

# Washington Trotting Association, Inc.

DBA Meadows Racetrack & Casino

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## Pennsylvania Gaming Control Board

License Renewal Hearing

Public Input

June 3, 2015



## Presenters

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- 1) **William Paulos**, Principal Cannery Casino Resorts
- 2) **Guy Hillyer**, Executive Vice President, Cannery Casino Resorts
- 3) **Sean Sullivan**, Vice President & General Manager
- 4) **Kevin Brogan**, Director of Marketing
- 5) **Kevin Decker**, Director of Racing Operations
- 6) **David Wiegmann**, CFO / Director of Accounting

## Witnesses

- 1) **Lisa Attard**, Butler Beverage Department
- 2) **James Quarture**, Table Games Dealer

## Management Team in Attendance

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- 1) **Mike Keelon**, Director of Compliance
- 2) **Michael Jankoviak**, Director of Slots
- 3) **Lance Young**, Director of Table Games
- 4) **Karen Baughman**, Director of Security
- 5) **Larry Rybacki**, Director of Internal Audit
- 6) **Ari Sobel**, Director of Food & Beverage
- 7) **Camille Kobryns**, Director of Sales
- 8) **Steve Hartmann**, Director of Player Development
- 9) **Kathie Prieto**, Director of Human Resources
- 10) **Brian Beinhauer**, Director of Information Technology

# Local Government / Community Representatives

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- 1) **Jeff M. Kotula**, President – Washington County Chamber of Commerce & Tourism
- 2) **Larry Maggi**, Washington County Commissioner
- 3) **Diana Irey Vaughan**, Washington County Commissioner
- 4) **William McGowen**, Executive Director of Redevelopment Authority of Washington County
- 5) **Peg Wilson**, President of Greater Washington County Food Bank
- 6) **Frank Siffrinn**, Manager of North Strabane Township

## Legislators - Written Testimony

- 1) **Brandon Neuman**, Pennsylvania State House of Representatives
- 2) **Camera Bartolotta**, Pennsylvania State Senator

# Racetrack Road – 1993



# Racetrack Road – 2014

Over a Billion Dollars Invested...



# Meadows Racetrack & Casino Today

The 180-Acre \$700,000,000 Entertainment Destination

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# Property Amenities

Nearly \$100 Million in New Capital Investments

## Casino

- 3,200 Slot Machines **(\$6.5 Million)**
- 67 Table Games
- 14 Poker Room **(\$550,000)**
- High Limit Slots & Adios Lounge **(\$800,000)**
- High Limit Tables Room **(\$1 Million)**
- Clubhouse Slots
- Surveillance System **(\$2.5 Million)**

## Entertainment

- Outdoor Concerts
- Headliners Showroom **(\$360,000)**
- Bowling Center – 24 Lanes
- Vibe Lounge **(\$500,000)**
- Boxing & MMA 1,500 Seats **(\$200,000)**
- Triple Crown Banquet Center **(\$900,000)**

## Parking Garage

- 1,400 Spaces **(\$15 Million)**

## Dining (Over 1,000 Seats)

- Bistecca Steakhouse
  - Cigar Bar
  - Patio Dining
- Carvery Restaurant **(\$720,000)**
  - Kitchen Upgrade **(\$350,000)**
- Food Court **(\$320,000)**
- Delvin's Snack Bar
  - Patio Dining

## Property Enhancements:

- Harness Racetrack & Backside **(\$11 Million)**
- Entrance Widening Project **(\$1.2 Million)**
- Retail Partner **(\$25 - \$35 Million)**:
  - “The Street at the Meadows” Retail
  - 94 Luxury Apartments
  - Five Restaurants
- Hotel Partner:
  - 155 Room Hyatt Place Hotel **(\$25 - \$35 Million)**
  - Walkway to the Casino **(\$750,000)**

# Hyatt Place Hotel

“Another Western PA Partnership”



155 Rooms – 8 Suites / Pedestrian Bridge / Indoor Pool



# Increased Hotel Rooms on Racetrack Road

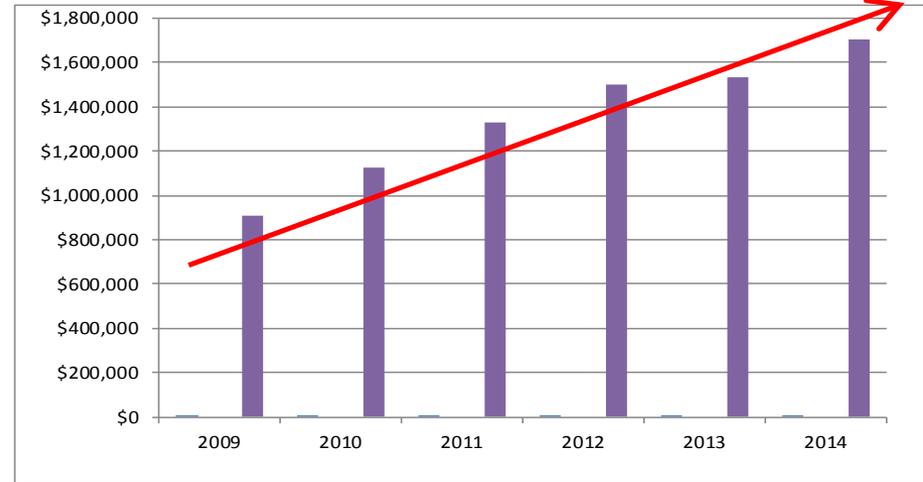
138 Rooms in 1972 / 1,602 Rooms Today

## Hotel Tax

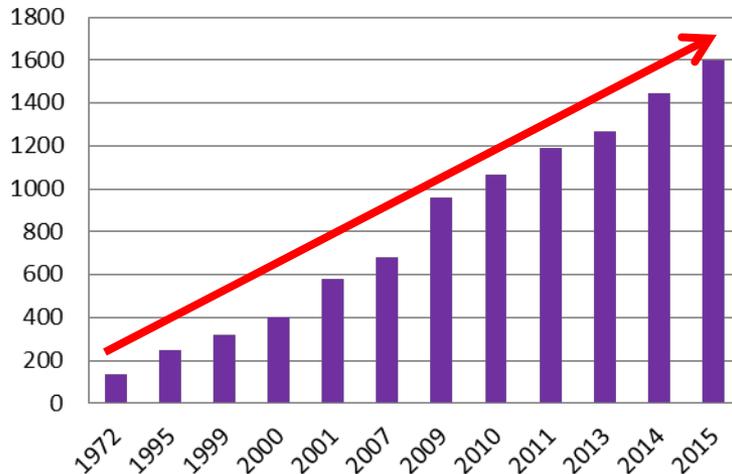
2009	\$ 907,168
2010	\$ 1,127,124
2011	\$ 1,325,659
2012	\$ 1,502,348
2013	\$ 1,530,306
2014	\$ 1,705,898

\*\* 2014 Incomplete year to date, waiting for additional hotel reports

## Tax Revenue



## Rooms



Date	Hotel	Rooms
Jun-72	Hilton Pittsburgh South Meadowlands	138
Dec-95	Hampton Inn Washington	111
Mar-99	Comfort Inn	70
Feb-00	Springhill Suites	86
Oct-01	Hilton Garden Inn Pittsburgh Southpointe	175
Sep-07	Hampton Inn Meadowlands	103
May-09	Candlewood Suites	84
Sep-09	Homewood Suites Southpointe	113
Dec-09	Country Inn	81
Sep-10	Cambria Suites	105
Jun-11	Courtyard Marriott Meadowlands	124
Sep-13	Microtel	80
May-14	Holiday Inn Express Southpointe	90
Oct-14	Holiday Inn Express Meadowlands	87
May-15	Hyatt Place Pittsburgh South Meadows Casino	155

# The Street at the Meadows

“Another Western PA Partnership”



- Opening Fall 2015
- 50,000 SF of Retail
- 94 Luxury Apartments
- 5 Restaurants:
  - Primanti Brothers
  - Markook Mediterranean
  - Buford's Kitchen
  - TBD

# Meadows Racetrack 1977

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# Meadows Harness Racing Track

208 Race Days - Opened in 1963

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# Meadows Harness Racing

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- Live On-Track Handle Up **20%** in 2014 vs. 2009
- **247** Racing Jobs Saved
- Over **1,500** Horsemen Rely on Racing
- **\$130,000** Average Daily Purses Up From **\$47,000** in 2003



# Meadows Harness Racing

State of the Art Backside Improvements -- \$11 Million Investment

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# Over 750 Horses Stabled on Property



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# Slots Economic Impact

## \$1.1 Billion Paid in Taxes & Fees

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- As of December 31, 2014 – The Meadows’ Gross Terminal Revenue totaled **\$1.84 Billion**.
  - **61% (\$1.1 Billion)** of the **\$1.84 Billion** in revenues has been distributed to the Commonwealth for Tax Relief and the Pennsylvania Racehorse Development Fund for purse enhancements.
- Since opening on June 11, 2007, The Meadows has contributed over **\$912 Million** in taxes/fees and **\$213 Million** in harness racing purse funds. These amounts have been distributed to the following entities:
  - Commonwealth of Pennsylvania (Property Tax relief) \$626 Million
  - Pennsylvania Racehorse Development Fund \$213 Million
  - Local Share Assessment (County, Township & Municipalities) \$109 Million
  - Economic Development Fund \$92 Million
  - Gaming License / Fee \$53 Million
  - Administrative Fees to the Commonwealth \$32 Million
  - Total Taxes, Fees and PRDF Purse Contributions Paid **\$1.1 Billion**

Note: Local Share Assessment of \$109 Million is made up of \$73 Million in Taxes & \$36 Million in Meadows “Shortfall” payment.

# Table Games Economic Impact

\$40,600,000 Paid in Taxes & Fees

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## Table Games and Poker (Introduced July 2010)

- Revenue: **\$148 Million**
  
- Taxes & Fees Paid:
  - Commonwealth of Pennsylvania **\$19 Million**
  - County Local Share **\$1.5 Million**
  - Township Local Share **\$1.5 Million**
  - Administrative Fees to the Commonwealth **\$2.1 Million**
  - Gaming License / Fees **\$16.5 Million**
    - Total Paid **\$40.6 Million**

# Family Sustaining Jobs

1,300 Employees

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- **Average Compensation for a Meadows Employee - Full Time Equivalent:**
  - **\$43,069** Annually
    - Does not Include Tipped Income
  - **52%** of all Meadows FTEs are in Tip Eligible Positions
- **Benefits Cost:**
  - 2009 Cost for Benefits **\$6 Million** (\$7,800 Per Employee)
  - 2014 Cost for Benefits **\$12.1 Million** (\$13,800 Per Employee) **76.3%** Increase
- **Benefits at the Meadows Include:**
  - Free Meals in the Employee Dining Room
  - Comprehensive Medical, Dental & Vision Benefits
  - 401K Retirement Program / Company Match
  - Paid Vacation
  - Payment of Employee Licensing Fees
- **Local Economy Impact:**
  - Meadows Payroll & Benefits may have a positive local community impact of **\$500 Million**
  - Economist have stated that the local community impact of a business is 8 to 11 times the base Payroll & Benefits expense.

# Community Relationships

## Neighborhood Partners

Over \$4.5 Million Spent

- Accents at the Quail
- Best Buy
- Big Red Wrestling
- Bob Evans
- Bruster's Ice Cream
- Claysville Elementary School
- Giant Eagle
- Grammy Rose's Bed n' Breakfast
- Home Depot
- Kohl's
- Jackson's Restaurant
- John F. Kennedy Catholic School
- Mr. Gyros
- Neighboring Hotels (1,000 Rooms)

- Palazzo 1837 Ristorante
- Peter's Township School District
- Phyllis' Fashions
- Roses of Perris
- Sarris
- Sears
- Shelley's Pike Inn Restaurant
- St. Patrick's School
- Steel City Harley
- Sunoco Canonsburg/South Fayette
- Tanger Outlets
- Texas Roadhouse
- Tim's Car Wash
- Treesdale Golf & Country Club
- Vitullo Travel Agency
- Xtreme Auto Glass

# Community Relationships

Charitable Contributions – Over \$1.6 Million

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Plus Over 433,000 Pounds or 217 Tons of Food Collected

- North Strabane Township VFD
- United Way of Washington County
- Children's Hospital Free Care Fund
- Washington City Mission
- Washington Women's Shelter
- Washington County Food Bank
- The Washington Hospital
- Washington County Children's Advocacy Center
- Wounded Warrior Project
- Senior Olympics of Western PA
- Muscular Dystrophy Association
- PA Women Work
- Special Olympics Pennsylvania

- McGuire Foundation
- The Canonsburg July 4<sup>th</sup> Parade
- Mental Health Association
- Ss. Simon and Jude School
- American Legion Auxiliary
- Disabled American Veterans
- Washington County Senior Center
- The Watchful Shepherd
- Breast Cancer Research Foundation
- Mel Blount Youth Foundation
- Soroptimist International
- The Pennsylvania Trolley Museum
- Washington Christian Outreach
- Jerome Bettis Foundation

# Charitable Partnerships

## Events / Collection Boxes / Donation

### Dollar Energy Fund



### Mel Blount Blackjack Tournament



### WVU Bob Huggins Roast



### St. Barnabas



### Greater Washington County Food Bank



### Washington Humane Society



### Washington Trotting Association, Inc.

# Community Relationships

## North Strabane Public Safety Building

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- 2.4 -Acres Donated...
- Architectural Design Donated...
- Mechanical & Electrical Design Donated...



# Diversity

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- **Employee Diversity:**

- Gender

- 50% of Meadows' Workforce is Female (51.4% for Washington County)

- 50.6% of Meadows' Management team is Female

- Minority

- 7.1% of Meadows' Workforce (5.1% for Washington County)

- 7.7% of Meadows' Management Team

- Residency

- 1,219 Employees Currently Reside in Pennsylvania (92%)

- **Vendor Diversity:**

- The Meadows' Purchasing Department works closely with other departments to promote ordering from MBE/WBE vendors

- The Meadows Purchasing Department encourages vendors which qualify as MBE/WBE to register on the Pennsylvania Department of General Services' web site

# Compulsive & Problem Gaming

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- Partnered with the Council on Compulsive Gambling of Pennsylvania to provide public education, awareness and training regarding compulsive and problem gambling and the treatment and prevention of compulsive and problem gambling.
- Continue to work with the Council on Compulsive Gambling of Pennsylvania and the Board's Director of the Office of Compulsive and Problem Gambling to maintain a comprehensive training program, utilize updated training materials and ensure that all employees receive training on compulsive and problem gambling.
- Signage and brochures are available throughout the facility which inform our customers that help is available and how to obtain it.
- Procedures are in place to prevent underage gaming:
  - Patrons are met with signage at each entrance stating "NO one under 21 is Permitted".
  - Traffic flow devices are at each entrance to funnel patrons through Security Check Points.
  - Identification is requested from all persons who appear to be younger than the age of 30.
  - Electronic ID verification system to scan and determine the validity of a patron's identification.

# Enforcement Actions

May 2011 to Present

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- Meadows has been Fined:
  - \$45,000 Underage Gaming – August 2012
  - \$30,000 Violation to Table Games Rules Submission – March 2013
  - \$7,500 Mailings to Self Excluded Patrons – September 2013
  - \$15,000 Underage Gaming – February 2015
  - **\$97,500 Total**
  
- The Meadows has entered into 4 consent agreements with OEC which have been approved by the Board. Corrective actions were taken immediately to ensure compliance.
  
- OEC has issued twenty-eight (28) Warning Letters. Meadows has taken remedial actions to prevent future similar infractions from occurring.

# Mandatory Training Programs

## (Based on Position)

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- TIPS Alcohol Awareness
- Compulsive and Problem Gambling
- Bank Secrecy Act - Title 31
- Harassment and Diversity
- Internal Controls
- Certified Coaching Program
- Blood-borne Pathogens
- Cardio Pulmonary Resuscitation
- OSHA Certifications

- Fundamentals of Management
  - Corrective Counseling
  - Effective Communication
  - Motivating for Optimum Performance
  - Appraising/Reviewing Job Performance
  - Legal Interviewing & Employment Law
  - Back to Basics
  - Guest Services
  - Social Media

# Discussed with Legislators

See House Gaming Oversight Committee Presentation

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## Industry Letter (St. Patrick's Day)

- **Online Gaming** (pages 5 & 6)
- **Video Gaming Terminals** (pages 7-9)
- **Out-of-State Gaming Revenues**
  - Background: pages 10-13
  - \$500 Example: page 22
  - Solution: pages 23-26
- **Games to Market Faster** (page 14)
- **Category 3 Casinos** (page 15)
- **Liquor Serving Hours** (page 17)
- **Smoking** (page 18)
- **Harness Racing Days** (page 27)
- **Streamline Regulatory Process**
  - Vendor Approval (page 29)
  - Employee Licensing (page 30 & 31)
- **Slot Machines at Off Track Betting Parlors** (page 34)

# Summary

## “Promises Made – Promises Kept”

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- **Overview:**
  - The Management Team and Ownership at The Meadows is deeply committed to its partnership with the Community, Horsemen, PGCB and The Commonwealth.
  
- **Highlights:**
  - **\$700 Million** Investment
  - **\$92 Million** Added Investment (2011 to 2015)
  - **\$1.1 Billion** Slot Taxes / Fees and PRDF Purse Contributions
  - **\$40.6 Million** Table Taxes / Fees
  - **\$1.6 Million** Charitable Contributions
  - **\$4.5 Million** Neighborhood Partners
  - **1,300** Employees – Family Sustaining Jobs
  - Committed to Training and Compulsive & Problem Gaming
  
- **Challenges & Opportunities:**
  - Three years from now...will we have made the right choices?

*The Best is Yet to Come!*



**Thank You**