

Economic and Fiscal Impacts Analysis of Six Philadelphia Casino Proposals

Prepared for the Philadelphia Department of Commerce

October 29, 2013

Note: This amended final report replaces the previous final report dated October 22, 2013.

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Purpose and Use of AKRF, Inc.'s Economic and Fiscal Impact Analysis of Six Casino Proposals

AKRF, Inc.'s economic and fiscal impact analysis is for the use of the City of Philadelphia's Department of Commerce to assist the City with its internal decision making and review of the six Philadelphia Casino proposals. We assume no liability to any third party user of our report or documentation. Any use such third parties may choose to make of our report is entirely at their own risk and we shall have no responsibility whatsoever in relation to any such use.



Executive Summary

ANALYSIS OBJECTIVES AND METHODOLOGY

AKRF, Inc. (AKRF) was retained by the Philadelphia Department of Commerce (Commerce) to provide economic and fiscal impact analysis of six casino applications that are competing for the City of Philadelphia's second casino license under consideration for award by the Pennsylvania Gaming Control Board (PGCB). AKRF's analysis assists Commerce in its evaluation of these proposals and AKRF's scope of work also included testimony of its analysis to the PGCB in a public hearing along with the City's Deputy Mayor of Economic Development, Alan Greenberger.

AKRF's scope of work involved four key tasks:

1. Conduct a third-party review of six casino applications vying for Philadelphia's second casino license, based on data received and presentations made by applicants to Commerce as of September 2013
2. Normalize estimates – AKRF's independent adjustments of applicants' revenue estimates and economic impacts to account for variations in methodologies and to fill data gaps to perform “apples to apples” comparisons
3. Assess potential for competitive effects with the SugarHouse Casino and the impacts on net revenue for the City of Philadelphia
4. Assess induced growth potential of the proposed casino projects to spur additional “spin-off” development in their surrounding areas

AKRF's Methodology to Conduct the Study included:

- ▶ Review of current and past casino gaming revenue in Eastern Pennsylvania provided by the Pennsylvania Gaming Control Board on its website
- ▶ Research of national gaming industry trends and utilize the firm's in-house industry knowledge
- ▶ Apply current state and local gaming taxes and local non-gaming taxes to normalized revenue estimates
- ▶ Use of standard industry assumptions for conducting input-output modeling (IMPLAN) to estimate the number of local jobs, temporary construction jobs, and permanent jobs during operations
- ▶ Site analysis, review of local market conditions, gaming industry trends, and interviews to assess potential for induced development.

SIX PROPOSALS REVIEWED

Table 1: Six Proposals Reviewed

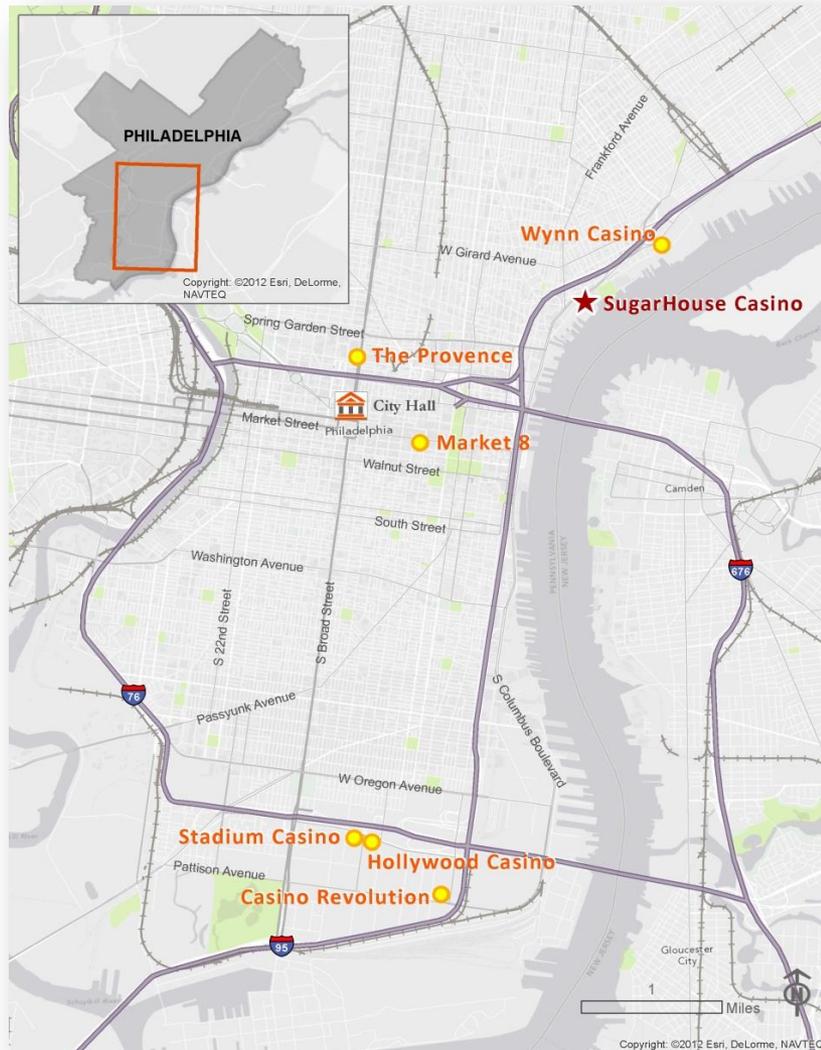
Casino Project Name	Wynn Philadelphia	Live!	The Provence	Market 8	Casino Revolution	Hollywood Casino
Developer	Wynn Resorts Ltd and Wynn PA, Inc.	Stadium Casino, LLC	Tower Entertainment, LLC	The Goldenberg Group and David Adelman	PHL Local Gaming, LLC	Penn National Gaming Inc.
Owner/Operator	Wynn Resorts	Greenwood Racing, Inc. (Parx Casino Owner) and Cordish Companies	Tower Entertainment, LLC / Isle of Capri Casinos, Inc.	Market East Associates / Mohegan Sun	PHL Local Gaming, LLC (Procacci Bros & Dr. Walter Lomax)	Penn National Gaming Ventures LLC
Total Development Budget ⁽¹⁾	\$926,000,000	\$425,000,000	\$700,000,000	\$500,000,000	\$427,900,000	\$482,800,000

Note: (1) Total development budgets provided by applicants include: construction hard costs, soft costs, FF&E, land acquisition, financing costs, gaming license fee, pre-opening expenses, and other miscellaneous costs.



SIX PROPOSED LOCATIONS

Figure 1: Six Casino Locations in Three Geographic Areas of the City



The six casino proposals are located in 3 geographic areas with different urban contexts in the City of Philadelphia.

Center City

Dense mixed-use urban core with major public transportation and road networks. Two projects:

- The Provence
- Market 8

Delaware River Waterfront - Fishtown/Kensington

Undeveloped waterfront area separated from residential areas by an interstate highway I-95. One project:

- Wynn Casino

South Philadelphia: Sports Stadium District

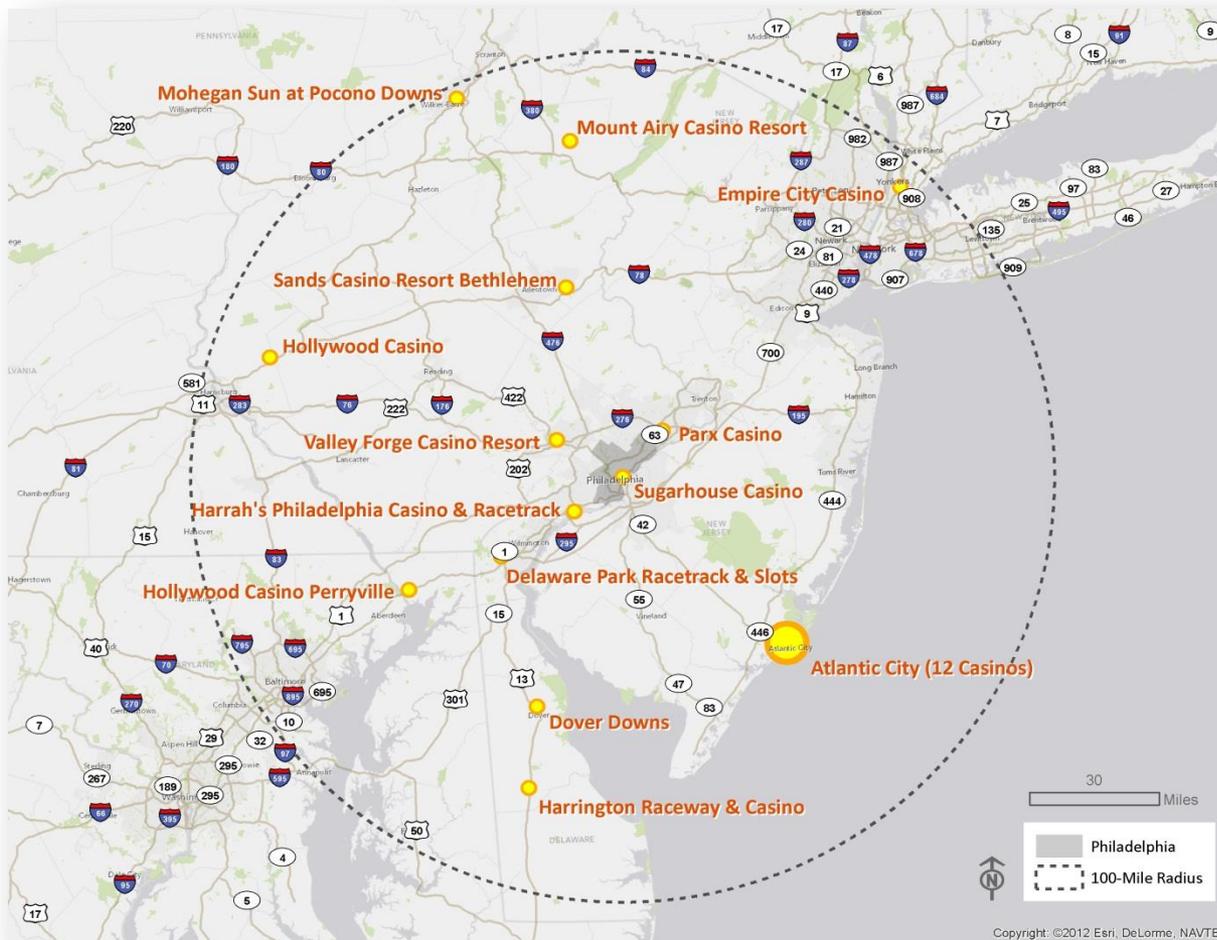
Sporting complex with three major league sports and entertainment facilities surrounded by industrial and residential uses and accessible by two interstate highways. Three projects:

- Hollywood Casino
- Casino Revolution
- Live! Stadium

REGIONAL CONTEXT

Within a 100-mile radius there are currently 25 casinos across the states of Pennsylvania, New Jersey, Maryland, and Delaware

Figure 2: Casinos Within 100-Mile Radius



In less than a 1-hour drive, Philadelphia's 2 casinos will be competing with:

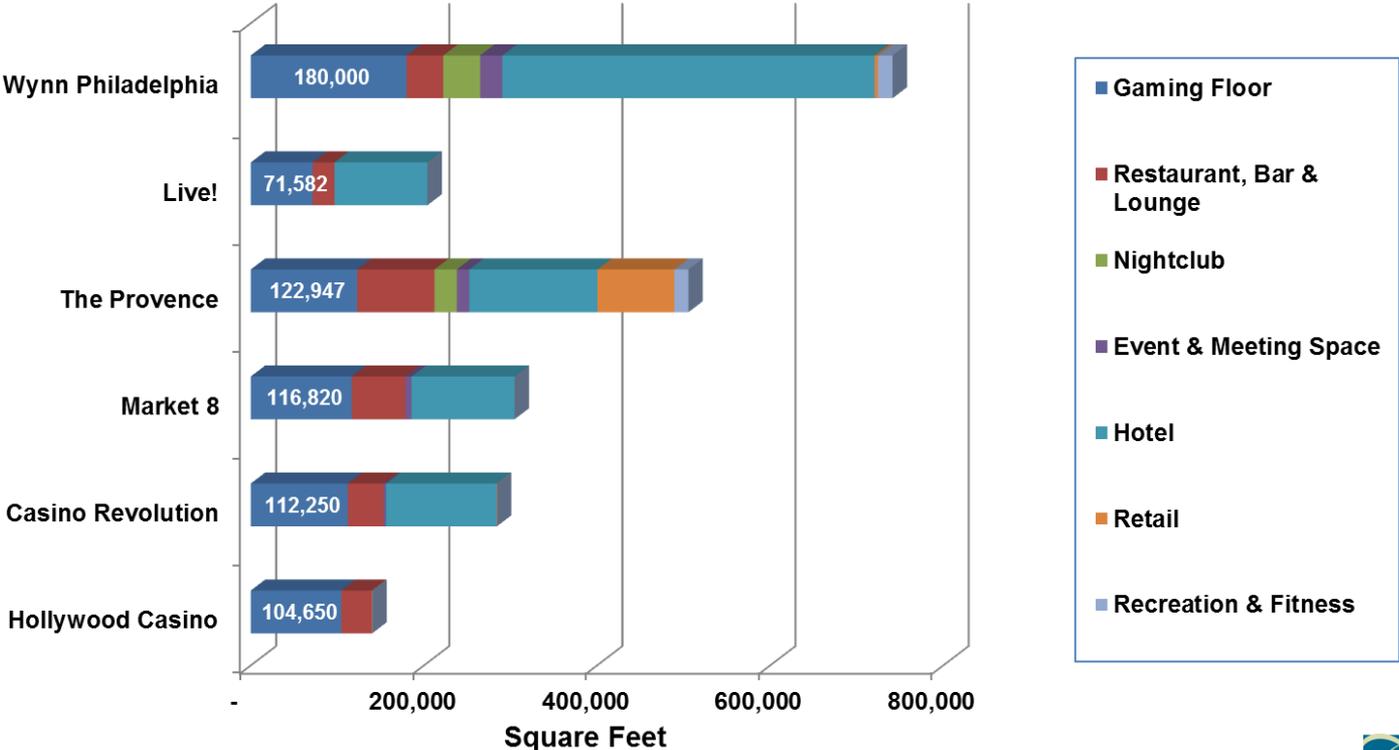
- ▶ Parx Casino
- ▶ Delaware Park Racetrack & Slots
- ▶ Harrah's Philadelphia Casino and Racetrack
- ▶ Valley Forge Casino Resort
- ▶ Atlantic City's 12 casinos

PROGRAM COMPONENTS AND SQUARE FEET COMPARISONS

Program areas range from approximately 160,000 square feet to 700,000 square feet

The program areas consist of the gaming floor (slot machines and table games) and non-gaming areas, which include: restaurants, bars, retail, entertainment/recreation and hotel (note: all applicants have a hotel component in their project proposal except for the Hollywood Casino). In addition, there are other “non-program” areas that include: Back-of-House (BOH), circulation/public areas, and parking garages. The gaming floor and non-gaming uses are noted in the color-codes bar diagrams below where the Wynn Philadelphia is the clear leader among the applicants in terms of program square feet. This is attributed to the Wynn project having the largest hotel component with 320 luxury suites compared to the other applicants’ hotels that range from 125 to 250 rooms. The Provence is the second place leader in program square feet due to its having the largest amount of non-gaming program area.

Figure 3: Program Components and Square Feet



TOTAL DEVELOPMENT SQUARE FOOTAGE COMPARISONS

Including the programmed areas, the total built area of the casino projects range from approximately 781,000 square feet to 2 million square feet

The total development square footages for the projects in the chart below were submitted by the applicants to Commerce in August 2013. These square footages are the total “built area” and include the program areas (gaming and non-gaming), hotel, and other “non-program” areas consisting of BOH (Back of House), circulation and public areas and parking garages. Parking garages comprise a significant portion of these projects’ total square footage and the ranges in the applicants’ projects are from 326,000 square feet to 1.2 million square feet.

At the high end of total development square footage are Wynn Philadelphia and The Provence. The Wynn Philadelphia has the largest built area among the applicants at 2 million square feet. This is primarily attributed, as noted previously, to the size of its hotel component. The Provence, at 1.5 million square feet has the largest amount of non-gaming square footage and is second largest project. At the lower end of the total development square footage spectrum are Casino Revolution and Market 8 at approximately 781,000 square feet and 822,000 square feet respectively.

Table 2: Total Development Square Foot Comparisons

	Wynn Philadelphia	Live!	The Provence	Market 8	Casino Revolution	Hollywood Casino
Total Program Area SF Gaming and Non-Gaming	352,900	96,638	391,673	226,260	134,900	140,257
Total Program Area SF Hotel	430,000	107,497	148,144	161,370	238,000	-
Total Other Areas SF (includes; Back-of-House, circulation/public areas, and parking garages)	1,249,600	1,075,458	1,001,964	434,000	407,650	1,360,199
Total Project SF	2,032,500	1,279,593	1,541,781	821,630	780,550	1,500,456

ECONOMIC IMPACTS FROM PROJECT CONSTRUCTION

Total construction-period employment (direct, indirect, and induced) ranges from 2,000 to over 5,000 jobs

Presented here are AKRF’s normalized estimates of economic impacts during the construction phase of each project. All the projects would generate substantial numbers of jobs and economic benefits for the City of Philadelphia during construction. The variation in the job generation (direct, indirect, and induced) is primarily due to differences in the scale of the proposed projects. The Wynn Philadelphia, The Provence, and Market 8 have the largest construction budgets requiring more labor and consequently generate the highest total number of construction-period jobs and economic impacts.

Table 3: Economic Impacts from Project Construction

	Wynn Philadelphia	Live!	The Provence	Market 8	Casino Revolution	Hollywood Casino
Total Development Cost	\$926.0	\$425.0	\$700.0	\$500.0	\$427.9	\$482.8
Employment (Person-Years)						
Direct	3,803	1,413	2,045	1,869	1,164	1,506
Indirect and Induced	1,583	615	840	787	487	625
Total	5,387	2,027	2,885	2,656	1,651	2,131
Wages & Salary (Millions of 2013 Dollars)						
Direct	\$276.2	\$105.5	\$147.3	\$136.7	\$84.8	\$109.2
Indirect and Induced	\$101.9	\$29.4	\$54.1	\$50.6	\$31.4	\$40.2
Total	\$378.1	\$144.9	\$201.3	\$187.3	\$116.1	\$149.4
Output (Millions of 2013 Dollars)						
Direct	\$623.5	\$237.2	\$332.8	\$308.3	\$191.3	\$246.5
Indirect and Induced	\$337.0	\$130.5	\$179.0	\$167.4	\$103.5	\$133.1
Total	\$960.6	\$367.7	\$511.7	\$475.7	\$294.8	\$379.6

ECONOMIC IMPACTS FROM PROJECT OPERATION

Total permanent employment (direct, indirect, and induced) ranges from 1,500 to over 3,000 jobs in Philadelphia

Presented here are AKRF’s normalized estimates of economic of impacts from the annual operation of each project. All the projects would generate substantial numbers of jobs and economic benefits for the City of Philadelphia on an annual basis. The variation in the job generation (direct, indirect, and induced) is primarily due to differences in the scale and program. For operational employment, The Provence comes out ahead of Wynn Philadelphia and the others due to the size of its retail and restaurant offerings which have higher employment densities on a per-square-foot basis. However, gaming and hotel uses tend to have higher wages per worker, and from a modeling perspective, higher economic output per worker than other programmed uses.

Table 4: Economic Impacts from Project Operation

	Wynn Philadelphia	Live!	The Provence	Market 8	Casino Revolution	Hollywood Casino
Total Development Program, Including Parking (sf)	2,032,500	1,279,593	1,541,781	821,630	780,550	1,500,456
Employment (Full Time Equivalent Jobs)⁽³⁾						
Direct	1,682	1,064	2,241	1,458	1,231	1,068
Indirect and Induced	654	466	848	569	519	453
Total	2,336	1,531	3,088	2,027	1,750	1,521
Wages & Salary (Millions of 2013 Dollars)						
Direct	\$62.00	\$43.92	\$82.92	\$55.12	\$50.30	\$42.94
Indirect and Induced	\$32.70	\$23.59	\$42.64	\$28.64	\$26.35	\$22.91
Total	\$94.70	\$67.51	\$125.56	\$83.76	\$76.65	\$65.85
Output (Millions of 2013 Dollars)						
Direct	\$202.96	\$145.67	\$266.36	\$178.53	\$164.72	\$142.58
Indirect and Induced	\$111.35	\$80.01	\$145.22	\$97.31	\$89.45	\$77.62
Total	\$314.31	\$225.68	\$411.58	\$275.84	\$254.17	\$220.20

TOTAL ANNUAL REVENUE AND TAXES (GAMING AND NON-GAMING)

Total annual revenue estimates range from approximately \$290 million to over \$630 million. Total tax revenue estimates to the City range from \$15 million to approximately \$24 million.*

AKRF’s independent analysis considered three primary factors in developing revenue estimates that influence gaming revenues and the potential for competition with SugarHouse Casino :

- **Market Trends** – studied market trends and trade area gaming expenditure potential in order to evaluate projects’ likely gaming performance. The market trends assessment was based on literature review and analysis of historic gaming revenue data available from the Pennsylvania Gaming Control Board website.
- **Program** – examined the applicants’ target consumer groups, the expenditure potential for those consumer groups, and the extent of overlap with SugarHouse’s consumer base.
- **Location** – studied locational factors that could attract a broader visitor base, and that could affect the extent of competition with SugarHouse in terms of site positioning, consumer travel patterns and market draw.

Table 5: Total Annual Revenue and Taxes (Gaming and Non-Gaming)

	Wynn Philadelphia	Live!	The Provence	Market 8	Casino Revolution	Hollywood Casino
Revenue						
Annual gaming revenues (\$millions)	\$300.8	\$283.0	\$435.0	\$320.3	\$298.0	\$247.2
Annual non-gaming revenues (\$millions)	\$137.6	\$38.1	\$201.3	\$82.9	\$28.2	\$44.8
Total annual revenue: gaming and non-gaming (\$millions)	\$438.4	\$321.1	\$636.3	\$403.2	\$326.2	\$292.0
Taxes						
Annual gaming taxes to City (\$millions)	\$10.5	\$9.6	\$15.1	\$11.3	\$10.5	\$8.8
Annual non-gaming taxes to City: total direct (\$millions)	\$6.5	\$6.9	\$15.7	\$10.8	\$5.5	\$8.2
Total annual revenue to the City: gaming and non-gaming (\$millions)	\$17.0	\$16.5	\$30.8	\$22.1	\$16.0	\$17.0

* Gaming and gaming tax revenue estimates based on the average of AKRF’s high and low annual gaming revenue estimates – see Gaming Revenue section in report.

TOTAL ANNUAL REVENUE AND TAXES (GAMING AND NON-GAMING) CONT'D

The market trends, program, potential overlap with SugarHouse customers, and location factors described above were evaluated and the applicants' revenue projections were adjusted (in the case of Wynn Philadelphia and Live!, original projections were provided). State and local tax rates (gaming and non-gaming) were applied to calculate estimated tax revenues.

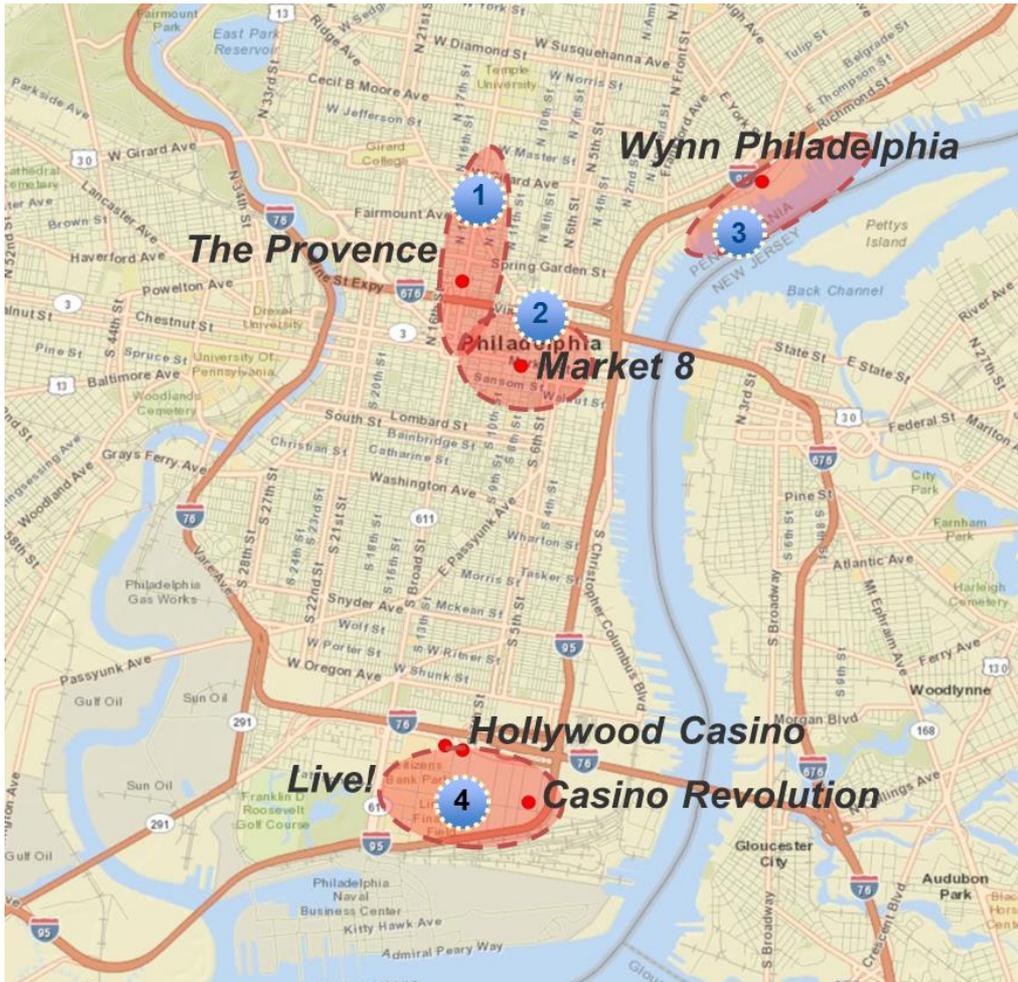
Projects with the highest total revenues also have the largest amount on non-gaming revenues. The distribution of revenues between gaming and non-gaming varies across the projects as shown in Figure 4. The Provence, Wynn, and Market 8 projects have the largest amounts of non-gaming revenue and combined with the gaming revenue in the respective projects, have the highest total revenues.

Figure 4: Distribution of Revenues between Gaming and Non-Gaming



INDUCED DEVELOPMENT

Figure 5: Potential for Induced Development in Four Areas of the City



1. North Broad Street Corridor
The Provence
2. Market East Corridor
Market 8
3. Waterfront District
Wynn Philadelphia
4. Stadium District
*Live!
Hollywood Casino
Casino Revolution*

INDUCED DEVELOPMENT

Casino proposals with a broad mix of non-gaming offerings (mixed-use development) can increase the destination appeal of the area where the casino project is located, potentially attracting more customers and demand and have less competition with SugarHouse.

Center City: The Provence and Market 8

The casinos proposed in the heart of Center City are in mixed-use districts and are accessible by pedestrians, public transit as well as by car. These projects can tap into potential restaurant, entertainment, retail, and hotel room demand from the Convention Center and tourist visitation as well as local residents.

The Provence has potential to accelerate revitalization along the North Broad Street Corridor from City Hall up to Temple University. There are already positive development trends along North Broad Street that include:

- ▶ Trendy restaurants and high-end banquet facility (Steven Starr and Mark Vetri branded restaurants and the Vie - Cescaphé Ballroom).
- ▶ New and proposed residential development; and
- ▶ Temple University's expansion along North Broad Street of mixed-use development that includes new student housing and retail/commercial uses.

Market 8 located on the Market Street East Corridor has potential to spur more mixed-used development along this inactive retail corridor and capitalize on its proximity to the other destinations including the City's historic district to the east, the Convention Center, and the Reading Terminal Market. The project also benefits from its proximity to the Market Street train station – a major commuter rail station in the City.

Waterfront: Wynne Philadelphia

The Wynn Philadelphia project site is located within the Delaware River Master Plan and could be a major destination and northern anchor in the master plan. This project and the Wynn brand has potential to transform the waterfront by creating a luxury casino resort destination.

The project also could have an agglomeration effect (*competitors that are physically proximate may create heightened demand*) and create an entertainment district in combination with the SugarHouse casino. This could induce mixed-use development particularly along the vacant parcels between SugarHouse and the proposed Wynn project.

Stadium District: Live!, Hollywood Casino, and Casino Revolution

The three casinos near the sports stadium complex target primarily a gaming audience but given their proximity to the sports stadiums, there is potential to attract sport fans and concert attendees.

A sports-themed entertainment district could be a possible spin-off development, however, the inducement potential would be long-term due to potential spin-off development sites that are occupied by active industrial businesses and surface parking lots dedicated to the stadiums. The exception would be the Live! project. It would have near-term synergy and linkage with the proposed future expansion of xfinity Live!

SUMMARY OF DEVELOPMENT PROGRAMS AND KEY ECONOMIC AND FISCAL IMPACTS

Table 6: Summary of Development Programs and Key Economic and Fiscal Impacts

	Wynn Philadelphia	Live!	The Provence	Market 8	Casino Revolution	Hollywood Casino
Program						
Casino (sf)	180,000	71,582	122,947	116,820	112,250	104,650
Slots	2,500	2,013	3,300	2,400	2,400	2,250
Gaming and Poker Tables	100	125	150	112	105	81
Restaurants, bars, and lounge (sf)	42,475	25,056	89,249	61,860	41,150	35,107
Nightclub	42,600	0	25,828	0	0	0
Event/Meeting Space (sf)	25,600	0	14,430	7,280	3,000	0
Hotel (rooms)	320	202	125	168	250	0
Retail (sf)	4,000	0	88,741	0	500	500
Recreation and Fitness	16,825	0	16,268	0	0	0
Parking (spaces)	2,400	2,600	2,416	1,000	1,000	3,300
Construction Period Impacts						
Total development cost for impact analysis (\$millions) ⁽¹⁾	\$770.0	\$318.2	\$421.1	\$374.8	\$252.4	\$300.4
Direct construction jobs (person-years)	3,803	1,413	2,045	1,869	1,164	1,506
Construction period sales tax	\$0.00	\$0.85	\$1.32	\$1.17	\$0.73	\$0.32
Construction period wage tax	\$14.27	\$5.47	\$7.60	\$7.07	\$4.38	\$5.64
Annual Economic & Fiscal Impacts During Project Operation ⁽²⁾						
Annual visitation (millions)	3.6	3.0	4.8	3.8	3.3	2.8
Annual gaming revenues (\$millions)	\$300.8	\$283.0	\$435.0	\$320.3	\$298.0	\$247.2
On-site jobs (FTEs)	1,682	1,064	2,241	1,458	1,231	1,068
Wages and salary from on-site jobs ⁽³⁾	\$62.0	\$43.9	\$82.9	\$55.1	\$50.3	\$42.9
Annual gaming taxes to City (\$millions)	\$10.5	\$9.6	\$15.1	\$11.3	\$10.5	\$8.8
Annual non-gaming taxes to City: total direct (\$millions) ⁽⁴⁾	\$6.5	\$6.9	\$15.7	\$10.8	\$5.5	\$8.2
Total annual revenue to the City: gaming and non-gaming (\$millions)	\$17.0	\$16.5	\$30.8	\$22.1	\$16.0	\$17.0

SUMMARY OF DEVELOPMENT PROGRAMS AND KEY ECONOMIC AND FISCAL IMPACTS CONT'D

Table 6 provide a summary of the most recent development programs for each of the casino applicants, as well as the key findings in the economic and fiscal impact analyses. This information is shown in greater detail in the following sections of the report.

Table 6 Notes:

- (1) Development costs include hard costs, soft costs and FF&E, but exclude all other development costs such as land acquisition, financing, marketing costs. Development costs were developed by AKRF based on information from applicants, industry standards on psf construction costs by type of construction, and industry standards for allocation of hard and soft costs.
- (2) All dollar values are presented in millions of 2013 dollars.
- (3) Includes gaming and non-gaming jobs.
- (4) Total non-gaming tax revenues to City include only directly-generated tax revenues associated with the following: sales tax; hotel tax; amusement tax; parking tax; wage/earning tax (non-gaming and gaming jobs); settlement payment (calculated according to the SugarHouse Casino Pilot Agreement); real estate/property tax; and for Hollywood and Market 8 Casinos, \$2 million "public interest program" revenue.

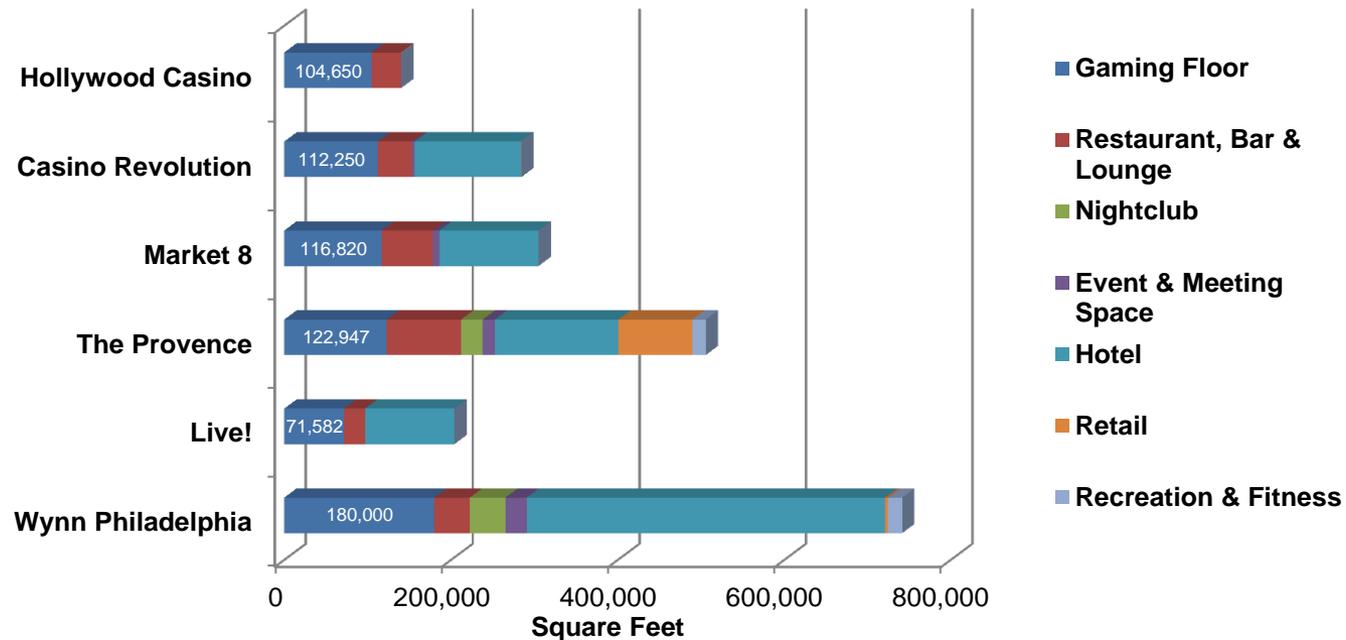
Development Programs

DEVELOPMENT PROGRAM SUMMARY

Table 7: Development Program Summary

Program Element	Wynn Philadelphia	Live!	The Provence	Market 8	Casino Revolution	Hollywood Casino
Gaming Floor (sf)	180,000	71,582	122,947	116,820	112,250	104,650
Restaurant, Bar & Lounge (sf)	42,475	25,056	89,249	61,860	41,150	35,107
Nightclub (sf)	42,600	0	25,828	0	0	0
Event & Meeting Space (sf)	25,600	0	14,430	7,280	3,000	0
Hotel (sf)	430,100	107,497	148,144	118,900	127,500	0
Retail (sf)	4,000	0	88,741	0	500	500
Recreation & Fitness (sf)	16,825	0	16,268	0	0	0

Figure 6: Development Program



Economic Impacts from Construction

ECONOMIC IMPACTS FROM PROJECT CONSTRUCTION – FROM APPLICANT MATERIALS

Table 8: Economic Impacts From Project Construction – From Applicant Materials

	Wynn Philadelphia		Live!		The Provence		Market 8		Casino Revolution		Hollywood Casino	
Key Analysis Inputs												
Total Development Costs ⁽¹⁾	\$926.0		\$425.0		\$700.0		\$500.0		\$427.9		\$482.8	
	City	PA	City	PA	City	PA	City	PA	City	PA	City	PA
Development Costs Attributed to Local Area	N/A	N/A	N/A	N/A	\$376.0	\$376.0	62.6	250.4	N/A	N/A	\$224.96	\$238.92
Employment ⁽²⁾												
(Metric)	unspecified		unspecified		person-years		unspecified		FTE (12 month period)		FTEs	
Direct	N/A	2,500	N/A	1,380	N/A	N/A	427	2,307	1,235		1,305	1,350
Indirect and Induced	N/A	1,100	N/A	N/A	N/A	N/A	235	2,986	N/A	N/A	1,430	2,260
Total	N/A	3,600	N/A	3,000	1,990	6,418	662	5,293	N/A	N/A	2,735	3,610
Economic Output ⁽³⁾												
(Metric)	N/A		N/A		Millions of 2012 dollars		Millions of 2016 dollars ⁽⁴⁾		Millions of 2012 or 2013 dollars		Millions of 2012 dollars	
Direct Expenditures	N/A	N/A	N/A	N/A	\$376.0	\$376.0	\$62.6	\$250.4	\$428.00		\$224.96	\$238.92
Indirect and Induced	N/A	N/A	N/A	N/A	\$183.0	\$502.0	\$26.1	\$332.3	N/A	N/A	\$131.11	\$207.48
Total	N/A	N/A	N/A	N/A	\$559.0	\$878.0	\$88.7	\$582.7	N/A	N/A	\$356.07	\$446.40
Wages & Salary / Employee Compensation												
(Metric)	N/A		N/A		Millions of 2012 dollars		Millions of 2016 dollars ⁽⁴⁾		Millions of 2012 or 2013 dollars		Millions of 2012 dollars	
Direct	N/A	N/A	N/A	\$43.61	N/A	N/A	\$21.6	\$56.6	N/A	N/A	\$108.47	\$110.34
Indirect and Induced	N/A	N/A	N/A	N/A	N/A	N/A	\$10.3	\$90.6	N/A	N/A	\$48.58	76.81
Total	N/A	N/A	N/A	N/A	\$86.0	\$273.0	\$31.9	\$147.2	N/A	N/A	\$157.05	\$187.15

N/A = Not shown in application materials

Green shading = estimates that were updated by applicants in August, 2013, subsequent to submission of initial application.

ECONOMIC IMPACTS FROM PROJECT CONSTRUCTION – FROM APPLICANT MATERIALS

Table 8 provides a summary of the most current construction period economic impact data provided by each applicant. Green shading indicates figures that were updated by the applicant subsequent to initial submission.

As shown in the table, each of the six applicants provided project construction costs, but many provided limited or no information on associated construction period economic impacts. Where estimates were provided, they were presented using inconsistent metrics. For example, Live! and Wynn Philadelphia do not specify a job metric (e.g., person-years of employment versus full- and part time jobs) or indicate in what geography the indirect and induced jobs would

be located. In general, a lack of documentation on metrics and methodology in the applicant materials makes it difficult to draw meaningful conclusions about comparative construction period impacts.

Table 8 Notes:

(1) Total development costs include financing, land costs, and license fees in addition to hard and soft costs.

(2) Definition of employment varies across applicant reports and is not defined in certain reports. Hollywood Casino describes construction jobs as "annual jobs (FTEs)." Casino Revolution describes direct construction jobs as "full-time equivalent construction jobs, assuming a 12-month construction period." The Market 8 report does not specify a job metric for construction jobs. The Provence report does not specify a metric in the body of the report, but an appendix footnote indicates that "the estimate of increased employment will always be in terms of the employment required for a given level of production, usually referred to as person-years of employment." Live! Casino and Wynn Philadelphia do not provide any metric in their reporting of construction jobs, or indicate where the jobs would be located. For presentation purposes, they were assigned to Pennsylvania.

(3) Economic Output referred to as "Economic Impact" in Hollywood Casino report and as "Expenditures" in The Provence report.

(4) Dollar values in Market 8 economic impact analysis are shown in 2016 dollars. All other reports show 2012 or 2013 dollars.

ECONOMIC IMPACTS FROM PROJECT CONSTRUCTION (PHILADELPHIA) - AKRF NORMALIZED

Table 9: Economic Impacts From Project Construction (Philadelphia)– AKRF Normalized

	Wynn Philadelphia	Live!	The Provence	Market 8	Casino Revolution	Hollywood Casino
Total Development Cost ⁽¹⁾	\$926.0	\$425.0	\$700.0	\$500.0	\$427.9	\$482.8
Total Development Cost Minus Financing, Land, License Fee	\$770.0	\$318.2	\$421.1	\$374.8	\$252.4	\$300.4
Employment (Person-Years)⁽²⁾						
Direct	3,803	1,413	2,045	1,869	1,164	1,506
Indirect	441	174	233	220	136	174
Induced	1,142	441	607	567	351	451
Total	5,387	2,027	2,885	2,656	1,651	2,131
Wages & Salary (Millions of 2013 Dollars)						
Direct	\$276.2	\$105.5	\$147.3	\$136.7	\$84.8	\$109.2
Indirect	\$35.0	\$3.6	\$18.5	\$17.4	\$10.8	\$13.8
Induced	\$66.9	\$25.8	\$35.6	\$33.2	\$20.6	\$26.4
Total	\$378.1	\$144.9	\$201.3	\$187.3	\$116.1	\$149.4
Output (Millions of 2013 Dollars)						
Direct	\$623.5	\$237.2	\$332.8	\$308.3	\$191.3	\$246.5
Indirect	\$105.8	\$41.3	\$56.1	\$52.7	\$32.5	\$41.8
Induced	\$231.2	\$89.2	\$122.9	\$114.7	\$71.0	\$91.3
Total	\$960.6	\$367.7	\$511.7	\$475.7	\$294.8	\$379.6

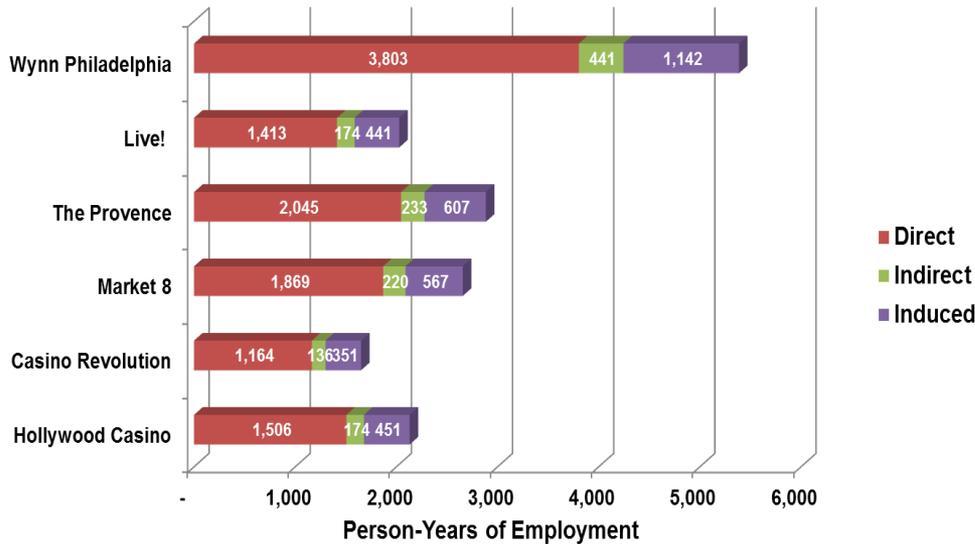
Table 9 Notes:

(1) Development costs were provided by applicants. IMPLAN modeling excludes financing costs, land costs and license fees. IMPLAN modeling includes 15% of FF&E costs.

(2) A person-year is the equivalent of one person working full time for a year.

ECONOMIC IMPACTS FROM PROJECT CONSTRUCTION (PHILADELPHIA) - AKRF NORMALIZED

Figure 7: Economic Impacts from Project Construction



AKRF utilized applicant-provided construction costs and the IMPLAN economic input-output modeling system to estimate construction-period impacts for all six applicants. For purposes of IMPLAN modeling, all costs associated with project financing, land acquisition, and license fees, and 85 percent of costs associated with FF&E were excluded from the analysis.

Any of the projects would generate substantial economic benefits for the City of Philadelphia during project construction. As shown in Table 6, job estimates for the City of Philadelphia range from approximately 1,200 to 3,800 person-years of employment from the direct expenditure of construction budget, and an additional 500 to 1,600 person years of employment in support industries and from construction worker spending (the portions of the bars in green and blue).

While there is some variation in the projects' cost-per-square foot assumptions, the variation in job generation, wages and salary, and economic output is primarily due to differences in the scale of the proposed projects. Those with larger overall programs—most notably the Wynn project but also the Provence and Market 8—have larger construction budgets.

Economic Impacts from Operations

ECONOMIC IMPACTS FROM PROJECT OPERATION – FROM APPLICANT MATERIALS

Table 10: Economic Impacts From Project Operation – From Applicant Materials

	Wynn Philadelphia		Live! Casino		The Provence		Market 8		Casino Revolution		Hollywood Casino	
Key Analysis Inputs												
Annual operating expenses	N/A		N/A		225		227.2		91.011		95.6	
Payroll (subset)	\$85 - \$100		\$43.6		\$49.0		N/A		\$34.5		\$47.8	
Non-payroll (subset)	N/A		N/A		\$176.0		N/A		\$56.5		\$47.8	
	City	PA	City	PA	City	PA	City	PA	City ⁽¹⁾	PA	City	PA
Employment												
(Metric)	N/A (5)		FTEs		Full- and part-time ⁽⁴⁾		FTEs ⁽³⁾		N/A (likely full- and part-time)		FTEs ⁽²⁾	
Onsite	2,200-2,500	2,200-2,500	1,246	1,246	2,500	2,500	1,586	1,586	1,369	1,369	1,150	1,150
Direct	2,200-2,500	2,200-2,500			2,500	2,500	1,031	1,427	1,369	1,369	3,210	3,500
Indirect and Induced	1,000		N/A	N/A	500	1,184	262	873	1,231	1,819	530	890
Total	3,000		N/A	N/A	3,000	3,684	1,293	2,301	2,600	3,188	3,740	4,390
Economic Output												
(Metric)	N/A		N/A		2012 \$millions		2016 \$millions ⁽⁸⁾		"current" dollars ⁽⁷⁾		2012 \$millions ⁽⁶⁾	
Direct Expenditures / Outlay/ Budget	N/A	N/A	N/A	N/A	\$225.0	\$225.0	\$147.7	\$204.5	\$337.5	\$337.5	\$448.3	
Indirect and Induced	N/A	N/A	N/A	N/A	\$128.0	\$236.0	\$69.4	\$202.6	\$196.8	\$249.6	\$148.4	
Total	N/A	N/A	N/A	N/A	\$353.0	\$461.0	\$217.1	\$407.1	\$534.4	\$587.1	\$596.7	
Wages & Salary/ Earnings / Payroll ⁽⁹⁾												
(Metric)	2012 \$millions		N/A		2012 \$millions		2016 \$millions ⁽⁸⁾		"current" dollars ⁽⁷⁾		2012 \$millions ⁽²⁾	
Onsite	\$85 - \$100	\$85 - \$100	N/A	N/A	N/A	N/A	\$87.0	\$87.0	\$38.9	\$38.9	\$40.6	\$40.6
Direct	\$85 - \$100	\$85 - \$100	N/A	N/A	N/A	N/A	\$56.6	\$78.3	\$38.9	\$38.9	\$82.0	\$88.6
Indirect and Induced	N/A	N/A	N/A	N/A	N/A	N/A	\$17.7	\$64.8	\$65.8	\$93.0	\$26.0	\$43.4
Total	N/A	N/A	N/A	N/A	\$107.0	\$152.0	\$74.3	\$143.1	\$104.6	\$131.8	\$108.1	\$131.9

N/A = Not shown in application materials

Green stripes= estimates that were resubmitted by applicants in August, 2013, but remain unchanged from initial application.

ECONOMIC IMPACTS FROM PROJECT OPERATION – FROM APPLICANT MATERIALS

Table 10 shows the most current applicant-provided estimates of annual economic impacts. White cells show data included in the applicants' initial submission; green shading indicates that figures that were resubmitted to the City but remain unchanged from the original submission.

As with the construction period analysis, differences in analysis methodology and reporting metrics utilized by the applicants makes it difficult to draw meaningful conclusions about relative operational period impacts. For example, direct jobs and earnings for Hollywood Casino reflect not only on-site activity, but also jobs and earnings due to casino visitor spending outside of the casino.

Table 10 Notes:

- (1) Casino Revolution report shows impacts to Philadelphia County, which is coterminous with the City of Philadelphia.
- (2) Direct jobs and direct earnings for Hollywood Casino reflect on-site jobs as well as employment and earnings due to non-payroll casino expenditures in the region and employment and earnings due to casino visitor spending outside of the casino.
- (3) Direct jobs for Market 8 reflect the subset of on-site project employees estimated to originate from the City and State.
- (4) Main body of economic impact report for The Provence shows Total Jobs only. Onsite job estimate appears in Appendix C, and would most likely reflect full- and part-time jobs. Indirect jobs were calculated by AKRF by subtracting onsite jobs from total job estimate.
- (5) Wynn application materials include estimates for indirect and total jobs, but do not specify geography in which those jobs would be located. Metric for job reporting is not specified.
- (6) Geography and methodology for deriving estimates not specified for Hollywood Casino output numbers.
- (7) Casino Revolution report states that all dollar values are presented in "current" dollars. Unclear whether this means 2012 or 2013 dollars.
- (8) Dollar values in Market 8 economic impact analysis are shown in 2016 dollars. All other reports show 2012 or 2013 dollars.
- (9) Applicant reports use various terms including payroll, earnings, wages, wages and salaries, and wages and earnings and most do not define the terms. Generally, the terms wages and salary both refer to remuneration paid to an employee, with salary based on a fixed time period (e.g., \$30,00 per year) and wages often calculated on an hourly or weekly basis (e.g., \$15 per hour). Earnings are generally synonymous with wages and salary. Payroll typically includes all forms of compensation, including wages and salary but also compensation such as bonuses, vacation allowances, sick-leave pay, and employee contributions. IMPLAN's definition of "employee compensation" is the total payroll cost of the employee paid by the employer including wage and salary, all benefits (e.g., health, retirement, etc.) and employer paid payroll taxes (e.g. employer side of social security, unemployment taxes, etc.).

ECONOMIC IMPACTS FROM PROJECT OPERATION (PHILADELPHIA) – AKRF NORMALIZED

Table 11: Economic Impacts From Project Operation (Philadelphia)– AKRF Normalized

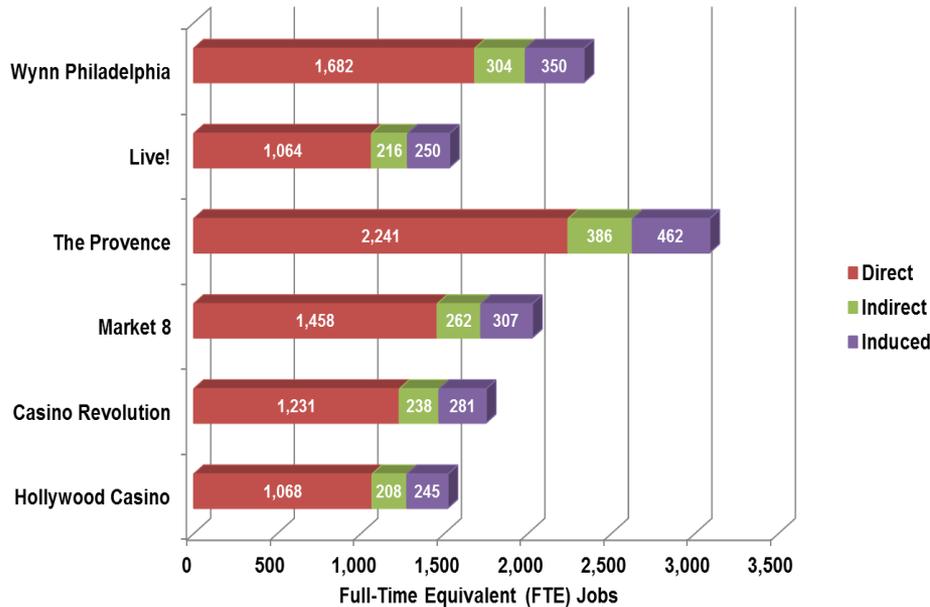
	Wynn Philadelphia ⁽²⁾	Live! ⁽¹⁾	The Provence	Market 8	Casino Revolution	Hollywood Casino
Total Development Program, Including Parking (sf)	2,032,500	1,279,593	1,541,781	821,630	780,550	1,500,456
Employment (Full Time Equivalent Jobs)⁽³⁾						
Direct	1,682	1,064	2,241	1,458	1,231	1,068
Indirect	304	216	386	262	238	208
Induced	350	250	462	307	281	245
Total	2,336	1,531	3,088	2,027	1,750	1,521
Wages & Salary (Millions of 2013 Dollars)						
Direct	\$62.00	\$43.92	\$82.92	\$55.12	\$50.30	\$42.94
Indirect	\$16.12	\$11.75	\$20.78	\$14.09	\$13.06	\$11.31
Induced	\$16.58	\$11.84	\$21.86	\$14.55	\$13.29	\$11.60
Total	\$94.70	\$67.51	\$125.56	\$83.76	\$76.65	\$65.85
Output (Millions of 2013 Dollars)						
Direct	\$202.96	\$145.67	\$266.36	\$178.53	\$164.72	\$142.58
Indirect	\$54.10	\$39.10	\$69.74	\$47.07	\$43.54	\$37.54
Induced	\$57.25	\$40.91	\$75.48	\$50.24	\$45.91	\$40.08
Total	\$314.31	\$225.68	\$411.58	\$275.84	\$254.17	\$220.20

Table 11 Notes:

- (1) Economic impacts for Live! Casino include impacts from the hotel, which would be a renovated and rebranded version of the hotel that is currently located on the project site. Only a portion of this economic activity would be net new to the City. The remainder represents activity that would be retained by the proposed project.
- (2) Annual economic impacts for Wynn Philadelphia do not include employment, wages, or output that may be associated with maintenance and operation of the rooftop or waterside parks.
- (3) On-site jobs were used as the basis for modeling operational impacts. Jobs were estimated based on the development programs provided by applicants in August, 2013, and standard industry ratios showing employment densities by type of programmed space.

ECONOMIC IMPACTS FROM PROJECT OPERATION (PHILADELPHIA) – AKRF NORMALIZED

Figure 8: Economic Impacts from Project Operation



Annual expenditure data, which was used by some applicants as the basis for their own economic impact modeling, was not provided in a detailed or consistent format. Therefore, AKRF estimated economic impacts from project operation based on on-site (direct) job estimates. On-site employment was estimated by applying standard employment density ratios by type of programmed space to the program information provided by each applicant.

Table 11 and Figure 8 show annual economic benefits from the operation of each project. All of the projects generate substantial employment, wages and salary, and economic output in Philadelphia. Job estimates, for example, range from about 1,100 to 2,200 direct (on-site) full-time equivalent (FTE) jobs, and from 450 to 850 FTE jobs in support industries and from new worker spending.

The variation in economic impact is primarily due to differences in scale and program. For operational impacts the Provence outpaces Wynn Philadelphia and others due to the size of its retail and restaurant offerings, which have higher employment densities on a per-square-foot basis. However gaming and hotel uses tend to have higher wages per worker, and from a modeling perspective, higher economic output per worker than other programmed uses.

Tax Revenues from Construction

TAX REVENUES FROM PROJECT CONSTRUCTION – FROM APPLICANT MATERIALS

Table 12: Tax Revenues from Project Construction – From Applicant Materials

	Wynn Philadelphia	Live!	The Provence (2012 \$millions)	Market 8 (2016 \$millions)	Casino Revolution (millions of "current" dollars)	Hollywood Casino (2012 \$millions)
Pennsylvania Tax Revenues						
State Taxes on Wages & Salaries ⁽¹⁾	N/A	N/A	\$5.00	\$3.76	N/A	\$3.50
State Sales and Use Tax ⁽²⁾	N/A	N/A	\$8.60	\$5.01	N/A	\$3.26
State Corporate and Other Business Taxes ⁽³⁾	N/A	N/A	\$1.00	N/A	N/A	\$1.54
Philadelphia Tax Revenues						
City Taxes on Wages & Salaries ⁽⁴⁾	N/A	N/A	\$3.40	\$3.46	N/A	\$3.70
City Sales and Use Tax ⁽⁵⁾	N/A	N/A	\$0.60	\$0.43	N/A	\$1.08
Business Privilege & Net Profits Taxes ⁽⁶⁾	N/A	N/A	\$0.90	N/A	N/A	\$1.46
Real Estate Taxes paid on Business Property	N/A	N/A	N/A	N/A	N/A	\$1.35
Use & Occupancy Taxes Paid on Business Property	N/A	N/A	N/A	N/A	N/A	\$0.69

Table 12 Notes:

- (1) Labeled Personal Income Tax in reports for Market 8 and The Provence.
- (2) Labeled Sales & Hotel Taxes in Hollywood Casino report.
- (3) Labeled Corporate Net Income in The Provence report.
- (4) Labeled Wage Tax in Market 8 report, Tax on Wages & Earnings in The Provence report.
- (5) Labeled Sales in The Provence report and Sales & Hotel Taxes in The Provence report.
- (6) Labeled Business Privilege in The Provence report.

N/A = Not shown in application materials

TAX REVENUES FROM PROJECT CONSTRUCTION – AKRF NORMALIZED

Table 13: Tax Revenues from Project Construction – AKRF Normalized

	Wynn Philadelphia	Live! Stadium	The Provence	Market 8	Casino Revolution	Hollywood Casino
Pennsylvania Tax Revenues						
State Taxes on Wages & Salaries ⁽¹⁾	\$11.61	\$4.45	\$6.18	\$5.75	\$3.56	\$4.59
State Sales and Use Tax ⁽²⁾	\$0.00	\$5.07	\$7.92	\$7.01	\$4.41	\$1.92
State Corporate and Other Business Taxes	Not estimated	Not estimated	Not estimated	Not estimated	Not estimated	Not estimated
Philadelphia Tax Revenues						
City Taxes on Wages & Salaries ⁽³⁾	\$14.27	\$5.47	\$7.60	\$7.07	\$4.38	\$5.64
City Sales and Use Tax ⁽²⁾	\$0.00	\$0.85	\$1.32	\$1.17	\$0.73	\$0.32
Business Income and Receipts Tax ⁽⁴⁾	Not estimated	Not estimated	Not estimated	Not estimated	Not estimated	Not estimated
Real Estate Taxes paid on Business Property	Not estimated	Not estimated	Not estimated	Not estimated	Not estimated	Not estimated
Use & Occupancy Taxes Paid on Business Property	Not estimated	Not estimated	Not estimated	Not estimated	Not estimated	Not estimated

Table 13 Notes:

(1) PA State Taxes are provided for direct, indirect, and induced wages and salaries for Philadelphia IMPLAN results.

(2) Based on the 2007 Census for the Construction Industries for Pennsylvania, taxable material will be 0.424583 of hard costs. Sales taxes were calculated based on a 1 percent City sales tax (rate is currently 2 percent, but is decreasing to 1 percent) and a 6 percent State sales tax. Estimate of construction period sales tax for Hollywood Casino assumes that two thirds of ownership will be assigned to Philadelphia Benefits Corporation and this portion will not pay sales tax on construction materials. The Wynn Philadelphia site is a Keystone Opportunity Zone (KOZ) property and therefore would not pay sales tax on construction materials.

(3) Based on US Census Bureau Journey to Work data presented in the Market 8 economic impact report, AKRF assumed that 65% of employees will originate from the City of Philadelphia.

(4) Effective May 1, 2012, Council Bill 110758 renames the Business Privilege Tax the "Business Income and Receipts Tax"

All dollar values are presented in millions of 2013 dollars.

Projected Revenues

(Gaming and Non-Gaming)

GAMING REVENUE PROJECTIONS FROM APPLICANTS

Table 14: Gaming Revenue Projections from Applicants

	Wynn Philadelphia	Live!	The Provence	Market 8	Casino Revolution	Hollywood Casino
Economic and fiscal impact report prepared by	N/A	N/A	Econsult Corporation	Tourism Economics	Robinson, QED	Urban Partners
Annual gaming visitation projection (millions)	N/A	4.0	5.3	4.7	3.2	4.4
Number of slot machines	2,500	2,013	3,300	2,400	2,400	2,050
Annual revenues from slots (\$millions)	N/A	N/A	\$322.0	\$400.6	\$275.0	\$286.5
Monthly revenue per slot	N/A	N/A	\$8,131	\$13,909	\$9,549	\$11,646
Number of table games	100	125	150	112	105	81
Annual revenues from tables (\$millions)	N/A	N/A	\$138.0	\$171.7	\$83.0	\$65.1
Monthly revenue per table	N/A	N/A	\$76,667	\$127,731	\$65,873	\$66,975
Total annual gaming revenues (\$millions)	N/A	N/A	\$460.0	\$572.3	\$358.0	\$351.6
Annual revenues per gaming position	N/A	N/A	\$109,524	\$186,283	\$118,152	\$138,644

Table 14 Notes:

Data were obtained from applicants' Local Impact Reports submitted to the Pennsylvania Gaming Control Board that are available on the Control Board's web site (gamingcontrolboard.pa.gov), and from applicants' meetings with the Philadelphia Department of Commerce. Some data presented in the table are calculations derived from applicant materials (e.g., annual revenues per gaming position) and therefore may not be found in the applicants' reporting.

N/A = Not shown in application materials

AKRF GAMING REVENUE ASSESSMENT

This section presents AKRF's assessment of potential gaming revenues that could be generated by the applicants' proposed projects.

Four of the six applicants provided gaming revenues; this information is shown in Table 14. The applicants' estimates of annual gaming revenues for a stabilized operating year range from approximately \$352 million (Hollywood Casino) to approximately \$572 million (Market 8). Given the variation in the size of applicants' proposed gaming facilities, Table 14 also provides an normalizing metric of annual revenues per gaming position. These calculated estimates, based on applicants' stated revenue projections and gaming programs, range from approximately \$110,000 per gaming position per year (the Provence) to approximately \$186,000 per gaming position per year (Market 8, in 2016 dollars). As a benchmark for comparison, for the latest 12 months for which gaming revenue data is available from the Pennsylvania Control Board¹ the SugarHouse casino averaged \$138,000 per gaming position.

In order to assess the reasonableness of applicants' revenue projections and to evaluate performance across all six applicants' projects, AKRF independently estimated gross gaming revenues for each applicant's proposal. AKRF also estimated net gaming revenues within the City of Philadelphia, accounting for potential reductions in revenues at the SugarHouse Casino as a result of competition with a second in-City Casino.

AKRF's independent analysis considered three primary factors that will influence gaming revenues and the potential for competition with SugarHouse Casino:

Market Trends – AKRF studied market trends and trade area gaming expenditure potential in order to evaluate projects' likely gaming performance. The market trends assessment was based on literature review and analysis of historic gaming revenue data available from the Pennsylvania Gaming Control Board website.

Program – AKRF examined the applicants' target consumer groups, the expenditure potential for those consumer groups, and the extent of overlap with SugarHouse's consumer base.

Location – AKRF studied locational factors that could attract a broader visitor base, and that could affect the extent of competition with SugarHouse in terms of site positioning, consumer travel patterns and market draw.

1. SugarHouse Casino average gaming revenues per position based on slots revenue data from October 2012 through September 2013 and table game revenue data from September 2012 through August 2013. Data obtained from Pennsylvania Gaming Control Board web site (gamingcontrolboard.pa.gov).

GAMING REVENUE TRENDS IN EASTERN PENNSYLVANIA

Figure 9: Gaming Revenue Trends in Eastern Pennsylvania

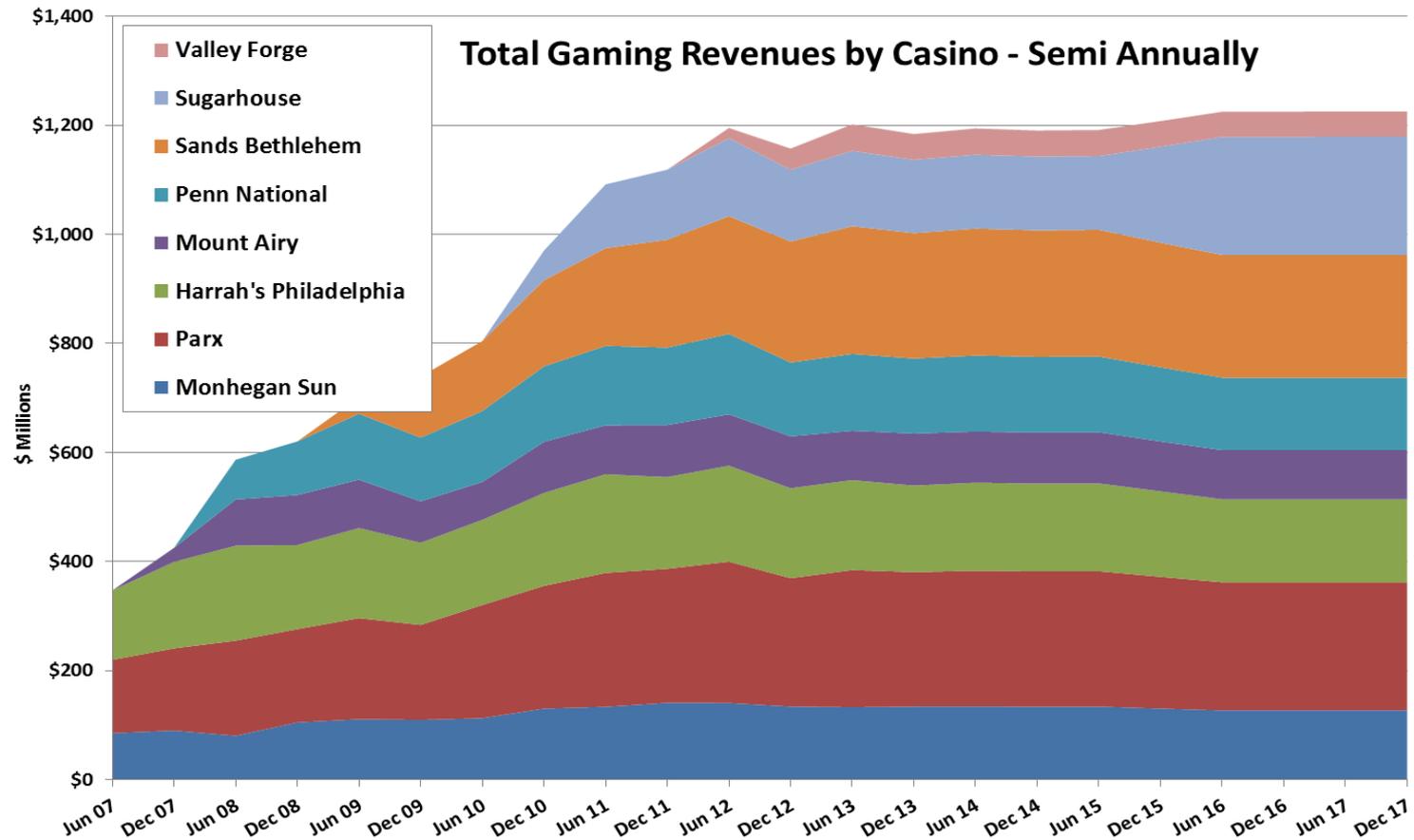
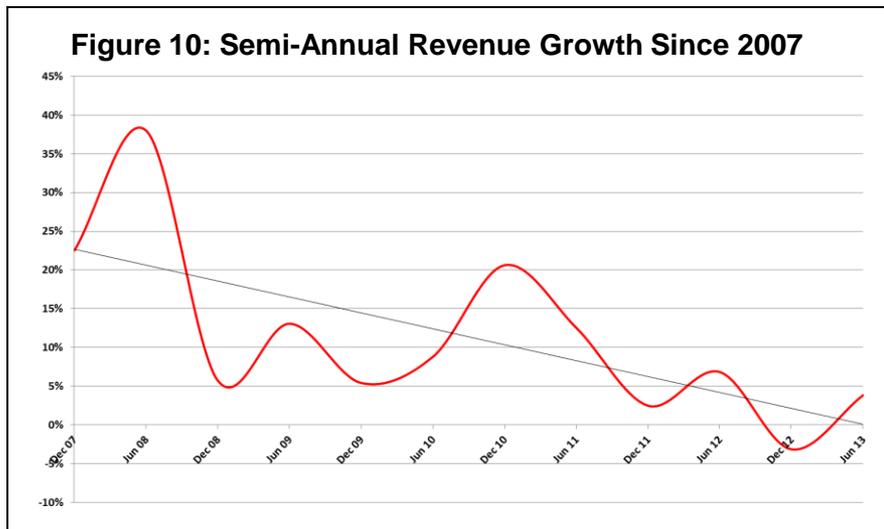


Figure 9 illustrates total gaming revenues on a semi-annual basis since 2007 for each of the eight casinos in Eastern Pennsylvania. Over time the eastern Pennsylvania region has supported introductions to the gaming market—both new casinos and casino expansions. Casinos have generally been able to achieve and maintain strong revenues with slots and table games.

GAMING MARKET TRENDS

Figure 9 also shows that over time the revenue growth curve has been flattening with the addition of gaming supply (illustrated separately in Figure 10, below) indicating a maturing market. The reduction in revenue growth is not entirely market-driven, the revenue curve is influenced by the number of available gaming positions, and that supply is ultimately controlled by the Pennsylvania Gaming Control Board.



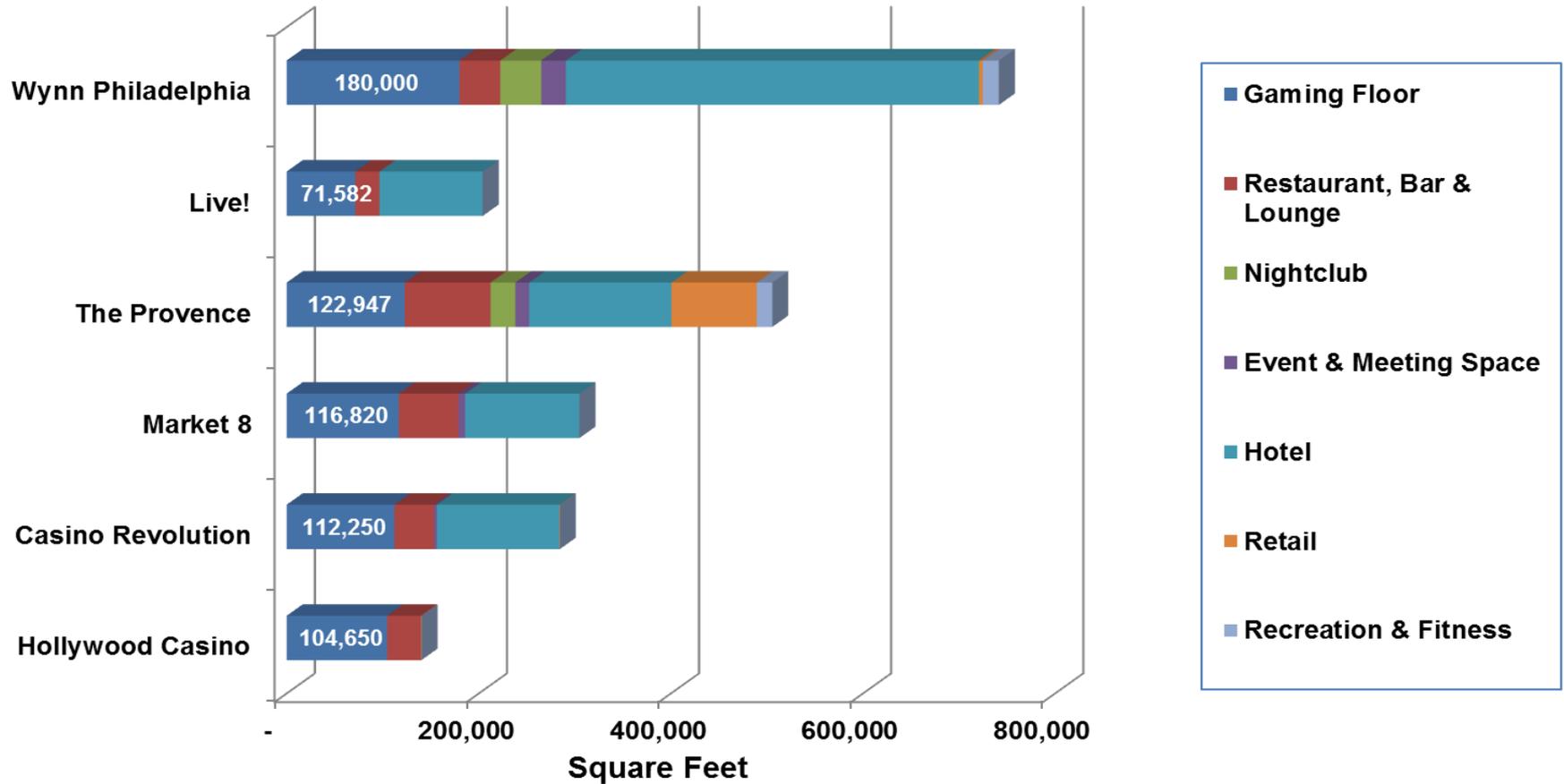
Literature review and Pennsylvania gaming revenue trend analysis conducted by AKRF suggest that the Philadelphia gaming market area—defined as an approximately 60- to 90-minute drive-time that includes eastern Pennsylvania’s casinos, northern Delaware casinos, and Atlantic City casinos—is approaching market saturation.

- The 2011 *Pennsylvania Gaming Market Assessment & Competitive Analysis* prepared by the Innovation Group for the Pennsylvania Treasury found a high rate of cannibalization for new entrants to the local Philadelphia market. For example, they estimated that 42.6% of SugarHouse Casino’s 2011 YTD slot revenues were from cannibalization of PARX and Chester Downs revenues.
- A 2012 study of the Pennsylvania casino market, *Pennsylvania Casino’s Cannibalization of Regional Gambling Revenues*, conducted by Simon Condliffe and published in the UNLV Gaming Research Journal suggests that contrary to previous research, new Pennsylvania entrants are not increasing the aggregate gaming revenue in a market defined to include Southeast Pennsylvania, New Jersey, Delaware casinos, and could in fact be decreasing the aggregate revenue within this market.
- Since 2006, when Pennsylvania casinos entered the regional market, Atlantic City casino revenues have declined by approximately 36%.
- Further evidence of market maturity is found in the decline in Eastern Pennsylvania slot revenues since the opening of SugarHouse Casino in September 2010 and the Valley Forge Casino in March 2012. Since the opening of Valley Forge Casino, gross terminal revenues for Eastern Pennsylvania casinos have declined as follows:
 - At Mohegan Sun – 19% decline (-\$4.0 million)
 - At Parx – 18% decline (-\$6.8 million)
 - At Harrah’s Philadelphia – 21% decline (-\$5.4 million)
 - At Penn National – 21% decline (-\$2.9 million)
 - At Sands Bethlehem – 17% decline (-\$3.9 million)
 - At SugarHouse – 16% decline (-\$4.5 million)

These trends show that there is increasing competition for gaming expenditures within a region that includes not only Pennsylvania casinos but an increasing number of out-of-state casinos. Couple this with longer-term trends such as potential changes in New York State legislation that would expand non-Indian gaming, and you have a clear trend toward individual casinos having a greater dependence on expenditure potential within their immediate, local markets, in this case the Philadelphia metro region.

PROPOSED CASINO PROGRAMS BY SQUARE FOOTAGE

Figure 11: Proposed Casino Programs by Square Footage*



*Square footage amounts in bar chart denote size of gaming floors.

PROGRAM AND REVENUES

With a trend toward increased competition among casinos in the region, a second in-city casino needs to work to attract new gaming revenues by broadening its appeal to the local and regional customer bases. This can be achieved through programming – diversifying entertainment options to attract a broader customer base. Applicants that can differentiate programming (both gaming and non-gaming) can more effectively draw from new a consumer base.

AKRF analyzed each project in terms of its gaming and non-gaming program offerings, and compared it to other casinos in the market area, most specifically SugarHouse (accounting for SugarHouse’s planned expansion).

As shown in Figure 11, there is some variation among applicants in terms of their gaming floor areas, which range from about 72,000 square feet to 180,000 square feet.¹ Apart from the overall size, two factors that will influence revenues and competitive effects are table game offerings and price point/target markets. SugarHouse’s current table revenues suggest a potential supply constraint for table games in the local market, with average per table game revenues for SugarHouse substantially higher than other Eastern Pennsylvania casinos. It is expected that projects offering a larger proportion of table games and with variation in table-game offerings could draw from a different customer base. Price-point for gaming, e.g., offering greater opportunities for high-limit table games, also could be a differentiator.

Just as important are the non-gaming elements of the proposed projects. Again, we believe that given existing market trends, the casino projects with a more diversified program offering would be able to generate greater gaming revenues. The inclusion of more

non-gaming attractions as part of a casino project is an industry-wide trend that is being borne out throughout the United States; for example, in 2012 non-gaming revenue accounted for approximately 64% of total revenues for big Las Vegas strip casinos, 60% of revenues for small Las Vegas strip casinos, and 46% of revenue for downtown Las Vegas Casinos.² These non-gaming elements can support gaming revenues in the following ways:

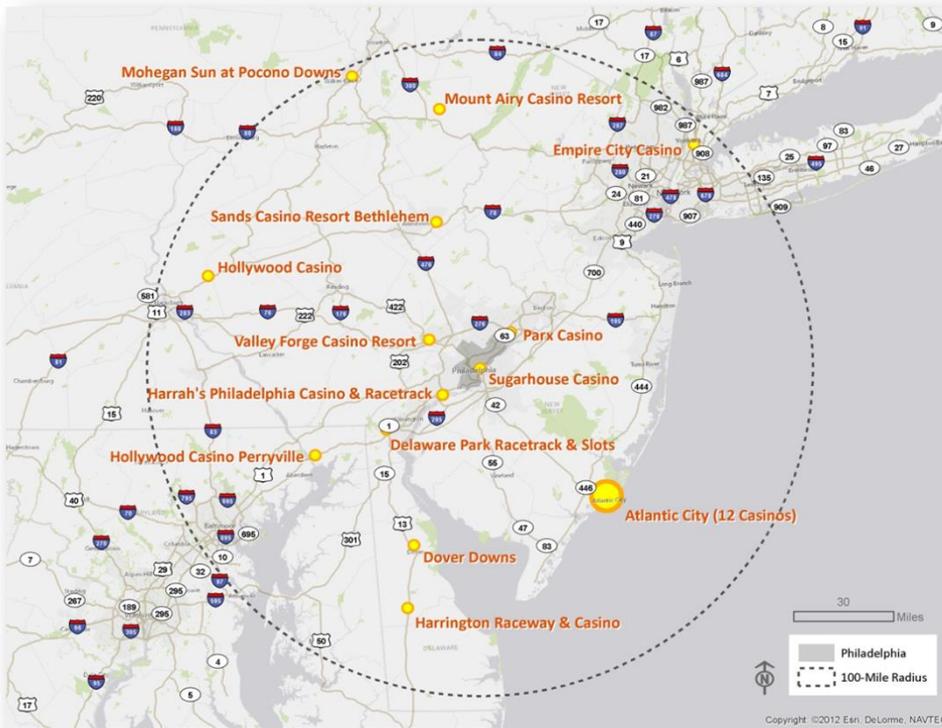
- **Hotel offering** - projects can draw more customers seeking multi-day gaming experiences, and could achieve greater penetration among Philadelphia visitors and tourists for whom gaming is not a primary motivation to visit.
- **Restaurants and bars** - projects such as the Provence and Market 8, which offer substantially more restaurant and bar space, could draw revenues from those who visited for food and drink but who may also have a casual interest in gaming.
- **Retail and/or entertainment** - projects that offer adjacent retail and entertainment activities will appeal to greater variation of travel parties (e.g., parties with gamers and non-gamers), and can create critical mass of uses to draw destination/resort-oriented gaming visitors. This results in a greater potential to draw from both local and non-local markets.

Finding: The Provence, Market 8 and Wynn – all of which have large non-gaming components, would likely attract from a broader consumer base and generate more gaming revenues on a per/gaming position basis. Live! and Casino Revolution both have a proposed hotel, which would draw from a broader consumer base, but otherwise the South Philadelphia casino proposals do not present overall programs that highly differentiates themselves from SugarHouse and its consumer base.

1. While Wynn Philadelphia has the largest proposed gaming floor area, the Provence has the largest number of proposed gaming positions.
2. <http://gaming.unlv.edu/reports.html>

PROJECT LOCATION

Figure 12: Project Location



Analysis considered regional and local project positioning

PROJECT LOCATION

Location is also a critical factor to consider when assessing revenue potential and competitive effects. AKRF considered location influences on both immediate (primary) and regional (secondary) markets or catchment areas (shown in Figure 12).

Each of the proposed casino locations has its strengths in terms of its potential to draw from a different customer base than SugarHouse, and each location had weaknesses in terms of its potential to compete for revenues with SugarHouse. For example, in terms of local market draw, the center-city casino projects (the Provence and Market 8) have the advantage of ease-of-access from Philadelphia's residential and commercial areas, including by transit. Their proximity to this Convention Center and other City destinations also could draw new customers for whom gaming is not a primary trip motivator. Similarly, the South Philadelphia casinos' proximity to the sports complex could draw new customers.

When looking at the casinos' positioning relative to SugarHouse and the regional transportation network, the South Philadelphia Casinos would compete more directly with SugarHouse for market base traveling northbound on I-95, and could cut into SugarHouse market base traveling from the southern portion of South Jersey. Center-city locations (including Provence and Market8) also could cut into market base from New Jersey.

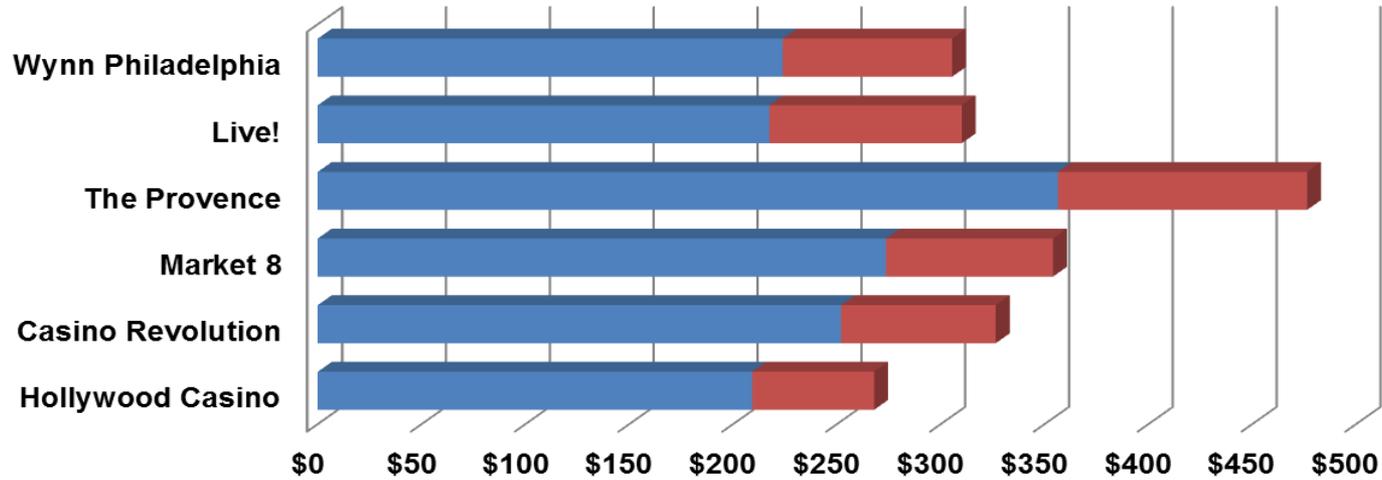
The Wynn project is somewhat unique from others in its close proximity to SugarHouse (approximately 0.9 miles apart). From a competitive standpoint, this type of co-location can cut both ways:

- There is substantial overlap with a SugarHouse customer base who is willing and able to travel to the waterfront location, although Wynn Philadelphia's price-point and target demographics could be a differentiator.
- The co-located casinos could offer a multiple-venue, critical mass of gaming and entertainment offerings that draw new customers to the region.
- There is the potential for SugarHouse to pick up "cross-shopping" customers who may otherwise not have been attracted to SugarHouse.
- An analysis of Missouri riverboat casinos¹ found that overall, while riverboat casinos do compete with each other, the negative effect is dominated by a positive agglomeration effect, consistent with the markets in Las Vegas, Atlantic City, and Biloxi, among others.
- Wynn Philadelphia's competitive (low-hold) influence on SugarHouse could be more pronounced relative to other proposed casinos, but this influence could be lessened by the positive agglomeration effects of co-location.

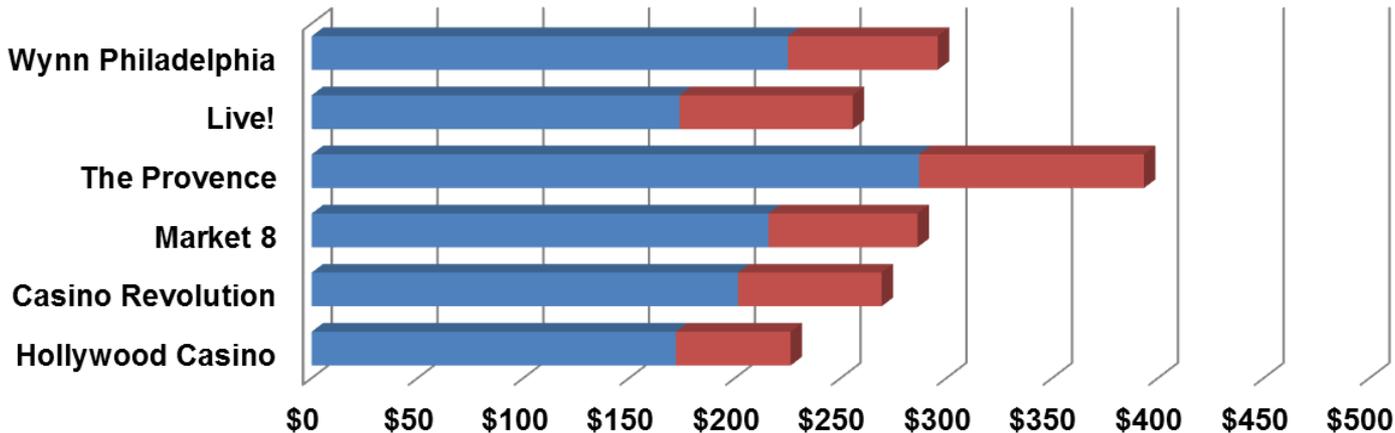
1. Douglas Walker and Todd Nesbit. Casino Revenue Sensitivity to Competing Casinos: A Spatial Analysis of Missouri. June 2012.

AKRF GAMING REVENUE ESTIMATES

Figure 13: AKRF Gaming Revenue Estimates



High



Low

■ Slots ■ Tables

AKRF GAMING REVENUE ESTIMATES

The market trends, program and location factors described above were evaluated for each applicant's project. The results of a relative weighting of criteria was then used to adjust applicants' revenue projections (or in the case of Wynn Philadelphia and Live!, provide original projections).

The results for projected annual gaming revenues are shown in Figure 13. The top bar chart illustrates a high-end estimate for each applicant's project that assumes unrealized growth potential in this market within certain consumer demographic groups, and that the casinos are successful in capturing that unrealized spend. The "low" bar chart is a more conservative projection for each casino, assuming a higher level of market saturation.

Under both scenarios the Provence exceeds all other projects in terms of gaming revenues. It should be noted, however, that the Provence has the greatest number of gaming positions; Market 8 and Live! were projected to achieve similar or even greater revenues than the Provence on a per-gaming-position basis.

Table 15, below, presents AKRF's estimates for all casino projects, applying the average of the "high" and "low" annual revenue estimates shown in Figure 13.

Table 15: AKRF Estimates of Annual Gaming Revenues for a Stabilized Operating Year

	Wynn Philadelphia	Live!	The Provence	Market 8 (2016 Dollars)	Casino Revolution	Hollywood Casino
Annual gaming visitation projection (millions)	3.6	3.0	4.8	3.8	3.3	2.8
Number of slot machines	2,500	2,013	3,300	2,400	2,400	2,050
Annual revenues from slots (\$millions)	\$224.5	\$195.7	\$321.8	\$244.8	\$226.8	\$190.7
Monthly revenue per slot	\$7,483	\$8,102	\$8,126	\$8,500	\$7,875	\$7,752
Number of table games	100	125	150	112	105	81
Annual revenues from tables (\$millions)	\$76.3	\$87.3	\$113.2	\$75.5	\$71.2	\$56.5
Monthly revenue per table	\$63,583	\$58,200	\$62,889	\$56,176	\$56,508	\$58,128
Total annual gaming revenues (\$millions)	\$300.8	\$283.0	\$435.0	\$320.3	\$298.0	\$247.2
Annual revenues per gaming position	\$97,032	\$102,425	\$103,571	\$104,264	\$98,350	\$97,476

GAMING REVENUE PROJECTIONS FROM APPLICANTS

Table 16: Gaming Revenue Projections from Applicants

	Wynn Philadelphia	Live!	The Provence	Market 8 (2016 dollars)	Casino Revolution	Hollywood Casino
Economic and fiscal impact reporting prepared by:	N/A	N/A	Econsult Corporation	Tourism Economics	Robinson, QED	Urban Partners
Annual gaming visitation projection (Millions)	N/A	4.0	5.3	4.7	3.2	4.4
Number of Slot Machines	2,500	2,013	3,300	2,400	2,400	2,050
Annual Revenues from Slots (\$ Millions)	N/A	N/A	\$322.0	\$400.6	\$275.0	\$286.5
Monthly Revenue per Slot	N/A	N/A	\$8,131	\$13,909	\$9,549	\$11,646
Number of Table Games	\$100.0	\$125.0	\$150.0	\$112.0	\$105.0	\$81.0
Annual revenues from tables (\$ Millions)	N/A	N/A	\$138.0	\$171.7	\$83.0	\$65.1
Monthly Revenue per Table	N/A	N/A	\$76,667	\$127,731	\$65,873	\$66,975
Total annual gaming revenues (\$ Millions)	N/A	N/A	\$460.0	\$572.3	\$358.0	\$351.6
Annual revenues per gaming position	N/A	N/A	\$109,524	\$186,283	\$118,152	\$138,644

N/A = Not shown in application materials

Table 16 revisits applicants' gaming visitation and revenue projections in light of AKRF's independent analysis. Numbers displayed in red indicate values that AKRF believes to be overstated (i.e., they do not fall within AKRF's low-to-high revenue estimates).

REVIEW OF APPLICANTS' GAMING REVENUE PROJECTIONS

Principal findings of this review are as follows:

Live! and Wynn Philadelphia did not provide estimates of gaming revenues and therefore AKRF could not draw any conclusions as to the reasonableness of their projections.

- Live! provided a gaming visitation projection (4 million annual visitors) which appears to be overstated based on other applications' estimates, market conditions, and the stated number of gaming positions in the Live! program. Wynn Philadelphia did not provide a visitation estimate.

Visitation projections for Market 8, Hollywood Casino and the Provence are overstated

- Hollywood Casino's estimate (4.4 million annual visitors) is well above AKRF's high-end estimate (3.2 million annual visitors). Hollywood Casino does not provide the gaming and non-gaming programming to justify incremental visitation above that projected by other casino applications.
- Market 8's estimate (4.7 million annual visitors) is more reasonable than the 5.4-million-visitor estimate provided in their original application, but is still above the AKRF's high-end estimate (4.2 million visitors).
- The Provence's estimate (5.3 million visitors) is slightly above AKRF's high-end estimate (5.2 million).

Projected slot revenues for Market 8 and Hollywood Casino are overstated, particularly when accounting for market saturation and potential competitive effects.

- Projected average monthly revenues per slot for Market 8 (\$13,909) and Hollywood Casino (\$11,646) are well above the \$9,747 monthly average for SugarHouse Casino from March 2012 to February 2013.

Table game revenue estimates from all applicants appear to be overstated

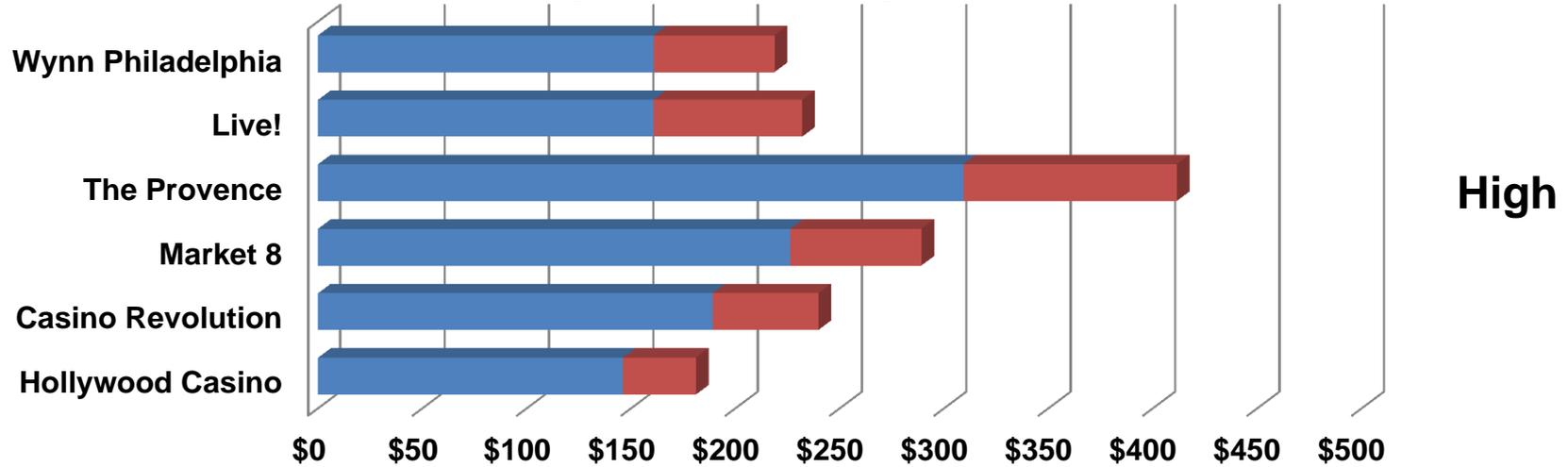
- In particular, Market 8's projected average monthly revenues for table games (\$127,731) is the same as average table revenues for SugarHouse from March 2012 to February 2013 (\$127,439), and SugarHouse only has banking tables which generate more revenues than non-banking tables. Market 8's estimate also exceeds an AKRF-calculated weighted average estimate of monthly revenues from SugarHouse (\$103,771 per table), assuming that SugarHouse would achieve revenues on non-banking tables—which they don't have—equal to 35% of banking table revenues (the average for Eastern Pennsylvania casinos).
- SugarHouse Casino currently has unusually high revenues from table games as compared to an average of \$66,542 for all Pennsylvania casinos. As suggested by February 2013 Office of the Controller report, this is likely due to supply constraint in the immediate local market. This would not be expected to be maintained with additional table positions provided as part of a second Philadelphia casino, irrespective of its location within the immediate local market.

Total gaming revenue projections for Market 8, Casino Revolution, and Hollywood Casino appear to be overstated

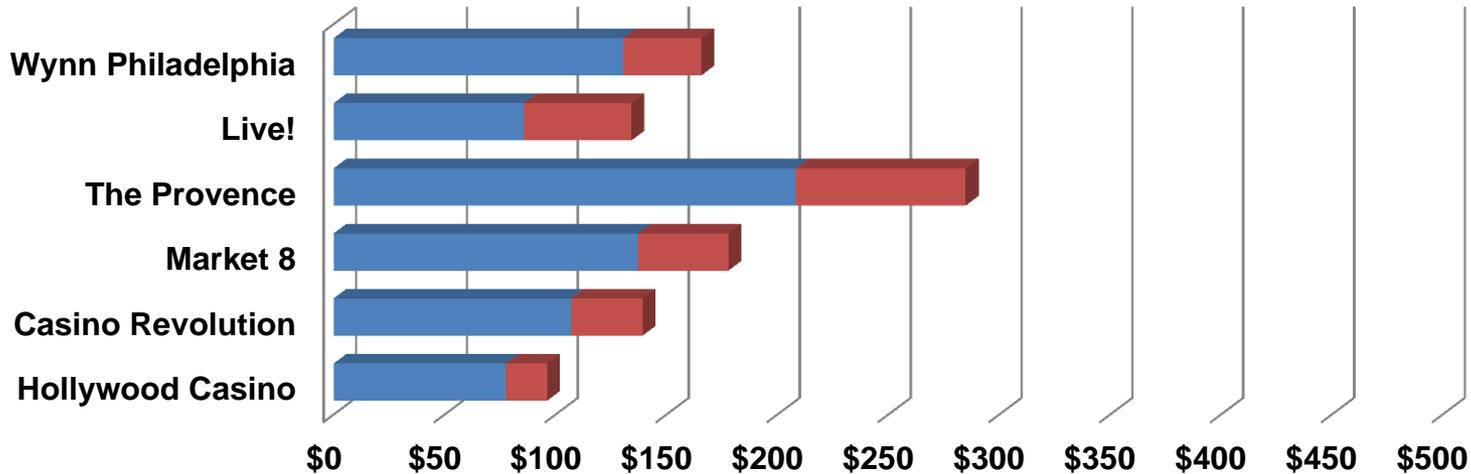
- The average revenues per gaming position for these projects are above what could be expected to be achieved within this market.
- The Provence's total gaming revenues fell within AKRF's high-end estimate.
- Wynn and Live! did not provide gaming revenue projections.

AKRF NET GAMING REVENUE ESTIMATES

Figure 14: AKRF Net Gaming Revenue Estimates



High



Low

■ Slots ■ Tables

AKRF NET GAMING REVENUE ESTIMATES

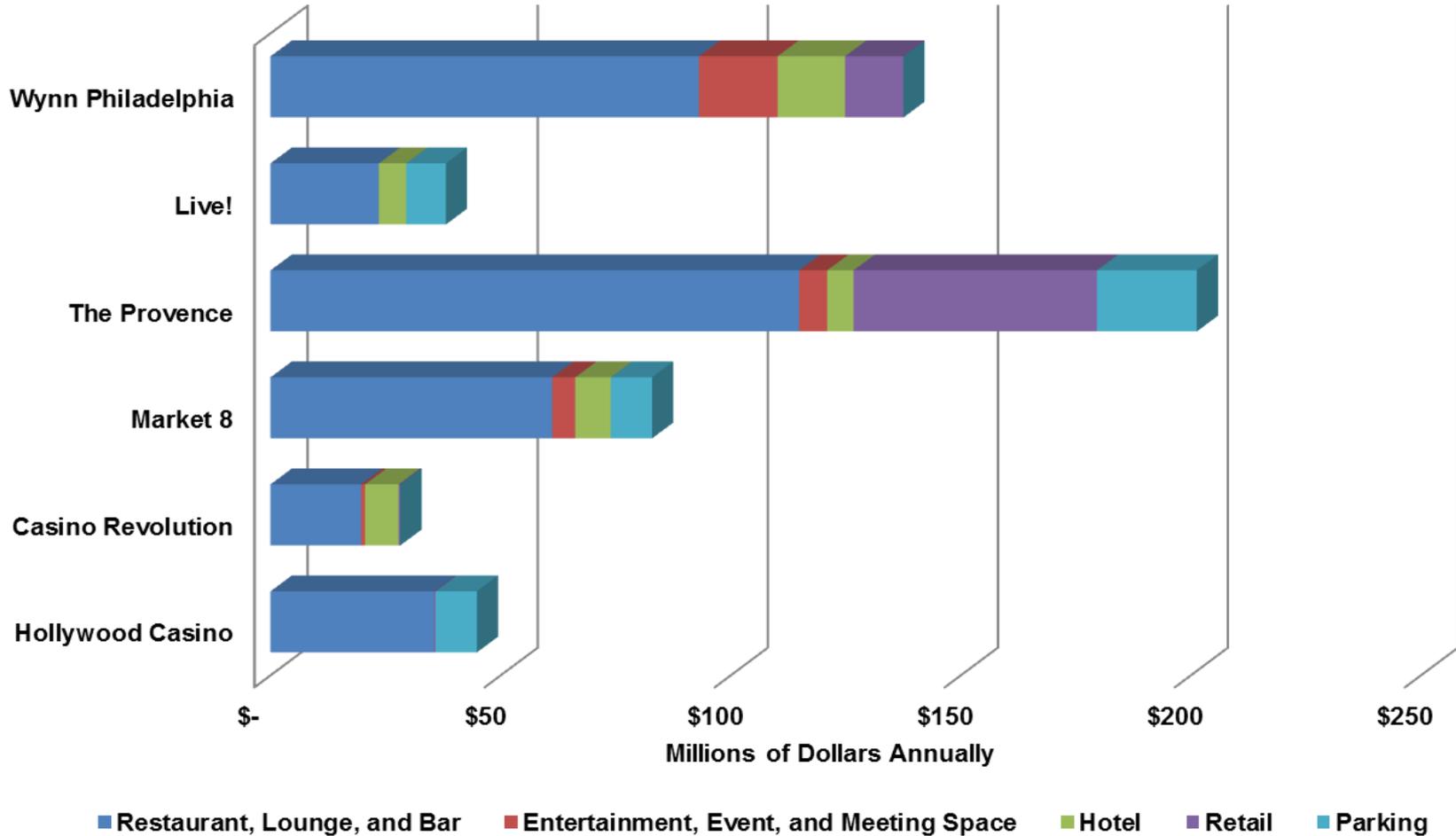
Figure 14 presents AKRF estimated ranges of likely “net” gaming tax revenues from each project during a stabilized operating year. The net revenue calculation reduces the previous gross revenue estimates shown in Figure 13 to account for potential reductions in gaming revenues at SugarHouse Casino due to competition. For example, the reduction in revenues shown in Figure 14 for the Providence as compared to Figure 13—approximately \$60 Million—are revenues that would be expected to be captured by the SugarHouse in the absence of a second in-City casino, in this case the Providence.

As described previously, the extent of competition would vary by casino project, and would depend in large part on the casino’s programming and location relative to SugarHouse and within the broader (regional) market. For each proposed casino project AKRF weighed the various factors influencing competitive effects and generated estimates of lost revenues from SugarHouse due to the introduction of a second in-City casino. Estimates varied by casino proposal, but all fell within a range of approximately 15% to 30% reduction in SugarHouse Casino revenues. This roughly aligns with findings from the 2011 *Pennsylvania Gaming Market Assessment & Competitive Analysis* prepared by the Innovation Group, which projected that a second casino in Philadelphia would reduce SugarHouse gaming revenues by about 25 percent.

The relative performance of casinos is the same when comparing estimated revenues (Figure 13) to net revenues (Figure 14). So while competition is expected to affect revenues, AKRF does not expect the competitive effects of any one casino to alter its overall performance as compared to other casino proposals.

AKRF ESTIMATED ANNUAL NON-GAMING REVENUES

Figure 15: AKRF Estimated Annual Non-Gaming Revenues



AKRF ESTIMATED ANNUAL NON-GAMING REVENUES

Table 17: AKRF Estimated Annual Non-Gaming Revenues

Non-Gaming Component	Wynn Philadelphia	Live!	The Provence	Market 8	Casino Revolution	Hollywood Casino
Restaurant, Lounge, and Bar	\$93.11	\$23.56	\$114.86	\$61.22	\$19.71	\$35.55
Entertainment, Event, and Meeting Space	\$17.05	\$0.00	\$6.11	\$4.99	\$0.83	\$0.00
Hotel	\$14.68	\$5.92	\$5.73	\$7.71	\$7.32	\$0.00
Retail	\$12.71	\$0.00	\$52.91	\$0.00	\$0.33	\$0.33
Parking	\$0.00	\$8.63	\$21.69	\$8.98	\$0.00	\$8.96
Total (\$ Millions)	\$137.55	\$38.11	\$201.31	\$82.90	\$28.20	\$44.84

As regional markets mature and more states have developed casinos, non-gaming programming—including restaurants, retail, entertainment, and spas—are becoming a growing revenue stream in the casino industry. Since the 1990s, there has been a trend toward large, mixed-use developments and more luxury offerings, like high-end restaurants with celebrity chefs, nightclubs, production shows with high ticket prices, designer/luxury retail (sometimes at the scale of a mall), and world-class spa operations. Hotel rooms that were once comped or offered at reduced rates are now offered at some of the highest ADRs (average daily rate) in the industry.

In order to estimate non-gaming revenues for each of the proposed casinos, AKRF used information provided by the applicants related to amount of non-gaming space and type of programming. Where information was incomplete, AKRF made assumptions about the type and amount of non-gaming programming based on floor plans and similar casino operations.

Using average sales for each type of non-gaming programming, AKRF estimated non-gaming revenues for each of the proposed casinos. Restaurant, retail, and bar sales were derived from Urban Land Institute's 2008 *Dollars and Cents*, and adjusted based on the

Consumer Price Index. Parking revenues were estimated based on information provided by each casino applicant, and where applicable, parking rates at facilities near each site, and utilization rates from a parking evaluation of the City Center area. Hotel revenues were estimated based on average room and occupancy rates from the Philadelphia Area Hospitality Industry July 3013 Snapshot. Revenues from entertainment spaces were estimated based on average admission, annual shows, and attendance rates for similar venues.

As shown in Table 17 and Figure 15, the Provence is projected to have the most non-gaming revenue by far, followed by Wynn Philadelphia and Market 8. AKRF also estimated non-gaming tax revenues as a percentage of estimate total Philadelphia tax revenues (gaming and non-gaming). The Provence is projected to have the highest percentage of total sales due to non-gaming program elements (32%), following by Wynn Philadelphia (31%), Market 8 (21%), Hollywood Casino (15%), Live! (12%), and Casino Revolution (9%).

There is potential long-term benefit to casinos with major non-gaming elements, particularly those programs that are financially viable in the absence of casino revenues as well as casino proposals for which casino floors could be retrofitted to other uses in the future, should market conditions change.

Tax Revenues from Operations

(Gaming and Non-Gaming)

TAX REVENUES FROM GAMING OPERATIONS – AKRF NORMALIZED

Table 18: Tax Revenues from Gaming Operations – AKRF Normalized

	Wynn Philadelphia	Live!	The Provence	Market 8	Casino Revolution	Hollywood Casino
Commonwealth of Pennsylvania Tax Revenues						
Total Gaming Tax, State Share (\$ Millions)	\$86.99	\$78.74	\$125.24	\$93.80	\$87.07	\$72.73
Tax on Slot Machines, State Share (\$ Millions)	\$76.31	\$66.52	\$109.40	\$83.23	\$77.11	\$64.82
Tax on Table Games, State Share (\$ Millions)	\$10.68	\$12.22	\$15.84	\$10.56	\$9.96	\$7.91
Economic Development and Tourism Fund (\$ Millions)	\$11.22	\$9.78	\$16.09	\$12.24	\$11.34	\$9.53
Horse Racing Fund (\$ Millions)	\$26.93	\$23.48	\$38.61	\$29.38	\$27.22	\$22.88
City/County of Philadelphia Tax Revenues						
Total Gaming Tax, Local Share (\$ Millions)	\$10.50	\$9.57	\$15.13	\$11.30	\$10.50	\$8.76
Tax on Slot Machines, Local Share (\$ Millions)	\$8.98	\$7.83	\$12.87	\$9.79	\$9.07	\$7.63
Tax on Table Games, Local Share (\$ Millions)	\$1.53	\$1.75	\$2.26	\$1.51	\$1.42	\$1.13

TAX REVENUES FROM GAMING OPERATIONS

Table 18 presents AKRF estimates of gaming tax revenues from each project during a stabilized operating year. These tax revenues were calculated off of the mid-point of the high-low range of gaming revenues projected by AKRF.

For both the State and City, revenues from slot machines are taxed at a higher rate than table game revenues (34% vs. 14% for the State, 4% vs. 2% for the City). Given the variance in tax rates and larger overall revenues from slot machines, a vast majority of gaming tax revenues to the City and State are from slot machine revenues.

For all proposed casinos the tax revenues to the State and the City would be substantial. State tax revenue estimates range from approximately \$73 million annually (Hollywood Casino) to \$125 million annually (the Provence). For the City of Philadelphia, annual gaming tax revenue estimates range from approximately \$8.8 million (Hollywood Casino) to \$15.1 million (the Provence).

It is important to note that these tax revenue estimates are not “net new” to the City or the State; as described previously, some amount of gaming revenues generated by a second in-City casino would have been captured by SugarHouse Casino in the absence of a second in-City casino. This “overlap” in revenues would not result in any new tax revenues for the City. Similarly, a second in-City casino would result in some losses in revenues at existing casinos within Pennsylvania outside of Philadelphia.

Tax Revenues from Operations

TAX REVENUES FROM NON-GAMING OPERATIONS (PHILADELPHIA) – FROM APPLICANT MATERIALS

Table 19: Tax Revenues from Non-Gaming Operations (Philadelphia) – From Applicant Materials

Tax	Wynn Philadelphia	Live!	The Provence ⁽⁴⁾	Market 8 ⁽³⁾	Casino Revolution ⁽²⁾	Hollywood Casino ⁽¹⁾
Sales Tax (\$millions)	N/A	N/A	\$1.30	\$3.60	\$0.30	\$4.30
Hotel Tax (\$millions)	N/A	N/A		N/A	N/A	N/A
Amusement Tax	N/A	N/A	N/A	N/A	N/A	N/A
Parking Tax (\$millions)	N/A	N/A	N/A	N/A	N/A	N/A
Business Use & Occupancy Tax (\$millions)	N/A	N/A	N/A	N/A	N/A	\$1.31
Business privilege/Business income and receipts tax (\$millions)	N/A	N/A	\$1.20	\$0.74	N/A	\$2.78
Wage/Earnings Tax (\$millions)	N/A	N/A	\$1.30	\$5.27	N/A	\$4.13
Real Estate/Property Tax (\$millions)	N/A	N/A	N/A	\$2.03	\$4.10	\$2.67
Other - Public Interest Program (\$millions) ⁽⁵⁾	N/A	N/A	N/A	\$2.00	N/A	\$2.00
Total (\$millions)	N/A	N/A	N/A	N/A	N/A	N/A

Table 19 Notes:

(1) Hollywood Casino: Includes direct, indirect, and ancillary.

(2) Casino Revolution: Includes only direct.

(3) Market 8: Includes direct, indirect, and ancillary.

(4) The Provence: Includes direct and indirect.

(5) For Hollywood Casino, Penn National Gaming, Inc. would form an entity called Pennsylvania Gaming Ventures, LLC with one-third ownership by Penn National Gaming, LLC, and two-thirds ownership by the non-profit Philadelphia Casino Benefit Corporation. As such, two-thirds of the facility's annual net profits, but in no case less than \$2 million, will be directed to benefit the city pension fund and the city schools. Market 8 fact sheet indicates that 10% of profits would go to newly created Market 8 Foundation, Community Development Fund, and Market East Improvement District (minimum of \$2 million per year commencing the first year of operations)

N/A = Not shown in application materials

TAX REVENUES FROM NON- GAMING OPERATIONS (PHILADELPHIA) – AKRF NORMALIZED

Tax revenues from non-gaming operations were not provided by all applicants, and when provided, were not in a consistent format. Therefore, AKRF estimated annual tax revenues to the City of Philadelphia from non-gaming operations based on the estimated revenues (see Table 20) and tax rates obtained from the Department of Revenue. The variation in revenues is primarily due to program differences. The \$2 million minimum “public interest programs” offered by Hollywood Casino and Market 8 are a small fraction of total estimated revenues to Philadelphia. Assuming only the minimum potential revenue from these sources, the \$2 million annual contribution represents **11.7%** and **9.0%** of Hollywood and Market 8 Casinos’ total revenues to the City of Philadelphia, respectively.

Table 20: Tax Revenues from Non-Gaming Operations (Philadelphia) – AKRF Normalized

Tax	Wynn Philadelphia	Live!	The Provence	Market 8	Casino Revolution	Hollywood Casino
Sales Tax (\$millions) ⁽¹⁾	\$1.93	\$0.47	\$3.34	\$1.22	\$0.40	\$0.72
Hotel Tax (\$millions) ⁽²⁾	\$1.25	\$0.50	\$0.49	\$0.66	\$0.62	\$0.00
Amusement Tax (\$millions) ⁽³⁾	\$0.69	\$0.00	\$0.21	\$0.25	\$0.04	\$0.00
Parking Tax (\$millions) ⁽⁴⁾	\$0.00	\$1.73	\$4.34	\$1.80	\$0.00	\$1.79
Wage Tax (\$millions) ⁽⁵⁾	\$2.43	\$1.72	\$3.25	\$2.16	\$1.97	\$1.68
Settlement Payment (\$millions) ⁽⁶⁾	\$0.01	\$2.26	\$3.55	\$2.56	\$2.38	\$1.98
Real Estate Tax (\$millions) ⁽⁷⁾	\$0.22	\$0.19	\$0.49	\$0.19	\$0.08	\$0.07
Other – Public Interest Programs (\$millions) ⁽⁸⁾	N/A	N/A	N/A	\$2.00	N/A	\$2.00
Total (\$millions)	\$6.53	\$6.88	\$15.67	\$10.84	\$5.50	\$8.24

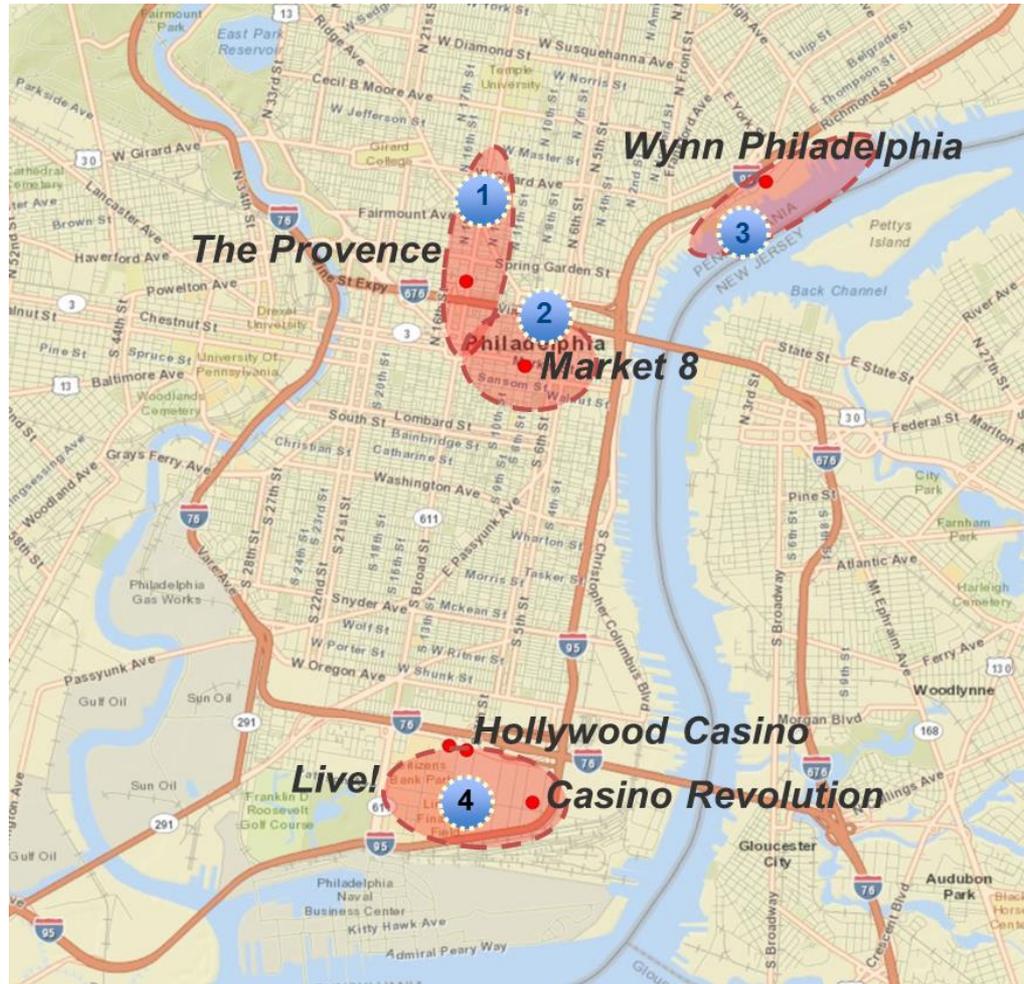
Table 20 Notes:

- (1) Based on estimated revenue from retail, restaurants, and bars, using sales per square foot for comparable businesses from ULI 2008 Dollars and Cents, adjusted based on CPI.
- (2) Based on the 2013 seven-month average room and occupancy rates from the Philadelphia Area Hospitality Industry July 2013 Snapshot.
- (3) Based on average admission, annual shows, and attendance rates for similar venues.
- (4) Rates for stadium area casinos based on game schedules and stadium area parking rates. All other paid parking based on a survey of all-day parking rates from philadelphia.bestparking.com and average occupancy from "Streets and Parking: Myths and Reality, Philadelphia Parking Evaluations."
- (5) Includes wages for all employees (gaming and non-gaming).
- (6) Based on SugarHouse Casino PILOT agreement
- (7) Based on combined current assessment for parcels on each potential site received from Commerce. Would be escalated by 5% each year for subsequent years.
- (8) Applies to Hollywood Casino and Market 8 only.

Potential for Induced Development

PROJECT AREAS

Figure 16: Proposed Projects in Four Areas of the City



1. North Broad Street Corridor
The Provence
2. Market East Corridor
Market 8
3. Waterfront District
Wynn Philadelphia
4. Stadium District
Live!
Hollywood Casino
Casino Revolution

INDUCED DEVELOPMENT CHARACTERISTICS

Project Characteristics with Potential to Induce Development

There are characteristics that an urban casino project can have that can potentially induce or trigger spin-off development in an area by offering a development program that has potential to attract a wide audience of gaming and non-gaming customers. Key program attributes consist of retail, restaurants, bars entertainment offerings, and hotel as well as spa and resort amenities. Another key factor to attract a broad audience is the physical design of the project and its integration with the surrounding area. Other factors include pedestrian access and foot-traffic, access to public transit, and proximity and synergy with other attractions in the City. The development program, physical design, and locational attributes can:

- Provide synergy with existing businesses and attractions
- Create an authentic urban entertainment destination environment
- Have broad appeal – attract gaming/non-gaming, local and non-local customers; and
- Improve the image of the area and increases potential to trigger market interest

Figure 17: Induced Development Characteristics

Program Attributes <i>(Attract wide audience: gaming and non-gaming)</i>	Design and Locational Attributes
Retail	Integrated into Existing Urban Fabric
Restaurants and Bars	Pedestrian Access/Foot traffic
Entertainment	Public Transit Accessible
Hotels and Spa/Resort amenities	Proximity/Synergy with other attractions



- Provides synergy with existing business and attractions
- Creates authentic urban entertainment destination environment
- Appeals to broad customer base (gaming/non-gaming and local/non-local)
- Improves ability to attract additional market interest in the area

THE OPPORTUNITY IN PHILADELPHIA

Based on population, Philadelphia Trails Other Major Cities in the Number of Restaurants, Bars, and Retail Offerings

Table 21: The Opportunity in Philadelphia

	Location	No. Residents	No. Eating and Drinking Places	Per 1,000 Residents
Restaurants and Bars	Manhattan	1,585,873	4,220	2.7
	Boston	617,594	1,276	2.1
	San Francisco	805,235	2,232	2.8
	Washington, DC	601,723	1,209	2.0
	Philadelphia	1,526,006	2,398	1.6
	Location	No. Residents	No. Retail Businesses	Per 1,000 Residents
Retail	Manhattan	1,585,873	9,399	5.9
	Boston	617,594	1,642	2.7
	San Francisco	805,235	3,229	4.0
	Washington, DC	601,723	1,342	2.2
	Philadelphia	1,526,006	3,519	2.3

Source: ESRI

There is an opportunity for a casino development to include a diversified non-gaming development program including, retail, restaurants, bars, and food offerings. Here we show how Philadelphia ranks compared to other major urban areas: the borough of Manhattan, and the cities of Boston, San Francisco, and Washington, DC. Based on the population size and the number of restaurants and bars and retail stores per 1,000 residents, Philadelphia ranks low compared to these other urban centers.

As shown in Table 21, Philadelphia is a city with a population of 1.5 million residents, and there are only 1.6 restaurants and bars per 1,000 residents and 2.3 retail establishments per 1,000 residents. This is a good indicator that there is a deficit of these types of uses, particularly for a major city and highlights the demand and draw potential that these uses could bring to a casino project.

CENTER CITY LOCATION POTENTIAL

The Provence and Market 8 projects have similar characteristics to potentially induce development in the Center City areas where they are located

The Provence

Urban Mixed-Use Casino, Hotel, Retail, and Entertainment Destination

- Accelerate revitalization of North Broad Street Corridor from City Hall to Temple University

Market 8

Urban Mixed-Use Casino, Hotel, and Entertainment Destination

- Activate Market East Corridor

Inducement Indicators

- Proximity to Convention Center
- Synergy between project and other city cultural/historic destinations
- Mixed-use development program that can attract broad audience (gaming/non-gaming, local/non-local)
- Projects are physically integrated into urban fabric – activates street, generates foot traffic = perception change
- Potential sites for spin-off projects (surface parking lots and underdeveloped/vacant buildings)

Issues

- The Provence: market absorption of proposed retail and entertainment program in one-phase
- Market 8: appeal of multi-level casino to gaming customers (not widely practiced in industry)

WATERFRONT LOCATION POTENTIAL

The Wynn Philadelphia Project Has Potential to Activate the Delaware River Waterfront

Wynn Philadelphia

Luxury Casino Hotel Resort Destination

- Stimulate development at the northern end of the Delaware River Master Plan

Inducement Indicators

- Potential transformation of waterfront by creating luxury casino resort destination and attract high-end customers, including non-regional and international
- Provides major public space amenity that can activate waterfront and transform perception of area
- 20-acre waterfront park with potential linkage to public trails
- Potential synergy with SugarHouse to create a mixed-use entertainment district that links the two attractions
- Site adjacent to vacant parcels for potential spin-off projects

Issues

- Ability of project to attract luxury market segment to location and rebrand area
- Possible public sector investment needed for infrastructure improvements in waterfront area

STADIUM DISTRICT POTENTIAL

The Stadium District Projects Target Primarily A Gaming Audience But Have Potential to Induce Sports-Themed Entertainment

Live!
Casino, Hotel, Restaurants, and Entertainment
<ul style="list-style-type: none">• Near term potential due to synergy and linkage with proposed future expansion of Xfinity Live!
Hollywood Casino
Casino, Restaurants, and Entertainment
<ul style="list-style-type: none">• Long-term potential to induce sports-themed entertainment
Casino Revolution
Casino, Hotel, Restaurants, and Entertainment
<ul style="list-style-type: none">• Long-term potential to induce sports-themed entertainment

Inducement Indicators

- Proximity to major-league sports facilities and major concert venue
- Good potential to attract regional attendees of year-round calendar of sporting and entertainment events

Issues

- Less focus on non-gaming audience
- Project locations are vehicular-oriented – limited pedestrian access
- Potential spin-off development sites occupied by active industrial/distribution businesses