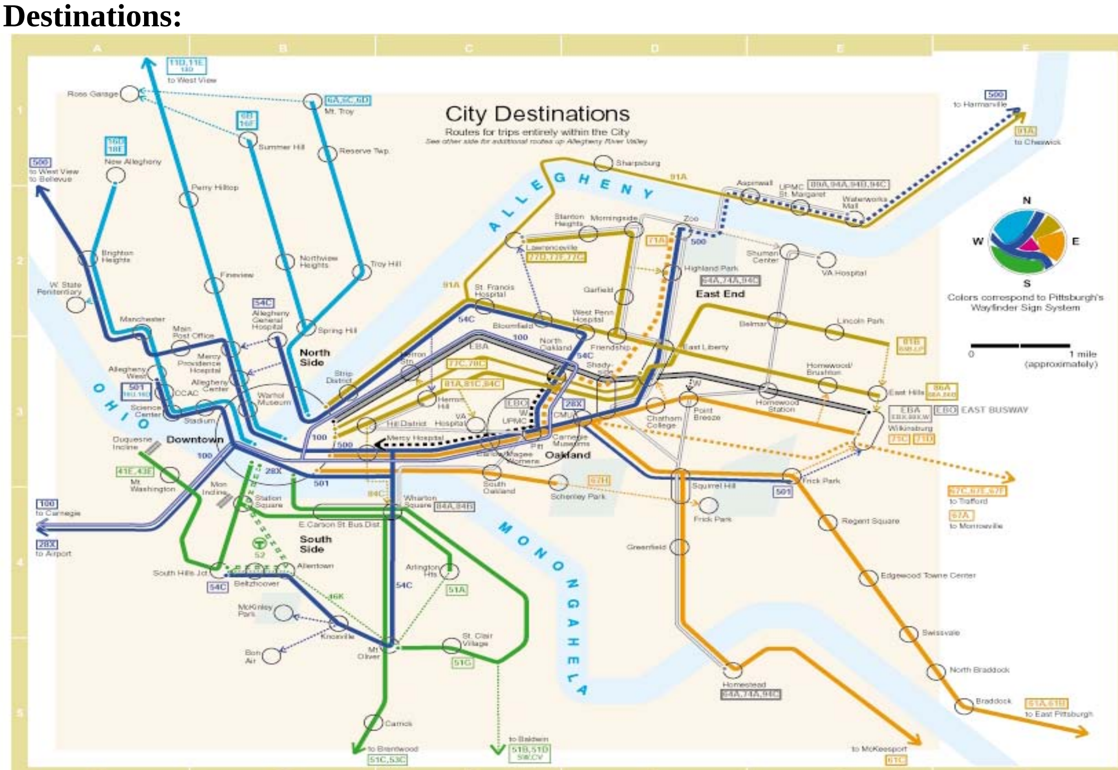
The bus transit system is very extensive, servicing the city area and extending to the suburbs in all directions. The bus transit system services over 200 different neighborhoods with roughly 1,066 buses. The condition of the buses appeared decent, with a number of newer buses currently in operation. The Port Authority placed into service 525 new buses over a five-year period beginning in 1999, reducing the average age of the fleet to 5.9 years. The first hybrid electric buses were added to the fleet in the spring of 2005.

The bus system services the suburbs with roughly 160 routes. The system runs about 3,670, 1,602 and 1,092 daily trips from the suburbs to downtown on weekdays, Saturdays and Sunday/Holidays, respectively. The available bus pick-up times during the week are numerous, with some routes offering up to 40 options. On Saturdays, the typical route from the suburbs to downtown offers hourly service, while on Sunday/Holidays the service is roughly cut in half when compared to Saturday service. The coverage with regard to the city is also extensive with about 40 different routes. Again, the city routes offer about 40 pick-up times during the week (roughly every 20 minutes). The Saturday service offers about 30 pick-up times (about every 30 minutes), while Sunday/Holidays showed about 20 pick-up times. The maps below display the current bus transit routes for the suburbs and the city destinations, showing the extensive coverage that the Port Authority provides to bus customers.

Suburban Destinations:



City Destinations:



Light Rail Transit (T Line)

The light rail system began operations in April 1984 with the route between South Hills Village and Castle Shannon, two suburbs to the south of the city. The light rail system was built using the infrastructure remaining from the historic street cars (trolley cars). The street car system was run by Pittsburgh Railways in the early 1900's (peak year was 1918). The new downtown subway opened in July 1985, and the modernization of the line between South Hills and Castle Shannon was completed in May 1987. In June 2004, Port Authority opened the rebuilt Overbrook Line, which provides more efficient rail service from Castle Shannon to Downtown Pittsburgh. The 5.2-mile Overbrook Line was closed since 1993 due to track bed deterioration, but has since been upgraded to modern light rail standards as part of the Stage II Light Rail Transit Project. Architects and engineers are currently working on plans to extend the light rail system across the Allegheny River to the north with connection to the new convention center. The new line is called the North Shore Connector Project and the Port Authority expects to break ground on the project in early 2006.

The current light rail transit system encompasses about total 25 miles, and generally runs from the city center to the suburb of Library, about 10 miles to the south of the city. The train makes numerous stop along its journey from Library to downtown Pittsburgh. When in downtown, the system is designed to provide easy access to the various city segments, such as the cultural district and various shopping districts and attraction centers. The system makes five stops in the downtown area. Prior to crossing the Monongahela River, the train stops at Station Square, a newly renovated mall, featuring shopping and restaurants. The first stop when traveling into downtown is First Avenue, just north of the Monongahela River. The second stop is Steel Center, about a half mile to the north. The train then travels west along Sixth Avenue and stops at Liberty Avenue near the shopping and cultural districts. The line continues along Liberty for few hundred yards, terminating at Gateway Center. The Steel Center stop is the closest in relation to the Mellon Arena, which is just a few hundred yards to the northeast. Travel time on foot from the Steel Center stop to the Mellon Arena area is about eight minutes. Average weekday ridership on the light rail system is roughly 24,000. The system offers 424, 246, and 164 trips from the suburbs to downtown on weekdays, Saturdays, and Sunday/Holidays, respectively. The light rail system has ten park & rides, the largest of which is in South Hills Village with 2,800 spaces. The system is clean, well maintained and easy to use. The map below displays the current light rail route, as well as future expansion plans.

Incline Transit

The city of Pittsburgh has two inclines in operation. The inclines are train type cars pulled up steep slopes on tracks by large cables. The inclines link the downtown business district to southern neighborhoods situated on the bluffs of Mount Washington. The inclines are also a tourist destination, providing access to outstanding views of the city from the bluffs above.

Fare Schedule

The transit system fares are generally based on distanced traveled as the system segregates the different routes into zones. The more zones one traverses the higher the rate. Children 5 and under and senior citizens travel free, while children 6-11 and disabled persons pay roughly half price. Passes are also available for weekly, monthly, six month and annual periods. The chart below highlights the current fare schedule:

Transit System Fare Schedule

	Adult Price	Additional Light Rail Surcharge *	Special Events
Downtown Zone	$1.25	$0.25	$1.25
Zone 1	$1.75	$0.50	$3.50
Zone 2	$2.25	$0.50	$4.50
Zone 3	$2.75	NA	NA
Inclines (round trip)	$2.25	NA	NA

* Applied to peak times (rush hour)

Source: Allegheny County Port Authority Website

Capital Projects

The Port Authority is currently conducting various studies to improve the transit system as well as completing several capital improvement projects which will enhance the public transportation system.

East Busway Extension

The authority is improving several pedestrian tunnels along the Martin Luther King, Jr. East Busway. The tunnels play a vital role in enhancing pedestrian connections and access to stations. The project includes sidewalk improvements, interior wall repairs, new tunnel lighting, and emergency telephone and security system installation.

Eastern Corridor Transit Study

The goal of the Eastern Corridor Transit Study is to identify public transportation improvements and study alternatives needed to improve mobility in the population-dense eastern corridor between downtown Pittsburg and the western corridor of Westmoreland County. Transit improvements to eastern corridor will be welcome since this corridor accounts for about 40% of all public transit trips in Allegheny County, and is an area of significant population growth. The study is examining potential public transportation improvements in the corridor including bus, rapid transit, light rail transit and commuter rail. The results are expected in conjunction with the 20/20 Vision Study (to be discussed) in late 2005.

Airport Multimodal

The Airport Multimodal Corridor Major Investment Study (MIS) is being conducted by the Port Authority and several other regional transportation authorities. The goal of the study is to determine a variety of transportation improvements to increase mobility, foster economic development opportunities and enhance transportation connections in and around the airport corridor. The airport corridor includes downtown Pittsburgh, Oakland, Pittsburgh International Airport, communities west of Downtown to the Beaver County border, and the corridor's major roadways such as the Parkway West (I-279), Ohio River Boulevard (Route 65), Route 60, the West Busway and Route 51. The current options include two light rail transit alternatives that would originate in downtown and extend the existing light rail system from the North Shore to the Pittsburgh International Airport. Also, as the primary highway connection between the airport and downtown, the study is recommending widening the Parkway West (I-279) to improve efficiency, enhance connections to Downtown and Oakland and reduce the potential for traffic accidents. The Parkway West proposal also includes a bus rapid transit option that provides enhanced service, new park & ride lots and improved passenger information.

The study will work in cooperation with other regional transportation planning efforts currently underway, such as the Eastern Corridor Transit Study, 20/20 Vision (Strategic Regional Transit Visioning Study) and the Pennsylvania High-Speed Maglev Project. The MIS will need to be analyzed as part of a comprehensive public transportation improvement strategy for the region.

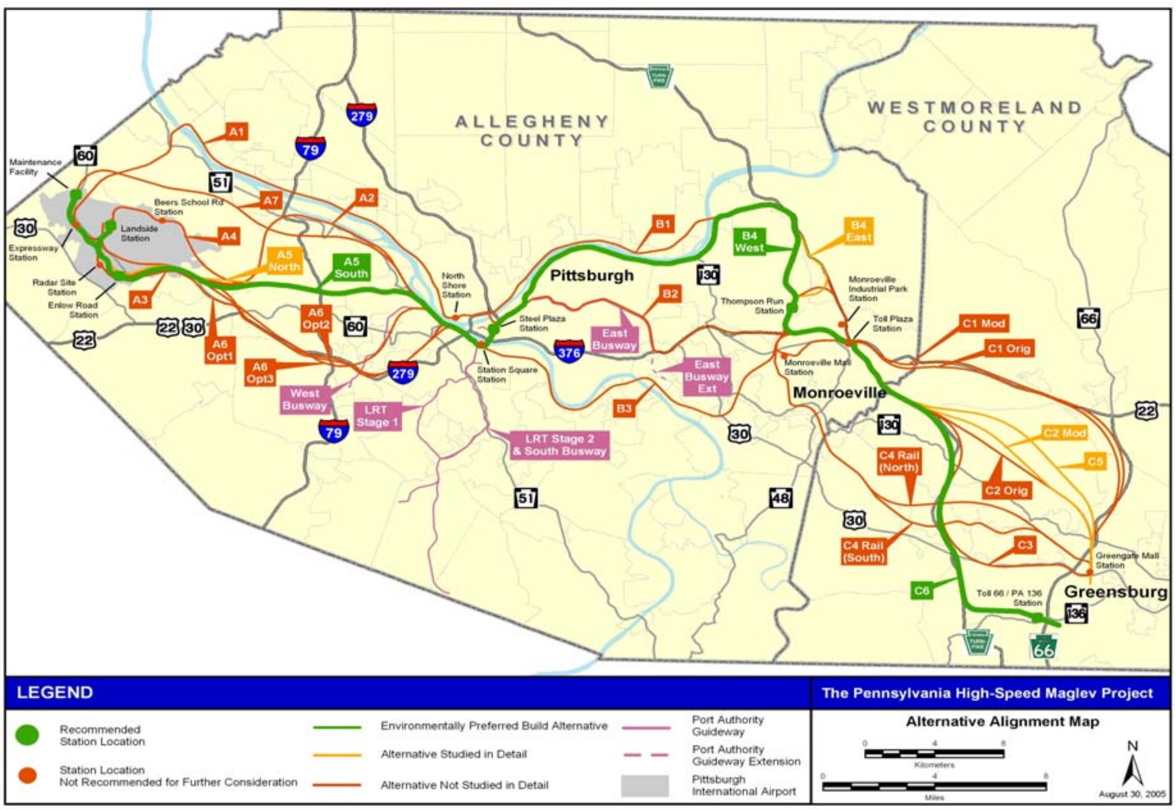
20/20 Vision Study

The Port Authority along with various other entities is conducting a study to identify the transportation needs and recommend transportation improvements for Southwestern Pennsylvania. The study will compile information and suggestions from area residents, community leaders, employers and workers, as well as working closely with other studies currently in progress including High-Speed Maglev Study, Eastern Corridor Transit Study and the Airport Multimodal Corridor Study.

Pennsylvania High-Speed Maglev Project

The High-Speed Maglev Project has the potential to make a profound difference with regard to public transportation in the Pittsburgh area. The project is a proposed 54-mile high-speed maglev system which would operate between the Pittsburg International Airport, downtown Pittsburg and the suburbs of Monroeville and Greensburg (five stations total). The entire trip would take about 35 minutes as the system would reach speeds of 240 miles per hour. Each vehicle would hold up to 400 passengers. The cost to build the system is projected at $3.7 billion with annual ridership estimated at approximately 47,400 by 2014.

The maglev project is expected to reduce overall highway traffic congestion on major highways. With an improved infrastructure, the potential for attracting new businesses exists. Finally, the system could eventually extend to major cities, such as Cleveland, Harrisburg and Philadelphia. The next major milestone for the project is the completion of the Environmental Impact Study due in the winter of 2006, followed by the Federal Railroad Administration decision scheduled for the spring of 2007. The following map outlines the proposed route for the High-Speed Maglev System.



Port Authority Operating Performance

The Port Authority of Allegheny County has been posting budget deficits over the last several years due to the continued shortfall in state funding, rising operating costs, and declines in passenger revenue. The projected budget deficit in Fiscal Year 2004 of $19 million was covered by $5 million in administrative cost-saving initiatives, $10 million in state highway funding and $4 million in state funding. The cost-savings resulted from the elimination of 24 positions on top of 117 positions eliminated in the prior year. The projected Fiscal Year 2005 deficit increased to $30 million due primarily to fuel price increases and was covered by state highway funding. The budget deficit in Fiscal Year 2006 is projected at $45 million. The transit authority continues to campaign for a long-term solution to the deficit problem, looking for a predictable source of funding that would support the highest quality of services for its patrons at reasonable fares.

Impact of Proposed Casino Development

Bus Transit Impact

The Innovation Group believes that the proposed casino development will increase ridership on the current bus transit system operating in the Pittsburgh metropolitan area. Additional ridership will come from casino patrons and casino employees.

Casino Patron Usage

The Innovation Group segregated the estimated average daily casino visitation into weekdays, Saturdays and Sunday/Holidays visitation. We then estimated the percentage of casino patrons that would likely to utilize bus transportation at 12%, 10% and 9% for weekdays, Saturdays and Sunday/Holidays, respectively. The utilization percentages were based in part on the results of prior surveys regarding transportation modes. Based on the calculations shown in the table below, we estimate that 226, 387, and 297 casino patrons will utilize public bus transportation on a daily basis for weekdays, Saturdays and Sunday/Holidays, respectively.

Estimated Casino Patron Ridership - Bus Transit

	Average Daily Casino Visitation	Percent Utilizing Public Transit	Average Daily Public Transit Utilization
Weekdays	1,883	12%	226
Saturdays	3,798	10%	387
Sundays/Holidays	3,303	9%	297

Source: The Innovation Group

Casino Employee Usage

We also expect that casino employees will utilize the bus transit system. The utilization percentages will likely be higher for employees due to the less attractive parking options available to employees. The current development plan calls for an off-site employee parking lot with shuttle service to the casino. Based on the calculation shown in the table below, we estimate that 255, 382, and 350 casino employees will utilize bus transportation on a daily basis for weekdays, Saturdays and Sunday/Holidays, respectively.

Estimated Employee Ridership - Bus Transit

	Average Daily Employees	Percent Utilizing Public Transit	Average Daily Public Transit Utilization
Weekdays	783	33%	255
Saturdays	1,175	33%	382
Sundays/Holidays	1,077	33%	350

Source: The Innovation Group

Combined Usage

The combined increase in daily bus transit ridership for casino patrons and casino employees of 480, 769 and 647 for weekdays, Saturdays and Sunday/Holidays, respectively, is shown in the table below.

Estimated Total Ridership - Bus Transit

	Casino Patrons	Casino Employees	Total
Weekdays	226	255	480
Saturdays	387	382	769
Sundays/Holidays	297	350	647

Source: The Innovation Group

Bus System Capacity Utilization

Based on information obtained from the Port Authority of Allegheny County, the current bus transit system is operating well below capacity. The information shows that transit system customers are only using only 45%, 41% and 36% of the system capacity on weekdays, Saturdays and Sunday/Holidays, respectively. Keep in mind, the system utilization rates, shown below, are based on the average for the entire day, and that the system does experience peaking periods during rush hour when the utilization rates are much higher, sometimes near capacity. Also noteworthy is that the utilization rates are lowest on the weekend, which is the period that the casino usage would be the highest. The chart below shows the utilization rate calculation, which divides average daily ridership by average daily capacity for bus trips into downtown Pittsburgh.

Current Bus Transit Capacity Utilization

	Average Daily Capacity	Average Daily Ridership	System Utilization Rate
Weekdays	220,200	98,356	44.7%
Saturdays	96,120	39,409	41.0%
Sundays/Holidays	65,520	23,587	36.0%

Source: The Innovation Group

Casino Impact on Capacity Utilization

The chart below highlights the casino's impact to daily bus transit ridership. The increase with regard to the weekdays is nominal, while the increase for the weekend periods is somewhat material at between 2% and 3%, for Saturdays and Sunday/Holidays, respectively.

Casino Impact - Bus Transit Ridership

	Current Daily Ridership	Casino Impact	Adjusted Daily Ridership	% Increase
Weekdays	98,356	480	98,836	0.5%
Saturdays	39,409	769	40,178	2.0%
Sundays/Holidays	23,587	647	24,234	2.7%

Source: The Innovation Group

The adjusted ridership figures were then used to recalculate the system utilization rates, adjusting for the increase in ridership resulting from the casino development. The chart below divides the adjusted daily ridership by daily capacity, resulting in the adjusted system utilization rates of 45%, 42% and 37%, respectively, for the weekday, Saturdays and Sunday/Holidays periods. The Innovation Group judged the overall increase in system utilization to be immaterial, especially in light of the ability of the transit system to add capacity on the Saturdays and Sunday/Holidays periods. Based on the number of bus lines that run from the suburbs to downtown during the week, the bus transit system has the ability to add capacity on the weekend if the need arises. Peak times on the weekend may be identified that require addition bus capacity.

Adjusted Capacity Utilization - Bus Rail Transit

	Daily Capacity	Adjusted Daily Ridership	System Utilization Rate	Increase from Current Rate
Weekdays	220,200	98,836	44.9%	0.2%
Saturdays	96,120	40,178	41.8%	0.8%
Sunday/Holidays	65,520	24,234	37.0%	1.0%

Source: The Innovation Group

Light Rail Transit Impact

The Innovation Group believes that the proposed casino development will increase ridership on the current light rail transit system operating in the Pittsburgh metropolitan area. Recall, the light rail system currently just serves the southern suburbs and parts of the city. As discussed earlier, there is a light rail stop in close proximity to the casino development (Steel Center). Again, additional ridership will come from two sources, including casino patrons and casino employees.

Casino Patron Usage

The Innovation Group segregated the estimated average daily casino visitation from the south suburbs into weekdays, Saturdays and Sunday/Holidays visitation. The visitation includes patrons with easy access to the light rail system. We then estimated the percentage of casino patrons that would likely utilize the light rail transit system. The percentage using light rail is forecasted to be higher than bus transit as the light rail system presents a faster and more comfortable mode of transportation. Based the calculation shown in the table below, we estimate that 86, 148, and 113 casino patrons will utilize light rail transit on a daily basis for weekdays, Saturdays and Sunday/Holidays, respectively.

Estimated Casino Patron Ridership - Light Rail

	Average Daily Casino Visitation (South Mkts)	Percent Utilizing Public Transit	Average Daily Public Transit Utilization
Weekdays	411	21%	86
Saturdays	828	18%	148
Sunday/Holidays	720	16%	113

Source: The Innovation Group

Casino Employee Usage

We also expect casino employees to utilize the light rail transit system. The utilization percentage will likely be higher for employees, again due to less attractive parking options. Again, we expect the rate to be higher than bus transit as the light rail system presents a faster and more comfortable mode of transportation. Based on the calculation shown in the table below, we estimate that 94, 141, and 129 casino employees will utilize light rail transportation on a daily basis for weekdays, Saturdays and Sunday/Holidays, respectively.

Estimated Employee Ridership - Light Rail Transit

	Average Daily Employees	Percent Utilizing Public Transit	Average Daily Public Transit Utilization
Weekdays	171	55%	94
Saturdays	256	55%	141
Sundays/Holidays	235	55%	129

Source: The Innovation Group

Combined Usage

The combined increase in daily ridership on light rail for casino patrons and casino employees of 180, 289 and 243 for weekdays, Saturdays and Sundays/Holidays is shown in the table below.

Estimated Total Ridership - Light Rail Transit

	Casino Patrons	Casino Employees	Total
Weekdays	86	94	180
Saturdays	148	141	289
Sundays/Holidays	113	129	243

Source: The Innovation Group

Light rail System Capacity Utilization

Based on information obtained from the Port Authority of Allegheny County, the current light rail transit system is also operating below capacity. The information showed that transit system customers are only using only 70%, 49% and 36% of the system capacity on weekdays, Saturdays and Sunday/Holidays, respectively. The utilization rate for light rail (70%) on weekdays is significantly higher than bus utilization (45%), while the utilization for the weekend periods are comparable. Again, the system displays peaking periods during rush hour when the utilization rates are much higher, sometimes near capacity. The casino development will increase utilization to a greater extent on weekends. The chart below shows the utilization rate calculation, which divides average daily ridership by average daily capacity for light rail trips into downtown Pittsburgh.

Current Light Rail Transit Capacity Utilization

	Average Daily Capacity	Average Daily Ridership	System Utilization Rate
Weekdays	38,160	26,712	70.0%
Saturdays	22,140	10,824	48.9%
Sunday/Holidays	14,760	5,248	35.6%

Source: The Innovation Group

Casino Impact on Capacity Utilization

The chart below highlights the casino's impact to daily transit system ridership, increasing the currently daily ridership by roughly 1%, 3% and 5% for weekdays, Saturdays and Sunday/Holidays, respectively.

Casino Impact - Light Rail Transit Ridership

	Current Daily Ridership	Casino Impact	Adjusted Daily Ridership	% Increase
Weekdays	26,712	180	26,892	0.7%
Saturdays	10,824	289	11,113	2.7%
Sunday/Holidays	5,248	243	5,491	4.6%

Source: The Innovation Group

The information was then used to recalculate the system utilization rates, adjusting for the increase in ridership resulting from the casino development. The calculation in the chart below divides the adjusted daily ridership by the current daily capacity, resulting in the adjusted system utilization rates of 71%, 50% and 37%, respectively, for the weekday, Saturday and Sunday/Holiday periods. Note again that the casino development impacts the periods with the lowest current utilization the most, and that the light rail system is estimated to be impacted to a greater extent than the bus system.

Adjusted Capacity Utilization - Light Rail Transit

	Daily Capacity	Adjusted Daily Ridership	System Utilization Rate	Increase from Current Rate
Weekdays	38,160	26,892	70.5%	0.5%
Saturdays	22,140	11,113	50.2%	1.3%
Sunday/Holidays	14,760	5,491	37.2%	1.6%

Source: The Innovation Group

Conclusion

Based on the analysis outlined above, the casino development is estimated to have a nominal impact on the current public transportation system. Our analysis showed that due to the current state of under utilization, the system has adequate capacity to handle the anticipated volume generated by the casino development. The total increase in annual ridership for the bus transit and light rail transit was estimated at 98,650 and 40,000, respectively. Using an average fare of $2.25 (Zone 2), the transit authority could expect to realize $305,200 in additional revenue.

Nonetheless, a safe, well maintained and fully functional public transit system will have a positive impact on the casino development and enhance the benefits of a casino development for the city of Pittsburgh. An exceptional public transit system can help to alleviate traffic congestion in the vicinity of the casino and improve the parking situation, and thus encourage casino patronage. A fully functional system can also encourage casino customers to patronize other city attractions.

There are several strategies the casino development can employ to encourage the use of public transportation by casino patrons and employees, including paying the system fares or offering promotions and complementary items for system usage. The casino development can also encourage usage by improving the pedestrian walkway connections between the casino and the transit stops, including the Steel Center light rail stop. In order to get from the Steel Center stop to the casino site, various busy thoroughfares need to be crossed. Improvements such as wider sidewalks and pedestrian overpasses may be in order. A more detailed study would be needed to determine the necessary improvements. Finally, the bus shelters could also be improved as well as adding a stop with shelter at the casino site.

Disclaimer

Certain information included in this report contains forward-looking estimates, projections and/or statements. The Innovation Group has based these projections, estimates and/or statements on our current expectations about future events. These forward-looking items include statements that reflect our existing beliefs and knowledge regarding the operating environment, existing trends, existing plans, objectives, goals, expectations, anticipations, results of operations, future performance and business plans. Further, statements that include the words "may," "could," "should," "would," "believe," "expect," "anticipate," "estimate," "intend," "plan," "project," or other words or expressions of similar meaning have been utilized. These statements reflect our judgment on the date they are made and we undertake no duty to update such statements in the future.

Although we believe that the expectations in these reports are reasonable, any or all of the estimates or projections in this report may prove to be incorrect. To the extent possible, we have attempted to verify and confirm estimates and assumptions used in this analysis. However, some assumptions inevitably will not materialize as a result of inaccurate assumptions or as a consequence of known or unknown risks and uncertainties and unanticipated events and circumstances, which may occur. Consequently, actual results achieved during the period covered by our analysis will vary from our estimates and the variations may be material. As such, The Innovation Group accepts no liability in relation to the estimates provided herein.

Housing Value Impact Study

Isle of Capri - Pittsburgh, Pennsylvania

Prepared for:
Isle of Capri Casinos, Inc.

December, 2005

Prepared by:
The Innovation Group
2305 E Arapahoe Road – Suite 135
Littleton, CO 80122

Atlantic City New Orleans Denver

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Introduction

The question examined in this section is whether or not the opening of a gaming facility in a residential neighborhood has an effect on surrounding property values. In order to address this question, we examined five gaming facilities and their effect on surrounding property values. For the purpose of comparative analysis to Pittsburgh project, casinos located in residential neighborhoods were used.

To determine if gaming had an effect on property values, we compared median housing values from 1990 and 2000 census data. In each of these locations, gaming was not available in 1990 but was in 2000. To determine what effect gaming had on property values, we compared the increase in property values surrounding the casino to those of a control group. The control group was a similarly situated locality that did not have any gaming facilities operating during the time period. By examining the different growth rates for the gaming and non-gaming locations, we can begin to understand if the introduction of gaming has an effect on surrounding property values. In addition we compared vacancy rates (the percentage of unoccupied homes), between those counties which absorbed a gaming location in the 1990's versus those counties which did not. Increased supply of homes is also considered in this analysis, as a significant increase in the housing supply could cause higher vacancy rates.

Milwaukee

The first location is Milwaukee, WI which is home to the Potawatomi Casino. The facility opened in 1991 and features 1,000 slots; craps, roulette, bingo, a 500 seat cabaret style dinner theater, and 10,000 square feet of meeting space. The casino is located on the west side of Milwaukee and is surrounded by residential neighborhoods. The control group chosen is Madison, which is approximately 80 miles west of Milwaukee and the next largest populated city in the state of Wisconsin. Madison does not have a casino.

The city and county of Milwaukee (appreciations of 50% and 58% respectively) didn't appreciate as much as the city of Madison and Dane county (85% and 87% respectively). However the census tract occupied by the Potawatomi Casino appreciated slightly more then the city and county of Milwaukee (62%). All of the geographic areas examined in this case, including the state of Wisconsin (79%) appreciated significantly more then the national average.

Milwaukee is the most urban of the cases examined and therefore a thorough analysis of the impact of the casino on the surrounding areas would require the isolation of multiple variables including job creation, taxes and other attractions, development projects. These variables are out of the scope of this particular study.

Milwaukee Median Housing Values

	1990	2000	Percent Change
Census Tract	$34,400	$56,00	62%
Milwaukee	$53,500	$80,400	50%
Milwaukee County	$65,300	$103,200	58%
Madison	$75,200	$139,300	85%
Dane County	$78,400	$146,900	87%
Wisconsin	$62,500	$112,200	79%
United States	$79,100	$119,600	51%

Source: U.S. Census

Milwaukee Median Vacancy (Housing Units)

	1990		2000		Percent Change	
	Vacant	Total Supply	Vacant	Total Supply	Vacant	Total
Census Tract	2	342	0	312	-	-10%
Milwaukee	1,283	254,209	2,187	249,215	41%	-2%
Milwaukee County	1,762	390,715	3281	400,093	46%	2%
Madison	362	80,047	475	92,353	24%	13%
Dane County	619	147,851	1310	180,398	53%	18%
Wisconsin	14,692	2,055,774	20,653	2,321,144	29%	11%
United States	906,113	102,263,678	1,423,490	115,904,641	36%	12%

Source: U.S. Census

St. Louis

The second location is St. Louis, MO which is home to Admiral Casino. The facility opened in 1994 and features 1,021 slots, video poker, keno, table games, and live poker. The casino is docked at Laclede's Landing just north of the Gateway Arch in downtown St. Louis. The casino site is surrounded by a mixture of retail space, residential neighborhoods, and two sporting venues including the Edward Jones Dome and Busch Stadium. The control group chosen is Cleveland, Ohio which of similar size and geographically comparable. Cleveland does not have a casino.

The city and county of St. Louis (appreciations of 26% and 46% respectively) didn't appreciate as much as the city of Cleveland and Cuyahoga county (76% and 58% respectively). The census tract occupied by the Admiral Casino appreciated slightly more then the city and county of St. Louis (17%). All of the geographic areas examined in this case, including the state of Missouri (50%) appreciated significantly less then the national average.

It should also be taken into account that the particular census tract examined saw a decrease in the overall housing supply due to the condemnation of several properties and the conversion of residential real estate into industrial warehousing, parking, and other uses. Although the St. Louis case is an example of an urban market, the casino itself is not immediately surrounded by housing.

St. Louis Median Housing Values

	1990	2000	Percent Change
Census Tract	$42,600	$49,700	17%
St. Louis	$50,700	$63,900	26%
St. Louis County	$83,500	$116,600	40%
Cleveland	$40,900	$72,100	76%
Cuyahoga County	$72,100	$113,800	58%
Missouri	$59,800	$89,900	50%
Ohio	$63,500	$103,700	63%
United States	$79,100	$119,600	51%

Source: U.S. Census

St. Louis Median Vacancy (Housing Units)

	1990		2000		Percent Change	
	Vacant	Total Supply	Vacant	Total Supply	Vacant	Total
Census Tract	29	2,846	47	2,745	62%	-4%
St. Louis	2,560	194,919	2,771	176,354	8%	-10%
St. Louis County	5,189	401,839	4,950	423,749	-5%	5%
Nashville	3,650	219,528	3,199	242,474	-12%	10%
Davidson County	3,785	229,064	3,338	252,977	-12%	10%
Missouri	30,803	2,199,129	38,718	2,442,017	26%	11%
Ohio	37,628	4,371,945	58,479	4,783,051	55%	9%
United States	906,113	102,263,678	1,423,490	115,904,641	57%	13%

Source: U.S. Census

New Orleans

The third location is New Orleans, LA which is home to four casinos including; the Belle of New Orleans, Boomtown Belt, Harrah's New Orleans, and Treasure Chest. The first facility opened in 1994. The market features a combined 5,837 slot machines and 231 tables. The casinos are positioned different locations and are surrounded by residential neighborhoods. The control group chosen is Nashville, Tennessee which of similar size and geographically comparable. Nashville does not have any casino.

The city and county of New Orleans (appreciations of 16% and 48% respectively) didn't appreciate as much as the city of Nashville and Davidson county (87% and 93% respectively).

However the census tract (22%) occupied by the Treasure Chest Casino appreciated slightly more then the host city slightly less then the host county. All of the geographic areas examined in this case, including the state of Louisiana (45%) appreciated slightly less then the national average.

New Orleans is unique among the cases presented in this report in that there are multiple casino's in the area. Originally positioned to as a destination market, New Orleans has become a more local market then was originally anticipated. The areas around the casinos show little to no impact from the casino development and as the foreclosure section of this report demonstrates, neither bankruptcies nor foreclosures increased in the years following the addition of casinos.

New Orleans Median Housing Values

	1990	2000	Percent Change
Census Tract	$137,500	$56,00	22%
New Orleans	$69,600	$80,400	16%
Orleans Parish	$69,600	$103,200	48%
Nashville	$74,400	$139,300	87%
Davidson County	$76,000	$146,900	93%
Louisiana	$58,500	$85,000	45%
Tennessee	$58,400	$112,200	92%
United States	$79,100	$119,600	51%

Source: U.S. Census

New Orleans Vacancy (Housing Units)

	1990		2000		Percent Change	
	Vacant	Total Supply	Vacant	Total Supply	Vacant	Total
Census Tract	2	298	6	434	200%	46%
New Orleans	3,778	225,573	2,459	215,091	-35%	-5%
Orleans Parish	3,778	225,573	2,459	215,091	-35%	-5%
Nashville	3,650	219,528	3,199	242,474	-12%	10%
Davidson County	3,785	229,064	3,338	252,977	-12%	10%
Louisiana	27,089	1,716,241	23,491	1,847,181	-13%	8%
Tennessee	26,528	2,026,067	37,494	2,439,443	41%	20%
United States	906,113	102,263,678	1,423,490	115,904,641	57%	13%

Source: U.S. Census.

Foreclosures and Bankruptcies

Examining the effect of casino development on property foreclosures is another important consideration. The question examined here is whether or not the absorption of a casino into a community induces higher foreclosure rates. The Innovation Group obtained relevant data from the 2001 University of New Orleans Economic Outlook & Real Estate Forecast Seminar which addressed foreclosures as a percentage of sales.

New Orleans Foreclosures in Response to Gaming Positions

	# of Gaming Positions	Foreclosures	Foreclosures as a % of Sales	Unemployment Rate
1992	n/a	2,958	33.5%	6.5
1993	1,024	2,626	27.8%	7.0
1994	5,071	2,428	25.3%	6.5
1995	5,540	2,273	24.7%	6.2
1996	4,762	2,210	22.5%	5.5
1997	4,762	2,215	21.7%	4.7
1998	3,903	2,263	22.1%	4.1
1999	7,696	2,410	21.9%	3.8
2000	7,710	2,690	24.8%	5.1

Source: University of New Orleans Economic Outlook & Real Estate Forecast – February 2001

When gaming entered the New Orleans area in 1993 foreclosures accounted for 27.8% of home sales. As the number of casinos and gaming positions in the area increased over the next seven years, astoundingly the percentage of foreclosures as a percentage of sales decreased. Foreclosures as a percentage of sales are better metric then the absolute number of foreclosures due to the fact that a larger housing supply will inevitably bring about more foreclosures. Although foreclosures picked up pace in 2000, along with the unemployment rate, they were still well below the pre-casino days of New Orleans.

Foreclosures can also be induced by heavy consumer spending and debt accumulation. When home-owners are extended “easy credit”, they often spend outside of their means and are forced into foreclosure on their home. The University of New Orleans Real Estate Market Data Center attributed the rise in 2000 to easy credit.

Regardless of the intricacies in causation, one conclusion can be reached. The data from New Orleans does not show that a correlation between casino development and significant increases in foreclosures exists.

Foreclosure data is not readily available in many communities, and there is no large-scale study examining the impact of casino development on foreclosures, even by the critics of casino development. However, the impact of casino development on bankruptcy has been extensively studied. 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.[1]

Creighton professors Ernie Goss (economics) and Edward Morse (law), applied a regression analysis to U.S. bankruptcy data for 1990 and 1999 and concluded that counties that legalized casinos during this period suffered *individual* bankruptcy rates more than 100 percent higher than counties that remained "casinoless". On the other hand, the casino counties experienced *business* bankruptcy rates that were 35.4 percent less than their matching counties without casinos. Further, casino counties were much more likely to experience Chapter 7 and Chapter 13 bankruptcies, but less likely to experience Chapter 11 bankruptcies.[2]

A later study by bankruptcy rates in counties with casinos initially drop but (after a few years) then rise until they exceed the rates in counties without casinos.[3] The anti-casino researcher Ernest Grinols claims that the boost in local employment created by casinos is responsible for the initial drop, but that there will be a rise in bankruptcies after 3-4 years, once problem gamblers run out of assets and credit.[4] This research suggests the need to have the type of pro-active responsible gambling program in place that Sands employs in its casinos.

Whether bankruptcies from problem gambling result in the loss of a home, however, has not been studied. And there are multiple reasons for bankruptcy filings other than gambling debts. Research by Harvard Medical and Law Schools, for example, found that approximately half of the bankruptcies in the jurisdictions selected for their study were filed because of overwhelming medical expenses.[5]

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[1] 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.
[2] Goss, Ernie & Morse, Edward (2004). *The Impact of Casino Gambling on Bankruptcy Rates: A Casino Level Analysis.* Creighton University
[3] Omaha World Herald, June 5, 2005
[4] Grinols, E.L. & Mustard, D.B. (2000; Revised 2004). *Casinos, Crime, & Community Costs.* College of Business, University of Illinois at Urbana-Champaign.
[5] Health Affairs February 2, 2005

Conclusion

In one of the three cases analyzed (Milwaukee), property values near the casino appreciated more then their respective greater metro area. None of the three casino markets examined appreciated more then the comparative cities without casinos. With respect to vacancy rates and added housing supply, all of the casino markets experienced greater declines in both vacancy rates and new building. This data points to the conclusion that residential housing development slows in response to a new casino in the area, however existing housing is absorbed. One factor that has to be considered is that the areas around the facilities are established neighborhoods, whereas new suburban housing development would drive city-wide or county-wide averages up higher than could be expected in established neighborhoods. All of this data leads to a confounding that casino development may mute appreciations of local housing when compared to non-casino cities. However, secondary research has proven alternative conclusions.

Secondary research has been conducted by the U.S. Department of Treasury, the University of New Orleans, Creighton University, and Harvard University on bankruptcies and foreclosures. This research has led to the confounding conclusion that no connection between state bankruptcy rates and either the extent of or introduction of casino gambling. Furthermore, the introduction of casinos led to both declining unemployment and foreclosure rates for six consecutive years following the introduction of casinos into the New Orleans market.

From our broad analysis of the three case studies presented above, as well as our secondary research, our belief is that casino development has no adverse impact on the housing market of the host community. The three communities examined above could have experienced a much greater negative impact from declining unemployment. Moreover, the job creation created through the construction process and ongoing operations of the casino actually has the potential of stimulating the local housing market.

The Innovation Group has profiled multiple casino markets and communities across the United States and abroad. Our experience is that casino’s enhance local communities by providing jobs and increasing awareness of the community to a larger audience. Through diligent urban planning and a cohesive marketing plan, Pittsburgh can attract reinvigorate the lower hill district and adjoining neighborhoods.

Disclaimer

Certain information included in this report contains forward-looking estimates, projections and/or statements. The Innovation Group has based these projections, estimates and/or statements on our current expectations about future events. These forward-looking items include statements that reflect our existing beliefs and knowledge regarding the operating environment, existing trends, existing plans, objectives, goals, expectations, anticipations, results of operations, future performance and business plans. Further, statements that include the words "may," "could," "should," "would," "believe," "expect," "anticipate," "estimate," "intend," "plan," "project," or other words or expressions of similar meaning have been utilized. These statements reflect our judgment on the date they are made and we undertake no duty to update such statements in the future.

Although we believe that the expectations in these reports are reasonable, any or all of the estimates or projections in this report may prove to be incorrect. To the extent possible, we have attempted to verify and confirm estimates and assumptions used in this analysis. However, some assumptions inevitably will not materialize as a result of inaccurate assumptions or as a consequence of known or unknown risks and uncertainties and unanticipated events and circumstances, which may occur. Consequently, actual results achieved during the period covered by our analysis will vary from our estimates and the variations may be material. As such, The Innovation Group accepts no liability in relation to the estimates provided herein.

Affordable Housing Market Study

Isle of Capri - Pittsburgh, Pennsylvania

Prepared for:
Isle of Capri Casino, Inc.

December, 2005

Prepared by:
The Innovation Group
2305 E Arapahoe Road – Suite 135
Littleton, CO 80122

Atlantic City New Orleans Denver

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Introduction

The Innovation Group analyzed the affordable housing market in the city of Pittsburgh primarily in the vicinity of the proposed casino in order to estimate the impact of the casino on the market. Inherent in the analysis is the assumption that the casino will bring jobs to the market and thus increase the need for affordable housing, the extent of which will be dependent in part on the existing unemployment rate in the market and the current inventory level with regard to affordable housing. The Innovation Group focused the analysis on projecting the number of new casino employees that will reside in the city and the resulting demand for additional housing relative to the current supply.

Affordable Housing Market

The city of Pittsburgh is divided into various neighborhood districts. The district in closest proximity to the proposed casino development is called the Hill District. Other nearby districts include the Strip District, the South Side and Oakland. For the purpose of the analysis, we focused on the Hill District as the district likely to be the most impacted.

Hill District

The Hill District in Pittsburgh has a rich history with a vibrant legacy. The Hill is located just east of downtown Pittsburgh and continues west to the edge of the Oakland neighborhood. The Hill was farmland in the early 1800's, owned by the grandson of William Penn. In the late 1840s, Thomas Mellon bought the land and subdivided it into plots which were sold for residential properties. The Hill is generally segregated into three areas, now known as the Upper Hill, Middle Hill and Lower Hill. The Lower Hill was known to be inhabited by runaway slaves, while the Middle Hill and Upper Hill were populated originally by Germans and Scotch-Irish. Around the turn of the twentieth century, African Americans began arriving to fill local industry jobs as they fled segregation laws in the South. The Hill District became a very ethnic and racially diverse area. The ethnic diversity led to a spirited business community with a vibrant atmosphere filled with music and life. The Hill was part of the National Jazz Circuit with nightclubs such as the Crawford Grill, Hurricane Lounge, Savoy Ballroom and Musicians Club.

In the middle of the 20th century, the Hill District's infrastructure began to deteriorate and the unrest associated with the civil rights movement began to surface. Various redevelopment plans failed to bring the intended revitalization, including the Civic Arena (Mellon Arena). The unrest peaked in 1968 when Dr. Martin Luther King was assassinated. The riots that followed led to over 500 fires, leaving the Hill District severely damaged. Recently, however, several redevelopment projects are helping to revitalize the area.

Crawford Square

Crawford Square is an 18-acre residential development featuring mixed-income rental and for-sale residential housing in the Lower Hill District (eastern edge of downtown Pittsburgh). The area is described by the Urban Redevelopment Authority of Pittsburgh ("URA") as the gateway between the downtown business district and the nearby Hill District. One of the goals of the development was to capture the character and architectural traditions of the neighborhood in a pedestrian friendly environment. Crawford Square resulted from cooperation between the city of Pittsburgh and McCormack Baron & Associates, a developer specializing in converting blighted inner-city neighborhoods into communities that attract a broad range of residents.

Crawford Square offers 426 units of rental and for-sale housing catering to a wide range of incomes. Although one half of the units are subsidized; they are indistinguishable from the other units. Phase I (completed in 1993) consisted of 203 rental apartments and townhouses of which half are subsidized. Additional phases (completed in 1995 and 2000) offered 146 rental units and 60 for-sale units. Note that in the subsequent phases, the rental program was scaled back as the market called for a greater proportion of for-sale units.

According to the URA, market-rate units in Crawford Square leased up faster than subsidized units, with strong demand on all fronts. The rent payments range from $300 per month for one-bedroom apartments to $1,200 per month for three bedroom town homes. For-sale housing prices range from $89,000 and $200,000, and continue to trend higher. Financing incentives and subsidies have been scaled back due to the unexpectedly strong demand.

Bedford Hill

In 1993, President Bill Clinton visited Pittsburgh to outline his urban renewal strategy called the Hope VI program. He targeted the Hill District as an example of a severely distressed public housing area. The goal of the program was to reform distressed areas through physical and management improvements and by providing social and community services to residents. Coincidently, the President spoke on the steps of the Mellon Arena, which is in close proximity to the casino development site. The Hill Community Development Corporation ("Hill CDC") began an effort to form a redevelopment strategy in which to encourage active citizen participation in future redevelopment. A large public housing project in the Hill District called the Bedford Hill was selected for redevelopment. The intention was to put the community's needs in the forefront of the redevelopment strategy, including image and identity, safety and security, housing, economic development, and education and community values.

The initial Hope VI revitalization grant of $26.6 million was awarded in 1996 for the redevelopment of the Bedford Hill additions. The 3-phase project called for the demolition of 460 units of public housing and the renovation and construction of approximately 600 units of public, mixed income rental and for-sale homes. A total of 147 Phase I rental units are planned, of which, 50% are public housing replacement units. Phase I also included the construction of a new community center called the Bedford Hope Center. The Center, a product of the community participation effort, provides family support, job development and placement services, and after-school programs for children. In October 2003, the first residents moved into the new housing units.

The goal is to rent 75% of the units to families with below 60% of the area median income, while a portion of the for-sale units will be available to households with below 80% of the area median income. The housing authority units rent from $318 for a one-bedroom to $452 per month for a four-bedroom unit, while market rate units rent from $640 to $1,080 per month.

Other

Also, the Pittsburgh Housing Development Corporation ("PHDC") is proposing to construct 29 new homes in the Middle Hill District, located several blocks from the proposed casino development. This redevelopment is also in close proximity to the other redevelopment efforts noted above, with the goal of producing viable self-sustaining residential neighborhoods. The homes will be roughly 1,500 square feet available with many upgrades and options.

Housing Market Analysis

The PHDC contracted for a housing study ("Study") to ascertain, among other things, the demand for and supply of residential housing in the city. The study was conducted by Real Estate Strategies, Inc. and completed in March 2005.

Housing Supply

The Study displayed the following table which analyzed the housing supply in the Hill District, the city of Pittsburgh and Allegheny County:

Characteristics of the Housing Stock - 2000 US Census

	Hill District	Pittsburgh / PMS	Allegheny County
Total Housing Units			
Occupied Housing Units	5,613	143,739	537,150
Vacant Housing Units	1,578	19,627	46,496
Total	7,191	163,366	583,646
Occupied %	78.1%	88.0%	92.0%
Vacant %	21.9%	12.0%	8.0%
Occupied Housing Detail			
Owner-Occupied	1,581	74,927	360,036
Renter-Occupied	4,045	68,812	177,114
Total	5,626	143,739	537,150
Owner-Occupied %	28.1%	52.1%	67.0%
Renter-Occupied %	71.9%	47.9%	33.0%

Source: US Bureau of the Census; Claritas, Inc.

According to the Census, the Hill District had 1,578 vacant housing units in 2000, half of which were not being offered for sale or for rent. The units not on the market are generally thought to be deteriorated and not suitable for occupancy. Therefore, after adjusting for these units, there were about 776 units available for occupancy in 2000. The housing stock in the Hill District is expected to decline moderately through 2009. Owner-occupied units are expected to fall by about 13% between 2000 and 2009, while renter-occupied units are expected to fall by 14%. The Study also showed that the Hill District has a high percentage of renter-occupied units when compared to the county as a whole. Nearly 72% of the Hill's occupied housing units were renter-occupied compared to only 20% for Allegheny County, excluding the city of Pittsburgh. The redevelopments discussed earlier are geared in part to lower the percentage of renter-occupied units. A higher percentage of owner-occupied houses will result in a more economically viable neighborhood while enhancing the quality of life.

The supply of housing increases substantially when considering the entire city of Pittsburgh, with a total of 19,627 vacant housing units. Again, after adjusting for the units not being offered for sale or for rent, the inventory falls to about 11,510 units. Note that the city's percentage of units not on the market of 41% is lower than the Hill District. The housing stock in the city of Pittsburgh is also expected to decline between 2000 and 2009. The expected decline for the owner-occupied units and the renter-occupied units is 7% and 4%, respectively, again considerably lower than the Hill District.

The supply of vacant units in Allegheny County is substantial at 46,496 units. The percentage of not for sale or for rent is about 34% leaving 30,832 units on the market. Note, when factoring out the city of Pittsburgh, the percentage of not for sale or for rent falls to only 28% for the county. The housing stock in Allegheny County is expected to decline slightly from 2000 through 2009.

Housing Demand

The Study showed that despite neighborhood problems associated with crime and drugs, demand for housing in the Hill District remains strong. Regarding a recent development of six new townhouses, all but one was sold before construction was complete. In addition, the Bedford Hills mixed-income development featuring 167 new units is, for the most part, completely rented out. A second phase of Bedford Hills is currently being proposed.

The Study outlined two different catalysts for demand, including the need to replace physically and functionally obsolete housing and the favorable relationship between housing prices and household incomes. According to the Study, the 2000 US Census showed that 50.7% of the 143,739 occupied housing units in the city of Pittsburgh were more than 60 years old. The Study estimated that over the next 5 years, about 3,650 units will become physically or functionally obsolete. Also, the Study noted that existing housing in the city is very affordable. However, low income wage earners are having trouble obtaining credit to purchase housing. The demand for housing will eventually spur additional developments and subsequently reverse the trend with regard to housing supply in the Hill District. There are numerous vacant parcels of land that are well suited for development.

Home Values

The owner-occupied houses in the Hill District are very affordable, with an estimated median value of $50,500 in 2004. The value is expected to increase about 12% to $56,500 by 2009. The home values for the city of Pittsburgh are substantially higher at $73,200, a difference of 45%, but still very affordable. The Allegheny County median value was estimated at $100,800 in 2004, another jump of 38% over the city of Pittsburgh. Nonetheless, Allegheny County is in line with the average for the state of Pennsylvania and 15.7% lower than the nation as a whole. The 2000 median home value for the state of Pennsylvania and the U.S. was $97,000 and $119,600. Therefore, the closer one gets to the development site, the more affordable the housing.

The Housing Study showed that many of the home sales in the Hill District are closed at an amount well below the median value cited above, with a large portion of the higher priced sales coming in the redevelopment projects such as Crawford Square. In other words, there is a large disparity between the higher-priced houses and the lower-priced houses in the Hill District.

Impact of Proposed Casino Development

The Innovation Group analyzed the housing data in relation to the estimated employment impact of the casino. The casino development will bring new jobs to the city of Pittsburgh, including direct casinos jobs and indirect jobs associated with the overall increase in economic activity in the area. The extent to which these jobs will stay in the city will be dependent in part on the current unemployment situation in the city.

Job Creation

The proposed casino is expected to generate roughly 979 direct full-time equivalent ("FTE") casino jobs. The average annual salary is estimated to be approximately $26,000, not including benefits. The benefits associated with the full-time jobs at the casino include but are not limited to health insurance and participation in 401K retirement and bonus plans.

The development is also expected to generate indirect jobs associated with an overall increase in economic activity in the area. Local merchants and hoteliers will likely benefit from the development as patrons of the casino property spend money elsewhere in the area during casino visits, such as convenience stores, gas stations, restaurants and hotels. These expenditures are deemed to be induced by the presence of the casino, meaning that these merchants could not expect these revenues were it not for the presence of the casino. The induced spending only applies to patrons coming from outside of the local market area, as it would otherwise not be considered a new expenditure in the economy. The expected level of induced jobs is dependent on the availability of attractive retail, restaurant choices, and alternative lodging accommodations in the area.

Another factor leading to additional jobs relates to the multiplier effect in the economy. A ripple of increased revenues and incomes is created that begins with purchases made by the recipients of the direct and induced expenditures. Indirect expenditures from casino operation will originate with the expenditures of the vendors, employees, and from expenditures by establishments providing goods and services to gaming and hotel patrons. Based on the economic impact study conducted by The Innovation Group, the casino development is expected to generate 3,133 induced/indirect jobs.

The Innovation Group estimated that the new jobs will be apportioned pro-rata against the corresponding population counts in the Hill District, city of Pittsburgh and Allegheny County. The apportionment was based on information obtained from existing casinos that currently reside in metropolitan cities, such as the President Casino in downtown St. Louis. Therefore, we estimate that 41 new jobs (FTEs) will be created in the Hill District, while 987 and 3,084 will be created in the city of Pittsburgh (excluding Hill District) and Allegheny County (excluding the city of

Pittsburgh), respectively. Therefore, the total number of new jobs expected for the greater Pittsburgh area is 4,112.

Expected Increase in Employment

	Direct Casino Employment	Induced/Indirect Employment	Total
Hill District	10	31	41
Pittsburgh (excl Hill)	235	752	987
Allegheny County (excl city)	734	2,350	3,084
Total	979	3,133	4,112

Source: The Innovation Group

Unemployment Analysis

The unemployment rate in the city of Pittsburgh has been improving following the economic downturn of several years ago that resulted from the 9/11 tragedy. The rate peaked in 2003 at 6.0%, increasing from 4.5% in 2000. The rate has since declined to 5.4% through September 2005, but has yet to reach the pre-9/11 level. It would appear that the recovery still has legs, as the unemployment fell 8.5% in the most recent period. The average number of unemployed in 2005 was 8,504.

The labor force in the city of Pittsburgh has been relatively steady over the last 6 years, currently estimated at about 156,900. The labor force, as a percentage of the total population in the city of Pittsburgh of about 324,500, is 49%. The chart below displays unemployment data for the city of Pittsburgh over the last several years.

City of Pittsburgh - Unemployment Summary

	Unemployment	Employment	Labor Force	Unemployment Rate
2000	7,002	149,064	156,066	4.5%
2001	7,352	149,670	157,022	4.7%
2002	9,019	148,509	157,528	5.7%
2003	9,411	146,189	155,600	6.0%
2004	9,291	147,394	156,685	5.9%
2005	8,504	149,199	157,703	5.4%
CAGR	4.0%	0.0%	0.2%	

Source: Bureau of Labor Statistics

Based on the analysis of the unemployment rate in the city of Pittsburgh, The Innovation Group believes that a majority of the 1,028 FTEs (including Hill District) expected to be created in the city will be acquired by existing city residents. Therefore, the 8,504 unemployed persons are more than sufficient to accommodate the increase in employment expected in the city of Pittsburgh. With the addition of new jobs in the city of Pittsburgh, the unemployment rate could drop by as much as 0.7% to 4.7%.

Impact on Affordable Housing

With a better paying job, the residents acquiring new employment may look to upgrade their housing situation. The chart below compares the information discussed earlier with regard to the housing supply with the expected number of new jobs in the city and region. The analysis shows that the existing supply of housing in the Hill District, city of Pittsburgh and Allegheny County is more than sufficient to accommodate the desire of casino employees to upgrade their housing situation. The chart below shows that only a small percentage of the existing housing supply will be affected.

Demand for Upgraded Housing Analysis

	Housing Supply	Increase in Employment	Employment (as % of Housing Supply)
Hill District	776	41	5%
Pittsburgh (excl Hill)	10,734	987	9%
Allegheny County (excl city)	20,098	3,084	15%
Total	31,608	4,112	13%

Source: The Innovation Group

Note that The Innovation Group believes that including the affordable housing inventory in Allegheny County is justified due to the adequacy of the public transit system, which makes downtown Pittsburgh highly accessible from the county residential areas.

Conclusion

The Innovation Group estimates that the current inventory of affordable housing is sufficient to accommodate the increase in demand generated by the employment associated with the casino development. At the most, we estimate that only 13% of the existing housing stock will be affected. Generally speaking, we expect that the casino jobs will be filled by the current unemployed and by area residents looking for a new and/or better job. Based on the large labor force in the city of Pittsburgh and the greater metropolitan area, it is unlikely that prospective employees will need to relocate to fill these jobs. However, we believe that people filling the casino jobs will have the ability, in some cases, to upgrade there current housing situation.

Nonetheless, the casino development can positively impact the affordable housing market with designated funding to support current housing redevelopment efforts and related community enhancement projects. Private investors and the local housing authority are needed to continue the redevelopment progress in the area.

In addition, the report noted that many low-income potential home buyers in the city of Pittsburgh are having difficulty acquiring home loans due to credit problems. A program that supports the ability of low-income wage earners to acquire home loans would address an immediate need for persons currently renting in the Hill District. Recall that nearly 72% of housing units in the Hill District are occupied by renters. If home ownership is advanced, the area will benefit will higher property values and more stable neighborhoods.

Disclaimer

Certain information included in this report contains forward-looking estimates, projections and/or statements. The Innovation Group has based these projections, estimates and/or statements on our current expectations about future events. These forward-looking items include statements that reflect our existing beliefs and knowledge regarding the operating environment, existing trends, existing plans, objectives, goals, expectations, anticipations, results of operations, future performance and business plans. Further, statements that include the words "may," "could," "should," "would," "believe," "expect," "anticipate," "estimate," "intend," "plan," "project," or other words or expressions of similar meaning have been utilized. These statements reflect our judgment on the date they are made and we undertake no duty to update such statements in the future.

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Public Safety Impact Study

Isle of Capri - Pittsburgh, Pennsylvania

Prepared for:
Isle of Capri Casinos, Inc.

December, 2005

Prepared by:
The Innovation Group
2305 E Arapahoe Road – Suite 135
Littleton, CO 80122

Atlantic City New Orleans Denver

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Introduction

The Innovation Group conducted a study to analyze the impact of the proposed casino development on the public safety resources of the city of Pittsburgh. The increase in visitation to the area will likely increase the need for public safety resources. The objective was to evaluate the state of the existing public safety resources and to estimate the increase in resources needed to serve the casino property. Certain public safety authorities will likely require more manpower, which will increase costs associated with recruitment and training, salary and benefits and equipment. In addition, special equipment or new facilities may be needed to service the casino property.

The Innovation Group estimated the impact on the city of Pittsburgh by analyzing the actual impact of existing casinos on comparable jurisdictions around the country. In addition, we contacted the relevant public safety authorities in the city to ascertain the level of existing capacity with regard to current resources. The primary public safety departments considered in the analysis were police, fire and emergency service.

Police Department

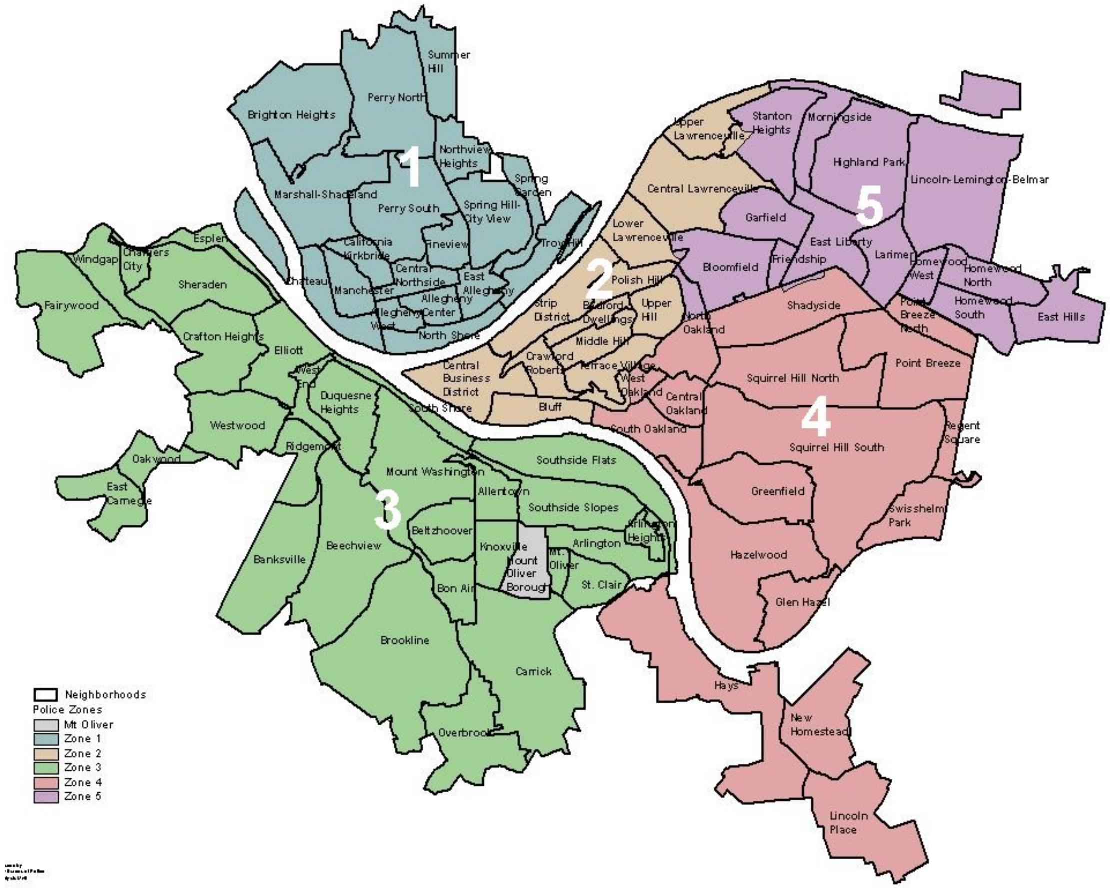
The Pittsburgh Bureau of Police is a part of the Department of Public Safety, and is responsible for the protection of life and property, the enforcement of criminal and traffic law violations and the prevention of crime. The Bureau of Police is commanded by Chief Robert McNeilly, Jr., and is assisted by Deputy Chief William Mullen.

Department Resources

The Bureau of Police currently has approximately 880 sworn law enforcement officers, and about 70 civilians comprising the support staff. The Bureau of Police began 2004 with only about 800 sworn officers and plans to continue hiring until the budget of 900 officers is reached. Chief McNeilly noted that recruitment potential remains favorable as the last recruiting class numbered about 50 candidates.

The Bureau currently has only about 150 patrol cars, which calculates to one car per approximately every 6 officers. Chief McNeilly stated that the cars are rapidly aging and that a request for additional cars in 2004 was rejected due to budgetary constraints. In addition, no money exists in the current year budget for new cars. The Chief cited new cars as one desire of the Bureau of Police.

The Bureau divides its area of responsibility into five zones. The proposed casino development site is located in Zone 2, which includes the Central Business District and the Hill District among others. The Zone 2 station is located at 2000 Center Avenue, which is less than a mile from the Mellon Arena. Zone 2 currently has approximately 100 sworn officers. According to Chief McNeilly, the response time to the development site is difficult to determine because typically the majority of the officers are deployed throughout the zone. The Bureau's area of responsibility and the zone segments are shown on the map below.



Crime Statistics

The Pittsburgh Bureau of Police reported that they investigated 38,668 crimes in 2004, a 2.9% decrease from the prior year. Roughly half or 19,293 were Part 1 crimes, which are more serious in nature, including murder, rape, robbery, aggravated assault, burglary, larceny theft, vehicle theft and arson. In comparing the last two years, criminal homicide showed the largest percent decline of 30%, with incidents dropping from 67 to 47. Sex related offenses and arson were also down sharply, showing an 11% and 10% decline, respectively. Part I crimes in total dropped 4.0% from 2003 to 2004. Nearly 60% of the crimes in 2004 were related to property offenses, generally including theft and vandalism. The next highest category was assaults with a 24% share, followed by drug violations at 6%.

Based on the sworn officer count of 880, noted above, the city of Pittsburgh's ratio of offenses to officers was 44 to 1. The clearance rates for the Pittsburgh Bureau of Police for the more serious crimes of robbery, rape and homicide are substantially higher than other cities and the national average. The chart below details the crime statistics for city of Pittsburgh and Allegheny County.

Crime Statistics

Offense	Pittsburgh (city) 2003	2004	% Change	Allegheny County 2003	2004	% Change
Criminal Homicide	67	47	-29.9%	97	73	-24.7%
Sex Related Offenses	964	862	-10.6%	1,416	1,295	-8.5%
Robbery	1,635	1,602	-2.0%	2,348	2,220	-5.5%
Assaults	9,053	9,171	1.3%	13,449	13,072	-2.8%
Property Offenses	24,123	23,100	-4.2%	51,487	48,090	-6.6%
Arson	97	87	-10.3%	255	215	-15.7%
Drug Violations	2,513	2,458	-2.2%	5,409	5,138	-5.0%
Other Alcohol Crimes	1,352	1,341	-0.8%	6,622	6,167	-6.9%
Total	39,804	38,668	-2.9%	81,083	76,270	-5.9%

Source: Pittsburgh Bureau of Police Website

Impact of Proposed Casino Development

The Innovation Group estimates that the development of a casino in the city of Pittsburgh will increase the number of calls and investigations required of the Pittsburgh Bureau of Police. The additional volume will reflect the increase in visitation to the city of Pittsburgh resulting from the casino, as criminal activity naturally increases with the concentration of persons gathered for a particular activity or event, such as seen at concerts or sporting events. The extent of the increase will be dependent in part on the traffic volume and the amount of alcohol consumed in and around the casino. The types of crime that will generally increase include property offenses (vandalism/stealing), traffic violations and alcohol/drug related crimes, and are usually not related to the gaming aspect of the casino. In an attempt to mitigate the effect of alcohol, Pennsylvania gaming regulations currently only allow one free drink per gaming customer.

Commentary/Studies on Crime and Casinos

As Steve Johnson, the Deputy Director of the Missouri Gaming Commission ("MGC") with more than 30 years of police experience, noted at a MGC meeting on June 24, 2002:

> "There's been very little correlation between casinos and an increase in criminal activity or crime activity in an area surrounding a casino, as least documented. As a matter of fact, when you have an influx of people, when you increase numbers of people, you're going to detect more crime. People are involved in criminal activity, certain portion of them are, and we're going to detect them"……"Experience has shown that criminal activity in and around [the] property is minor in nature."……"The bottom line is this is virtually a non-issue for us in considering this expansion of business."

Steve Johnson also noted is a subsequent presentation:

> "Generally speaking, the crime rate for any location, whether it be a Wal-Mart or a casino, will be similar if the numbers of people at these two locations is consistent. The often discussed increase in criminal activity around casinos, mentioned by opponents of casino development, is not supported by fairly developed statistics."

Additionally, a study called The Effect of Casino Gambling on Crime in New Casino Jurisdictions, conducted by B. Grant Stitt of the University of Nevada-Reno, David Giacopassi of the University of Memphis, and Mark Nichols of the University of Nevada- Reno, analyzed crime statistics in seven new casino jurisdictions to determine if crime rates increased after casino gambling was legalized. The study cited the following:

> "Using the crime rates based upon the population at risk, three communities had many more crimes that significantly increased than decreased, three other communities had many more crimes that significantly decreased than increased, and one community had few significant changes in either direction. When the Wilcoxon Signed Rank Test for Paired Differences was calculated for crimes in all seven jurisdictions, few significant differences were found comparing pre- and post-casino crime. Although the conclusions are necessarily tentative, it appears that the effect of casino gambling on jurisdictions is variable and may be dependent on local conditions not easily generalizable from community to community."

Additional Studies

In addition, a number of broad studies relating to the social and economic impact of casinos have been conducted in the US. In the late 1990s, prompted by the expansion of casinos, mainly in riverboat jurisdictions, Native American casinos, and racinos, the National Gambling Impact Study Commission (NGISC) was formed, releasing its findings in 1999. Also, an economist at the University of Illinois, Earl L. Grinols, conducted a nationwide impact analysis in 2000 (along with economist David Mustard from the University of Georgia). The most recent study, released in January 2005 by the Rappaport Institute for Greater Boston and the John F. Kennedy School of Economics at Harvard University, examined the socio-economic impacts of Native American casinos nationwide.

In a statistical analysis of all US counties, Grinols and Mustard (2000; updated 2004) estimated that 12.6% of violent crime and 8.6% of property crime in casino counties is attributable to casinos. In a study of Native American casinos, the National Bureau of Economic Research (NBER) found a similar though smaller increase of 9% for violent crimes and 4.4% for property crimes (Evans and Topoleski 2002). Unlike the NBER study, the Grinols study did not control for upward trends statewide, and thus came up with a higher estimate.

However, the Rappaport Institute for Greater Boston and the John F. Kennedy School of Economics at Harvard University (Baxandall and Sacerdote 2005) in a national, county-level study of Native American casinos found a slight decrease in crime rates after casinos opened. In addition, two separate studies on the impact of crime in Joliet (1994 and 1997) reported no increase in crime from riverboat casinos. The first study was performed by the Criminal Justice Information Authority and included both quantitative analysis of the Illinois Uniform Crime Report and calls-for-service data from October 1988 to August 1993 and interviews with local law enforcement officials. The second study, prepared for the American Gaming Association, showed the crime rate decreasing from 1993 to 1996.

In sorting out the discrepancy between Grinols and the Rappaport study, one critical difference in methodology is at work: Grinols does not distinguish between on-site and off-site crimes, whereas the Rappaport study looked at what happens on the casino premises versus within the local community. For instance, the Rappaport study looked at crime trends in Ledyard, Connecticut (which hosts the Foxwoods casino) from 1991 to 1998. Although the total number of crimes reported rose 632%, from 214 to 1,353, only 364 of the 1998 crimes took place outside the casino. In subsequent years, State Police data show that off-casino crimes in Ledyard were below pre-casino levels. The data for Montville—host to Mohegan Sun—show similar results. As with Ledyard, the number of crimes reported in Montville "remained relatively constant," which the authors conclude is "surprising since the sheer increase in activity around these towns might have led to greater crime" (Baxandall and Sacerdote p. 14).

Furthermore, Grinols uses "undiluted" crime rates. In other words, casino visitors are not included in the base population, which inflates the crime rate relative to the local population. In the Ledyard experience, for example, there were approximately 1,000 crimes committed on the premises of the casino by an estimated 6-8 million visitors to the casino (0.14 crimes per 1000 visitors). Applying those crimes to the local resident population only would of course result in an alarming increase in crime rates. Early studies of Atlantic City made a similar error, where, for example, crimes committed by a daily population of 120,000 people (casino visitors plus residents) were applied to a permanent resident population of 37,000.

Grinols does make an important contribution to the study of casino impacts by measuring "intertemporal" shifts in crime impacts. Grinols acknowledges that casinos can reduce crime in the first two years by increasing employment, which thus would cause a decline in the population of individuals who might be financially motivated to commit crime. In addition, increases in police services as a result of casino funding temporarily depress crime. He claims, however, that by year three or four, the impact of problem gambling begins to take effect, and that crime begins to rise as problem gamblers run out of assets or credit and turn to stealing to support their addiction. This is a somewhat remarkable conclusion, since in a separate article from 2001 ("Cutting the Cards and Craps: Right Thinking about Gambling Economics") he faults other researchers for underestimating the costs of crime not related to problem gambling. Nevertheless, it appears reasonable in light of the types of crime that other studies have shown to be impacted by casino development, i.e., those related to a problem gambler trying by some illegal means to secure the money to continue a gambling addiction.

An early study in Biloxi would tend to corroborate the first part of Grinols' theory. Chang (1996) found a decrease in crime the first full year of casino development, while the second year saw crime rates return to pre-casino levels. Unfortunately, it does not appear the study has been updated, although a 2000 study on bankruptcy found that bankruptcy rates actually decreased in Biloxi with the advent of casino development. The studied attributed the cause to the destination nature of Biloxi and the infusion of visitor spending to the Biloxi economy (Nichols *et al*).

In the total sample group of 156 counties, the Rappaport study found a decrease of 3 reported crimes per 1,000 residents, and 6 fewer crimes per 1,000 in the more populated counties (57 counties), although this additional decrease was not statistically significant. The study concludes,

> In sum, casinos are not associated with general increases in crime rates. The total number of crimes can be expected to increase with the introduction of casinos, but only because casinos are associated with population increases which are far larger than any possible decrease in the number of crimes per resident.

Quantitative Impact Analysis

Based on a limited amount of information received from other gaming jurisdictions, The Innovation Group estimates that crime incidents, requiring an investigation by the police, will occur at a rate of between 0.04 and 0.06 per 1000 visitors to the casino. The estimated was based on several counties in California where the County Sheriff's Department realized an increase in investigations resulting from the area casinos. In addition, the Missouri Gaming Commission ("MGC") publishes annual information regarding charges that were filed as a result of arrests made by the Missouri Highway Patrol assigned to the Missouri casinos. The total number of charges filed was 552, excluding warrant arrests and gambling law violations by the casino companies. Based on an annual patron count to Missouri casinos of 25.1 million, the rate of charges was 0.022 per 1000 visitors. The table below shows that Stealing, Motor Vehicle and Dangerous Drugs reflect a large proportion of the crime in and around the Missouri casinos.

MGC Summary of Gaming Related Charges (FY 2005)

Charge Type	Count
Stealing	158
Motor Vehicle	81
Dangerous Drugs	73
Forgery	53
Fraud	44
Assault	44
Obstructing Police	18
Damaged Property	16
Flight/Escape	13
Family Offense	8
Violation of Liquor Laws	7
Peace Disturbance	7
Misc. Federal Charges	6
Weapons	5
Stolen Property	5
Robbery	4
Sex Offenses	3
Invasion of Privacy	2
Burglary	2
Sexual Assault	1
Public Order	1
Arson	1
Total	**552**

Source: MGC FY 2005 Annual Report

The Michigan State Police Gaming Section is responsible for criminal enforcement related activities for the three Detroit casinos. According to their FY 2004 Report, the Gaming Section had a total of 30 sworn officers and 2 secretaries. The Michigan State Police patrol the casinos from a central location. In 2004, the Gaming Section made 353 arrests (excluding 132 fugitive warrants), involving 923 criminal investigations related to the three casinos. Based on an estimated annual patron count (actual count not available) to Michigan casinos of 19.4 million, the rate of investigations to visitors was 0.048 per 1000 visitors.

The forecasted annual visitation for the proposed Pittsburgh casino is about 6.0 million. Therefore, after applying the estimated crime incident rate of between 0.040 to 0.060 per 1000 visitors, we estimate that the Pittsburgh Bureau of Police will need to investigate between 240 and 360 additional crime incidents per year.

As noted above, on average, each sworn officer at the Pittsburgh Bureau of Police currently investigates approximately 43 crimes per year. Therefore, the Bureau will utilize roughly 5.6 and 8.4 Full Time Equivalent (“FTE”) sworn officers to cover the casino related crime. Using the high end of the range, the Pittsburgh Bureau of Police would only need to increase sworn officer staffing by about 1%. The estimated costs associated with equipping and paying a sworn officer in Pittsburgh are itemized below.

Estimated Costs - Additional Sworn Officer

Cost Category	Start-Up	On-Going
Salary & Benefits	NA	$80,000
Equipment	$10,000	$200
Uniform	NA	$900
Total	$10,000	$81,100

Source: The Innovation Group; Pittsburgh Bureau of Police

Fire Department

In addition to fighting fires, the Bureau of Fire develops, implements, and administers public safety programs in areas of fire suppression, first responder emergency medical care, fire prevention, hazardous materials code enforcement, fire and arson investigation, and public education. The Bureau of Fire is commanded by Chief Michael Huss, and is supported by Assistant Chief Francis Deleonibus.

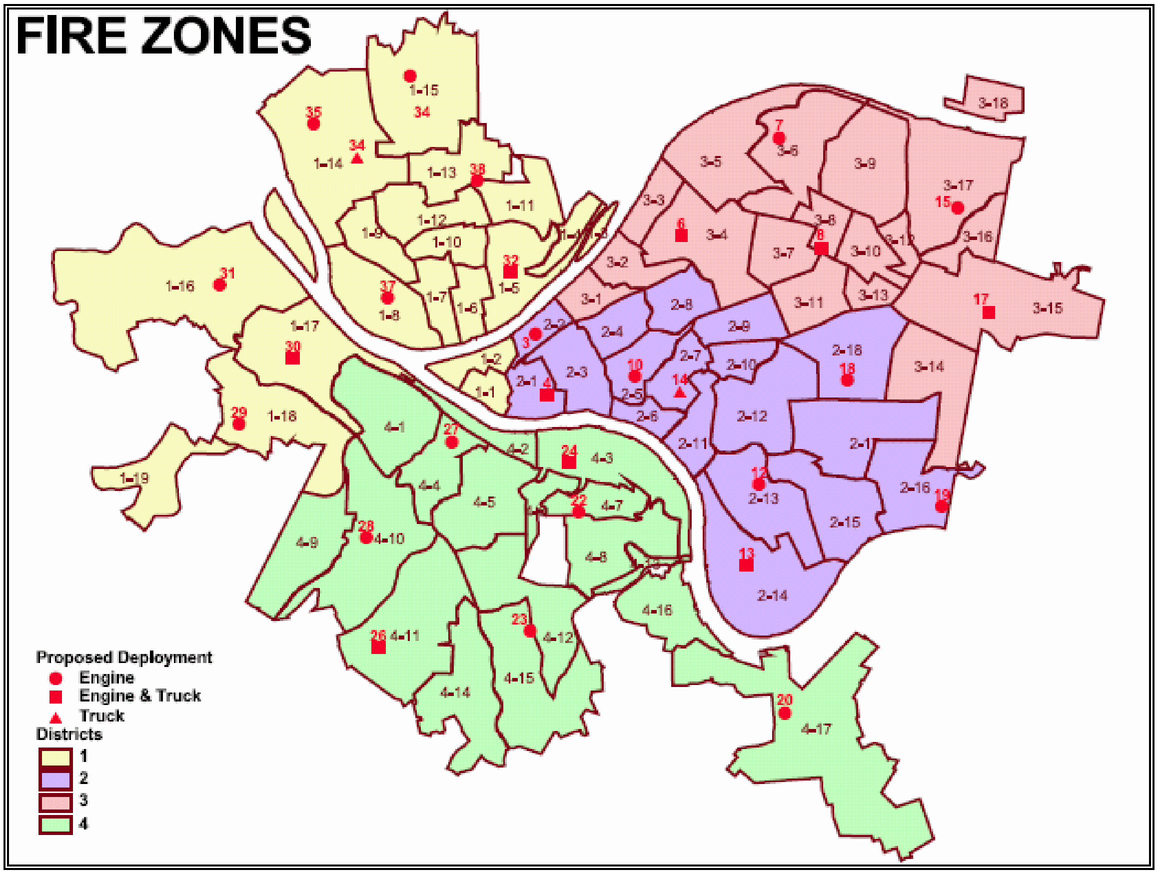
Department Resources

According to Chief Huss, the Bureau of Fire has about 150 firefighters currently on duty. A total of about 100 firefighters left the Bureau in 2004 due in part to a change in the retirement benefits structure. During a typical year the Bureau of Fire would only lose about 20-30 firefighters. The Bureau hopes to increase the number of firefighters to 225 in the near future. The Firefighters typically work a 16-day cycle with 4 days on duty for 10 hours per day, 4 nights on duty for 14 hours, and 4 days off.

The Bureau of Fire started the year with 35 fire stations, but has since closed six stations due to budgetary constraints of the department, as the city of Pittsburgh is currently classified as a Distressed City under Act 47. One of the closed stations was located in the Hill District and in close proximity to the casino development. There are currently 29 fire stations in operation.

There are three different types of stations in operation, including 18 Engine Companies, 2 Truck (Quint) Companies, and 9 Engine & Truck (Ladder) Companies. The Engine Companies contain one Captain and three Firefighters, and employ a pumper engine as the primary fire fighting tool. The Engine Companies do not have a ladder truck. The Engine & Truck Companies have one Captain and three Firefighters, and operate a pumper engine and a ladder truck. The Truck Companies utilize one Captain and three Firefighters, and employ a ladder truck only.

For fire fighting purposes, the City of Pittsburgh is geographically divided into four districts, which contain the 29 stations. The map below displays the different districts servicing the city of Pittsburgh and the associated fire companies in each district.



The proposed casino development is located in District #2, with the following companies in close proximity:

Company Response Summary

Company	Equipment	Location
Company 3	Engine	Strip District
Company 4	Engine & Truck	Mercy Hospital
Company 10	Engine	Upper Oakland

Source: Pittsburgh Bureau of Fire

According to Chief Huss, Company #4 would be the first responder to the casino development site in the event of an emergency. Company #4 is located near Mercy Hospital, less than a mile south of the site. As noted above, Company #4 has a ladder truck in operation; therefore the firefighters would have access to tall buildings.

Incident Analysis

The Bureau of Fire reported that they responded to 29,776 incidences in 2004, a 7.3% decrease over the prior year. The EMS/Rescue type calls showed the largest decline, falling by 3,567 calls or 22%. The calls related to Hazardous Conditions, such as vehicle accident cleanup and downed power lines also declined sharply. The Bureau of Fire reported an increase in incidents of Good Intent calls, which are basically false alarms. The Building Fire count was relatively steady from year to year, while Other Fire incidents fell 15% from 1,918 to 1,639. The chart below displays a year over year comparison of the reported incidents relevant to the Bureau of Fire.

Pittsburgh Bureau of Fire - Summary of Incidents

Incident Category	2003	2004	Change	% Change
Building Fire	301	305	4	1.3%
Fire - All Other	1,918	1,639	-279	-14.5%
Rupture/Explosion	38	75	37	97.4%
EMS/Rescue	16,456	12,889	-3,567	-21.7%
Hazardous Condition	5,498	3,999	-1,499	-27.3%
Service Call	2,738	2,987	249	9.1%
Good Intent	2,082	4,468	2,386	114.6%
False Alarm	3,041	3,265	224	7.4%
Severe Weather	30	90	60	200.0%
Other	30	59	29	96.7%
Total	32,132	29,776	-2,356	-7.3%

Source: Pittsburgh Bureau of Fire

Over 43% of the responses by the Bureau of Fire related to the EMS/Rescue category, which primarily includes EMS calls, EMS calls to vehicle accidents with injury and medical assistance to standard EMS crews. The second highest group reflects Good Intent calls and False Alarms accounting for 26% of the responses. Also showing a high share of incidents is Hazardous Condition calls at 13%. Building fires only accounted for 1% of Bureau of Fire responses. It should be noted that the entire company responds, regardless of the type of incident. The table below analyzes the incident breakdown for the Bureau of Fire.

Incident Breakdown Analysis

Incident Category	2004	% of Total
Building Fire	305	1.0%
Fire - All Other	1,639	5.5%
Rupture/Explosion	75	0.3%
EMS/Rescue	12,889	43.3%
Hazardous Condition	3,999	13.4%
Service Call	2,987	10.0%
Good Intent	4,468	15.0%
False Alarm	3,265	11.0%
Severe Weather	90	0.3%
Other	59	0.2%
Total	29,776	100.0%

Source: Pittsburgh Bureau of Fire

Based on the fire company count of 29, noted earlier, the ratio of incidents to companies is 1,027 to 1, roughly an average of 3 per 24-hour day. When excluding false alarms and good intent calls, the ratio drops to 760 to 1, or about 2 per 24-hour day.

Fire Department Standards

The Pittsburgh Bureau of Fire aspires to adhere to NFPA 1710 with regard to the operation of the fire department. NFPA 1710 is compiled by the National Fire Protection Association and sets a standard regarding the organization and deployment of fire suppression operations, emergency medical operations, and special operations for career fire departments. The purpose of the standard is to specify the minimum criteria related to the effectiveness and efficiency of fire departments.

The standards prescribed that the engine and truck companies should be staffed with a minimum of four on-duty personnel. In areas with tactical hazards, high incident frequencies or geographical restrictions, the companies should be staffed with a minimum of five or six members. The turnaround time, the time beginning when units acknowledge notification of the emergency to the beginning point of response, should be less than one minute. The response times (the time it takes to get to the site) for the initial engine company regarding a fire suppression incident should be four minutes or less. The response time for full alarm deployment should be eight minutes or less. The performance objective with regard to response times should be greater than 90%. This is a high standard and requires adequate resources to comply.

Emergency Medical Service units should be staffed at a minimum with personnel trained to the first responder/AED level. The response time for the first responder with AED should be four minutes or less, 90% of the time.

Impact of Proposed Casino Development

The demand for fire protection services is one of the most impacted government services with regard to casino developments. Developments that attract a large numbers of visitors tend to generate many calls for emergency services. As fire departments typically act as the first responder to all emergencies, not just fires, the demand for fire protection services increases significantly. The majority of the calls to the casino will be related to emergency medial care. Base on a limited amount of information obtained from other gaming jurisdictions, The Innovation Group estimates that responses, requiring a fire company will occur at a rate of between 0.046 and 0.057 per 1000 visitors to the casino. Casinos typically employ a full-time EMT unit which helps minimize the number emergency calls for the local public emergency authorities, especially with regard to false alarms and minor injuries and accidents.

The forecasted annual visitation to the proposed casino is about 6.0 million visitors. Therefore, after applying the response rate crime outlined above, The Innovation Group estimates that the Pittsburgh Bureau of Fire will respond to between 276 and 342 additional calls, mostly related to emergency medial care. Using the high end of the estimate, the Pittsburgh Bureau of Fire would experience a 1.1% increase in call volume. Based on the adjusted (excluding false alarms) ratio of incidents to fire companies of 760 to 1, it would take approximately one half of a company (two firefighters) to service the casino.

According to information provided by the Pittsburgh Bureau of Fire, the cost to equip an additional firefighter is approximately $4,000. The average annual salary of a front line firefighter is about $35,700 (includes insurance).

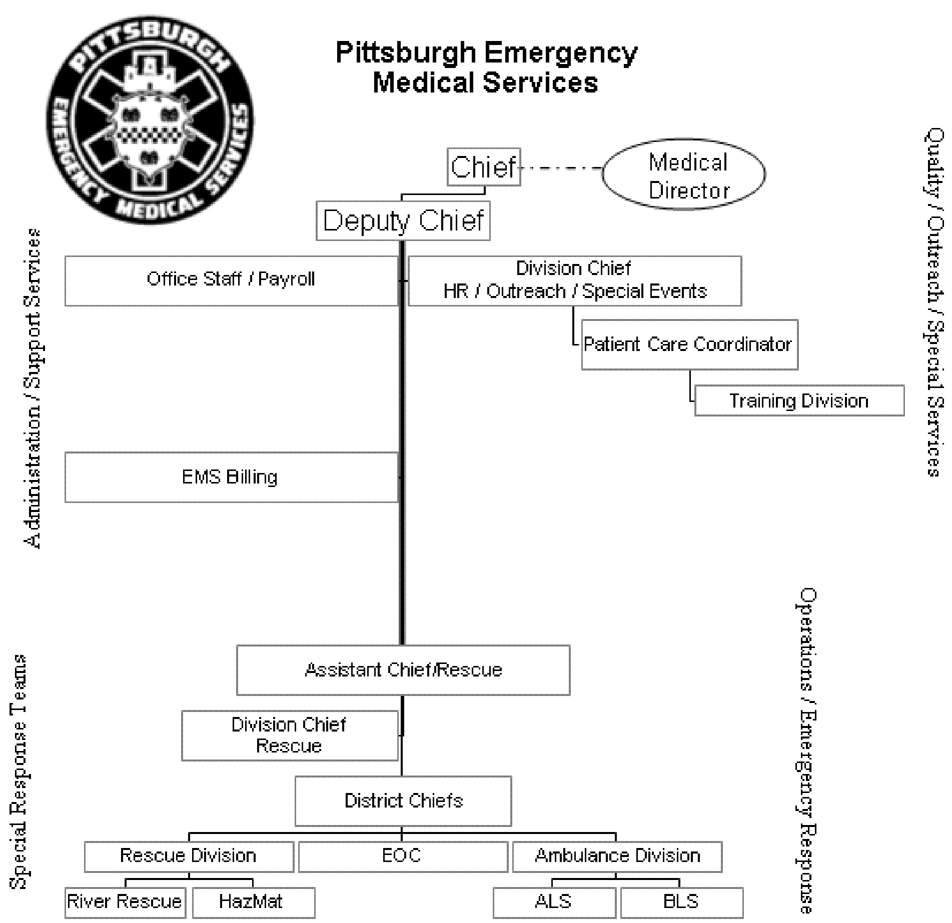
Mitigation of Impact on Bureau of Fire

During a discussion with Fire Chief Huss, the Chief offered a suggestion with regard to mitigating the impact of the casino development on the Bureau of Fire. The Chief contemplated that a fire station on the development site would be beneficial. He stated that due to the recent station closings, noted above, an additional station in proximity to the high rise hotel would be logical. He noted that the equipment, including the aerial apparatus, is currently available to support a new station. He expressed a willingness to negotiate an arrangement. The Innovation Group did not solicit this idea or attempt to negotiate on this or any mitigation points.

Emergency Medical Services (EMS)

Background/Resources

The Pittsburgh EMS provides life-saving medical care in streets, homes and workplaces, with about 170 paramedics and Emergency Medical Technicians (EMTs). The services include advanced life support pre-hospital care, medical directed rescue from accidents and entrapments, river rescue and community education in CPR/AED. The EMS department responds to roughly 57,000 calls annually, with roughly 60% or 34,200 requiring the transportation of a victim to a medical facility. The number of calls fluctuates somewhat from year to year but has been generally steady and predictable. The Pittsburgh EMS was awarded the Pennsylvania's Ambulance of the Year in 2000. The EMS department is headed by Chief Robert McCaughan. The chart below displays the organization structure of the department.



Ambulance Division

The Pittsburgh EMS is divided into the Ambulance Division and the Rescue Division. The Ambulance Division employs 13 ambulances, 10 of which are in service 24-hours a day, while the remaining 3 are in service 16-hours per day. Each ambulance is staffed with two paramedics. In addition, there are two district chiefs on duty at all times. The division is responsible for providing emergency care for the sick and injured citizens and guests for the 88 neighborhoods in Pittsburgh. The Ambulance Division also provides coverage for special events such as professional and university sporting events, musical concerts, and parades and festivals. For special events, the division puts into service three medically equipped motorcycles and several bicycles which are able to more easily navigate through large crowds. The EMS department provides coverage for the following special events:

- Steelers Football Games
- Pirates Baseball Games
- Penguins Hockey Games
- Concerts at Mellon Arena
- Pittsburgh Public School Sporting Events
- University of Pittsburgh Sporting Events
- Duquesne University Sporting Events
- Carnegie Mellon University Sporting Events
- IC Light Amphitheater Events
- Community Races and Walks
- Events at Point State Park
- David L. Lawrence Convention Center Events
- Boxing Events
- Parades Events
- Larger Pittsburgh Zoo Events
- Pittsburgh Three Rivers Regatta

Rescue Division

The Rescue Division enhances the ability and delivery of medically directed rescue. The division operates two heavy-duty rescue trucks, a space/trench rescue truck, a mass casualty truck, a river rescue truck, a hazardous material truck, and four rescue watercrafts. The division currently employs six crew chiefs and 18 paramedics. The rescue trucks are in service 24-hours per day. The rescue crews are certified to handle the following types of rescue:

- PA D.O.H. Basic Vehicle Rescue
- PA D.O.H. Special Vehicle Rescue
- High-Angle Rope Rescue-various levels
- Hazardous Material Training - various levels
- Confined Space Rescue
- Water Rescue - up to and including Master Diver
- PA D.O.H. Basic Rescue Practices
- Urban Search and Rescue
- Elevator Rescue
- Trench Rescue
- Structural Collapse

Training

Training is a very important aspect of the EMS department. The paramedics operating in the city of Pittsburgh Paramedics are certified through the Commonwealth of Pennsylvania, Department of Health. The paramedics are required to have 1,228 hours of initial training, including 628 classroom hours, 300 field hours and 300 clinical hours. In addition, they are required to attend 24 hours of continuing education classes every year. The EMS department employs a Training

Division to handle the task of education. The division consists of three crew chiefs as well as field personnel with specialized training to assist in the training effort. Also, the Training Division assists in the setup of CPR/AED (automatic external defibrillator) classes for other city of Pittsburgh departments and neighborhood groups, and teaches the First Responder program to all police officers and firefighters. The ongoing training courses include the following:

- Command Authorization Testing (CAT)
- Advance Cardiac Life Support (ACLS)
- Pediatric Advance Life Support (PALS)
- Basic Trauma Life Support (BTLS)
- Pediatric Basic Trauma Life Support (PBTLS)
- Cardiopulmonary Resuscitation (CPR)
- Hazardous Materials Training
- Weapons of Mass Destruction Training
- Basic Vehicle Rescue Training
- Basic Rescue Practices
- Confined Space Rescue Training
- Elevator Rescue Training
- Waster Rescue Training
- Trench Rescue Training
- Structural Collapse Rescue Training
- Special Vehicle Rescue Training (SVR)

Impact of Proposed Casino Development

Although the casino facility will employ a full-time on-site EMT staff, the Pittsburgh EMS department will be called upon from time to time with regard to medical emergencies and the transportation of sick or injured persons. Based on information acquired from the Pittsburgh EMS, the department currently responds to roughly 57,000 calls annually, for an average of 156 calls per day. Since there are 13 ambulances in service almost around the clock, each ambulance currently services approximately 12 calls per day on average. Of the 12 calls, roughly 7 or 60% require transportation to a medical facility.

Based on a limited amount of information gathered from other gaming jurisdictions, The Innovation Group estimates that the casino will generate between 0.042 and 0.052 ambulance calls per 1000 visitors. Again, since casinos typically employ a full-time EMT unit the number of emergency calls for the local public emergency authorities is minimized. Based on the estimated annual casino visitation of 6.0 million, the Pittsburgh EMS division can expect between 252 and 312 additional calls annually to the proposed casino, with high percentage requiring transportation to a medical facility. Using the high end of the estimate, the increase in calls reflects less than a 1% increase in the current call volume of the Pittsburgh EMS department.

Mitigation of Impact on the EMS Department

According to Chief McCaughan, the ambulance fleet is in dire need of replacement. He cited that the department is currently in the process of replacing three of the ambulance units and plans to replace an additional three units in 2006. He noted that there is a high degree of uncertainty as to whether the 2006 replacements will be accomplished.

Conclusion

There is no doubt that the casino development will increase the workload for the Pittsburgh Bureau of Police, Bureau of Fire and EMS department. However, in comparison to their existing workload, The Innovation Group judged the increase to be manageable. The analysis showed that the Bureau of Police could handle the increase in investigations with about 8.4 FTE officers, or a 1% increase in officer staffing. The Bureau of Fire could support the casino with roughly one half of a company or 2 firefighters. The impact to the EMS department of 312 additional calls is nominal considering the department currently responds to 57,000 calls annually.

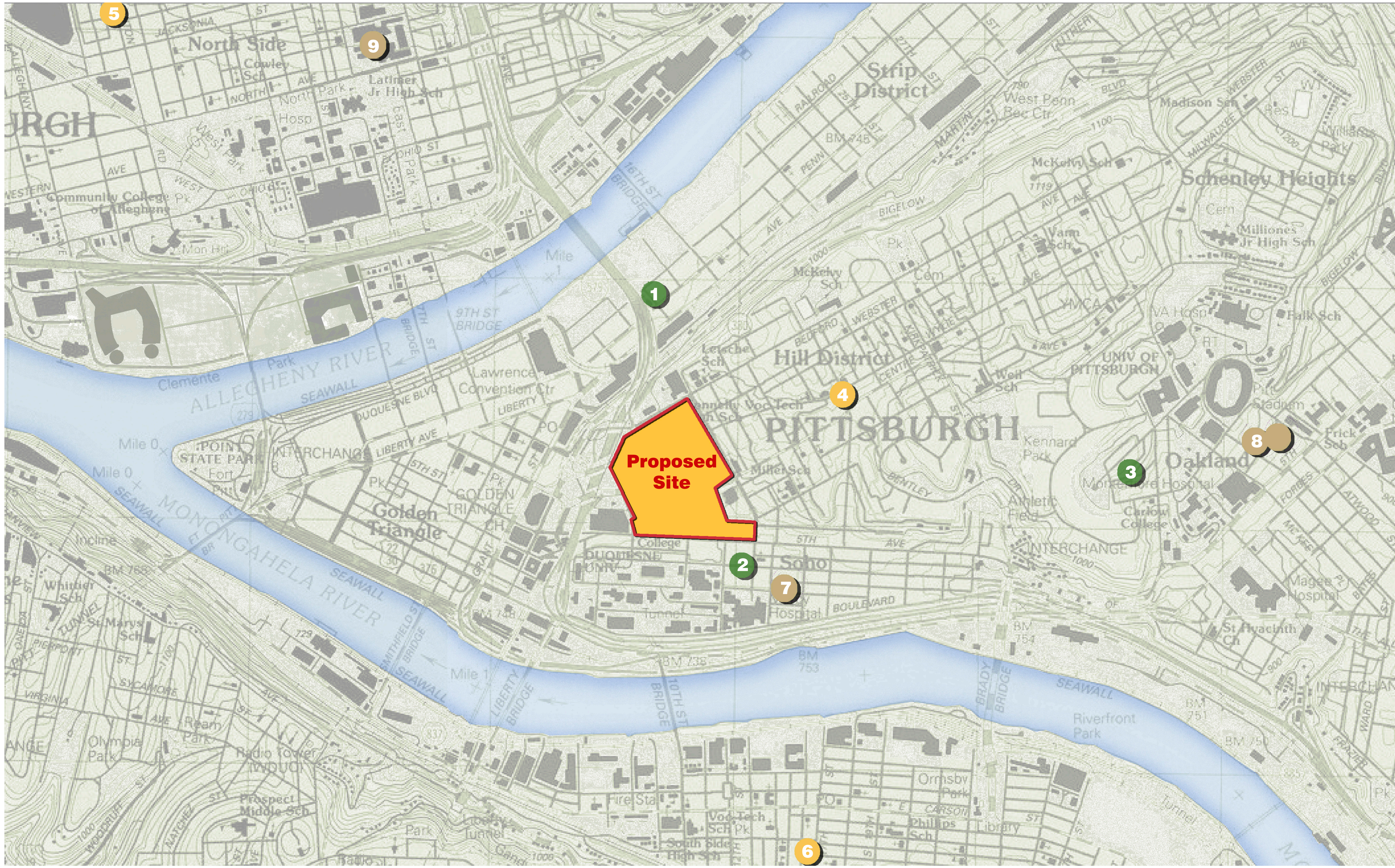
Nonetheless, based on our background research, each of the departments cited examples were their current resources are stained. For example, the Bureau of Police expressed a desire for more patron cars, while the Bureau of Fire expressed an interest in a firehouse located in close proximity to the development site. The EMS department noted the need for newer ambulances. Due to the current financial difficulties of the city of Pittsburgh, it is unlikely that any substantial new resources will be forthcoming through the normal channels. Therefore, the opportunity exists for the casino development to mitigate the additional burden by addressing the stated needs of the different departments.

Disclaimer

Certain information included in this report contains forward-looking estimates, projections and/or statements. The Innovation Group has based these projections, estimates and/or statements on our current expectations about future events. These forward-looking items include statements that reflect our existing beliefs and knowledge regarding the operating environment, existing trends, existing plans, objectives, goals, expectations, anticipations, results of operations, future performance and business plans. Further, statements that include the words "may," "could," "should," "would," "believe," "expect," "anticipate," "estimate," "intend," "plan," "project," or other words or expressions of similar meaning have been utilized. These statements reflect our judgment on the date they are made and we undertake no duty to update such statements in the future.

Although we believe that the expectations in these reports are reasonable, any or all of the estimates or projections in this report may prove to be incorrect. To the extent possible, we have attempted to verify and confirm estimates and assumptions used in this analysis. However, some assumptions inevitably will not materialize as a result of inaccurate assumptions or as a consequence of known or unknown risks and uncertainties and unanticipated events and circumstances, which may occur. Consequently, actual results achieved during the period covered by our analysis will vary from our estimates and the variations may be material. As such, The Innovation Group accepts no liability in relation to the estimates provided herein.

Public Safety and Emergency Services



1. Fire Station, 1401 Penn Avenue
2. Fire Station, 1324 Forbes Avenue
3. Fire Station, 2500 Allequippa Street
4. Police Station, 2000 Centre Avenue
5. Police Station, 1501 Brighton Road
6. Police Station, 18 & Mary Streets
7. Mercy Hospital, 1400 Locust Street
8. UPMC, 200 Lothrop Street
9. Allegheny General, 420 East North Ave.

Tourism Impact Study

Isle of Capri - Pittsburgh, Pennsylvania

Prepared for:
Isle of Capri Casino, Inc.

December, 2005

Prepared by:
The Innovation Group
2305 E Arapahoe Road – Suite 135
Littleton, CO 80122

Atlantic City New Orleans Denver

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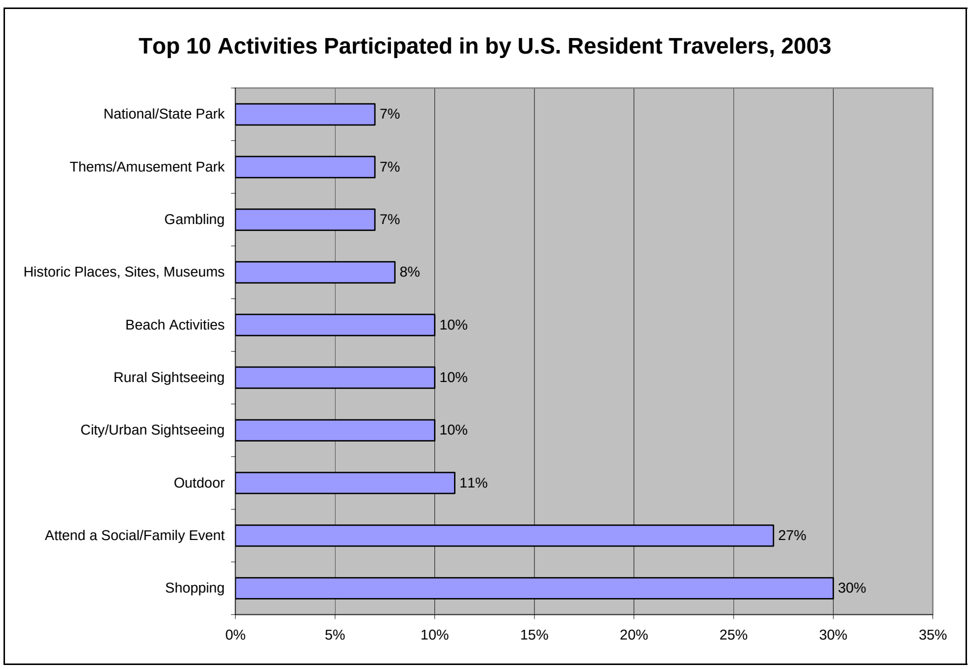
Introduction

The Innovation Group analyzed the tourism industry in the city of Pittsburgh in order to estimate the impact of the proposed casino development on the existing tourism market. The objective was to determine if the casino development will positively or negatively affect the existing tourism industry. Inherent in the analysis is the assumption that the casino will bring patrons to the downtown area from metropolitan Pittsburgh. The impact on the existing tourism market will be dependent on the proximity of the existing attractions in relation to the casino development as well as the synergy created between the casino and surrounding marketplace. As part of the process, The Innovation Group analyzed comparable tourism markets around the country with existing casinos in order to ascertain any material impact. The report begins with a summary of national tourism trends followed by background information on the Pittsburgh tourism market.

National Tourism Trends

The Travel Industry of America ("TIA") tracks the demand trends of leisure travelers. The following chart was compiled from TIA data, and presents the *Top 10 Activities Participated in by U.S. Resident Travelers in 2003*. The most popular activity was shopping (30%), followed by attending a social/family event (27%). Among the Top 10 activities were outdoor activities, rural sightseeing, visits to historic places, sites and museums, gambling, and visits to national or state parks. These travel preferences are in line with many of the activities Pittsburgh offers as a travel destination.



A study called A Survey of Urban Gaming in America, conducted by Analysis Group, Inc. found a positive correlation between tourism and gaming. The study noted that casino gaming has the potential to increase tourism if the development results in out-of-town visitors, and that the prospects are enhanced if the supply of other nearby non-gaming amenities are present and accessible. Other nearby amenities might include lodging, entertainment, restaurants and shopping. The study cited statistics that suggest gaming enhances a tourist destination, such as that 81% of Americans find casino gaming to be an acceptable form of entertainment and that 7% of tourists participate in gambling during their trips.

Festivals and Special Events

The International Festivals & Events Association (IFEA) has noted the rise in festivals and events throughout the world. Currently, there are more than 1 million annual international events, large enough to require municipal support. The average number of events per community was 27. According to the TIA, "as the world grows smaller, festivals and events have become community 'calling cards', presenting what is important to communities and providing ideal travel destinations for visitors who have limited time to experience a particular area." Further, "festivals and events are typically created for a three-fold purpose that includes increasing residents' quality of life, driving tourism, and making an economic impact." Festivals and events provide host communities with positive imaging and valuable media coverage that is non-purchasable. The following table presents a sampling of annual festivals and their average attendance.

Festival Attendance

Festival	Location	Dates	Attendance
SciTech Festival	Pittsburgh, PA	October	25,000
Gilroy Garlic Festival	Gilroy, CA	Late June	15,000
Boise River Festival	Boise, ID	Last week of June	500,000
French Quarter Festival	New Orleans, LA	Mid April	450,000
Red River Revel Arts Festival	Shreveport, LA	October	180,000
Revere Beach Seafood Festival	Revere, MA	August	60,000
National Fiery Foods & Barbeque Show	Albuquerque, NM	Early March	12,000
Taste of Buffalo	Buffalo, NY	Mid July	500,000
New Orleans Jazz and Heritage Festival	New Orleans, LA	April/May	800,000

Source: Festivals.com, 600 Festivals Right in Your Own Backyard

Cuisine-based festivals, such as the Gilroy Garlic Festival, Revere Beach Seafood Festival, and the Taste of Buffalo have become very popular in recent years. The New Orleans Wine and Food Experience, a grand tasting of regional cuisine and wines from throughout the world, brings together over 140 wineries and 50 chefs every year. This 5 day event draws connoisseurs from across the U.S. and the world, and has steadily become a major event in the city.

Music festivals are also becoming increasingly popular. New Orleans' French Quarter Festival, once only a locals event in the weeks preceding the hugely popular Jazz and Heritage Festival, has grown in average attendance from about 200,000 to 450,000 in the last 5 or 6 years. In addition to New Orleans, Austin, Texas hosts Austin City Limits and South By Southwest, also helping it solidify its reputation as a center for music creation and enjoyment.

Cultural and Heritage Tourism

According to the TIA, "More than half of the traveling American public consider it important to experience or learn about cultures other than their own when they travel . . . the arts have proven to be a magnet for travelers . . . local businesses are able to grow because travelers extend the length of their trips to attend cultural events. Compared to all U.S. travelers, cultural travelers spend more ($623 vs. $457), are older (49 vs. 47) . . . are more likely to use hotel and bed and breakfast accommodations (62% vs. 55%), and travel longer on overnight trips (5.2 nights vs. 4.1 nights).

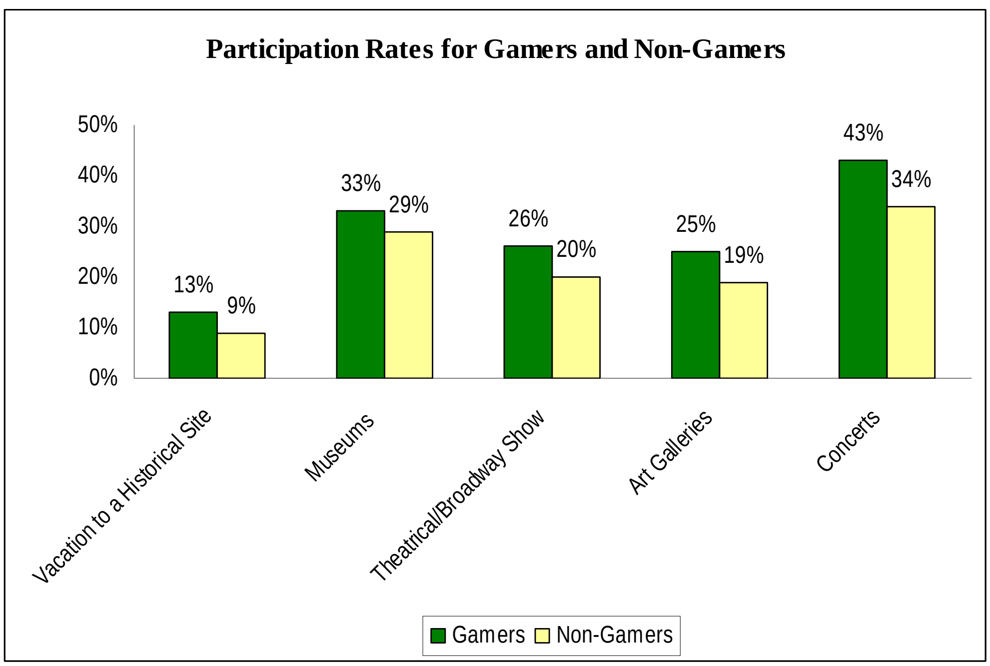
City Destinations

The major cities in the US continue to be a popular tourist destination. Travelers are attracted to the historical and cultural attractions, shopping districts, restaurants and nightlife associated with city destinations. According to the 2004 National Leisure Travel Monitor, about 28% of leisure trips are targeted towards the attractions associated with a particular city destination, up from 21% in the prior year. Survey respondents reported taking an average of 1.6 trips to cities annually. The survey also showed that middle age persons, with higher household incomes were more apt to pick a city as a tourist destination.

Cultural Attractions Visitation of Gamers

Gamers (regular casino patrons) have a higher propensity to patronize cultural attractions than non-gamers. According to the Harrah's 2004 Profile of the American Gambler, casino gamers tend to have a greater disposable income, are more active in managing investments, and are more likely to take part in a host of activities when compared to non-gamers. The following chart compares respondents' activities over the 12 months prior to April 2004, with a ±2% margin of error.

The chart clearly exhibits that gamers are more likely to take overnight vacations to historical sites as well as participate in a host of cultural activities. Gamers were more likely to have gone to a museum, theatrical/Broadway show, art gallery, and concerts when compared to non-gamers.



Pittsburgh Regional Tourism Market

Background

The city of Pittsburgh hosts a vibrant tourism industry. According to the Greater Pittsburgh Convention & Visitor Bureau (“Bureau”), the Pittsburgh area welcomes roughly 10.2 million overnight travelers annually. The travelers generally come from a 50-500 mile radius. Based on a 2003 visitor’s survey, the median age is 38, with a median income of $67,100.

Activities

Favorite activities while staying in Pittsburgh include dining, entertainment, shopping, sports and night life. This is not surprising, as according to the 2004 National Leisure Travel Monitor, 52% of survey respondents cited nightlife and live entertainment as a desirable attribute of a travel experience. Pittsburgh has always been famous for nightlife entertainment, especially in terms of Jazz entertainment. The Hill District, located just outside of downtown, was part of the National Jazz Circuit in the early to mid 1900’s. The club featured the likes of Ramsey Lewis, Oscar Peterson, Cannonball Adderly, Billy Eckstine and Lena Horne. Pittsburgh currently features about twenty options for nightlife entertainment, catering to wide variety of tastes. In addition, the city offers more than fifty restaurants featuring a full scope of cuisines and styles, including the historic Crawford Grill. The Crawford Grill, which was recreated at a location in Station Square, was one of the stops of the National Jazz Circuit. The Bureau estimated that Pittsburgh travelers spent about $587 million at restaurants in 2003.

The City offers ample and varied shopping opportunities, many in close proximity to the proposed casino development site. The downtown shopping corridor is located along Fifth Avenue and Smithfield Street, centered on the 11-story traditional department store, Kaufman's, (rumored soon to be converted to Macy's), a large and successful Saks Fifth Avenue, and many smaller retail shops, including Barnes and Noble Bookstore, Brooks Brothers, and a classic family owned toy store, S.W Randall. The Shops at Oxford Centre, retail along Liberty Avenue, the adjacent Cultural District and Market Square expand shopping opportunities in the downtown business district.

Just south of the proposed site, across the Monongahela River, visitors find the vibrant South Side neighborhood offering shops, restaurants, art galleries, theatre and live music venues, all within a 15 block stretch of Victorian architecture. The commercial district generally fronts Carson Street, the main thoroughfare, and is surrounded by hundreds of newly constructed housing units complementing well-preserved historic structures. Outdoor activities in the South Side area include the 5-mile riverfront trail, a public boat dock, and over 5000 pubic steps, offering exercise opportunities and astonishing views of the surrounding city. All of these available options combine to make the South Side a classic live, work and play community. Also, the renovated Pittsburgh and Lake Erie Railroad Station offers nearly 50 specialty retail shops, including over 18 restaurants and nightclubs as well as offices and a riverfront hotel. The station, a historical landmark in itself, presents ethnic festivals and concerts in an outdoor Amphitheatre during the summer months.

Neighborhood commercial districts offering extensive restaurant, entertainment and shopping opportunities abound in parts of the city within 3 to 5 miles of the proposed site, and include

Bloomfield, Squirrel Hill, Shadyside, and Oakland, home to the University of Pittsburgh, Carnegie Mellon University, and Carlow College.

Finally, Pittsburgh features many historical and entertainment attractions. The chart below highlights the major Pittsburgh historical and entertainment attractions.

Pittsburgh Historical and Entertainment Attractions

Attraction	Description
Andy Warhol Museum	The museum features permanent collections of Andy Warhol's art and archives. Temporary exhibitions, including the work of other artists, are presented on a regular basis.
Carnegie Museum of Art	Founded by Andrew Carnegie in 1895, Carnegie Museum of Art is internationally recognized for its distinguished collection of American and European works of art from the 16th Century to the present. The museum's Heinz Architectural Center is dedicated to the collection, study and exhibition of architectural drawings and models.
Carnegie Museum of History	Carnegie Museum of Natural History is a hands-on interactive museum of the earth. Known for its famous dinosaur collection, the museum is an adventure millions of years in the making.
Carnegie Science Center	The perfect place for group visits or special events with over 300 hands-on exhibits, UPMC SportsWorks, Rangos Ominmax Theater, interactive planetarium, Miniature Railroad & Village, WWII submarine, River View Cafe' and Xplor Store.
Children's Museum	The Children's Museum of Pittsburgh, with it's new expanded space, offers families a unique and incredible journey. Come explore our indoor and outdoor exhibits, hands on. Features include: Mister Roger's Neighborhood, The Backyard, The Studio, The Theater, Waterplay and more. For more information about the Children's Museum call or visit our website. Recent recipient of the "Roy L. Shafer Leading Edge Award for Business Practice" from The Association of Science-Technology Centers.
City Theatre Company	City Theatre has been described as Pittsburgh s most adventurous theatre. City Theatre specializes in new plays and has brought to Pittsburgh playwrights such as Adam Rapp, Christopher Durang, and Jeffrey Hatcher.
Duquesne Incline	Enjoy a spectacular panorama of Pittsburgh and its three rivers. Ride to the incline's Observation Deck in the 100-year-old Incline car to see what *USA Weekend* calls one of the "10 most beautiful views in America". Historical exhibits in the waiting room entertain between rides.
Fort Pitt Museum	The museum houses exhibits on the history of the 18th Century in what would become western Pennsylvania. A new exhibit follows the course of colonial and Revolutionary conflicts from 1754-1803, examining the prominent role the "Forks of the Ohio" and its forts played in determining the course of American History.
Gateway Clipper Fleet	"Pittsburgh's River Tradition." Dining, dance, and sightseeing cruises on Pittsburgh's three rivers. Sightseeing from the water offers visitors a unique perspective on Pittsburgh's downtown and surrounding areas. The Fleet consists of six riverboats including The Good Ship Lolly Pop.
Heinz Memorial Chapel	Wedding bells ring every Saturday at this historic landmark, but its remarkable stained glass windows are open for public viewing the rest of the week. One of the foremost examples of French Gothic architecture in the United States.
History Center	The blockbuster exhibit Clash of Empires: The British, French & Indian War, 1754-1763, located in the museum's new Smithsonian wing, is the largest and most comprehensive exhibit ever produced on the French & Indian War, featuring nearly 300 objects and works of art from around the world. The History Center's new Western Pennsylvania Sports Museum tells the story of the region's sports history from its championship teams to hometown heroes. Points in Time: Building a Life in Western Pennsylvania showcases 250 years of the region's history. Also features traveling exhibits and the interactive Discovery Place for children.
Monongahela Incline	The Monongahela Incline opened May 28, 1870. It is the oldest and steepest incline in the United States, as well as the nation's oldest cable car operation. The incline enabled people to live 600 feet above the city, yet have easy access to business and factories below. Visit this historic structure. Take a trip up the mountainside, and gain breathtaking views of one of the world's great cityscapes.
Mattress Factory	The Mattress Factory is a museum of contemporary art that commissions site-specific works as well as maintaining a distinctive permanent collection.
National Aviary	The National Aviary is a proud Pittsburgh landmark. Located in historic West Park on Pittsburgh's North Side, just minutes from downtown, the National Aviary is host to more than 600 exotic and colorful birds representing over 200 species displayed in naturalistic exhibits.
Nationality Rooms	"The world's tallest schoolhouse" contains 26 Nationality Rooms used by the University of Pittsburgh. These rooms reflect the crafts, culture, and traditions of Pittsburgh's diverse ethnic groups.
Phipps Conservatory	Something's always blooming at Phipps Conservatory, a 13-room "crystal palace" that is one of the largest and finest Victorian glasshouses in the country. The botanical gardens feature lush tropical plants, palms, orchids, ferns and desert plants, as well as many special flower shows, exhibits and butterflies. Outdoor gardens and collections include the children's Discovery Garden, Japanese Courtyard Garden, bonsai, butterflies, perennials, annuals, herbs and aquatics.
Pittsburgh Ballet Theatre	Widely acclaimed for its classical ballet masterpieces and innovative explorations of contemporary dance, the

	Pittsburgh Ballet Theatre is recognized as one of America's leading ballet companies.
Pittsburgh CLD Dinner Theatre	The Cabaret at Theater Square (a project of the Pittsburgh Cultural Trust) offers audiences CLO-quality entertainment year round. Located in the new Theater Square complex, this intimate and exciting 250-seat space offers audiences extended runs of fun-filled musicals in a unique theater setting with both table and traditional theater seating. Its location in the heart of the Cultural District and amenities make it an ideal setting for long sought-after entertainment offerings including Late Night entertainment.
Pittsburgh Dance Council	The Pittsburgh Dance Council is dedicated to supporting contemporary dance companies and to presenting the world of local choreographers.
Pittsburgh Irish Theatre	PICT, established in the fall of 1996, produces quality, professional, text-driven theatre in Pittsburgh. Performances are at the City Theatre complex on the South Side of Pittsburgh.
Pittsburgh Opera	Pittsburgh Opera at the Benedum Center combines its long history with an exciting artistic and company vision to make it one of the most dynamic opera companies in the country today.
Pittsburgh Penguins	Pittsburgh's professional hockey team.
Pittsburgh Pirates	Pittsburgh's professional baseball team.
Pittsburgh Playhouse	Dramas, musicals, children's theatre and dance light up the stage at the Pittsburgh Playhouse--home to the performing arts at Point Park University.
Pittsburgh Public Theatre	Located in the heart of Pittsburgh's Cultural District at 621 Penn Avenue, the intimate and state-of-the-art performance facility boasts 650 seats in the unique thrust configuration (audience on three sides) - offering an up-close and exciting experience for audience and actors alike.
Pittsburgh Steelers	Pittsburgh's professional football team.
Pittsburgh Symphony	Founded in 1895, the Pittsburgh Symphony Orchestra is widely considered to be among the world's best symphony orchestras. Music Director Mariss Jansons has led the orchestra since 1997 and conveys a rare energy and communicative power in each of his concerts. In addition to their concert season at Pittsburgh's Heinz Hall, the P.S.O. performs regionally and tours frequently in the United States and throughout the world.
Pittsburgh Zoo	The Pittsburgh Zoo and Aquarium is a 77-acre facility that is home to thousands of animals representing hundreds of diverse species. Committed to education, research, and wildlife conservation, the Pittsburgh Zoo and Aquarium is actively involved in 19 Species Survival Plans and proudly exhibits 38 threatened or endangered species. The Pittsburgh Zoo and Aquarium is one of only six major zoo and aquarium combinations in the country.
Point State Park	Located at the tip of Pittsburgh's Golden Triangle, Point State Park has a fabulous water fountain, paved promenades along the riverfront and overlooks with dramatic views of the city, waterways, and hillside scenery. The park land was designated a National Historic Landmark for the role it played during the French and Indian War.
Soldiers and Sailors Memorial	Soldiers' and Sailors' Memorial Hall and Military Museum in the Oakland cultural district of the city was originated by the Grand Army of the Republic in 1906. Come and honor our brave military members and learn about state history.
SciTech Festival	The annual Pittsburgh International Science and Technology Festival (SciTech Festival) is a 9-day community event showcasing innovations in science and technology in this region and beyond. It's the only event of its kind in the United States.
Sports Museum	This interactive, 20,000 square-foot exhibit features recreated environments, interactive elements and kiosks, video presentations, images and more. Most importantly, real artifacts such as game worn uniforms, trophies, sports equipment, pennants and banners, artifacts related to fan involvement and architectural elements from sports stadiums bring you face to face with the history of sports in Western Pennsylvania.
Three Rivers Arts Festival	The Rivers Arts Festival is a free festival featuring music, art, crafts, food, family area performances.
Wood Street Galleries	Various art galleries, featuring multi-disciplinary artists from all over the world.

Source: www.visitpa.com

One additional up and coming attraction is the African American Cultural Center of Greater Pittsburgh (“AACC”). The AACC is a not-for-profit organization that presents performing, visual and education programs that celebrate the contributions of African Americans within the region and the impact of cultural expression from Africa to the African Diaspora. The AACC is currently operating out of temporary quarters, with a new facility to be located on the corner of Liberty Avenue and 10th Street, in the Cultural District, scheduled to open in 2007. The AACC is currently conduction a capital campaign to raise the estimated $32.7 million needed to complete the facility. Nonetheless, the organization launched operations in 2003 with an exhibition of the works of local Pittsburgh photographer Charles "Teenie" Harris as part of the National Urban League Convention, and presents collaborative presentations with the Carnegie Museum of Art and the Manchester Craftsmen's Guild designed to bring attention to the cataloguing of Mr. Harris' body of work, which includes over 80,000 images. In 2004, the AACC spearheaded an effort to increase cultural participation among a wide-ranging group of audiences and constituents. Finally, the 2004/2005 schedule featured various programs that displayed the nature of African and African American cultural expression, including dance presentations and design and fashion exhibits, among others.

Lodging

There are numerous full service hotels and other lodging choices in Pittsburgh. One of the nicest hotels is the historic Renaissance Pittsburgh Hotel. This 300-room hotel is rated four-diamond by AAA travel services and features a marble lobby with a 1906 rotunda. The hotel is conveniently located near many attractions in the heart of the Cultural District. The Pittsburgh Marriott City Center hotel is the closest in proximity to the proposed casino development site. This 24-story hotel offers 692 standard rooms and 21 suites of different sizes. An exercise facility and the Steel Head Grill are available on site.

The Visitor Bureau estimated that travelers to Pittsburgh spent about $288 million on lodging in 2003. The chart below highlights some hotel statistics for the greater Pittsburgh region. Note the drop in the occupancy rate associated with 9/11 tragedy and the resulting slowdown in the economy, when comparing the 66% rate in 2000 with 60% rate in 2001 and 2002. The Pittsburgh area room night demand has yet to fully recover.

Allegheny County Hotel Statistics

Year	Room Nights Available	Room Nights Demand	Occupancy	Average Daily Rate	Estimated Revenues
2000	4,700,000	3,116,100	66.3%	$81.56	$254,149,116
2001	4,900,000	2,949,800	60.2%	$79.72	$235,158,056
2002	5,000,000	3,000,000	60.0%	$78.87	$236,610,000
2003	5,100,000	3,054,900	59.9%	$78.70	$240,420,630

Source: Greater Pittsburgh Convention & Visitors Bureau

Tourism Industry Employment

With the industrial sector in decline, the Pittsburgh region relies more heavily on the tourism industry. According to 2003 travel study, the Pittsburgh tourism industry employees about 25,400 people. Roughly 44% of the employment relates to general transportation, with food & beverage and art, entertainment and recreation accounting for about 19% each. The chart below highlights the tourism industry employment count segregated by category:

Tourism Industry Employees

Category	Count	Percent
General Transportation	11,202	44.1%
Air Transportation	1,473	5.8%
Food & Beverage	4,699	18.5%
Art, Entertainment & Recreation	4,750	18.7%
Lodging	2,032	8.0%
Retail	1,245	4.9%
Total	25,401	100.0%

Source: Greater Pittsburgh Convention & Visitors Bureau

Impact on Pittsburgh Tourism

The Innovation Group analyzed the potential impact of a proposed casino development in downtown Pittsburgh on the visitation to the existing historical and cultural attractions in the area. It should be noted that there is very little in the way tourist attractions immediately adjacent to the development site, notwithstanding several restaurants and Flag Plaza. Flag Plaza is a Boy Scout center with a scout supply shop and an international flag display. The area attractions are generally found along Liberty Avenue and Pennsylvania Avenue in the Cultural District. The major hotels in the immediate vicinity include the Marriott Pittsburgh City Center, Ramada Plaza Suites & Conference Center, and Omni William Penn.

Regarding this impact analysis, we identified various comparable urban environments with existing casinos to determine if visitation to existing historic and cultural attractions has been positively or negatively impacted. The cities we identified for the comparison were St. Louis, Detroit and Milwaukee.

St. Louis

Downtown St. Louis is the home of the President Casino, located near the Laclede’s Landing entertainment district on the historic St. Louis riverfront. The casino offers nearly 1,250 gaming positions and attracts about 1.6 million visitors annually.

Laclede’s Landing offers numerous restaurant and entertainment attractions in a pedestrian friendly environment. The area will soon be hosting another casino as construction has begun on a major casino hotel development. A representative of the Laclede’s Landing Merchants Association stated that attractions that bring visitors to downtown are good for everybody.

The President Casino is also within walking distance of the Jefferson National Expansion Memorial, which features the Gateway Arch, the Museum of Westward Expansion and the St. Louis Old Courthouse. The Gateway Arch is one of the most popular historical tourist attractions in St. Louis. The Museum of Westward Expansion, located below the Arch, is as large as a football field and contains an extensive collection of artifacts, mounted animal specimens, an authentic American Indian tipi, and an overview of the Lewis and Clark expedition. Located just two blocks west of the Arch, the Old Courthouse, constructed in 1839, is one of the oldest standing buildings in St. Louis. The Old Courthouse hosted the first two trials of the Dred Scott case in 1847 and 1850. Today, the building houses a museum charting the history of the city of St. Louis and restored courtrooms.

Based on visitor count information supplied the National Parks Service, visitation to the Jefferson National Expansion Memorial has not been negatively effected by the President Casino, and may have been partially responsible for an increase in visitation around the time of the casino opening. The President Casino opened for business midway through 1994. The data, outlined on the chart below, shows a 27% increase in visitation in 1995, the year following the casino opening. Furthermore, 1996 showed strong growth, as visitation increased 13% to 3.6 million, the record over the last fourteen years. Following a period of stabilization between 1997 and 2001, the annual visitation fell dramatically, due in part to the 9/11 tragedy and the subsequent slowdown in the national economy. Current visitation stands at 2.7 million, still well above the 2.5 million reported prior to the casino opening.

Jefferson National Expansion Memorial Visitation Summary

Year	Visitation	% Change
1990	2,382,612	
1991	2,622,425	10%
1992	2,415,514	-8%
1993	2,539,740	5%
1994	2,553,696	1%
1995	3,234,977	27%
1996	3,649,308	13%
1997	3,420,076	-6%
1998	3,420,352	0%
1999	3,481,042	2%
2000	3,458,956	-1%
2001	3,532,524	2%
2002	3,333,454	-6%
2003	2,685,219	-19%
2004	2,779,350	4%
CAGR	1.1%	

Source: National Park Service

Detroit

The city of Detroit currently hosts three casinos, including the MGM Grand Detroit Casino, the Motor City Casino and the Greektown Casino, opening for business in July 1999, December 1999 and November 2000, respectively. The casinos are all located with a couple of miles of the downtown Detroit waterfront and in close proximity to the historical, cultural and entertainment district. The chart below highlights some statistics for the Detroit area casinos:

Detroit Casino Summary

	Gaming Positions	Gaming Revenue
MGM Grand Detroit	3,300	433,300,000
Motor City Casino	3,240	436,100,000
Greektown Casino	3,000	319,900,000
Total	9,540	1,189,300,000

Source: Casino City Web Site, Michigan Gaming Board

The downtown Detroit area offers numerous historical and cultural attractions including the Henry Ford Museum, Detroit Zoo, Detroit Institute of Arts, Detroit Historical Museum, Detroit Science Center, Charles H. Wright Museum of African American History and Diamond Jack's River Tours, just to name a few.

The Innovation Group researched the impact of the casinos on various historical and cultural attractions in the Detroit downtown area, including contacting the representatives of the relevant attractions. According to data provided by the Detroit Convention and Visitors Bureau, visitation to the top attractions in the Detroit area has not been negatively impacted by the casinos.

The chart below displays attendance data for a couple of Detroit's more popular tourist attractions. The data shows that attendance was not materially affected by the opening of the casinos, when comparing 2000, the year the casino generally opened, with 2001.

Attendance Impact - Various Tourist Attractions

	Henry Ford Museum	Detroit Zoo	Total
2000	1,132,500	1,167,000	2,299,500
2001	1,080,000	1,269,200	2,349,200
% Change	-4.6%	8.8%	2.2%

Source: Detroit Convention and Visitors Bureau

In addition, the Detroit Institute of Arts is one of the most popular cultural tourist attractions in the Detroit area. The museum is located in the heart of the downtown tourist district and in close proximity to the casinos. The museum features about 600,000 square feet of exhibit space with a current renovation to add an additional 77,000 square feet. The museum offers periodic special exhibitions including the Van Gogh exhibit which drew 315,000 visitors in Fiscal Year ("FY") 2000. When analyzing the attendance data shown below, one must consider the extraordinary impact of the special exhibitions as well as the renovation project which began in October 2004 which closed a large portion of the museum. Nonetheless, the data shows that the museum's attendance continues to be very strong, highlighted by a 53% increase in FY 2003. The attendance was also strong in FY 2001, the year following the casino openings, when eliminating the effect of the Van Gogh exhibition in FY 2000.

Attendance Summary - Detroit Institute of Arts

Fiscal Year (June Ended)	Total Attendance	Special Exhibition Adjustment	Net Attendance	% Change
FY 2000	624,627	-315,000	309,627	
FY 2001	380,611	0	380,611	22.9%
FY 2002	373,317	0	373,317	-1.9%
FY 2003	569,951	-171,693	398,258	6.7%
FY 2004	303,196	0	303,196	-23.9%
FY 2005	250,022	0	250,022	-17.5%

Source: The Detroit Institute of Arts

Also, The Innovation Group contacted the Charles H. Wright Museum of African American History. According to a museum representative, the museum has not ascertained any impact, either positive or negative, resulting from the casinos. This representative has worked in the tourism industry in the Detroit area for the past eight years, including heading up the tourism and sales department at the Henry Ford Museum, and commented that he has not heard of any negative impact on other historical and cultural attractions in the area as well. The Charles H. Wright

Museum of African American History posted sales of $378,883 in FY05, the highest total in the last six year, and 15% higher than the year before the casinos opened.

Diamonds Jack's River Tours is a riverboat sightseeing enterprise located on Detroit's waterfront, and is located in walking distance of the MGM Detroit Grand Casino. The company has had a positive experience with regard to the casinos, citing that the casinos are some of their biggest customers. Along the same lines, a recent report by a Pittsburgh new station (KDKA) cited the positive impact of the Greektown casino in Detroit on local businesses. The report noted that community leaders where encouraged that the casino integrated itself into the community and local businesses have reaped the benefits. The report also provided a quote from a local restaurateur reflecting on the positive impact of the Greektown casino on the downtown atmosphere.

Milwaukee

The city of Milwaukee hosts the Potawatomi Bingo Casino, a Native American casino within a mile of downtown. The casino offers about 1,750 gaming positions, a 1,600-seat bingo parlor and three full-service restaurants, attracting roughly 4.7 million visitors annually. Casino management is contemplating a $240 million expansion which will include additional gaming space, new restaurants and a parking garage.

Tourism is the second largest industry in the greater Milwaukee region. According to tourism impact study conducted by Davison-Peterson Associates, Inc. and presented by Visit Milwaukee, travelers spend roughly $2.4 billion in 2004, generally on shopping, food & beverage, recreation and lodging. The industry supported roughly 61,200 jobs, yielding $1.4 billion in wages and $385 million in state and local taxes. The downtown Milwaukee area offers about 3,615 hotel rooms. The occupancy rate for 2004 was estimated at 61%, a slight increase over the prior year. The major attractions include Discovery World, Milwaukee Public Museum and Milwaukee Art Museum.

According to David Fantle, Director of Public Relations for Visit Milwaukee (formerly Milwaukee Convention and Visitors Bureau) cited that the experience of the casino has been generally positive, especially for the convention and group business. He noted that the casino offers restaurants and shows which are important to groups.

Other Comparables

The Innovation Group gathered information on several additional regional tourism destinations that also host casinos in an effort to gauge the impact that the introduction of gaming operations have on the existing tourism base in a region. These examples are predominately non-urban settings.

Niagara Falls, Ontario, Canada

Perhaps the best example of the positive effect tourism and gaming on economic development comes from Niagara Falls Canada. Between 1992 and 1996 hotel occupancies sagged between 48% and 52%. In 1996 Casino Niagara opened, offering 95,000 square feet of gaming with more then 1,700 slot machines, over 60 table games, three restaurants and three bars. The effect of the casino was profound. According to the City of Niagara Falls 2004 Economic Report:

- *Overnight stays* jumped from an estimated 2.9 million in 1996 to approximately 3.8 million in 2001 and are projected by the Conference Board of Canada to top 4.3 million by 2007.
- *Hotel occupancies* jumped from 52% in 1996 to 60% in 1997.
- *Overall tourism expenditure* was calculated at $.92 billion in 1996. In 2001, this number reached $1.84 billion, and is projected to achieve $2.67 billion in 2007.
- *3,700 full-time jobs* were created (95% local)

The direct economic spin-off and success of Casino Niagara prompted the City of Niagara to approve the development of the Fallsview Casino, a 2.5 million square foot complex including 3,000 slot machines and 150 gaming tables, a 368-room 5-star hotel, fine dining restaurants, 50,000 square feet of meeting space, a health spa, retail facility, and a 1,500-seat theatre. The variety and comprehensiveness of this facility is expected to draw a diverse base of gaming and non-gaming tourists who wouldn't have planned a trip to Niagara for the waterfalls. Cooperation between the Conference Board of Canada, The City of Niagara Falls, and local community members has contributed to an economic engine which has propelled the formerly flailing tourist destination into a vibrant new era.

This is evident by two major projects announced in 2004: Ripley's Aquarium and Great Wolf Lodge. The Great Wolf Lodge is set to open in May of 2006 and will feature one of the world's largest indoor waterparks (102,000 sq. ft.), an *Aveda* Concept Spa, a state-of-the-art meeting symposium, fitness center, and an outdoor recreation and pool area. Ripley's Aquarium, set to open in 2006, will include interactive exhibits, showcase colorful species from around the world, and take visitors on a journey through the evolution of the Canadian Seas and Ancient Savage Sea to present day in a unique, entertaining way. These new attractions have been made possible by the massive influx of visitors to the Niagara era since the opening of Casino Niagara.

New Orleans, Louisiana

Historically, New Orleans has attracted visitors for a number of activities including music festivals and celebrations, historical attractions, sporting events, and its rich and eclectic flavor founded in its heritage. Established in 1966, The Historic New Orleans Collection operates a museum in a complex of historic French Quarter buildings that illustrate the history of the city and the state. In October of 1999, Harrah's opened a permanent casino nearby. Visitation statistics for each are provided in the following table.

As can be seen, visitation to the gaming establishment has been somewhat consistent, with between 6.2 and 7 million visitors per year. Prior to the opening of the casino, visitation at the Historic New Orleans Collection averaged 21,730 (1995 to 1998), growing at an average annual rate of 4.1%. In the years since the casino opened (1999 to 2004), and omitting the bicentennial celebration in 2003, average annual visitation increased to 29,631, an increase of approximately 36.4% over the pre-casino average. Annual growth has averaged 5.1% from 1999 to 2004. This increased visitation at the Historic New Orleans Collection following the opening of nearby casino operations shows that, at a minimum, a cultural/historic attraction can thrive with nearby entertainment attractions that include casino gaming. Given that overall economic and political conditions over the timeframe led to stagnant and even declining tourism statistics in the United States, and that no other factors in the local market were identified, it is possible that the increased average annual visitation to the Historic New Orleans Collection of 7,901 annual visitors, or 0.14% of the casino's average annual visitation, was at a minimum partially attributable to the presence of that entertainment attraction.

New Orleans Visitor Counts

Year	Historic Collection Visitors	Harrah's Downtown Admissions
1995	19,995	
1996	16,319	
1997	27,106	
1998	23,499	
1999	27,978	1,189,258
2000	30,653	6,998,217
2001	28,447	6,333,685
2002	25,215	6,384,736
2003*	61,644	6,206,481
2004	35,862	6,713,637
AAG, 1995-2004	6.7%	
AAG, 1995-1998	4.1%	
AAG, 1999-2004	5.1%	
Average, 1995-1998	21,730	
Average, 1999-2004	34,967	5,637,669
Average, 1999-2004, Omitting 2003	29,631	5,523,907

*Louisiana's Bicentennial Year

Source: Historic New Orleans Collection, Louisiana Gaming Control Board

Naples, Florida

In the immediate vicinity surrounding Germain Arena, a Native American casino is located in Immokalee and a new arena is located in Estero. Although no private information on the casino's performance can be published, it is readily apparent that the casino is attracting significant visitation. Concurrently, Germain Arena has been successful in hosting a number of events featuring sports, concerts, and cultural attractions.

The Germain Arena is a 7,500-seat facility (for hockey events, more for others) which opened in November 1997 in Estero, Florida. The facility is the new home of the Florida Flame, part of the National Basketball Development League or D-League, is also the home of the ECHL Florida Everblades hockey team and the Arena Football 2 Florida Firecats indoor football team. Both teams have led their respective leagues in attendance since their inception with the Everblades averaging 6,214 fans per game and the Firecats averaging 5,672 fans per game.

In addition to sporting events, the Germain Arena hosts entertainment acts, trade shows, graduation ceremonies, cooking shows, corporate receptions, and other large scale assemblies requiring banquet service. The main arena bowl and two auxiliary rink floors are available for rental as the event schedule permits. The following table lists the facility schedule for the last week in May through the first week in August, 2005.

Naples, Florida - Germain Arena Schedule (May-Aug.)

Date	Day	Event	Time
May, 2005			
May. 28	Saturday	Amarillo Dusters @ Florida Firecats	7:30:PM
June, 2005			
Jun. 4	Saturday	Birmingham Steeldogs @ Florida Firecats	7:30:PM
Jun. 7	Tuesday	Tom Petty and the Heartbreakers	7:30:PM
Jun. 10	Friday	Professional Bull Riding	8:00:PM
Jun. 18	Saturday	Manchester Wolves @ Florida Firecats	7:30:PM
Jun. 25	Saturday	Macon Knights @ Florida Firecats	7:30:PM
July, 2005			
Jul. 9	Saturday	Arkansas Twisters @ Florida Firecats	7:30:PM
Jul. 16	Saturday	Wilkes-Barre Pioneers @ Florida Firecats	7:30:PM
August, 2005			
Aug. 4	Thursday	Hilary Duff	7:30:PM

Source: Germain Arena

Boonville, Missouri

Boonville is located centrally within the state of Missouri and hosts several cultural and historical attractions as well as an Isle of Capri facility. Isle of Capri offers 28,000 square feet of gaming space, 3 restaurants, meeting and conference space, live entertainment, a retail center, and a historic display area in its pavilion. The facility was opened in 2001, and in 2004 reported over 2.7 million visits and over $74.5 million dollars in adjusted gross receipts to the Missouri Gaming Commission. Simultaneously, the town hosted several events highlighting model trains, local music, concerts and comedy entertainment, arts, and heritage.

The Innovation Group contacted Friends of Historic Boonville, a non-profit group that promotes the city's cultural heritage and attractions. Maryellen H. McVicker, the group's Executive Director, replied when asked about attendance at their events…

"Our events are at the same level as before the casino. We have not gained any audience, but we have not lost any either so it is a wash from our perspective in terms of attendance. However, we have changed our mix of what we present as a result of the casino being in town. We make certain we do not offer the nostalgia type groups they offer and we had done lots of those shows. We cannot compete with the casino in terms of advertising dollars and promotions so we found a different niche. Nor has the casino added people to the tourism roles coming to visit our buildings. I have had one bus tour in the years since the casino opened and maybe a couple of dozen per summer that say they also go to the casino. I have come to the conclusion that the cultural heritage tourists who come to visit our sites are not attending the casino for whatever reason."

Conclusion

Based on the cumulative weight of the evidence, The Innovation Group does not expect a negative impact to the existing Pittsburgh tourism industry resulting from the development of the proposed casino. The research we conducted did not uncover any quantitative trends or qualitative information that shows a negative impact to existing tourism markets with casinos in close proximity. Without exception the information suggested a positive impact or no impact at all.

Furthermore, The Innovation Group believes a strong case can be made that the casino will actually support the existing tourism industry in Pittsburgh, especially for area hotels. The hotels in close proximity will benefit due to overflow from the casino hotel during peak times, generally on weekends and holidays.

Also, based on the Portrait of American Gamblers gaming study, casino gamblers spend a substantial amount of money on typical travel related items in addition to gambling, including food & beverage, entertainment, shopping and lodging. For instance, overnight gamblers spend on average $114 and $142 on entertainment and shopping, respectively. As one might expect, the expenditures are considerably higher for overnight gaming visits as opposed to day visits. With the proposed casino development being located near a light rail station which provides easy access to the entertainment and shopping districts in Pittsburgh, it is reasonable to assume that a share of the travel expenditures would go to the local establishments.

Casino Expenditures Summary

Category	Overnight Visit	Day Visit
Gambling	$265	$213
Food & Beverage	$86	$65
Entertainment	$114	$87
Shopping	$142	$121
Lodging	$138	$0

Source: Portrait of American Gamblers

In addition, according to national polls, casino gamers tend to have above average interest in cultural, historical, and artistic attractions. These interests appear to be reflected in current gaming offerings in several markets. In Atlantic City, the Moscow Ballet will be performing the Nutcracker this holiday season, and several museums and art galleries exist within casinos located on the Las Vegas Strip. Aside from this larger, destination markets, case studies leveraged interviews and analysis to provide both quantitative and qualitative evidence of casinos complementing local attractions in less-populated, drive-in gaming markets. In these cases, both existing attractions and those introduced after the establishment of gaming operations have been successful in attracting patronage. The Innovation Group concludes that from a tourism perspective, gaming operations tend to complement other entertainment and cultural attractions as opposed to eliciting a negative impact.

Disclaimer

Certain information included in this report contains forward-looking estimates, projections and/or statements. The Innovation Group has based these projections, estimates and/or statements on our current expectations about future events. These forward-looking items include statements that reflect our existing beliefs and knowledge regarding the operating environment, existing trends, existing plans, objectives, goals, expectations, anticipations, results of operations, future performance and business plans. Further, statements that include the words "may," "could," "should," "would," "believe," "expect," "anticipate," "estimate," "intend," "plan," "project," or other words or expressions of similar meaning have been utilized. These statements reflect our judgment on the date they are made and we undertake no duty to update such statements in the future.

Although we believe that the expectations in these reports are reasonable, any or all of the estimates or projections in this report may prove to be incorrect. To the extent possible, we have attempted to verify and confirm estimates and assumptions used in this analysis. However, some assumptions inevitably will not materialize as a result of inaccurate assumptions or as a consequence of known or unknown risks and uncertainties and unanticipated events and circumstances, which may occur. Consequently, actual results achieved during the period covered by our analysis will vary from our estimates and the variations may be material. As such, The Innovation Group accepts no liability in relation to the estimates provided herein.

Impact Upon Water Supply System, Sewage System, Utilities And Other Municipal Services And Resources

• December, 2005	Civil Narrative prepared by Civil and Environmental Consultants, Inc.
• November 1, 2005	Letter from Giovanetti-Shulman Associates to Duquesne Light re availability of electric service
• October 31, 2005	Letter from Duquesne Light to Giovanetti-Shulman Associates confirming availability of electric service
• November 1, 2005	Letter from Giovanetti-Shulman Associates to Civil and Environmental Consultants, Inc. re estimated water and sanitary loads
• November 18, 2005	Letter from Civil and Environmental Consultants, Inc. to Giovanetti-Shulman Associates confirming availability of water supply and sanitary sewer service
• December 5, 2005	Letter from The Pittsburgh Water and Sewer Authority to Consulting Engineers & Designers providing information re water supply and sanitary sewer service
• November 1, 2005	Letter from Giovanetti-Shulman Associates to Equitable Gas Co. re availability of gas service
• November 7, 2005	Letter from Equitable Gas Co. to Giovanetti-Shulman Associates confirming availability of gas service
• November 1, 2005	Letter from Giovanetti-Shulman Associates to Dominion Peoples Gas re availability of gas service
• November 2005	Letter from Dominion Peoples Gas confirming availability of gas service
• November 3, 2005	Letter from Giovanetti-Shulman Associates to Verizon re availability of telephone service
• November 4, 2005	Letter from Verizon to Consulting Engineers & Designers confirming availability of telephone service

Civil Narrative

Sitework – Phase I

Demolition

1. All existing buildings will be demolished with the exception of the church at the corner of Center Avenue and Washington Place.
2. All City of Pittsburgh streets will be vacated including all public utilities located within their right-of-ways.
3. Several of the existing waterline and sewer laterals and electric and gas utility supply lines may be re-used as private lines for the proposed development.
4. Approvals by the City of Pittsburgh, the Pittsburgh Water and Sewer Authority (PWSA), the Allegheny County Department of Health and the Allegheny County Conservation District will be obtained prior to start of demolition work.

Site Utilities

1. Storm water drainage requirements will consist of yard/sidewalk and roadway inlet drains located throughout the landscaped area and along the service entrance road off Fifth Avenue to control storm water runoff. We will re-use two or more of the existing sewer lines left from the demolition of the buildings to convey both roof and storm water from the site into the PWSA combination sewer system. It will require video inspection and the possibility of repairs. The pre and post development impervious surfaces are estimated to be about the same and therefore no increase (or impact) in storm water runoff is projected.
2. One or more new sanitary sewer connections will be required to convey the sanitary sewage from the new buildings. A detailed analysis of the sanitary sewer-sheds will be analyzed to determine if there is adequate conveyance capacity. We estimate that the arena and casino will require 1,465 and 1,040 EDU's respectively based on 300 gallons per EDU (Equivalent Dwelling Unit). Considering the proposed demolition of the Central Medical Pavilion (Old Saint Francis Hospital) on Centre Avenue, most of the church buildings and all the businesses, residences and synagogue from Colwell Street to Fifth Avenue from Washington Place to Pride Street, we estimate that the
proposed development will increase the sewage flow slightly above the present condition.
3. Storm and sanitary building sewer laterals will separately connect to either the existing 36" combination sewer on Washington Place or into the large brick sewer (in excess of 76") located on Fifth Avenue. Video inspection of these PWSA owned sewers is required before and after construction of the buildings.
4. The water supply will come from Centre Avenue, Washington Place or Fifth Avenue for the new buildings. The Bedford Avenue Reservoir sits high above this lower hill site and provides good water pressure and flow to the entire area. Several existing waterlines located within the perimeter and vacated streets will afford ample opportunity to supply water to the new buildings.
5. Fire hydrants will be provided in accordance with PWSA requirements. Since the new buildings will be full sprinkler systems, a combination of new and existing fire hydrants will be spaced around the building exteriors to not exceed 500 running lineal feet of running fire-hose between hydrants.
6. Approvals by the City of Pittsburgh, the Pittsburgh Water and Sewer Authority (PWSA), the Allegheny County Department of Health and the Allegheny County Conservation District will be obtained prior to start of construction work.

7. Site Impacts: No negative impacts have been identified. We have received positive responses from all utility companies indicating that they have sufficient capacity to supply the proposed development. A copy of their response letters is attached in the Appendix.

Sitework – Phase II

Demolition

1. The Mellon Arena and adjacent parking lots will be demolished.
2. All City of Pittsburgh streets will be vacated including all public utilities located within their right-of-ways.
3. Existing waterline and sewer laterals and electric and gas utility supply lines may be re-used as private lines for the proposed development.
4. Approvals by the City of Pittsburgh, the Pittsburgh Water and Sewer Authority (PWSA), the Allegheny County Department of Health and the Allegheny County Conservation District will be obtained prior to start of demolition work.

Site Utilities

1. Storm water drainage requirements will consist of yard/sidewalk and roadway inlet drains/manholes located throughout the landscaped area and along the new streets to control storm water runoff. We will construct new storm lines within the streets to convey both roof and storm water into the existing PWSA combination sewer system. A new storm line may be added on Centre Avenue to convey storm water down to Washington Place if there is insufficient capacity of the combination sewer to convey both sanitary and storm flows. The pre and post development impervious surfaces are estimated to be about the same and therefore no increase (or impact) in storm water runoff is projected.
2. New sanitary sewer lines/manholes will be required in the new streets to convey the sanitary sewage from the new buildings to the combination sewer on Centre Avenue. A detailed analysis of the sanitary sewer-shed for the Centre Avenue line will be analyzed to determine if there is adequate conveyance capacity.
3. Storm and sanitary building sewer laterals will separately connect to the new sewer conveyance lines along the new streets.
4. The water supply for the new buildings will come from new waterline mains that connect at both Bedford and Centre Avenues. The Bedford Avenue Reservoir sits high above this lower hill site and provides good water pressure and flow to the entire area. Several existing waterlines located around the perimeter of the development will afford ample water supply.
5. Fire hydrants will be provided in accordance with PWSA requirements. Since the new buildings will be full sprinkler systems, a combination of new and existing fire hydrants will be spaced along the streets to not exceed 500 running lineal feet of running fire-hose between hydrants.
6.

Other Utility Services, including electric, gas and telephone, have been determined and formal request of availability of service has been responded to by Duquesne Electric, Equitable and Dominion Gas and Verizon in a positive manner demonstrating that these services are available to the site. Attached are copies of the issue request letters and responses from the noted utilities.

7. Approvals by the City of Pittsburgh, the Pittsburgh Water and Sewer Authority (PWSA), the Allegheny County Department of Health and the Allegheny County Conservation District will be obtained prior to start of construction work.

   Site Impacts: No negative impacts have been identified.

Giovanetti Shulman Associates

Consulting Engineers & Designers
370 Reed Rd. Suite 201
Broomall, PA 19008

610-328-7700
610-328-7705
www.g-sa.com

4321-LTR-03-R1

November 1, 2005

Mr. Joseph Bresnei
Duquesne Light
2611 Preble Ave
Pittsburgh PA 15233

Re: Low Hill Area Arena and Casino/Hotel

Subject: Estimated Electrical Loads

Dear Joe:

Giovanetti - Shulman Associates, Consulting Engineers and Designers is currently working on the planning of a new project in the Lower Hill area of Pittsburgh. As discussed, we will be requiring electric service to two proposed new facilities and electric service for future residential and commercial buildings.

The main buildings of the project will be a new Pittsburgh Penguins Arena and a proposed slot type casino with future hotel. With the information available to date we are estimating the required connected electrical loads to be the following for these main buildings:

- New Arena 7 MW (with central plant)
- Casino/Hotel 17.5 MW (with central plant). (We estimate a diversity of .65 on this type of load normally.)

The residential and commercial properties planned for this area are being developed by Urban Design. They have informed us of the proposed uses they are as follows:

- Residential
  - 800 Rental
  - 300 For Sale

- Office
  - 1.1 Million S.F.

- Retail
  - 200,000 S.F.

Please determine what additional electrical upgrades (if any) your company will need to meet these requirements.

Please review these loads and advise if sufficient electric services are available to meet the projects needs. Please keep this confidential at this time.

We thank you for the effort and look forward to working with you in the future.

Sincerely,

GIOVANETTI - SHULMAN ASSOCIATES

Richard A. Giovanetti
President

RAG:wf

Duquesne Light
Our Energy...Your Power

2601 Preble Ave.
Pittsburgh, PA 15233

October 31, 2005

Mr. Richard A. Giovanetti
Giovanetti –Shulman Associates
370 Reed Rd. Suite 201
Broomall, PA 19008

Re: Availability of Electric Service, Arena/Casino

Dear Mr. Giovanetti:

This letter is in response to the availability of electric service for a site located in Pittsburgh, Pennsylvania. Based on the information you provided, Duquesne Light Company has or will have adequate electric capacity to serve this project, provided no governmental order or other action would prohibit the Company from doing so.

You can help us to provide you with electric service when you need it by providing us with sufficient lead-time for the design, procurement of material and the construction of the facilities required to serve your project. It is also imperative that you submit electrical load data and other pertinent information as soon as possible. Please be advised that due to the Hurricane destruction experienced by the Southern states, new transformer and switchgear lead time has increased to six months, minimum.

If construction of this project does not commence before October 31, 2006, it will then be necessary for Duquesne Light to again determine the availability of electric service for this project.

If you have any questions concerning this matter, please contact me at 412-393-8014.

Sincerely,

Joseph A. Bresnei

Joseph A. Bresnei
Major Account Manager

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GIOVANETTI-SHULMAN ASSOC

Consulting Engineers & Designers
370 Reed Rd. Suite 201
Broomall, PA 19008

610-328-7700
610-328-7705
www.g-sa.com

4321-LTR-05

November 1, 2005

Mr. Gregory P. Quatchak, P.E - CEO
333 Baldwin Road
Pittsburgh, PA 15205

Re: Low Hill Area Arena and Casino/Hotel

Subject: Estimated Water and Sanitary Loads-Revised Information

Dear Greg:

Giovanetti - Shulman Associates, Consulting Engineers and Designers is currently working on the planning of new project in the Lower Hill Area of Pittsburgh. We have estimated with SSR the water and sanitary loads for the two proposed new facilities and will need to determine what additional water and sewer will be required future residential and commercial buildings being determined by Urban Design.

The main buildings of the project will be a new Pittsburgh Penguins Arena and a proposed Slot type casino with future hotel. With the information available to date we are estimating loads to be the following for these main buildings:

- New Arena — Water 1640 GPM Peak
  Sanitary 4.2 cubic feet/second-PEAK
- Casino/Hotel

Casino/Hotel	Domestic Water	311,650 GPM
	Fire Protection	1750 GPM
	Sanitary	300,000 GPM

The residential and commercial properties planned for this area are being developed by Urban Design. They have informed us of the proposed uses they are as follows:

- Residential
  - 800 Rental
  - 300 For Sale
- Office
  - 1.1 Million S.F.
- Retail
  - 200,000 S.F.

Please review these loads and review with the utilities providing these services and advise if sufficient service exist or need to be upgraded to meet these estimates.

We thank you for the effort and look forward to working with you in the future

Sincerely,

GIOVANETTI - SHULMAN ASSOCIATES

Richard A. Giovanetti
President

RAG:wf

November 18, 2005

Mr. Richard Giovanetti, President
Giovanetti Shulman Associates
370 Reed Rd., Suite 201
Broomall, PA 19008

Dear Mr. Giovanetti:

Subject: Lower Hill Area and Casino/Hotel
Estimated Water and Sanitary Loads
CEC Project 052-087

This is in response to your letter of November 1, 2005, providing the estimated water supply requirements and sewer loads for the above-referenced project. Having reviewed the information provided by the Pittsburgh Water and Sewer Authority (PWSA), water service plats and sewer index plats for the general area of the development project provided by the Director of Engineering and Construction for PWSA, there should not be capacity issues for these two utilities.

Details of the civil site work are contained in the Civil Narrative provided by CEC.

Very truly yours,

CIVIL & ENVIRONMENTAL CONSULTANTS, INC.

John W. Spires, Jr.

John W. Spires, Jr., P.E.
Senior Project Manager

L-052-087.D21/W

Pittsburgh 333 Baldwin Road
Pittsburgh, Pennsylvania 15205
Phone 412/429-2324
Fax 412/429-2114
Toll Free 800/365-2324
E-mail info@cecinc.com

Chicago	877/963-6026
Cincinnati	800/759-5614
Columbus	888/598-6808
Export	800/899-3610
Indianapolis	877/746-0749
Nashville	800/763-2326
St. Louis	866/250-3679

Corporate Web Site http://www.cecinc.com

THE PITTSBURGH WATER AND SEWER AUTHORITY

Gregory F. Tutsock
Executive Director

441 Smithfield Street
Pittsburgh, PA 15222
(412) 255-8949
(412) 393-0522 FAX

DATE: 12/05/05 SERIAL NO.: 97697

TO: CIVIL ENVIRONMENTAL CONSULTANT
333 BALDWIN ROAD
PITTSBURGH, PA 15205

Attn.: KLETE KUTROVAC

REF: Response to PA One Call / Act 38 Request
Water and Sewer Information
FIFTH AVENUE AND WASHINGTON PLACE
NEAREST INTERSECTION: BEDFORD AVENUE (MELLON ARENA AREA)

Dear Sir/Madam:

In accordance with PA Act 38 of 1991 and pursuant to your request to this Authority, we are sending you the following documents for your use and information:

No. Copies	Description	Dwg. No.
1	WATER SERV PLAT	002BCFG
1	SEWER INDX PLAT	002.1
1	SEWER INDX PLAT	002.4

Comments:

DISCLAIMER: Neither the City of Pittsburgh nor the PWSA guarantees the accuracy of any of the information hereby made available, including but not limited to information concerning the location and condition of underground structures, and neither assumes any responsibility for any conclusions or interpretations made on the basis of such information. COP and PWSA assume no responsibility for any understanding or representations made by their agents or employees unless such understanding or representations are expressly set forth in a duly authorized written document, and such document expressly provides that responsibility therefore is assumed by the City or the PWSA.

If you have any questions, please contact Michelle Carney in our Engineering Division at (412) 255-0841 or by E-mail at mcarney@pgh2o.com. Thank you.

Sincerely,

Michael D. Lichte, P.E.
Director of Engineering and Construction

MDL/mec
Attachments

DEC 0 9 2005

Giovanetti Shulman Associates

Consulting Engineers & Designers
370 Reed Rd. Suite 201
Broomall, PA 19008

610-328-7700
610-328-7705
www.g-sa.com

4321-LTR-02-R1

November 1, 2005

Ms. Laura Brankley
Marketing Department
Equitable Gas Co.
225 N. Shore Drive
Pittsburgh PA 15212-5861

Re: Low Hill Area Arena and Casino/Hotel

Subject: Estimated Gas Loads – Revised Information

Dear Laura:

Giovanetti - Shulman Associates, Consulting Engineers and Designers is currently working on the planning of a new project in the Lower Hill area of Pittsburgh. As discussed, we will be requiring gas service to two proposed new facilities and gas for future residential and commercial buildings.

The main buildings of the project will be a new Pittsburgh Penguins Arena and a proposed slot type casino with future hotel. With the information available to date we are estimating the required gas loads to be the following for these main buildings:

- New Arena 37,500 CFH
- Casino/Hotel 78,000 CFH

The residential and commercial properties planned for this area are being developed by Urban Design. They have informed us of the proposed uses they are as follows:

- Residential
  - 800 Rental
  - 300 For Sale
- Office
  - 1.1 Million S.F.
- Retail
  - 200,000 S.F.

Please determine what additional gas distribution (if any) your company will need to meet these requirements.

We thank you for the effort and look forward to working with you in the future. Please keep this confidential at this time.

We thank you for the effort and look forward to working with you in the future

Sincerely,

GIOVANETTI - SHULMAN ASSOCIATES

Richard A. Giovanetti

President

RAG:wf

EQUITABLE GAS

Delivering Everyday Excellence SM

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GIOVANETTI-SHU... N ASSOC

225 North Shore Drive
Pittsburgh, PA 15212-5861
www.eqt.com

TEL 412.395.xxxx
FAX 412.395.xxxx

November 7, 2005

Mr. Richard Giovanetti
GSA Consulting Engineers
370 Reed Rd.
Broomall, PA 19008

RE: **Natural Gas Availability**
Lower Hill Area Arena and Casino/Hotel

Dear Mr. Giovanetti:

This letter is to confirm that Equitable Gas Company will extend its facilities to the above referenced project. Service will be provided in accordance with the current tariff on file at the Pennsylvania Public Utility Commission. Upon further review of the project details Equitable will determine if there will be any cost to the developer for the provision of this service.

The Company will extend its facilities to a new point of delivery within its service territory if, in its judgment and consistent with Pennsylvania Public Utility Commission regulations, the service to such a new point of delivery will have no adverse effect upon the availability of gas to meet the present and reasonably foreseeable volume and pressure needs of existing ratepayers and the request is not for special utility service. A full explanation of 'Special Utility Service" can be reviewed in the Equitable Gas Tariff PUC Number 22 section 1.2 Applications for Service Extensions of Mains.

We appreciate the opportunity to work with you and look forward to Equitable's participation as the natural gas supplier to the project.

Cordially,

Laura Brankley

Laura Brankley
New Business Coordinator
(412) 395-3605

LBB

Giovanetti Shulman Associates

Consulting Engineers & Designers
370 Reed Rd. Suite 201
Broomall, PA 19008

610-328-7700
610-328-7705
www.g-sa.com

4321-LTR-04-R1

November 1, 2005

Ms. Sandy Condie
Account Manager
Dominion Peoples Gas
1201 Pitt Street
Pittsburgh PA 15221

Re: Low Hill Area Arena and Casino/Hotel

Subject: Estimated Gas Loads (Revised Information)

Dear Sandy:

Giovanetti - Shulman Associates, Consulting Engineers and Designers is currently working on the planning of a new project in the Lower Hill area of Pittsburgh. As discussed, we will be requiring gas service to two proposed new facilities and gas for future residential and commercial buildings.

The main buildings of the project will be a new Pittsburgh Penguins Arena and a proposed slot type casino with future hotel. With the information available to date we are estimating the required gas loads to be the following for these main buildings:

- New Arena 37,500 CFH
- Casino/Hotel 78,000 CFH

The residential and commercial properties planned for this area are being developed by Urban Design. They have informed us of the proposed uses they are as follows:

- Residential
  - 800 Rental
  - 300 For Sale
- Office
  - 1.1 Million S.F.
- Retail
  - 200,000 S.F.

Please determine what additional gas distribution (if any) your company will need to meet these requirements.

Please review these loads and advise if sufficient gas utilities are available to meet the projects needs.

We thank you for the effort and look forward to working with you in the future. Please keep this confidential at this time.

Sincerely,

GIOVANETTI - SHULMAN ASSOCIATES

Richard A. Giovanetti
President

RAG:wf

Dominion Peoples
1201 Pitt St. Pittsburgh, PA 15221

Dominion

Sandy Condle
Account Manager
Gas [illegible]

Dominion Peoples
1201 Pitt Street, Pittsburgh, PA 15221
Phone: [illegible], Fax: 412-244-[illegible], Mobile: [illegible]
E-mail: Sandra_A._Condle@dom.com

Giovannitti – Shulman Associates
Attn: Richard Giovannitti
370 Reed Rd., Suite 201
Broomall, PA 19008

Ref: Low Hill Area Arena and Casino/Hotel

Dear Mr. Giovannitti:

Natural gas service is available from Dominion Peoples to serve the "proposed" Low Hill Area Arena and Casino/Hotel located in the City of Pittsburgh, Allegheny County, Pennsylvania.

However, any time we propose to extend our mainline or increase our capacity a possibility exists that there will be a cost to the Developer. The determination of cost will be made once all construction costs have been evaluated and a formal site plan is submitted by the developer.

If you require further information, please do not hesitate to call.

Sincerely,

Sandy A. Condle

Sandy A. Condle
Account Manager,
New Addition Sales
412-244-2585

RECEIVED
MAY [illegible]
[illegible]

Giovanetti Shulman Associates

Consulting Engineers & Designers
370 Reed Rd. Suite 201
Broomall, PA 19008

610-328-7700
610-328-7705
www.g-sa.com

4321-LTR-05

November 3, 2005

Mr. Jon Gaunt
Verizon
201 Stanwix St
10th Floor
Pittsburgh, PA 15222

Re: Low Hill Area Arena and Casino/Hotel

Subject: Verizon Service Availability

Dear Jon:

Giovanetti - Shulman Associates, Consulting Engineers and Designers is currently working on the planning of a new project in the Lower Hill area of Pittsburgh which will involve a new Penguins Arena, Casino and Residential and Commercial properties. As discussed, we will be requiring telephone and other low voltage services to the site and to the proposed new facilities and services for future residential and commercial buildings.

The main buildings of the project will be a new Pittsburgh Penguins Arena and a proposed Slot type Casino with a future hotel

The residential and commercial properties planned for this area are being developed by Urban Design. They have informed us of the proposed uses they are as follows:

- Residential
  - 800 Rental
  - 300 For Sale
- Office
  - 1.1 Million S.F.
- Retail
  - 200,000 S.F.

Please determine what additional cabling or system upgrades (if any) your company will need to meet these requirements.

As discussed, we will need a letter from your organization stating that you can provide services for the new project so me may submit it with our application

Please keep this confidential at this time.

We thank you for the effort and look forward to working with you in the future.

Sincerely,

GIOVANETTI - SHULMAN ASSOCIATES

Richard A. Giovanetti

President

RAG:wf

Verizon of Pennsylvania, Inc.
Pittsburgh Network Engineering

verizon

201 Stanwix St, Floor 10th
Pittsburgh, PA 15222

November 4, 2005

Consulting Engineers & Designers
370 Reed Road
Suite 201
Broomall, PA 19008

Attention: Richard Giacometti

Verizon will provide telephone service to the new development of a Penguins Arena, Casino, Residential and Commercial properties in the Lower Hill area of Pittsburgh. Verizon is governed by the rules and regulations of both the Pennsylvania Public Utility Commission and the National Electric Safety Code.

I look forward to working with you on this project. If you have any questions please call me at 412-633-3843.

Sincerely,

Jon C. Gaust
Network Engineering

CASINO GAMING IN PITTSBURGH
TRANSPORTATION AND PARKING IMPACT STUDY
SCOPE OF WORK

1 *PROJECT* **Pittsburgh Penguins Arena/Casino Development**

1.1 Development Firm: Isle of Capri Casinos

1.2 Today's date: 15-Nov-05

1.3 Prepared by: Trans Associates Engineering Consultants, Inc.

2 *PROPOSED LAND USE / BUILDING TYPE / DEVELOPMENT DESCRIPTION*

Development components include an arena, 3,000 slot casino, retail space, restaurants, housing units and parking garages. Exact numbers of seats, square footages and parking spaces will be determined during the course of the study.

3 *PROJECT LOCATION*

3.1	Central Business District	
3.2	Lower Hill District / Mellon Arena Site / Crawford Square	✓
3.2	North Shore	
3.3	Strip District	
3.4	Station Square	
3.5	Hays 31st. Ward / Betters Site	
3.6	West of West End Bridge Connelly Site	

4 *PROJECT ELEMENTS*

4.1 Category II stand alone or integrated casino development — Yes: ✓ No:

4.1.1 Estimated number of casino employees

4.1.1.1	Existing	---
4.1.1.2	Proposed	TBD

4.1.2	Size of casino building in square feet	TBD
4.1.3	Number of gaming positions	3,000
4.1.4	Hotel	
4.1.4.1	Anticipated number of rooms	N/A
4.1.4.2	Anticipated number of employees	N/A

P2 *PROJECT ELEMENTS*

Form-B1

4.1.5 Housing	Yes	✓	No	
4.1.5.1 Anticipated number of units				TBD
4.1.5.2 Anticipated number of employees				---
4.1.6 Retail and Restaurants	Yes	✓	No	
4.1.6.1 Anticipated number of square feet				TBD
4.1.6.2 Anticipated number of employees				TBD
4.1.7 Theater	Yes		No	✓
4.1.7.1 Anticipated number of employees				
4.1.7.2 Anticipated number of visitors per event				
4.2.9 Other Entertainment Arena	Yes	✓	No	
4.2.9.1 Anticipated number of square feet				✓
4.2.9.2 Anticipated number of employees and current number				✓

5 *DESCRIBE STUDY AREA AND STUDY AREA CONDITIONS*

5.1 General area of influence

Lower Hill District, Uptown, Downtown. This area is illustrated in Figure 1.

Area bounded by Liberty Avenue, Bedford Avenue, Devilliers Street, Centre Avenue,Crawford and Pride Streets, Forbes Avenue, First Avenue and Grant Street.

5.2 Area of significant traffic and parking impact

An area bounded by Grant Street on the west, Devilliers/Dinwiddie on the east, Forbes Avenue on the south (extending to Second Avenue at Ross Street and to I-376 at Grant Street, and Liberty Avenue and Bedford Avenue on the north.

Parking will be influenced throughout the downtown and fringe parking areas at various peak periods of activity and during weekday daytime periods of commuter parking.

6 *TRIP GENERATION*

6.1 Trip generation rates — Yes [✓] No [ ]

- 6.1.1 A.M. peak (weekday commuter peak) [✓]
- 6.1.2 P.M. peak (commuter peak and pre-arena event peak on weekday) [✓]
- 6.1.3 Casino peak (peak weekday and weekend periods) [✓]
- 6.1.4 24-hour [✓]

6.2 Trip generation sources

- 6.2.1 Institute of Transportation Engineers (ITE) — Yes [✓] No [ ]
- 6.2.2 Independent survey — Yes [✓] No [ ]
- 6.2.3 Other urban area data from U.S. casino(s) — Yes [✓] No [ ]

7 TRIP GENERATION ADJUSTMENT

7.1 Modal Split

- 7.1.1 Percent by private auto [✓]
  - 7.1.1.1 Employees [✓]
  - 7.1.1.2 Visitors [✓]
- 7.1.2 Percent by PAT buses [✓]
  - 7.1.2.2 Visitors [✓]
  - 7.1.2.3 Employees [✓]
- 7.1.3 Percent by charter buses
  - 7.1.3.2 Visitors [✓]
- 7.1.4 Percent by limousines and land taxis [✓]
  - 7.1.4.2 Visitors [✓]
- 7.1.5 Percent by water taxis [0%]
  - 7.1.5.1 Employees
  - 7.1.5.2 Visitors
- 7.1.6 Percent by other modes (walk, bicycle, etc.) [✓]
  - 7.1.6.1 Employees [✓]
  - 7.1.6.2 Visitors [✓]

8 AUTO OCCUPANCY RATES Yes ✓ No

8.1 Employees | | Persons per auto
8.2 Visitors | | Persons per auto

9 TRAFFIC ADJUSTMENT FACTORS Yes ✓ No

To be determined

9.1	Captured traffic	%
9.2	Internal trips	%
9.3	Pass-by trips	%
9.4	Diverted linked trips	%
9.5	Seasonal adjustment	%
9.6	Annual base traffic growth (compounded) From SPC	✓
9.7	Removal of commuter traffic from displaced spaces at Mellon Arena	✓

10 DATA COLLECTION

		Yes	No
10.1	Existing study area roadway systems and conditions	✓	
10.2	Turning movement counts at critical intersections	✓	
10.2.1	All peak periods regardless of day of week	✓	

Please note: Peak periods will occur each day with highest amounts on Fridays and Saturdays.

		Yes	No
10.3	Automatic Traffic Recorder (ATR) counts	✓	
10.3.1	24-hour		✓
10.3.2	1-week	✓	
10.4	Intersection condition diagrams	✓	

11 DATA ANALYSIS

11.1 Signalized intersection capacity analysis (see Figure 1)

Street intersection	Turning movement Yes	Turning movement No	Pedestrian count Yes	Pedestrian count No
1. Grant/Fort Pitt/I-376	✓			✓
2. Grant/First	✓			✓
3. Grant/Allies	✓			✓
4. Grant/Sixth	✓		✓	
5. Grant/Seventh	✓			✓
6. Grant/Liberty	✓			✓
7. Seventh/Liberty	✓			✓
8. Seventh/Smithfield	✓			✓
9. Smithfield/Liberty	✓			✓

Signalized intersection capacity analysis

Street intersection	Turning movement				Pedestrian count			
10. Seventh/Crosstown Ramps	Yes	✓	No		Yes		No	✓
11. Ross/Sixth	Yes	✓	No		Yes		No	✓
12. Forbes/Armstrong Tunnel	Yes	✓	No		Yes	✓	No	
13. Forbes/Chatham/McAnulty	Yes	✓	No		Yes		No	✓
14. Fifth/Chatham/Washington F	Yes	✓	No		Yes	✓	No	
15. Centre/Washington	Yes	✓	No		Yes	✓	No	
16. Centre/Mario Lemieux	Yes	✓	No		Yes	✓	No	
17. Centre/Crawford	Yes	✓	No		Yes		No	✓
18. Centre/Dinwiddie	Yes	✓	No		Yes		No	✓
19. Centre/Devilliers	Yes	✓	No		Yes		No	✓
20. Bedford/Bigelow/Washingtor	Yes	✓	No		Yes		No	✓
21. Bedford/Lemieux/HOV	Yes	✓	No		Yes		No	✓
22. Bedford/Crawford	Yes	✓	No		Yes		No	✓

11.2 Unsignalized intersection capacity analysis

Street intersection	Turning movement				Pedestrian count			
Washington Pl/Colwell	Yes	✓	No		Yes		No	✓
	Yes		No		Yes		No	
	Yes		No		Yes		No	
	Yes		No		Yes		No	
	Yes		No		Yes		No	
	Yes		No		Yes		No	
	Yes		No		Yes		No	
	Yes		No		Yes		No	

11.3 Project entry and exit points

Driveway intersection	Turning movement				Pedestrian count			
	Yes		No		Yes		No	
All project driveways	Yes	✓	No		Yes	✓	No	
Mellon Arena parking count	Yes	✓	No		Yes		No	
	Yes		No		Yes		No	

Project entry and exit points

Driveway intersection	Turning movement				Pedestrian count			
	Yes		No		Yes		No	
	Yes		No		Yes		No	
	Yes		No		Yes		No	
	Yes		No		Yes		No	

11.4 ATR counts (see Figure 2) Yes ✓ No

Street Segment	From	To
1. Bigelow Boulevard	Chatham	Washington Place
2. Washington Place	Centre Ave	Bedford Ave
3. Crawford Street	Wylie Ave	Centre Ave
4. Bedford Ave	Manilla St	Roberts St
5. Webster Ave	Roberts St	Arthur St
6. Wylie Ave	Roberts St	Arthur St
7. Centre Ave	Roberts St	Arthur St
8. Dinwiddie St	Centre Ave	Rose Street
9. Fifth Avenue	Stevenson St	Magee Street
10. Forbes Avenue	Stevenson	Magee Street
11. Chatham St	I-579	Bigelow Blvd
12. Washington Pl	Colwell Street	Fifth Avenue
13. Stevenson Street	Locust Street	Forbes Avenue

12 *VEHICLE TRAFFIC CHARACTERISTICS*

12.1 2008 Trip distributions from county to casino destination

		Trips	Percent
12.1.1	Allegheny	20,413.00	89.73
12.1.2	Armstrong	135.00	0.59
12.1.3	Beaver	309.00	1.36
12.1.4	Butler	415.00	1.82
12.1.5	Washington	510.00	2.24
12.1.6	External counties	295.00	1.30
12.1.7	**Total**	**22,750.00**	**100.00**

Please note: This information should be viewed as the background distribution for all potential casino gaming sites. Trips that consultants project as being generated by the proposed development should be overlaid on this background distribution.

12.2 Trip assignment to roadway network to develop		Yes ✓	No
12.3 Trip assignment to roadway network from development		Yes ✓	No
12.4 Existing intersection conditions		Yes ✓	No
12.4.1 Signal phasings / diagrams		Yes ✓	No
12.4.2 Signal timings		Yes ✓	No
13 INTERSECTION CAPACITY (using HCS software)		Yes ✓	No

Note: development peaks to be analyzed include weeknight event (arena) peak hour, Friday evening and Saturday evening.

13.10 Existing levels of service (LOS)	AM ✓	PM ✓	Dev ✓
13.2 2008 design year LOS without development	AM ✓	PM ✓	Dev ✓
13.3 2008 design year LOS with development	AM ✓	PM ✓	Dev ✓
13.4 2008 design year traffic signal conditions		Yes ✓	No
13.4.1 New signal phasings and diagrams		Yes ✓	No
13.4.2 New signal timings		Yes ✓	No
13.5 Existing study area signal equipment inventory		Yes ✓	No
13.6 Traffic signal and roadway network modeling		Yes ✓	No
13.6.1 Synchro (see Figure 3)		Yes ✓	No
13.7 Intersection signal warrant analysis		Yes ✓	No

13.7.1 Site driveways

13.7.2 Washington Pl/Colwell

12.7.3 ________

13.7.4 ________

13.7.5 ________

13.7.6 ________

13.7.7 ________

13.8 Pedestrian access / circulation / safety	Yes ✓	No
13.8.1 On-site pedestrian analysis	Yes ✓	No
13.8.2 Off-site pedestrian analysis	Yes ✓	No

13.9 Accident analysis (latest 3-years) (see Figure 4) Yes ✓ No

Street segment	From	To
Centre Ave	6th Ave	Crawford
Washington Pl	Fifth Ave	Bedford Ave
Fifth Avenue	Magee Street	Diamond Street
Crawford Street	Fifth Avenue	Bedford Avenue

Sight distance analysis Yes ✓ No

13.1 Street segment

Street segment	From	To
Site Driveways		

13.11 Queuing analysis Yes ✓ No

Street segment	From	To
Access points		

13.12 Gap analysis Yes [ ] No [✓]

Street segment	From	To

13.13 Weaving analysis Yes [ ] No [✓]

From		To
I-579 sb split at 6th/7th Avenues		

14 *PARKING DEMAND / SUPPLY ANALYSIS* Yes [✓] No [ ]

14.1 Written parking policy for all employees and visitors Yes [✓] No [ ]

14.2 Existing base year parking conditions analysis Yes [✓] No [ ]

14.2.1 On and off street parking demand analysis/zoning Yes [✓] No [ ]

14.2.2 On and off street parking supply analysis/zoning Yes [✓] No [ ]

14.2.3 On and off street peak parking demand analysis Yes [✓] No [ ]

14.2.4 On and off street peak parking supply analysis Yes [✓] No [ ]

14.3 2008 design year parking conditions analysis Yes [✓] No [ ]

14.3.1 On and off street parking demand analysis/zoning Yes [✓] No [ ]

2008 design year parking conditions analysis

14.3.2 On and off street parking supply analysis/zoning	Yes ✓	No
14.3.3 On and off street peak parking demand analysis	Yes ✓	No
14.3.4 On and off street peak parking supply analysis	Yes ✓	No
14.4 Parking demand factors	Yes ✓	No
14.2.1 Full-time employee	Yes ✓	No
14.4.2 Part-time employee	Yes ✓	No
14.4.3 Visitor	Yes ✓	No
14.4.4 Gaming position	Yes ✓	No
14.5 Parking Management Plan (PMP)	Yes ✓	No
14.6 Special event parking demand and supply conditions	Yes ✓	No
14.6.1 Pittsburgh Steelers football game	Yes	No ✓
14.6.2 Pittsburgh Pirates ball game	Yes	No ✓
14.6.3 Pittsburgh Penguins hockey game	Yes ✓	No
14.6.4 Music concert or other entertainment	Yes ✓	No
15 2008 DESIGN YEAR TRUCK ANALYSIS	Yes ✓	No
15.1 Truck trip generation by day and by hour	Yes ✓	No
15.2 Number and size of proposed truck docks	Yes ✓	No
15.3 Truck parking and accumulation	Yes ✓	No
15.4 Location of refuse storage and pick-up	Yes ✓	No
15.5 Truck Loading Management Plan (TLMP)	Yes ✓	No
16 MASS TRANSIT	Yes ✓	No
16.1 Port Authority Transit bus arrivals and departures	Yes ✓	No
16.1.1 Peak arrivals	Yes ✓	No
16.1.2 Daily arrivals	Yes ✓	No

MASS TRANSIT

16.2 Charter bus arrivals and departures	Yes ✓	No
16.2.1 Peak arrivals	Yes ✓	No
16.2.2 Daily arrivals	Yes ✓	No
16.3 Limousine and taxi arrivals and departures		
16.3.1 Peak arrivals	Yes ✓	No
16.3.2 Daily arrivals	Yes ✓	No
16.4 Shuttle bus arrivals and departures	Yes ✓	No
16.4.1 Peak arrivals	Yes ✓	No
16.4.2 Daily arrivals	Yes ✓	No
17 APPROVED PROJECTS TO BE ADDED TO BASE TRAFFIC	Yes ✓	No

17.1 Duquesne University Master Plan

17.2 __________

17.3 __________

17.4 __________

17.5 __________

18 COMPACT CAR SURVEY	Yes	No ✓

Prepared by:
Sidney B. Kaikai, AICP
Principal Transportation Planner
Department of City Planning
September 20, 2005

PLOTTED: 11/15/2005

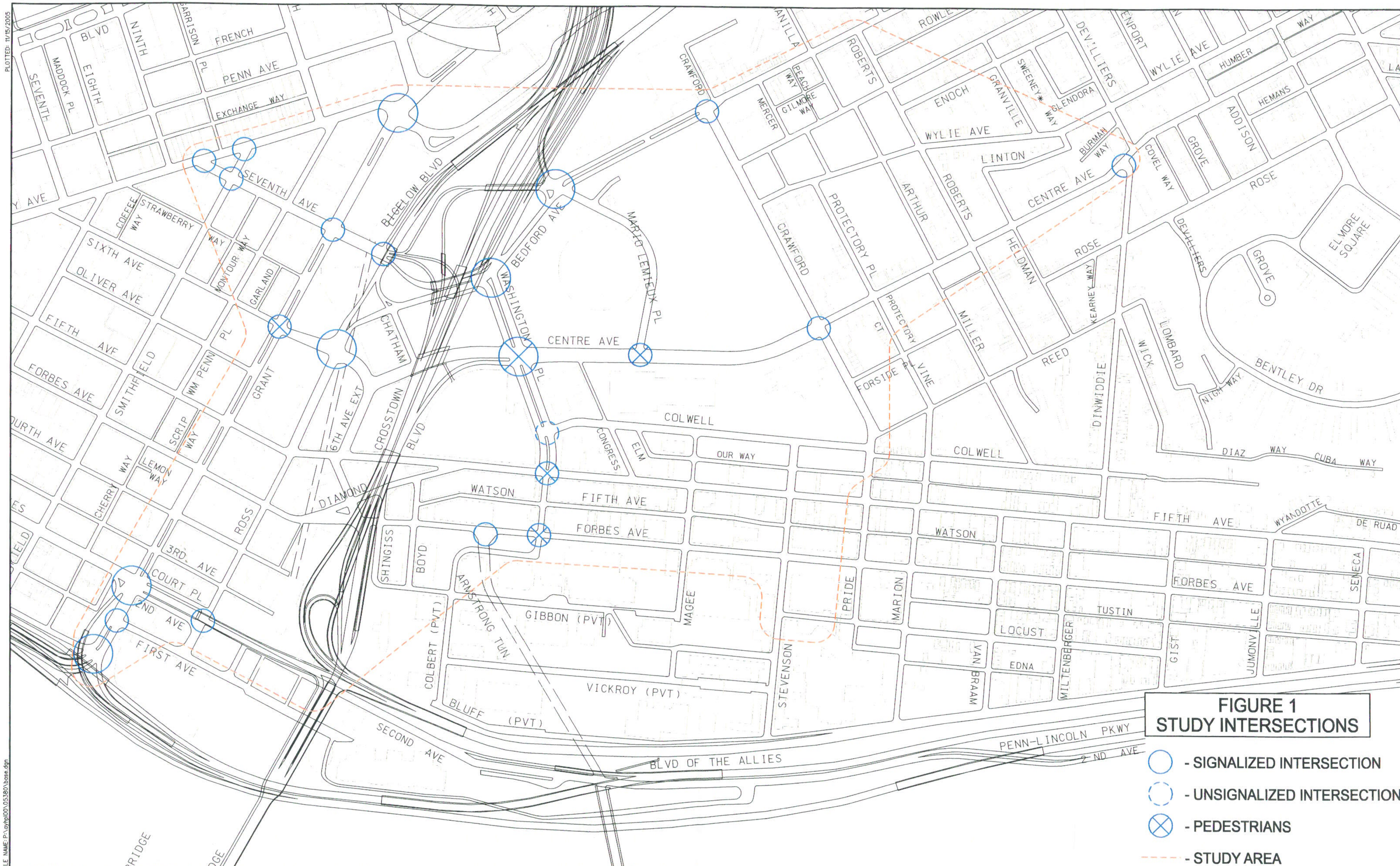

FIGURE 1
STUDY INTERSECTIONS

FILE NAME: P:\ayhp\00\05380\base.dgn

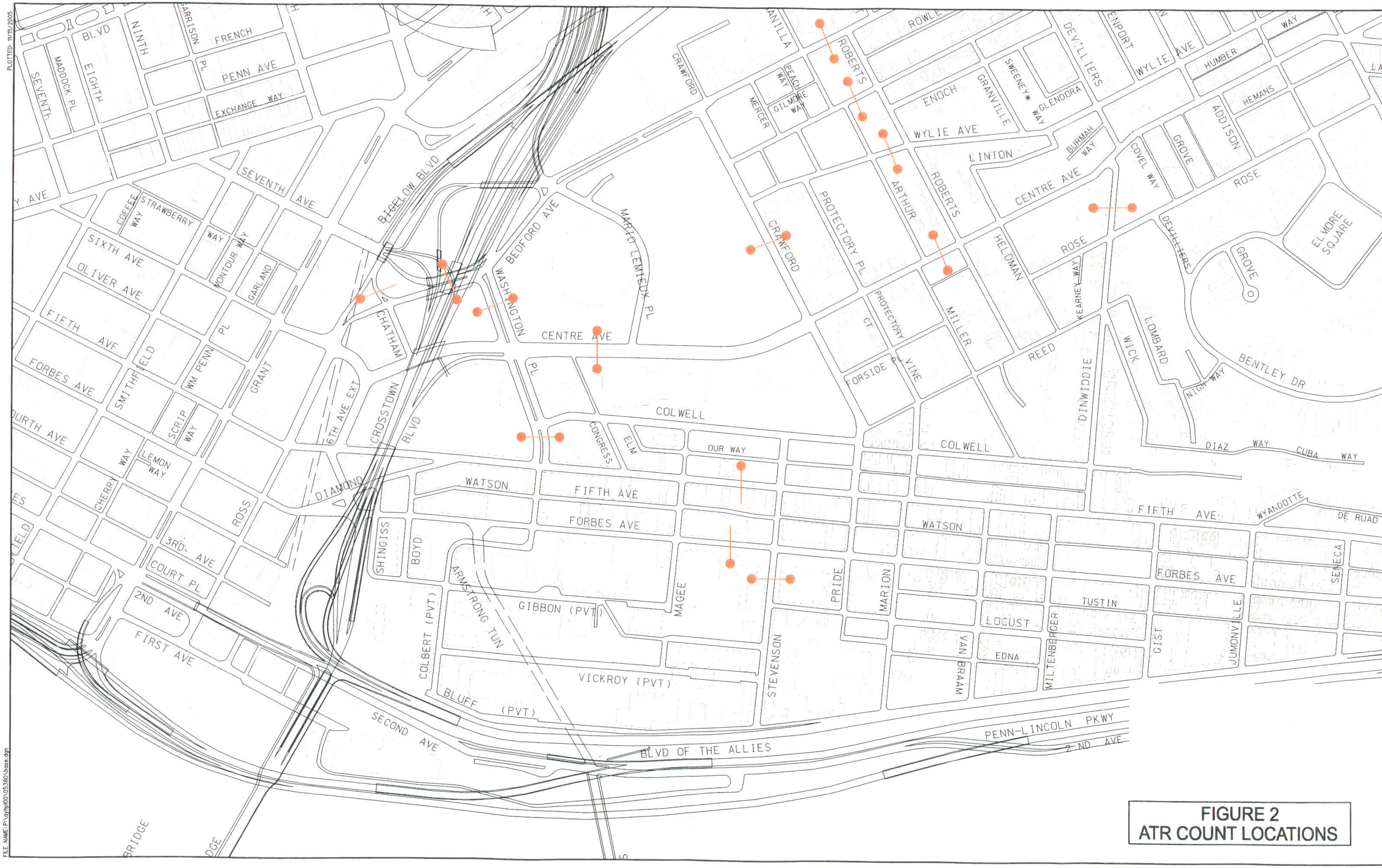

FIGURE 2
ATR COUNT LOCATIONS

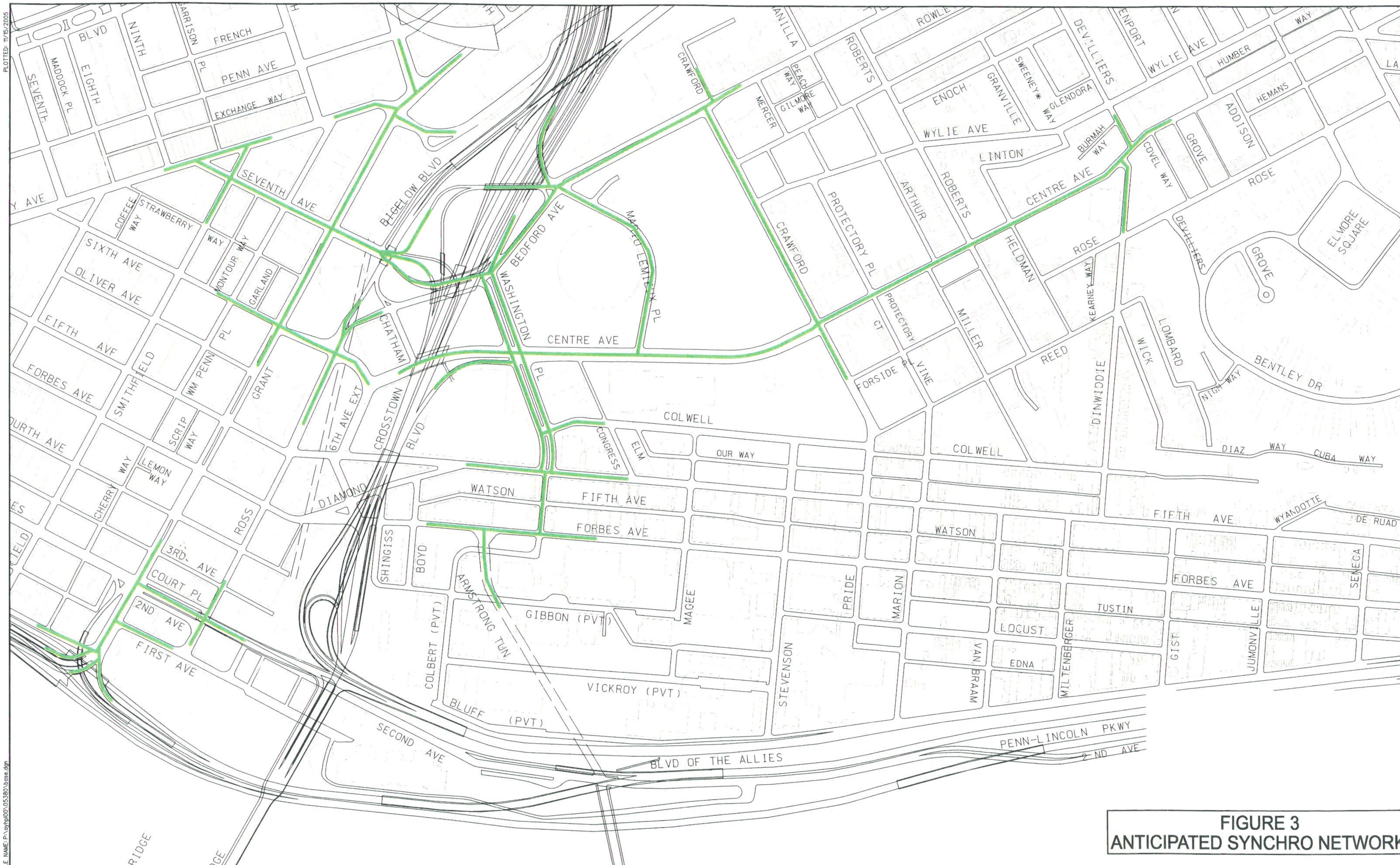

FIGURE 3
ANTICIPATED SYNCHRO NETWORK

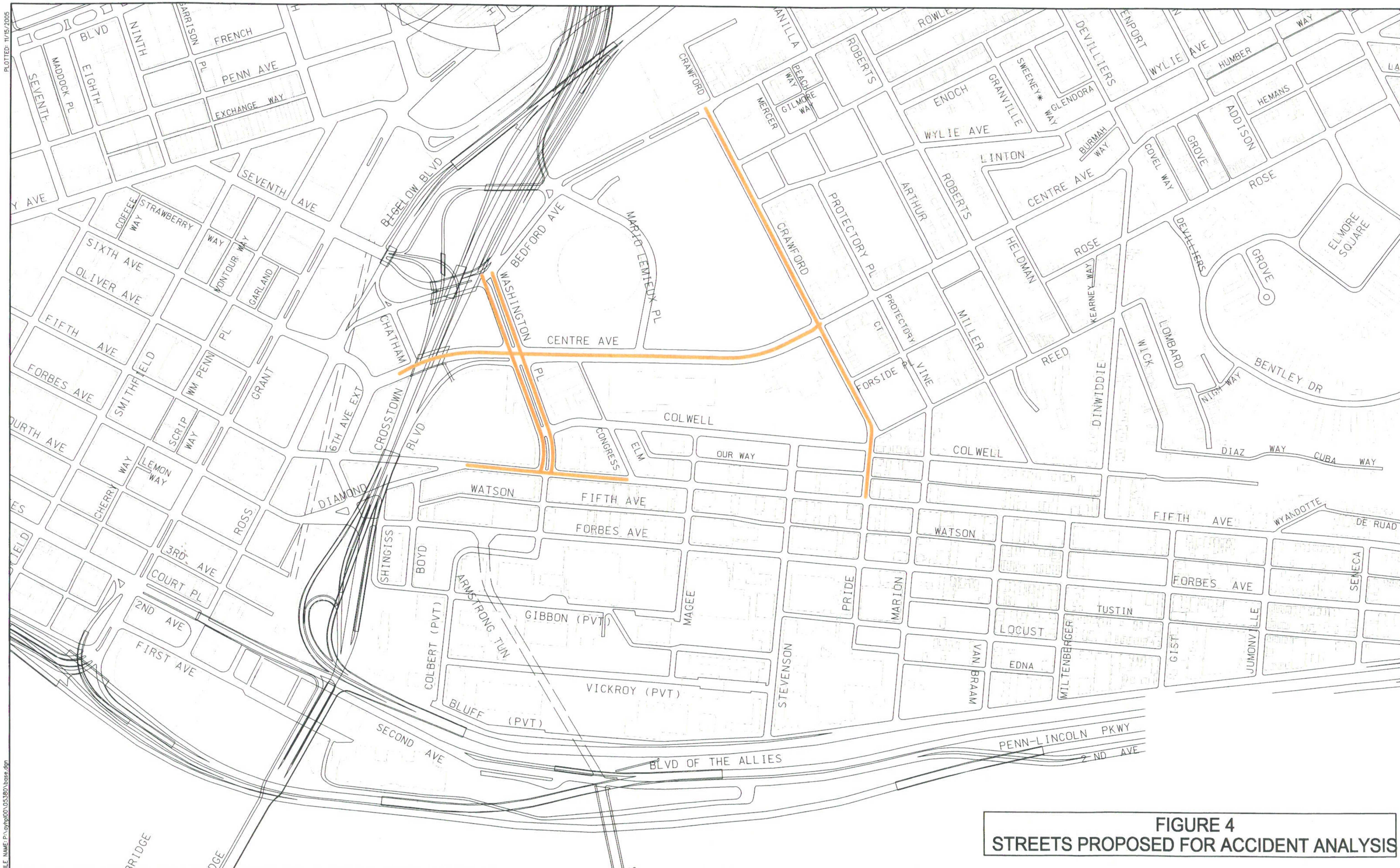

FIGURE 4
STREETS PROPOSED FOR ACCIDENT ANALYSIS