

# Downtown Casino Benefits Analysis



A Case Study Approach to Identify Benefits of a Casino in Downtown Davenport

Prepared for :

Mr. Kyle Carter, Director

Downtown Davenport Partnership

130 W. 2<sup>nd</sup> Street

Davenport, Iowa 52801 December 2012

December 31, 2012



**BKP Consulting**

# DiSalvo Development Advisors, LLC

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December 31, 2012

Mr. Kyle Carter, Director  
Downtown Davenport Partnership  
130 W. 2<sup>nd</sup> Street  
Davenport, Iowa 52801

Dear Mr. Carter:

DiSalvo Development Advisors, LLC ("DDA") and BKP Consulting, LLC are pleased to present this report outlining the benefits of downtown casinos, based on actual experiences as documented in our case study of six casino markets.

The report is intended to identify specific examples of benefits that have occurred from nearby businesses attributable to the opening of a downtown casino. It also includes the relevant circumstances surrounding each occurrence and in what circumstances Downtown Davenport may or may not capture the particular type(s) of benefits.

The information contained in this report is largely primary research gathered through in-person and telephone interviews and supplemented by previously documented accounts and general research specific to each market.

We sincerely appreciate the opportunity to assist you with this project, and would be pleased to be of further assistance in the interpretation and application of the report's findings.

Best Regards,

A handwritten signature in black ink that reads "Pete DiSalvo".

Pete DiSalvo  
President  
DiSalvo Development Advisors, LLC

A handwritten signature in black ink that reads "Brian Parker".

Brian Parker  
Principal  
BKP Consulting, LLC

# Executive Summary

The following summarizes key findings and conclusions contained within this report. DiSalvo Development Advisors (DDA) and BKP Consulting have completed case studies of six downtown casino markets in order to identify benefits directly associated with the opening of a downtown casino: Horseshoe Casino Cleveland; Harrah's New Orleans; Greektown Casino; MGM Grand Detroit Casino; Harrah's Joliet; and Seneca Niagara Falls. The core issues identified include:

1. Benefits to downtown businesses from a downtown casino (specific examples, business types, degree of benefit).
2. Contributing factors (integration, location, partnering).
3. Relevance to Downtown Davenport

Additionally, we identified emerging trends of communities currently exploring plans for new downtown casinos as part of larger economic development initiatives.

## 1. Benefits to downtown businesses from a downtown casino

Casinos that are well integrated into the downtown area have directly benefited food and drink establishments, hotels, and some entertainment venues.

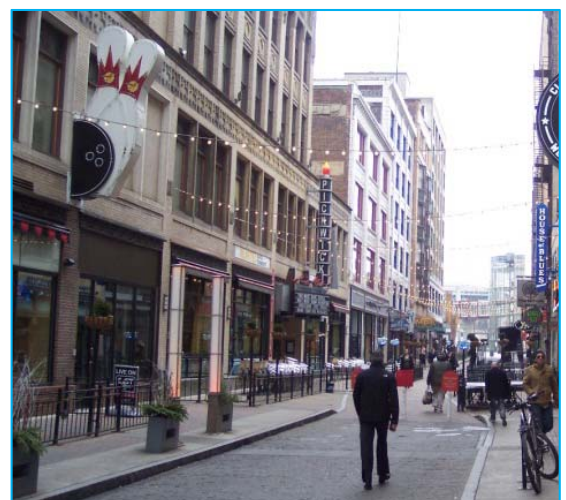
### Food & Drink Establishments

In markets where the casino is integrated into the fabric of downtown, both physically and through cooperative relations with other businesses, food and drink establishments have experienced increases of 5% to 20% in sales associated with the opening of a downtown casino. The benefits are especially true for those establishments that partner with the casino for participation in their comp or rewards programs.

Markets in which the casino is more isolated or self-contained typically showed minimal to no increase in sales for these establishments. The strongest impacts were experienced in establishments located within the core pedestrian activity radius surrounding the casino, typically within two to three blocks.

#### *Downtown Cleveland (Horseshoe)*

- East Fourth Street's flagship eatery, Lola, experienced its busiest week in the restaurant's 15-year history following the opening of the casino.
- Flannery's Pub – "...business has picked up since the casino opened; previous slow times now have been filled by new faces, many of which are from the casino"



East 4th Street District, Downtown Cleveland

# Executive Summary

## *Downtown Cleveland (Horseshoe, continued)*

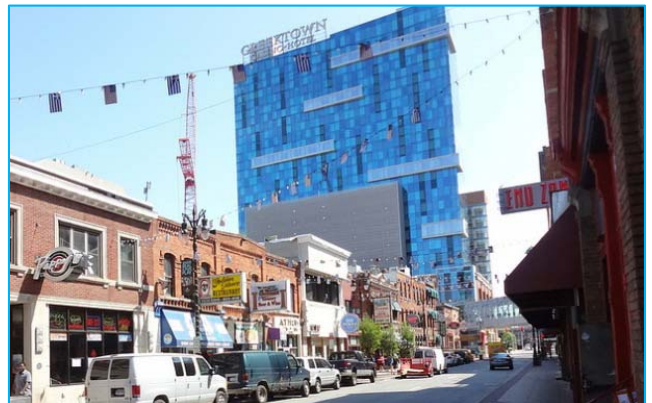
- General Manager Elena Rego of John Q's Steakhouse said, "It's definitely increased about 20 percent".
- Sweet Factory, previously operated until 7 p.m., now closing is 9 p.m.; 15% to 20% increase in business

## *Downtown New Orleans (Harrah's)*

- Robert Wailes, manager of Restaurant August on Tchoupitoulas Street, remarked that while Harrah's was not the reason behind opening in 2001, the restaurant honors comp vouchers from customers of Harrah's Casino and that business has directly benefited from this relationship.
- Emeril's restaurant in the Warehouse District has reportedly seen steady business from casino patrons although it is four city blocks south of the casino. In total, Harrah's New Orleans has partnership agreements with 51 eating and drinking establishments in the area.

## *Downtown Detroit, MI (Greektown)*

- Greektown Casino markets itself as "comping to more restaurants than any other casino in Detroit," with 17 establishments listed on its web site.
- Greg Papas, owner of Santorini restaurant, noted that the casino is working with the Greektown Merchants' Association. And in his opinion while the casino has changed the face of Greektown, there is little doubt it has brought new patrons to the area.



Restaurants along Monroe Street, Historic Greektown, photo taken by Jim Cagney

## *MGM Grand Detroit Casino, Harrah's Joliet, and Seneca Niagara*

- Area restaurants have experienced minimal to no benefits attributed to the casino opening.
- Any benefits typically relate to casino staff patronage after shift changes, as well as off-site meeting utilization for casino staff and executives.
- To our knowledge, none of these casinos partner with local restaurants.
- The casino designs are not adequately integrated into the downtowns
- Lack of surrounding restaurants outside casino.

# Executive Summary

## Hotels

Several of the markets experienced an increase in hotel room night stays and revenues, directly attributable to a casino opening. In markets such as Joliet, IL, where the casino hotel represents the only full-service lodging option in the downtown area, the casino hotel does not directly benefit other hotels, but it does fill a void for a full-service hotel in the downtown and also provides increased employment opportunities for the community.

### *Downtown Cleveland (Horseshoe)*

- Jennifer Kulczyk, Communications Director for Rock Gaming, LLC, reported that since opening, the Horseshoe Casino Cleveland has directly booked 31,000 room nights at downtown hotels to date. The casino partners with three hotels in the area.
- Frank McGee, Director of Sales for the Cleveland Renaissance Hotel, noted that the opening of the casino has brought a “decent amount of increase”, specifically during weekends where there has been up to a 15% increase in room bookings.
- Jill Vance, Director of Sales for the Wyndham Cleveland at Playhouse Square, reported higher growth in hotel room revenue since the casino opened.

### *Downtown New Orleans (Harrah's)*

- In 2006, Harrah's opened a 450-room facility, located across the street from the casino at 228 Poydras Street. Even with the added casino-owned rooms, Harrah's often needs more rooms to house its patrons. Consequently, they regularly rent them from nearby hotels, usually in the form of comps/vouchers.
- Mr. Romig, President and CEO of New Orleans Tourism Marketing Corporation, noted that the Hilton Riverside Hotel and Doubletree Hotel are within walking distance of the casino and are beneficiaries of Harrah's.



Downtown New Orleans; Harrah's casino (circled above); Hilton Riverside Hotel (middle high-rise building behind casino); Doubletree Hotel at foreground of casino

Photo taken by Shihmei Barger

### *Downtown Joliet (Harrah's)*

- The Harrah's Joliet hotel is the only full-service hotel in downtown Joliet, and is key for attracting visitors and is an asset in business/executive relocation recruitment.

# Executive Summary

## Entertainment

A downtown casino has proven beneficial to downtown theaters when it co-promotes and/or sponsors entertainment. While sporting events do not appear to directly benefit from a nearby downtown casino, it is not uncommon for people attending sporting events to also patronize the casino before or after the game.

### *Downtown Cleveland (Horseshoe)*

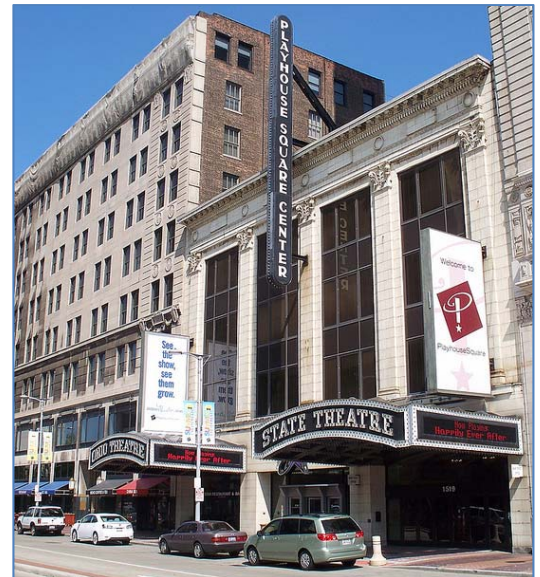
- Cindi Szymanski, Communications Manager for the Playhouse Square, Cleveland's performing arts district, anticipates that the casino will participate in group promotions and sponsor concerts/artists that will benefit usage of their theaters.
- Many people who attend sporting events arrive downtown an hour or more earlier to visit the casino.

### *Downtown Detroit (Greektown)*

- Comerica Park and Ford Field, homes of the Detroit Tigers and the Detroit Lions, are just a few blocks away from the casino. According to William Robinson, one of Greektown Casino's sales managers, there is an increase in customer traffic during game days.

### *Downtown Joliet*

- Joliet's Rialto Square Theater is two city blocks east of the casino's entrance. While the relationship between Harrah's and the Rialto has varied with changes in casino management, Rialto's general manager Randal Green indicated the two entities share common goals for bringing entertainment to downtown Joliet. The opening of Harrah's sister casino, Horseshoe Casino Hammond, approximately 45 minutes east of Joliet, has impacted Harrah's direct partnership interest in events at the Rialto. However, Harrah's often sponsors various acts performing at the Rialto and purchases blocks of tickets to provide stronger guarantees, helping attract higher quality acts.



State and Ohio Theatres in Playhouse Square Center, photo taken by Scott Amus

# Executive Summary

## Meeting Facilities

While there is agreement by meeting and convention professionals in each market that a downtown casino contributes to the overall marketability of the downtown, the casino, in itself, does not directly benefit the meetings industry.

### *Downtown Cleveland (Horseshoe)*

- Mike Burns, Senior Vice President Convention Sales and Services of Positively Cleveland said that “By itself, the casino does not attract meetings, but it is an important amenity of the whole downtown [promotional] package.”

### *Downtown Detroit (Greektown)*

- The casino's hotel has added to the city's overall inventory of rooms available for the convention business and tourism, but Michael O'Callaghan of the Convention & Visitors Bureau notes that the casino has not contributed to a rise in convention business.

## Office Space

Office space is not a direct beneficiary of a nearby downtown casino.

## Other Benefits

In Downtown Cleveland, the Horseshoe Casino, the most recent casino to open in a downtown (May 2012), has brought people downtown who haven't been downtown for years and it has helped to change perceptions of safety in the downtown for the better.

### *Downtown Cleveland (Horseshoe)*

- “People are coming downtown who haven't been in downtown for years.” Mike Burns, Senior Vice President Convention Sales and Services of Positively Cleveland.
- According to William Tarter, Jr., Manager of Business Communication and Membership for the Downtown Cleveland Alliance, an increase in police officers/security in the area concurrent with the opening of the casino has actually reduced crime and is positively changing perceptions of safety in the downtown.

The case studies have shown that a casino operator also can be a great source of philanthropic efforts and other financial contributions. Since this issue is not only a benefit to downtown casinos, but to casinos located anywhere in any location, we have not highlighted this issue.

# Executive Summary

## 2. Contributing factors

The three downtown casinos that most benefitted area businesses include Horseshoe Casino Cleveland, Harrah's New Orleans, and Greektown in Detroit, Michigan. These casinos shared the following key traits:

- Integration of a casino into a downtown's urban environment to encourage patronage at other businesses
  - Casino entrances near existing food and drink establishments and hotels
  - Some parking distributed within 1 to 2 blocks of casino
  - Walkability in the immediate area
  - A casino that is not fully self-contained in terms of other amenities, including restaurants, retail shops and other amenities that may be found in the area surrounding the casino.

*"As a truly urban casino, plans call for the development to include outward facing restaurants and retail to engage pedestrians and support existing cultural, nightlife and sports attractions downtown."* Rock Gaming LLC, press release for phase two of Horseshoe Casino Cleveland

- Partnership with existing businesses

Each of the casinos includes existing businesses as partners with the casinos participating in their comp programs. Notably, non-comp businesses benefited from the opening of the casinos as well, just not as much as the casino's partner businesses.

In the case of Cleveland, group promotions and sponsored concerts/artists from the casino are anticipated to benefit usage of their theaters.

Conversely, the remaining three downtown casinos, MGM Grand Detroit, Harrah's Joliet, and Seneca Niagara Casino, provided little if any direct benefit to surrounding businesses.

These casinos are less integrated into the downtown fabric; are isolated from other nearby food and beverage establishments; and provide a full array of amenities within the casino itself, limiting the need for patrons to visit area businesses outside the casino.



MGM Grand Detroit Casino, Photo taken by Jim Cagney



# Executive Summary

## 3. Relevance to Downtown Davenport

According to Rick Palmer, Executive Director of the RiverCenter/Adler Theatre, the limited cross-promotions coming from the Rhythm Casino and its narrow market base does not maximize the overall marketability of the Quad Cities Event Center.

- *“A downtown casino that was appealing to a larger base of patrons and actively promoting acts and events would likely increase use of the Adler Theater.”*
- *“The addition of the hotel associated with the casino would help our capacity to host more meetings.”*
- The additional hotel rooms associated with the casino will allow the Quad Cities Event Center to bid on more and larger conferences. Recently there were 2 to 3 conferences that were not bid for because the downtown did not meet the required threshold number of hotel rooms.

The core area of Downtown Davenport has a variety of existing food and beverage establishments, hotels, and entertainment venues that would likely directly benefit from a downtown casino. The increase in food and beverage sales would create the needed boost for downtown sales that currently lag behind other Quad City downtowns.

| <b>Downtown Area</b> | <b>Food &amp; Beverage Sales (in millions)</b> |
|----------------------|--|
| Davenport, IA        | \$7.2  |
| Rock Island, IL      | \$11.6   |
| Moline, IL           | \$11.8   |

Source: ESRI, Incorporated

Additionally, the underutilized Downtown Davenport parking ramps would likely benefit from a downtown casino, depending on the location and integration into the downtown environment.

It is important to note that there is an emerging trend of communities focused on downtown casino projects as part of larger economic development initiatives.

- Cincinnati, Ohio (under construction, slated to open in March 2013)
- Sioux City, Iowa (3 proposals under review)
- Buffalo, New York (plans for expansion to full casino)
- Baltimore, Maryland (plans for Inner Harbor – partnership between Rock Gaming LLC and Caesar’s Entertainment Corporation)
- Springfield, Massachusetts (2 proposals under review)
- Lansing, Michigan (Indian casino with plans for construction in 12-16 months)
- Philadelphia, Pennsylvania (RFP sent, proposals under review)

## Executive Summary

Each of these communities is working actively with casino operators to create a true downtown destination that will drive visitors and create added economic development interest and impact in the downtown core. The focus on integrating the casinos into the downtown core, rather than creating “islands” with the casino isolating itself from surrounding businesses, will play a key role in the success of this strategy.

In summary, downtown Davenport has an opportunity to join the growing trend of fully integrated downtown casino developments focused on economic revitalization of the urban core. The benefits to existing businesses and entities, including area restaurants and hotels, the Adler Theater and others, may be significant and substantial. In addition, a new downtown casino will likely help attract new food-related businesses and more visitors to the community. The potential benefits will rely on a cooperative development effort between the selected casino developer and the City to ensure that the casino is appropriately integrated into the urban fabric of downtown Davenport.

# Downtown Casino Case Studies

Based on our review of casinos nationwide (14 states with land-based casinos), six casinos were deemed as appropriate case studies because they were located within the core downtown area, did not have a significant set back from the main street(s), and were not part of string of casinos, such as the case in Las Vegas and Atlantic City.

- Horseshoe Casino Cleveland
- Harrah's New Orleans
- Greektown Casino
- MGM Grand Detroit Casino
- Harrah's Joliet\*
- Seneca Niagara Casino

Additionally, we identified five other communities currently exploring plans for new downtown casinos as part of larger economic development initiatives. There is also a casino under construction in Downtown Cincinnati slated to open until March 2013.



\*Recognized as a riverboat by the Illinois Gaming Board, but chosen because it is permanently moored and has the appearance of a land-based casino.

# Horseshoe Casino • Cleveland

100 Public Square, Cleveland, Ohio 44113



**Opening Date:** May 14, 2012

**Developer/Operator:** Rock Ohio Caesar's, LLC (Rock Gaming LLC & Caesar's Entertainment Corporation)

**Casino Type:** Land-Based

**Gaming Area:** 96,000 square feet

**Table Games:** 89 (originally 65)

**Other Gaming:** 30-table World Series of Poker room

**Slot Machines:** 1,900

**Hotel Rooms:** 206 – Ritz-Carlton; other hotel partners include the Renaissance and Marriott at Key Center

**Total Restaurants:** Buffet and 3-restaurant food court

## Design/Layout

- Four levels:
  - Lower Level: The Spread Buffet; coat check, restrooms
  - Level One: Legends @ Horseshoe Bar; slots, table games, video poker, cashier, Total Rewards
  - Level Two: Vintage 51 Bar; food court with 3 restaurants; High Limit Room; slots, table games, video poker, cashier, Total Rewards
  - Level Three: VIP services office; Diamond Lounge; World Series of Poker room
  
- Multiple entrances
  - Two from the Avenue Mall
  - Two street entrances
  - Additional disabled and club member entrances
  - Terminal Tower's Grand Lobby
  
- Tower City Center
  - Casino is part of mixed-use center
  - The Avenue Mall
  - Cinema
  - Food court and restaurants
  - Rapid transit system
  - Upper floor offices



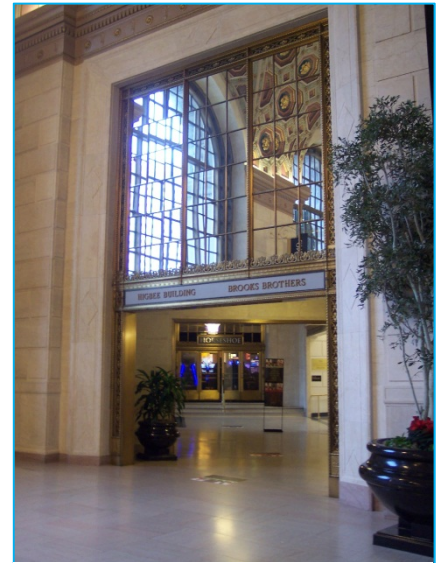
Casino entrance from concourse level at Avenue Mall

# Horseshoe Casino • Cleveland

## Background

Cleveland was one of Ohio's four casinos approved in a constitutional amendment that passed in November 2009. The amendment, referred to as Ohio Issue 3, allowed for one casino location in each of the four cities; Cleveland, Cincinnati, Columbus, and Toledo. Rock Gaming LLC in partnership with Caesar's Entertainment Corporation developed Horseshoe Casino Cleveland and is under construction with a new casino on the edge of downtown Cincinnati (scheduled to open in March 2013).

The Horseshoe Casino is located in the Public Square area of Cleveland in the heart of the downtown. The casino is housed in the first four floors of the 11-story historic Higbee Building (outlined in dark blue on the map). The building was built in 1931 and includes 815,000 total square feet. Once home to Higbee's Department Store (featured in the movie *A Christmas Story*) and later Dillard's Department Store, the lower floors of the Higbee building were largely vacant prior to redevelopment for the casino. The building is part of a mixed-use development, known as Tower City Center, with each building accessible to the other via interior entrances. Tower City Center, formerly the Cleveland Union Terminal, encompasses more than 2 million square feet of space and includes the Avenue Mall, upper floor offices, two hotels, restaurants, a cinema, and a rapid transit system.



Entrance to casino via Terminal Tower

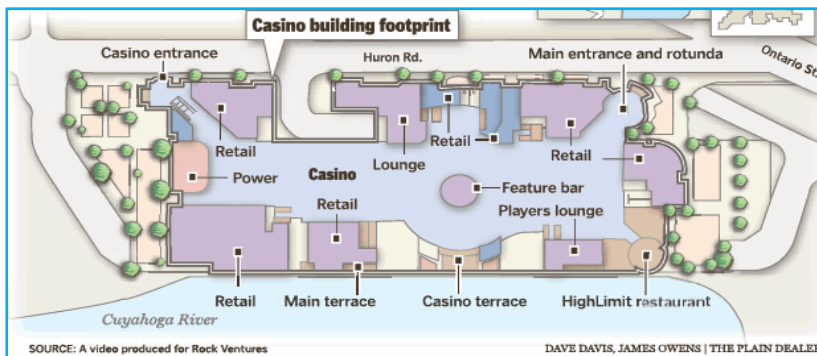


# Horseshoe Casino • Cleveland

Jennifer Kulczycki, Communications Director for Rock Gaming, LLC, cites that they intentionally located the casinos in the downtown area in both Cleveland and Cincinnati. They made a concerted effort to bring an attraction to the downtown area, increasing tourism and supporting connecting existing businesses, as "a rising tide raises all ships." The notion is that enhancing the downtown as an overall destination benefits all businesses in the downtown area.

Ms. Kulczycki notes that design is integral to the success of an urban casino and its ability to make connections with existing businesses. Rock Gaming's prior experience with other casinos is that very few of the patrons would leave their car and interact with the surrounding businesses. As a Michigan-based firm, they noted the nearby MGM Grand Casino in Detroit as an example of this isolated casino design. Rock Gaming's design concept is based on turning this isolated model inside out by offering exterior entrances, windows and materials that are inviting and encourage people to leave the casino. A second phase of the casino is planned along the banks of the Cuyahoga River connected to Tower City. *"As a truly urban casino, plans call for the development to include outward facing restaurants and retail to engage pedestrians and support existing cultural, nightlife and sports attractions downtown."* No timeline has been set for development of this second phase.

## Phase II, Horseshoe Casino



At the Cincinnati casino site, which is on the edge of downtown, plans include an urban plaza/park and two restaurants with full exterior façades and entryways giving patrons the option of entering the restaurants without navigating the gaming areas.

Rock Ohio Caesar's LLC also connects to downtown businesses through their Total Rewards Partner Program which includes 15 restaurants and 3 hotels in the downtown. Ms. Kulczycki reported that since opening the casino has had 3.1 million people walk through the casino and directly booked 31,000 room nights to date.

# Horseshoe Casino • Cleveland

## Impact on area businesses

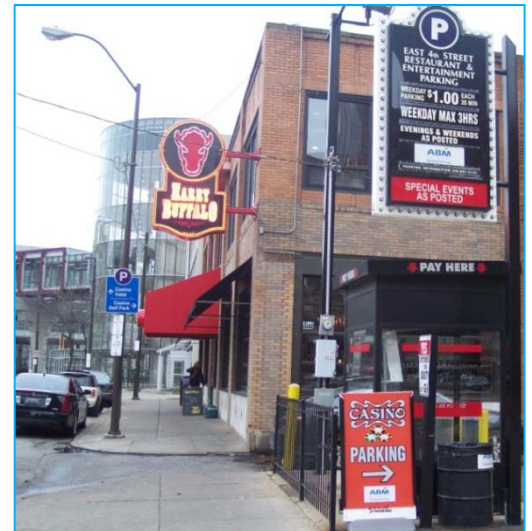
Many food and drink establishments have benefited from the casino opening; from as little as a 5% increase to as high as a 20% increase in sales.

Based on DDA's interviews with more than a dozen restaurant businesses, the impact from the casino appears to be highest among eating/drinking establishments proximate to the casino and with frontage along the heaviest pedestrian areas and from those walking from parking to the casino.

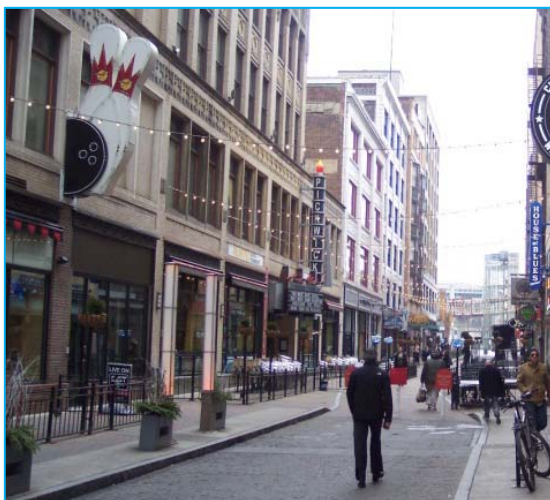
An employee of the Harry Buffalo, a bar and grill located between a parking garage and the casino, cited a definite increase in business since the casino opened. People will eat & drink before they go to casino.

### East 4<sup>th</sup> Street District

Lola's Iron Chef, Michael Symon, tweeted on May 21 to 124,000 followers that his East Fourth Street flagship eatery, Lola, experienced its busiest week in the restaurant's 15-year history (Source: Fox Channel 8)



Harry Buffalo, 2120 E. 4<sup>th</sup> Street



East 4th Street District

Flannery's Pub – "...business has picked up since the casino opened; past slow times have been filled by new faces, many of which are from the casino"

### Euclid Avenue

Restaurants along Euclid Avenue are experiencing little, if any, benefit from the casino. Notably, these properties do not have the advantage of the pedestrian traffic of other areas nearer parking garages.

Chocolate Bar, 347 Euclid Avenue – "...it's a wash" people aren't in long lines as they used to be but they are as busy now as they were before the casino opened.

Pura Vida, 170 Euclid Avenue – "...only a handful of people a day"

# Horseshoe Casino • Cleveland

## Public Square

John Q's Steakhouse, 55 Public Square – In an interview with a WKYC, Channel 3 reporter, General Manager Elena Rego of John Q's Steakhouse said, "It's definitely increased about 20 percent. We participate in the comps program and nightly we have some people sent to us".

Jake's Deli, 127 Public Square – employee noted that business has increased since opening of casino

## Warehouse District

Bar Louie is seeing more customers in late-night off-hours. "We've gotten some people celebrating large wins...kind of like a hole in one in golf," said General Manager Bryan Metzger (Source: WKYC, Channel 3).

Taza, 1400 W 6<sup>th</sup> Street - Assistant Manager, Kixksy Siss, noted that they have not received an increase in business from the casino.

## The Avenue Mall -

Food-related business has also increased in the mall, despite the casino not partnering with any mall tenants.

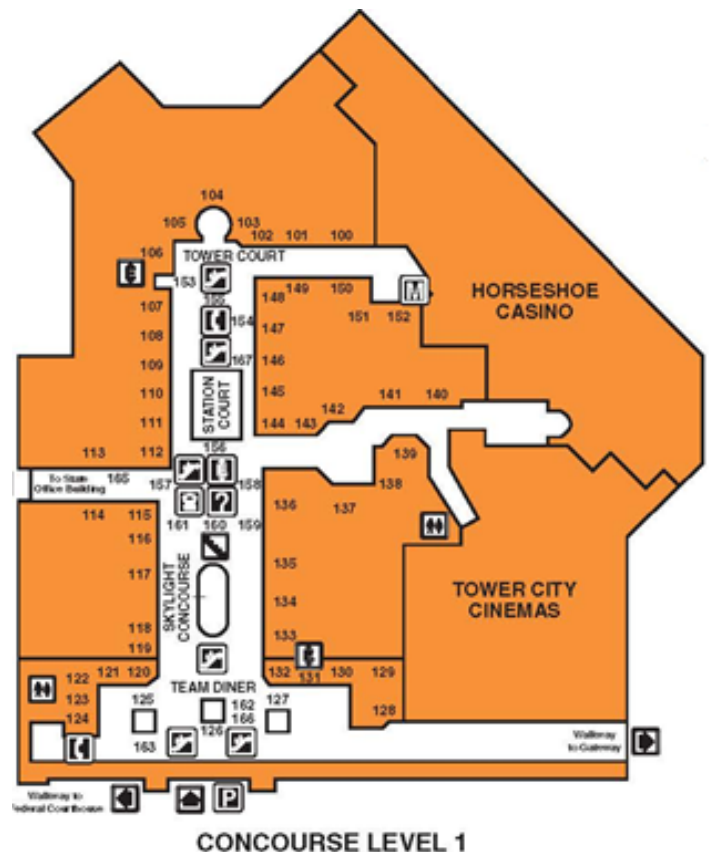
Sweet Factory (# 103 on the directory map), previously operated until 7 p.m., now closing is 9 p.m.; 15% to 20% increase in business

Susy's Soups and Deli (#147) – 5% increase in business, mostly from casino employees

Cookie Store (#155) – "Increased traffic means increased sales; we get 10 to 15 more patrons daily."

Tower Deli (#223, 2<sup>nd</sup> Level) – increase in business from casino employees and casino patrons

Lincoln Tap House (3<sup>rd</sup> Level) – increase at bar, less in food





# Horseshoe Casino • Cleveland

Non-food establishments in the mall have experienced no benefits from the casino.

- f.y.e. (#146) – “nice to see traffic is much higher, but has not impacted their business”
- City Leather (#104) – no impact from casino; moved from upstairs space because of increase in rent cost, sales have declined

Lisa A. Kreiger, General Manager – Retail, Senior Director of Marketing for Tower City Management, cited incremental increase in business mostly among food services and parking revenues.

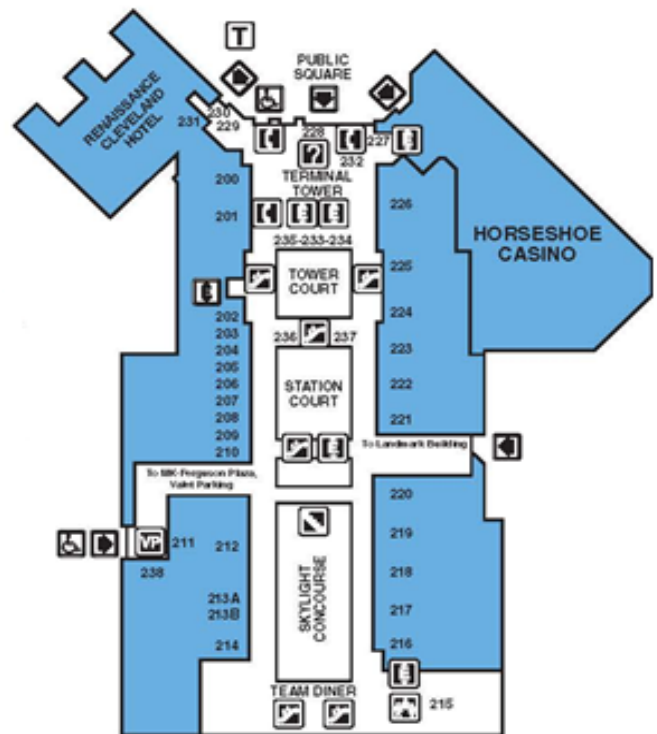
Frank McGee, Director of Sales for the Cleveland Renaissance Hotel, noted that the opening of the casino has brought a decent amount of increase, specifically during weekends when they are seeing up to 15% increase in room bookings.

Jill Vance, Director of Sales for the Wyndham Cleveland at Playhouse Square, reported higher growth in hotel room revenue since the casino opened, but no changes in banquet/catering revenue growth.

Mike Burns, Senior Vice President Convention Sales and Services of Positively Cleveland said that “By itself, the casino does not attract meetings, but it is an important amenity of the whole downtown package.” Other benefits of the casino in downtown that he noted included:

- Many people that attend sporting events come downtown an hour earlier and go to the casino.
- Casino has helped increase room nights in downtown.
- People are coming downtown that haven’t been in downtown for years.

Cindi Szymanski, Communications Manager for the Playhouse Square, Cleveland’s main performance theater district, noted that most of the events set for 2012 were set in advance of the casino opening so it is too early to tell at this point whether there have been any benefits from the casino. However, she anticipates that the casino will do group promotions and sponsored concerts/artists that will benefit usage of their theaters.



**PUBLIC SQUARE LEVEL 2**

# Horseshoe Casino • Cleveland

According to William Tarter, Jr., Manager of Business Communication and Membership for the Downtown Cleveland Alliance, an increase in police officers/security in the area concurrent with the opening of the casino has actually reduced crime and is positively changing perceptions of safety in the downtown.

## Revenues (May 2012 through November 2012)

- \$151,858,444 (Horseshoe Casino Cleveland has the highest revenue in Ohio)

| Month         | Toledo        | Cleveland     | Columbus     |
|---------------|---------------|---------------|--------------|
| May (partial) | \$2,398,969   | \$16,503,655  | -            |
| June          | \$20,444,071  | \$26,115,771  | -            |
| July          | \$19,093,483  | \$23,944,650  | -            |
| August        | \$17,421,069  | \$22,849,949  | -            |
| September     | \$15,964,116  | \$21,120,821  | -            |
| October       | \$14,822,295  | \$20,839,280  | \$18,280,700 |
| November      | \$13,598,087  | \$20,484,318  | \$20,016,552 |
| Total         | \$103,742,090 | \$151,858,444 | \$38,297,252 |

Horseshoe Casino was the first casino to open in Ohio on May 14, 2012. Penn National opened its first casino in Ohio at an interstate site in Toledo on May 29, 2012. Penn National also operates the Columbus casino, Hollywood Casino, which opened October 8, 2012 and is also considered an interstate casino. The Horseshoe Casino Cincinnati is scheduled to open March 4<sup>th</sup>, 2013.



Source: Ohio Casino Control Commission

# Harrah's New Orleans

8 Canal Street, New Orleans, Louisiana



Photo taken by Shihmei Barger

**Year Opened:** 1999

**Developer/Operator:** Harrah's (Caesar's Entertainment Corporation parent company)

**Casino Type:** Land-based

**Gaming Area:** 115,000 square feet

**Table Games:** 100+

**Electronic Gaming Devices:** 2,100+

**Hotel Rooms:** 450

**Meeting Space:** 43,000 square feet

**Total Restaurants:** 1 in-house

## Design/Layout

- Four entrances all facing the street
- Casino detached from parking and hotels

## Background

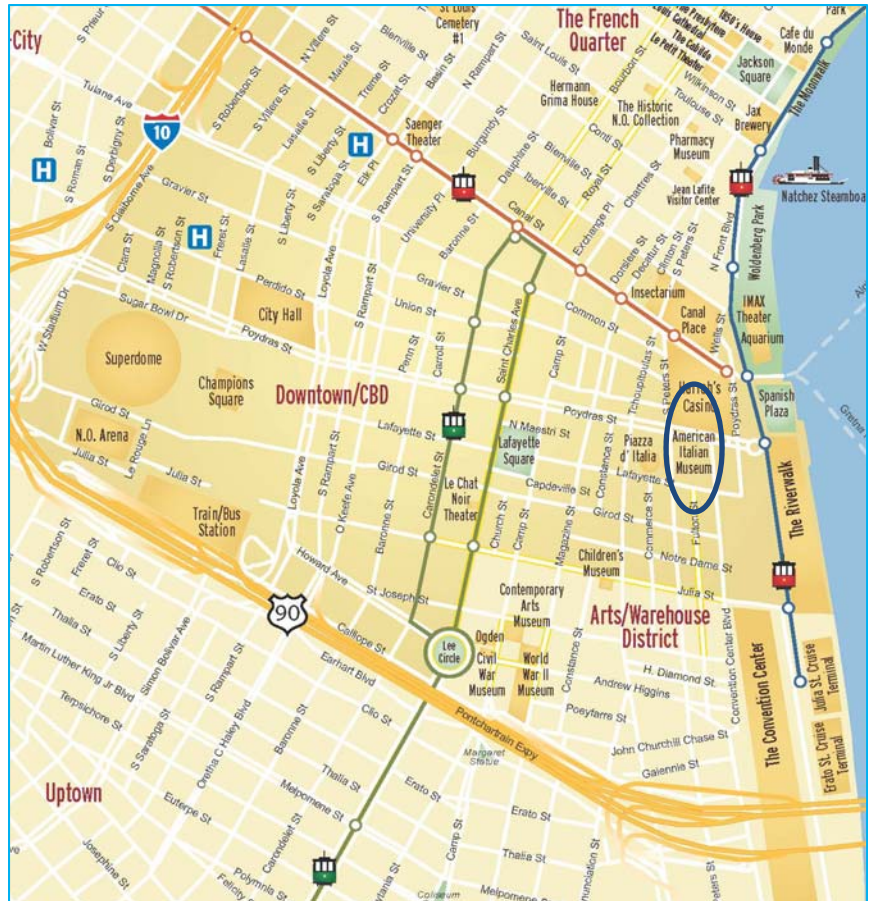
Harrah's New Orleans is the only land-based casino in Louisiana and is located at the foot of Poydras and Canal Streets, one block west of the Mississippi River. Situated at the site of the former Rivergate Convention Center, the current, permanent facility opened in 1999. According to Mark Romig, President and CEO of New Orleans Tourism Marketing Corporation, its location was never in question. When it was determined that New Orleans was in need of a larger and more modern convention center than offered with the Rivergate Convention Center, the city deemed the site suitable for a casino development.



# Harrah's New Orleans

A ground lease was then negotiated between the casino and City of New Orleans, with a minimum rent of \$12,500,000 along with other lease provisions. As reported by Cynthia Cunnick, administrator of the ground lease and Executive Director of Canal Street Development Corporation, Harrah's current rent obligations total more than \$17 million (including the minimum rent, as well as \$1 million to a joint marketing program and \$2 million plus to the Orleans Parish School Board).

Harrah's New Orleans is located in the New Orleans' Central Business District (CBD), across from the Riverwalk Marketplace, the Shops at Canal Street and is two blocks south of the French Quarter. Also nearby are the historic French Quarter to the north and the redeveloped Warehouse District to the south. Taking up a full city block and flanked on the north and south sides by Canal and Poydras Streets, the casino is positioned along wide, heavily trafficked roadways. Canal Street is a major retail thoroughfare and is connected to other parts of the city via street car. Poydras, which runs from the Superdome to the riverfront, is a significant business corridor. Both streets are separated by medians and are populated with large buildings.



Prior to the casino's opening at the site of the Rivergate Convention Center (and following the issuance of the land-based casino license), a temporary casino opened during 1995 in the Municipal Auditorium. Located approximately 1.5 miles from the current casino site in the neighborhood of Tremé north of downtown, the temporary casino was launched in an effort to jumpstart operations and revenue flow during construction of the permanent facility. However, shortly after its opening, operators of the temporary casino filed for bankruptcy and closed its doors, resulting in a loss of jobs and ill feelings throughout the community. To generate support and to alleviate local concerns, a major marketing campaign was undertaken by Harrah's before opening the new, permanent casino.

# Harrah's New Orleans

Initially, Harrah's was prevented from building a hotel for fear of taking business from the existing market. However, after opening in the current location, demand quickly proved to be more than sufficient to justify an additional hotel. In 2006, Harrah's opened a 450-room facility, located across the street from the casino at 228 Poydras Street. Even with the added casino-owned rooms, Harrah's often needs more rooms to house its patrons. Consequently, they regularly rent them from nearby hotels, usually in the form of comps/vouchers.

While the casino's design is far from historic, according to Leigh Ferguson, Downtown Development District's Director of Economic Development, the architecture is not garish and blends well with the modern commercial structures of the CBD and is complimentary to surrounding uses. The parking structures (located across the street from the casino) and other service amenities are unobtrusive. Mark Romig of New Orleans Tourism Marketing Corporation agrees that although the casino structure is somewhat fortress-like it is not overbearing. The property is reportedly well-maintained and attractively landscaped. Any initial concerns of the building's style/appearance have been abated.

Both Messrs. Romig and Ferguson believe the casino to be welcoming. The four main entrances all face the streets and offer an inviting ingress and egress for patrons and visitors. Within the casino, there is one upscale, full-service restaurant. Besh Steak Restaurant is operated by Chef Besh, a leading New Orleans chef. Customers must access the restaurant through the gaming area with no separate entrance from the street.



Entrance from Canal Street, photo taken by Shihmei Barger

## Impact on area businesses

Although Harrah's New Orleans is self-contained, it has proven to generate business for other hotels and restaurants within the community. With the wide variety of tourist offerings within walking distance of the casino, patrons frequently leave the facility to dine and take part in other events and activities in the neighboring area. The internal success of Harrah's has greatly benefitted the city's surrounding businesses as their patrons often patronize nearby restaurants, hotels and various tourist sites. In fact, it is not unusual for Harrah's to comp meals at local restaurants and rooms in nearby hotels.

Fulton Street, directly south of the casino is home to the 25,000-square-foot Fulton Square, an outdoor event space that hosts block parties, concerts and special events. This outdoor area is adjacent to Harrah's hotel and also provides direct access to three of the hotel's restaurant tenants, Gordon Biersch Brewery, Grand Isle Restaurant, and Ruth's Chris Steak House. Ruth's Chris Steak House reportedly benefits greatly from casino patrons.

# Harrah's New Orleans

Mr. Romig noted that Manning's Restaurant, Restaurant August, Hilton Riverside Hotel with Drago's Seafood Restaurant, and the Doubletree Hotel are all within walking distance of the casino and are beneficiaries of Harrah's.

Robert Wailes, manager of Restaurant August on Tchoupitoulas Street, remarked that while Harrah's was not the reason behind opening in 2001, the restaurant honors comp vouchers from customers of Harrah's from the casino and that has benefited business.

Emeril's restaurant in the Warehouse District has reportedly seen steady business from casino patrons although it is four city blocks south of the casino. In total, Harrah's New Orleans has partnership agreements with 51 eating and drinking establishments in the area.



High-rise buildings in photo: casino (circled), Behind casino left to right - World Trade Center; Hilton Hotel; Harrah's Hotel; In foreground of casino, left to right -Doubletree Hotel, Windsor Court Hotel, and W New Orleans Hotel, photo taken by Shihmei Barger

According to Mr. Romig, since the casino's opening, pedestrian activity has increased along both Canal and Poydras Streets. Unlike other cities with urban casinos, which may have harsher climates, New Orleans is a year-round walkable city. In fact, residents and visitors to the Warehouse District and French Quarter often walk by and through Harrah's, particularly during the hot summer months when the casino's air conditioning provides a welcome relief.

Harrah's has been responsible for much of the newer development. Mr. Ferguson noted that there are no vacant properties within the casino's vicinity. Shaffer Mickal, senior leasing associate with NAI Latter & Blum, further noted that leasing activity and rental rates for retail space (predominately restaurant-occupied) have risen since the casino's opening. This has not been the case for office space, however.

When it built the hotel, the larger project included development of ground level retail within the casino's parking structures. With Harrah's acting as the landlord, a number of restaurants, including Gordon Biersch, Grand Isle, Manning's, and Ruth's Chris, have opened in the spaces. And beyond the casino-driven development, Tchoupitoulas Street, which was once considered run-down with many derelict storefronts, has been redeveloped with restaurants, shops, and night clubs. While much of its resurgence can be attributed to New Orleans' success as a tourism destination, the casino has played a significant part in spurring the recent activity.

## Harrah's New Orleans

It should be noted that Riverwalk Marketplace, located across the street from Harrah's, is about to undergo a \$70 million renovation. The Howard Hughes Corporation plans to convert the declining mall into an upscale outlet center, with construction to start in early 2013. However, Mr. Ferguson noted that its redevelopment is due more to Riverwalk's age and outdated format than to the casino's presence.

As for new development other than retail and restaurants, it has been negligible. Since the casino was constructed in an already developed neighborhood, there have been limited opportunities for new, large-scale projects. The casino has had little or no impact on office development or office leasing activity since opening. Mr. Romig noted that while hotel development throughout New Orleans has been robust, most can be directly attributed to rebuilding and renovations following Hurricane Katrina's destruction. In fact, as many as 2,000 new hotel rooms have been added within the greater metro area since the storm. Mr. Romig is of the opinion that the casino could support an additional 500 rooms.

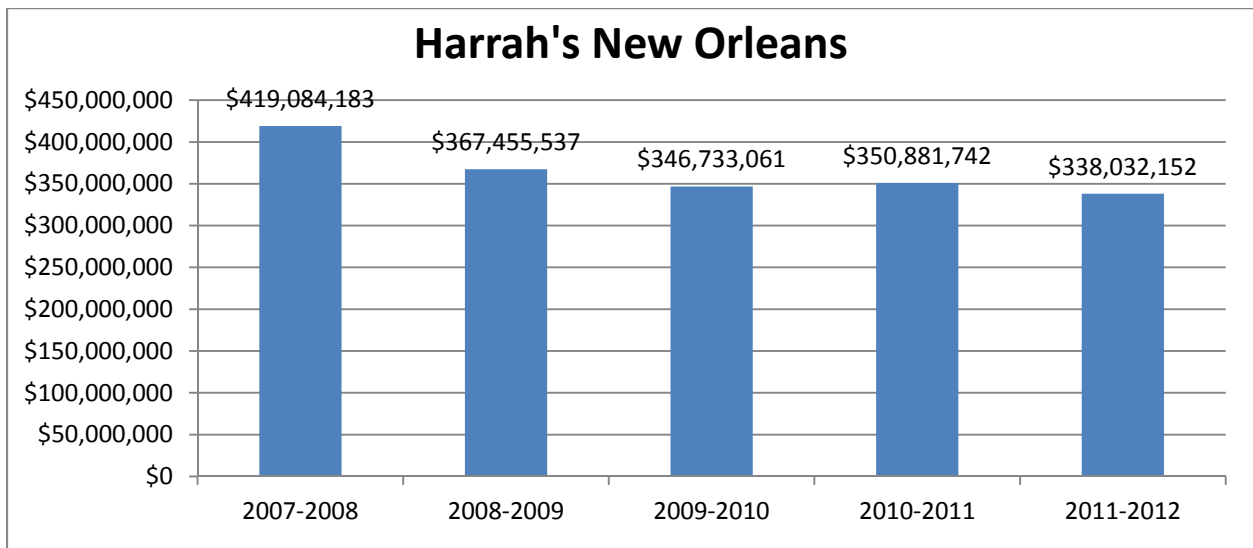
With regard to the casino's impact on city-wide initiatives, Harrah's has had little effect overall in attracting other businesses. However, the impact on visitor activity has been significant. Tourism plays a major role in New Orleans' economy and there are clearly many reasons for travelers to choose the city as a destination. While New Orleans is not known as a gambling destination, Ferguson and Romig both stated that the casino is considered an integral part of the entertainment package and that it provides one more reason to come to New Orleans. Subsequently, the casino has helped to drive convention activity. There is little doubt that Harrah's has played a significant role in the advancement of tourism in the City. Opening after the hurricane, Harrah's reportedly helped to aggressively attract visitors by highlighting a number of New Orleans' attractions in their marketing materials.

It is widely viewed that the impact of Harrah's New Orleans on the city and the surrounding neighborhood, in particular, has been positive. It is considered a good employer, maintains its property well, supplies local businesses with customers, and contributes to the city's marketing efforts. In short, Harrah's is considered a good corporate citizen. Mr. Ferguson noted that the casino sponsored a Christmas float in a recent parade and separately, a member of its general counsel serves on the Downtown Development District's Board of Directors. Overall, Harrah's New Orleans is considered an asset, which has been beneficial to the image of the surrounding community.

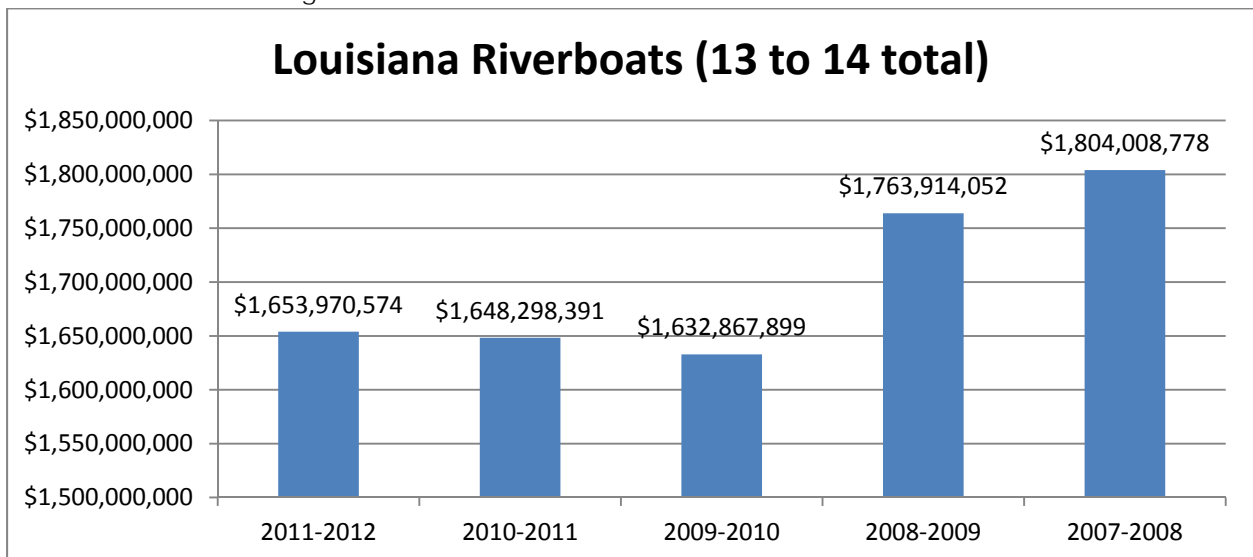
# Harrah's New Orleans

## Annual Revenue (Fiscal year July through June)

Since fiscal year ending in 2008, revenues have fallen in all but one year for Harrah's. Mr. Romig notes that much of the decline can be attributed to the nationwide economic downturn. However, he noted that it is possibly due to the spate of casino development recently. The number of land-based casinos in the United States has been increasing. In Baton Rouge, Louisiana, a riverboat casino recently opened, with another under construction in Lake Charles. This leaves gamblers with more southern locations from which to choose and he suspects the trend to continue.



Source: Louisiana Gaming Control Board





# Greektown Casino

555 East Lafayette Street, Detroit, Michigan



Casino entrance on Monroe Street, photo taken by Jim Cagney

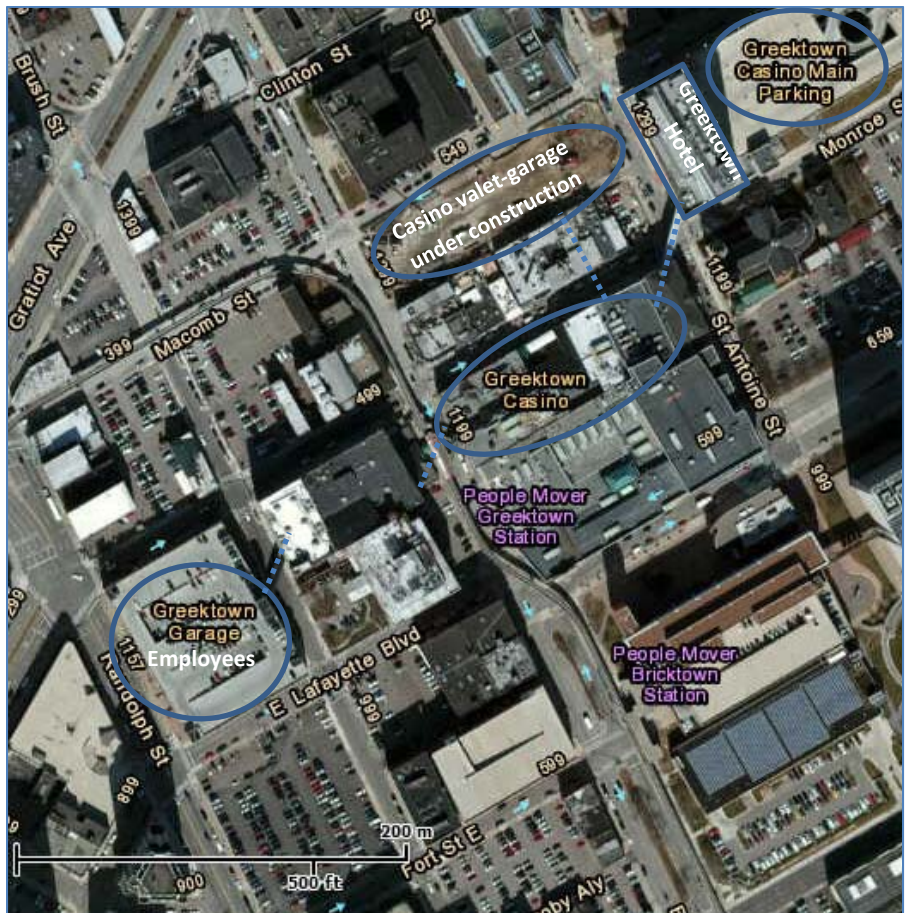
**Year Opened:** 2000 (2009 expansion)  
**Developer/Operator:** Greek Superholdings, Incorporated  
**Casino Type:** Land-based  
**Gaming Area:** 100,000 square feet  
**Table Games:** 67  
**Slot Machines:** 3,600  
**Hotel Rooms:** 400  
**Meeting Space:** 10,000 square feet  
**Total Restaurants:** 7 in-house (5 new restaurants will replace buffet and lounge areas)

## Design/Layout

- Entrances at street level and upper floor walkways
- Casino connected to parking and hotels via elevated walkways (indicated on map as dotted lines)

## Background

Greektown Casino is located in the Greektown neighborhood of Downtown Detroit and is bound by Lafayette Street to the south, Monroe Street to the north, Beaubien Street to the west, and St. Antoine Street to the east. First opened in 2000, the casino completed a major expansion in 2009 with additional gaming space, meeting space, parking, and a 400-room hotel.



# Greektown Casino

According to Michael O'Callaghan, Executive Vice President and COO of Detroit Metro Convention & Visitors Bureau, Greektown Casino's current location was not the city's originally intended site.

Since the onset, it was the City of Detroit's intention to bring casino development to downtown Detroit, where there was an existing critical mass of entertainment venues, such

as restaurants, theaters, stadiums, etc. And in keeping casino activity within the city, Detroit would be able to reap the associated financial benefits and added revenue brought about by taxes and other fees. Initially, however, the City of Detroit planned to develop an area on the east side of downtown Detroit, along the riverfront, for the creation of a "casino district," which would include a cluster of three side-by-side casinos, each with an 800-room hotel. The city was unsuccessful, however, in acquiring the needed



real estate and ultimately negotiated deals with developers of the three casinos to locate them in three distinct locations, though still within the urban core. Two of the three casinos, Greektown and MGM Grand, are situated within downtown. The third casino, MotorCity, is located just outside the downtown area near the historic neighborhoods of Corktown and Woodbridge. The original development partnership of Greektown Casino comprised of Ted Gatzaros, Jim Papas, and the Sault Ste. Marie Tribe of the Chippewas, chose to locate the casino in the historic Trappers Alley building within downtown Detroit's Greektown neighborhood. (Note that over time, the Sault Ste. Marie Tribe acquired the interests of Gatzaros and Papas, but by 2008, the tribe filed for bankruptcy and the casino eventually fell under the ownership of Greektown Superholdings).

Several years after the initial openings of the three casinos, the city announced a desire to increase the taxes imposed on them. At the same time, the casino operators realized that their casino could not support an 800-room hotel development. As a compromise, the operators agreed to the higher taxes and in return, the city lessened the hotel requirement to 400 rooms each.

# Greektown Casino

Greektown Casino then moved forward with its expansion plans and while it continued to utilize the existing space in the Trappers Alley facility, it constructed a hotel on land located on the opposite side of St. Antoine Street and connected it with a walkway and parking structure.

The existing entertainment district known as Greektown is known for narrow streets, lined with churches, ethnic shops, restaurants, coffee shops, and bakeries. Prior to development of the casino, the majority of businesses were owned and operated by Greek immigrants and their descendants. Today, Greektown remains a distinct and integral component of downtown Detroit. It is connected via the city's People Mover, a 2.9-mile elevated, fully automated light rail system that runs throughout the Central Business District. Also nearby are Comerica Park and Ford Field, homes of the Detroit Tigers and the Detroit Lions, just a few blocks away. According to William Robinson, one of Greektown Casino's sales managers, they see an increase in customer traffic during game days. He mentioned that customers who come to the casino with a Tigers or Lions ticket stub receive a discount on food and beverages within the casino (the discounts vary). And for those who pay the price to park on event days, receive a voucher to be used on the gaming floor (the amounts of the vouchers also vary).

With Greektown's historic nature, the reuse of the Trappers Alley structure has been well received by the community according to Mr. O'Callaghan of the Convention & Visitors Bureau and echoed by Robert Gregory, Senior Vice President of Downtown Detroit Partnership. Unlike so many casinos, which often appear as overpowering fortresses, Greektown Casino's exterior design is such that it integrates nicely with the surrounding architecture.



Greektown Hotel in background, photo taken by Jim Cagney

Amenities and services of Greektown Casino include the 400-room hotel, several parking structures/lots, and a handful of bars and restaurants. Mr. O'Callaghan noted that unlike many of the larger, self-contained casinos, such as Detroit's MGM Grand, Greektown does not offer a spa, fitness center, or large entertainment venue. Greektown Casino caters to a different clientele and while MGM Grand tends to draw from a wider region, Greektown's customers are primarily local, traveling from within the Detroit metro area.

While many of the casino-owned amenities can be found within the main facility, others are nearby. As noted above, the hotel is situated on the opposite side of St. Antoine Street and similar parking structures and lots (some connected by walkways) are located on nearby blocks. An additional 850-space casino-owned valet-parking garage and attached walkway is under construction with an anticipated opening in 2013.

# Greektown Casino

Within the casino, there are two bars, Asteria and Fringe, which require access via the gaming floor. Separately, Bistro 555 and Shotz, a sports bar and grill, can be found within the casino hotel.

The development of Greektown Casino continues with the introduction of the Market District, a collection of four dining options to replace the original buffet. Also slated to open shortly is Brizola, a new signature restaurant, featuring steak, seafood, and a wide selection of wine and beer. Brizola will be located within the casino, in the space formerly occupied by the Eclipse Lounge, and access will be via the gaming floor only. It should be noted that none of the casino's eating/drinking venues open directly to the streets of Greektown and all require a minimum age of 21 for entry. With only a handful of on-site dining options and a seemingly limitless number of eateries and entertainment spots along Monroe and other neighborhood streets, the design and layout of the casino are such that patrons are tempted to come and go during their visit. In fact, both Michael O'Callaghan of the Convention & Visitors and Robert Gregory of Downtown Detroit Partnership agree that the opening of Greektown Casino has resulted in an increase in pedestrian activity along local streets, which in turn has benefited many of the nearby businesses.

## Impact on area businesses

Despite the increase in pedestrian activity, opinions with regard to the overall impact on local businesses vary widely. Both Messrs. O'Callaghan and Gregory believe Greektown has greatly benefited from the casino. Mr. O'Callaghan noted that Greektown, once filled almost exclusively with ethnic shops and restaurants, struggled before the casino opened. The casino and its hotel helped to revitalize the neighborhood, increasing property values and bringing new restaurants to the district. In contrast, however, Mr. Albert Ellis with Colliers International remarked that the casino has done more harm than good. Specifically, he feels that the casino has destroyed the traditional, unique character of Greektown. Today, the community is much more commercialized than it once was. Where Greek businesses once stood, one now finds national chains, such as Five Guys Burgers & Fries and Cold Stone Creamery.



Five Guys, 508 Monroe Street, photo taken by Jim Cagney

Greektown Casino's impact on pedestrian activity stems not only from its design and layout, but also from management but, more specifically, from the comps it gives to patrons for meals at neighborhood restaurants. In fact, Greektown Casino markets itself as "comping to more restaurants than any other casino in Detroit," with 17 establishments listed on its web site.

## Greektown Casino



New Parthenon Restaurant, one of Greektown Casino's comp restaurants on Monroe Street

Restaurateurs Greg Papas of Santorini restaurant (son of Jim Papas, one of the casino's original developers) and Tasso Teftsis of Astoria Pastry Shop and RedSmoke Barbeque share Mr. Ellis' opinion. Mr. Teftsis deems the casino poorly integrated into the community. His pastry shop, which was established in 1971, long before the casino first opened its doors, had strong sales prior to the

casino's opening. However, while the pastry shop has gained some customers with the presence of the casino, it also has lost many. He noted that Greektown was once a family destination, where Detroit parents often brought their children for a unique Greek experience. With the casino, however, he feels that many families have steered clear of the neighborhood. And he further remarked that were it not for the nearby baseball and football stadiums, his businesses would not have survived.

With regard to the comps provided by the casino, Mr. Teftsis stated that while they bring customers into his RedSmoke Barbeque restaurant (opened several years ago), the casino takes a 15% cut. According to Greg Papas, manager of Santorini restaurant (formerly Mosaic), the casino recently increased its cut from 10%, leading to further ill feelings among the restaurant community. Mr. Teftsis considers the cut to be significant since his restaurant business is generally not one with high profit margins.

Other complaints from Mr. Teftsis relate to the casino-owned parking structures, along with the casino's overall lack of sensitivity to surrounding uses. With respect to the parking, his concerns stem from the fact that overhead walkways take customers directly from the garage(s) to the casino, without access to the streets below. Mr. Papas, of Santorini, noted that the casino's second garage was initially marketed as free of charge to all customers of the Greektown neighborhood. Recently, however, during major sporting events, the charge for non-casino patrons was as much as \$40 to park. DDA's review of game-day parking fees in the area has shown that this fee is not unprecedented in the area and other garages charge even higher rates. When there are no events, parking is free at the casino garage for patrons of all businesses in the area. Events other than sporting events typically require persons to pay \$10 or higher to park in the garage (free for those validated at the casino.)

Mr. Teftsis expressed frustrations that the casino has a tendency to support the opening of businesses that compete, rather than compliment, existing shops and restaurants. For instance, the casino leased some of their street-front retail space to a bakery, which competed directly with his Astoria Pastry Shop. In this particular case, however, the new bakery did not stay in business.

# Greektown Casino

On the upside, Greg Papas declared that relationships are improving between the casino and local businesses. He noted that the casino is working with the Greektown Merchants' Association to produce a map illustrating all parking options within the community. Furthermore, the casino has helped fund neighborhood beautification initiatives, holiday decorations, etc. And while the casino has changed the face of Greektown, there is little doubt that it has brought new customers to the area.

Both Messrs. Teftsis and Papas commented on the original intention of the casino's Greektown location to be temporary. Mr. Teftsis and his brother acquired their building for their newest restaurant prior to the casino's decision to remain in its current location. Mr. Papas noted that when his father brought the casino to Greektown, where his family had existing business interests, it was not considered to be a long-term addition to the neighborhood. Nonetheless, the Papas family has been successful in adapting their businesses to compliment the changing face of the Greektown neighborhood.

The casino's impact on development and leasing activity (aside from new national chain restaurants, including Five Guys and Cold Stone Creamery and a few new local eateries, such as RedSmoke Barbeque), has been negligible. Allen Ellis, Senior Associate with Colliers International has seen little leasing activity in Greektown since the opening of the casino and notes that it has been limited to the national restaurant chains that have recently opened adjacent to the casino in Trappers Alley. And while Mr. O'Callaghan of the Convention & Visitors Bureau noted that there have been no major vacancies in the neighborhood, Mr. Teftsis of Astoria Pastry Shop and RedSmoke Barbeque pointed out that four storefronts on the south side of Monroe (i.e., on the same side of the block as the casino), currently are unoccupied. Mr. Ellis, along with Mr. O'Callaghan of the CVB and Mr. Gregory of Downtown Detroit Partnership, further noted that development and leasing activity in downtown Detroit is primarily confined to the Woodward Avenue corridor, which is not within the Greektown neighborhood (though, it is not far away). This applies, not only to retail activity, but also to office and hotel development.

Greektown Casino's overall impact on the City of Detroit is considered by many to have been beneficial as it generates added revenue for the city in the form of taxes. Furthermore, it brings visitors downtown and contributes greatly to the local tourism industry.

Mr. Gregory noted that while the casino's hotel adds to the city's overall inventory of rooms available for the convention business and tourism, Mr. O'Callaghan's opinion is that the casino has not contributed to a rise in convention business. However, Greektown Casino is viewed by most as a good corporate citizen, providing financial support, sponsorships and service on local boards. Overall, both Messrs. O'Callaghan and Gregory agree that Greektown Casino has helped to create a positive image for downtown Detroit. The Convention & Visitors Bureau has found the casino to be advantageous in furthering its marketing efforts.

# Greektown Casino

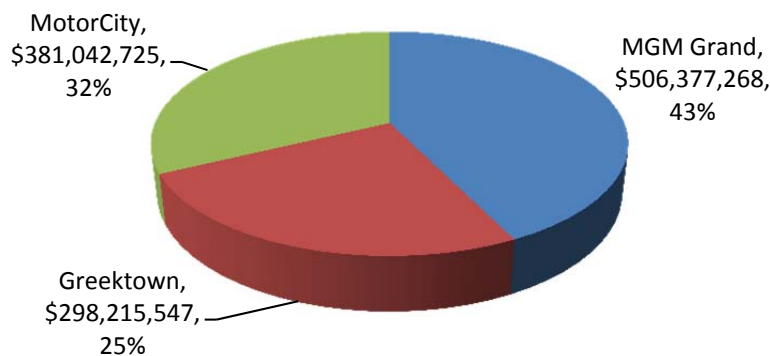
In conclusion, Greektown Casino is seen by the City of Detroit as an asset. It generates tax revenues although it is the smallest of Detroit's casinos with regard to revenue generation. It brings visitors to the urban core, and is regarded as a good corporate citizen. The casino's integration into the Greektown neighborhood, however, is more debatable. On the upside, few doubt that the original idea of clustering casino development in a stand-alone environment would have been the incorrect approach. Furthermore, the re-use of Trappers Alley has been well received and the overall layout of the casino is considered by most to be well designed while encouraging pedestrian activity along local streets. It was noted that there has been an increase in customers for many of the local eateries.

There are concerns by some that Greektown Casino has destroyed the historic ethnic face of the neighborhood; has diminished the family-friendliness of the community; has cut into the profit margins of the existing businesses; and has introduced some competitive rather than complimentary uses. Still, others say that the diminishing Greek signature in the neighborhood is attributed more to the younger generation's unwillingness to take over the family businesses or to live in the area. Also, some Greek business owners are opening up non-Greek businesses in the area. DDA has seen several examples of this type of decline in historic ethnic neighborhoods, most recently within a historic Slovenian neighborhood that is located in Cleveland, known as the East 185<sup>th</sup> Street District.

## Annual Revenue

For 2012, Greektown Casino has averaged slightly less than \$30 million in revenue each month, accounting for 25% market share of Detroit's casino revenue of three total casinos.

### 2012 Casino Revenue



Greektown Casino has fewer slot machines than the other two casinos and less tables than MGM Grand. Also, at 1.3 million reward members, Greektown has a much smaller reward membership base than the 40 million-plus reward members at MGM Grand.

# Greektown Casino

Greektown Superholdings also believes that the facility will be more competitive when the new 850-space valet-garage opens. Currently, valet parking reportedly can take up to 30 minutes at times but this is not the case at competitors, which have ample proximate parking and quick valet service.

## Greektown Casino Revenue

| <b>Year</b>            | <b>Revenue</b> | <b>Detroit Market Share</b> |
|------------------------|----------------|-----------------------------|
| 2012 (through October) | \$298,215,548  | 25.2%                       |
| 2011                   | \$352,757,646  | 24.8%                       |
| 2010                   | \$349,632,635  | 25.4%                       |
| 2009                   | \$346,020,203  | 25.8%                       |
| 2008                   | \$316,298,982  | 23.3%                       |

Source: Michigan Gaming Control Board



# MGM Grand Detroit Casino

1777 3rd Street, Detroit, Michigan



Photo taken by Jim Cagney

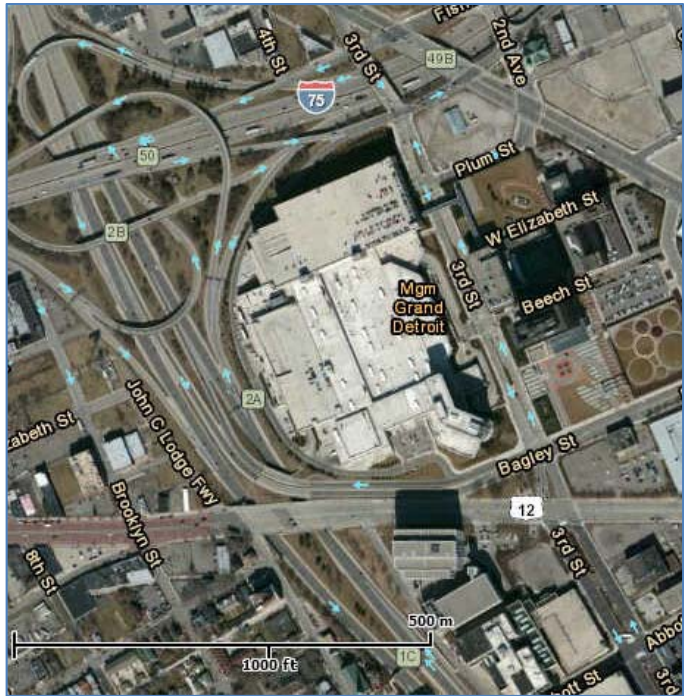
**Year Opened:** 1999  
**Developer/Operator:** MGM Grand  
**Casino Type:** Land-based  
**Gaming Area:** 100,000 square feet  
**Table Games:** 90  
**Slot Machines:** 4,000+  
**Hotel Rooms:** 400  
**Meeting Space:** 30,000 square feet  
**Total Restaurants:** 6 in-house

## Design/Layout

- Main entrance on Third Street
- Attached hotel and garages all connected directly to casino.
- Entirely self-contained:
  - Valet parking
  - Attached parking garage
  - No exterior signage or direct access to in-house restaurants
  - Resort-style amenities

## Background

In 1999, MGM Grand was the first of Detroit's three casinos to open. It was originally housed downtown in a temporary location at 1300 John Lodge Freeway, where it occupied a structure formerly inhabited by the Internal Revenue Service. Occupying that space allowed MGM to generate revenues early on and to assess the casino's performance prior to investing in a larger, permanent building. It continued to operate in the temporary location during construction of the permanent casino, but in 2007, with construction complete, MGM officially closed the John Lodge Freeway facility and welcomed customers to its new and current location.



# MGM Grand Detroit Casino

Located on 3rd Street in downtown Detroit a few blocks from the temporary facility, MGM Grand's permanent casino is bound to the north and south by I-75/Fisher Freeway and Michigan Avenue and to the east and west by 3rd Street and John Lodge Freeway.

According to Michael O'Callaghan, Executive Vice President and COO of Detroit Metro Convention & Visitors Bureau, it was always the city's intention to locate MGM Grand, together with Detroit's other casinos, Motor City and Greektown, in downtown Detroit. After decades of failed attempts to legalize casino gaming in Michigan, the opening of Ontario's Caesars Windsor during the mid-1990s and corresponding flow of U.S. dollars to Canada was the catalyst needed to change the opinions of Michigan voters. And with the approval to develop three land-based casinos in Detroit, the city quickly honed in on a downtown location, where, as noted by Robert Gregory of Downtown Detroit Partnership, tax revenues would be generated for city coffers and the casinos would add to downtown Detroit's existing critical mass of large-scale entertainment venues. However, the original plan involved a riverfront site on the eastern edge of the Central Business District (CBD), where the city hoped to create a destination "gaming district." The plan to cluster three side-by-side casinos, each with an 800-room hotel, was quickly abandoned following the city's unsuccessful attempts to acquire the real estate. Instead, the city and casino developers negotiated agreements to locate in three separate and distinct areas within the CBD.

Shortly after the initial opening of MGM Grand, and prior to development of its permanent facility, the city announced a plan to increase the taxes imposed on the three casinos. At the same time, the casino operators determined that they could not each support an 800-room hotel. As a compromise, the higher tax payments were agreed to and the city reduced the hotel requirement to 400 rooms each. Subsequently, MGM Grand moved forward with construction of a ground-up, permanent facility on the northwestern edge of the CBD, a few blocks from its temporary location.



# MGM Grand Detroit Casino

According to Mr. O'Callaghan, MGM spared no expense in developing its permanent facility. The "world class" luxury casino resort on 3rd Street opened with 100,000 square feet of casino gaming space, 30,000 square feet of meeting space, including a 14,000 square foot ballroom, a 400-room hotel, and a parking structure. Also within the casino are three signature restaurants (Tap, Wolfgang Puck Pizzeria & Cucina, and Wolfgang Puck Steak), three casual eateries (Breeze Dining Court, Palette Dining Studio, and Starbucks), a handful of bars, a nightclub, a luxury boutique, a sundry shop, and a full service spa with a fitness center and indoor swimming pool. None of the casino's restaurants has an exterior facade or entrance and with the exception of Starbucks and Tap, all require access via the gaming floor.



# MGM Grand Detroit Casino

## Impact on area businesses

Unlike Detroit's Greektown Casino, which is located along narrow, intimate streets in the heart of the city's Greektown entertainment district, MGM Grand is a stand-alone facility. The layout and operations make no attempt to encourage use of nearby services. In fact, the designs of MGM Grand and Greektown Casino are starkly dissimilar. For instance, Greektown Casino's parking structures are located throughout the Greektown neighborhood, requiring patrons to walk a block or two from car to casino. This, in turn, has resulted in an increase in pedestrian activity and has complimented the already walkable Greektown area. Furthermore, Greektown Casino's hotel is located across the street from the casino. In contrast, MGM Grand's hotel and parking garage are components of the main facility, allowing guests to arrive and depart without setting foot outside the casino doors.



View of MGM from plaza east of MGM Grand, photo taken by Jim Cagney

To further emphasize the differences, MGM Grand's facility resonates opulence as it stands, whereas Greektown Casino is housed in a retrofitted historic building with no spa or fitness center. In fact, both Messrs. O'Callaghan and Gregory remarked that the two casinos target different audiences. MGM Grand is considered more upscale and its customers come from far and wide in search of the luxurious amenities. As noted earlier, MGM Grand has a full service spa, fitness center, and luxury boutique in addition to the gaming floor. Furthermore, the eateries are all reportedly excellent and considered destination restaurants. Wolfgang Puck Pizzeria & Cucina recently opened in early November, followed by Wolfgang Puck Steak, which welcomed its first customers on December 8. In contrast, Greektown Casino caters to a more casual and local patron.

As a stand-alone facility and self-contained design which discourages pedestrian activity along the heavily trafficked streets that surround it, MGM Grand has done little to support neighboring businesses and unlike Greektown Casino, it does not offer comps to its customers for use at restaurants outside the casino.

## MGM Grand Detroit Casino

As noted by Robert Gregory (and echoed by Albert Ellis, Senior Associate with Colliers International), it is on "the fringe" of Detroit's CBD. In fact, the corporate headquarters of DTE Energy, on the opposite side of 3rd Street, is the casino's only neighbor. One would be hard pressed to say that MGM Grand and DTE Energy are complimentary uses, however, they are certainly not competitive and they reportedly are good neighbors. And according to Mr. Gregory, when MGM Grand built its permanent facility, DTE Energy simultaneously renovated its campus, allowing the two to collaborate to reduce overall construction costs.

As for MGM Grand's impact on surrounding property values and leasing activity, Messrs. O'Callaghan and Ellis declared it to be "negligible at best." Both affirmed that development of the casino has not resulted in an erosion of property values and there have been no major vacancies. Albert Ellis remarked that leasing office and retail space in downtown Detroit is largely concentrated along the Woodward Avenue corridor in the heart of the CBD (about three-fourths of a mile from MGM Grand) and specifically, in the area that surrounds Campus Martius and the Compuware Building (i.e. where Woodward and Michigan Avenues intersect). Furthermore, Michael O'Callaghan noted that while there has been a resurgence of downtown Detroit's hotel market, it has had little, if anything, to do with the city's casinos and there has been no new hotel development within the vicinity of MGM Grand. In fact, according to Robert Gregory, the only development activity to have occurred near the casino since the opening has been the renovation of DTE Energy's campus, which again, was undertaken concurrently with the building of MGM Grand to minimize construction costs.

While MGM Grand reportedly has little to no effect on business attraction or new development in downtown Detroit, the casino's impact on the city's tourism industry has been noteworthy. MGM Grand is the largest of the three casinos with regard to revenue generation. There is little doubt that MGM Grand brings visitors downtown, particularly on weekends, and as noted earlier, it reportedly attracts patrons from a wider region than Greektown. Furthermore, its clientele tends to be upscale; consequently, it is logical to conclude that more dollars are spent during their visits. Aside from contributing to Detroit's inventory of hotel rooms, little has been done to draw convention business to the city. On the contrary, Mr. O'Callaghan believes that the conventions help drive casino activity.

Overall, Mr. O'Callaghan and Mr. Gregory believe MGM Grand's impact on the City of Detroit to be positive and they agree that it has improved the image of downtown Detroit. First and foremost, the casino has been a significant revenue generator for the city and has provided steady jobs for residents. Furthermore, it has been beneficial for Detroit's tourism industry. Mr. O'Callaghan declared MGM Grand to have been helpful in advancing the Convention & Visitors Bureau's initiatives. Mr. Gregory noted further that MGM Grand, together with Greektown and Motor City, has been a good corporate citizen, providing financial support for downtown events and service on local boards.

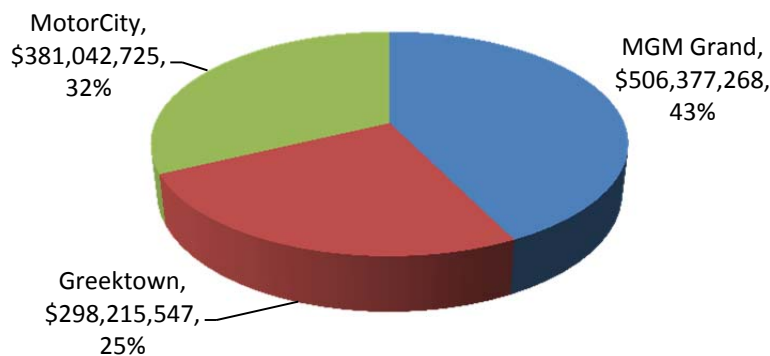
# MGM Grand Detroit Casino

As for shortcomings, Robert Gregory noted that the site of MGM Grand, as well as that of Motor City, was poorly chosen, and that it allows for no integration with the city's amenities and services. With the self-contained design, the "fringe" location, and its position along heavily trafficked roadways, patrons of MGM Grand are discouraged from leaving the casino and partaking in all that the city has to offer. If the distances to other downtown destinations were shorter and the surrounding streets more inviting, casino customers would have been more likely to patronize other businesses during their visits to the city. Those factors alone could have resulted in an even greater economic benefit for the city and the CBD, in particular.

## Annual Revenue

For 2012, MGM Grand has averaged more than \$50 million in revenue each month, accounting for 43% market share of Detroit's casino revenue of three total casinos.

## 2012 Casino Revenue



## MGM Grand Casino Revenue

| Year                   | Revenue       | Detroit Market Share |
|------------------------|---------------|----------------------|
| 2012 (through October) | \$506,377,269 | 42.7%                |
| 2011                   | \$599,709,634 | 42.1%                |
| 2010                   | \$581,887,436 | 42.2%                |
| 2009                   | \$547,632,907 | 40.9%                |
| 2008                   | \$578,306,948 | 42.5%                |

Source: Michigan Gaming Control Board

# Harrah's Joliet

151 North Joliet Street, Joliet, IL 60432



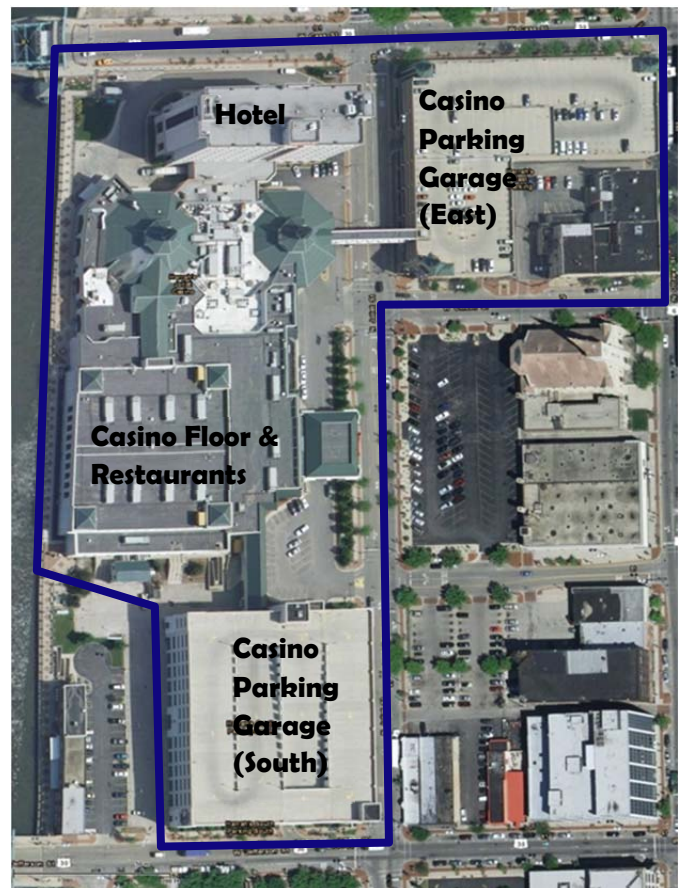
**Year Opened:** 1993/2001 (permanent)  
**Developer/Operator:** John Q. Hammons & Harrah's (Caesar's Entertainment Corporation)  
**Casino Type:** Riverboat (permanent)  
**Gaming Area:** 38,900 square feet  
**Table Games:** 33  
**Electronic Gaming Devices:** 1,138  
**Hotel Rooms:** 200  
**Meeting Space:** 6,000 square feet  
**Total Restaurants:** 4 in-house

## Design/Layout

- Main entrance on North Joliet Street
- Attached garages all connected to gaming area.
- Entirely self-contained:
  - Valet parking
  - Attached parking garage
  - No exterior signage or direct access to in-house restaurants

## Background

Harrah's Joliet originally opened in 1993 as a true riverboat casino. Locating the casino in downtown Joliet was a key component of the City's revitalization effort, Joliet City Center, initiated in 1990. At that time, Illinois casinos could only operate on active vessels that set sail every two hours. That law was changed in 1999, enabling casinos to be permanently moored and allowing "open boarding."

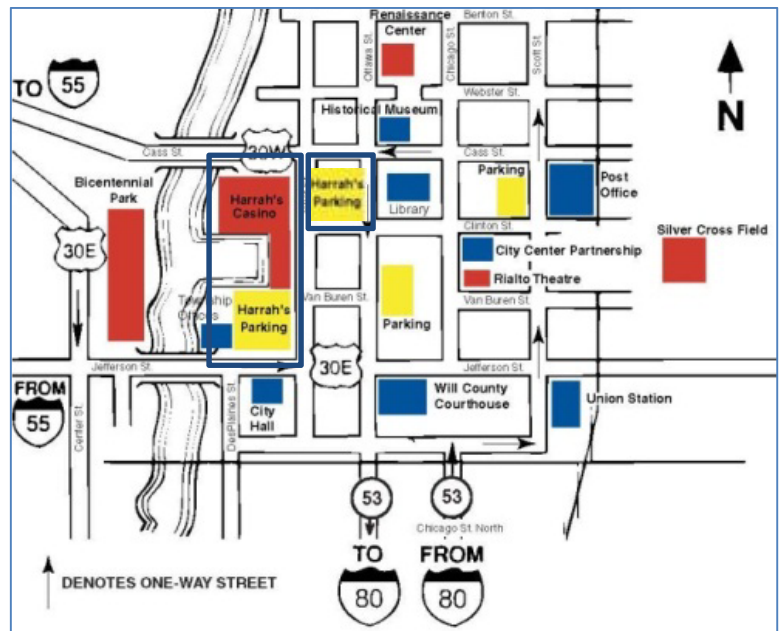


# Harrah's Joliet

Also in 1999, Harrah's Joliet built a \$29 million, 11-story hotel with 204 rooms, restaurants, meeting space and other amenities. Harrah's Joliet replaced the original boats in 2001 with two joined barges that are permanently moored encompassing 38,900 square feet of gaming space with more than 1,100 electronic gaming devices and 33 gaming tables.

## Surrounding businesses/uses

- Mostly institutional:
  - Municipal building
  - County Court building
  - Library
  - Church
- Property boundaries:
  - North: Case Street (Hwy 30w)
  - East: Joliet & Ottawa Street
  - South: Jefferson Street
  - West: Des Plaines River
- Some parking lots and older office space; high vacancies (see photo below)



Area directly across North Joliet Street from the casino; in the center of the photo is a largely vacant 38,430-square-foot office building, formerly anchored by the Chicago Title Insurance Company

- Joliet's Rialto Square Theater and clusters of restaurants and pubs are on North Chicago Street, two city blocks east of the casino's entrance. Harrah's was active in co-promoting events at the Rialto Square Theater in the early years in Joliet, but with the new Harrah's casino entertainment facilities in Hammond, IN (approximately 30 minutes east of Joliet), event activity has fallen off.

We are unaware of any comp partners outside of the casino in Center City Joliet.



# Harrah's Joliet

## Impact on area businesses

For 20 years, Harrah's Joliet has played a key role in creating an active downtown for Joliet. Originally, the City hoped to see significant spin-off economic development in downtown, including new retail, restaurants, residential and office development. While the spin-off effect has been limited, the City's share of gaming tax revenues from Harrah's Joliet (as well as the Empress Casino Joliet, located in a mostly industrial area south of the City core) has funded over \$500 million in special projects, government services and community works projects in the past 20 years.

Specific projects/benefits include:

- Silver Cross Field – minor league ballpark
- \$10 million for the Joliet Area Historical Museum
- \$5 million for the West Side branch of the Joliet Public Library
- Subsidized sewer and water rates for residents
- Rebate of city tax to seniors on utility bills
- Improvements to infrastructure throughout the City

The City's annual gaming tax collections from Harrah's Joliet have varied greatly in recent years, reaching a high in 2007 of approximately \$36 million to approximately \$13 million in 2011. However, the revenues have been impacted by the economic downturn that began in 2007. Increased competition from casinos in the greater Chicago market, including several in northwest Indiana/southwest Michigan also contributed to diminished returns.

*"Harrah's Joliet is a key anchor for downtown Joliet, providing another destination to complement the Rialto Theater, Silver Cross Field and other attractions in downtown Joliet."*

*Tom Thanas – City Manager*

*"The biggest impact for us has been the casino employees' patronage at our restaurants either for lunch meetings, post-shift gatherings, VIP entertainment or other events. We have a strong relationship with Harrah's."*

*Doug Roth – Manager – The Department Restaurant*

# Harrah's Joliet

In addition to the direct fiscal impacts, the City of Joliet and Harrah's Joliet have cooperated in numerous other initiatives to benefit the City, in general, and downtown Joliet in particular. These and other benefits include, but are not limited to:

- Harrah's Joliet is a primary supporter of the Will County Center for Economic Development
- The City mandates that Harrah's Joliet donate over \$300,000 per year to local charitable organizations
- The City also mandates that Harrah's executives play an active role on local charitable organization boards/councils
- Harrah's Joliet has had a strong history of supporting local business through the purchase of goods and materials
- Employees of Harrah's Joliet have donated over \$180,000 to local charities since 2009 through a weekly "Jeans Day"
- Harrah's Total Rewards points accumulated by patrons can take advantage of the Rewards Around Town program at local businesses
- The Harrah's Joliet hotel is the only full-service hotel in downtown Joliet, key for attracting visitors and an asset in business/executive relocation recruitment

Management of several downtown businesses agreed that Harrah's is a solid community partner. While the casino has not spurred development of new restaurants in downtown Joliet, existing downtown restaurants have benefited from casino employee patronage as well as visitor patronage based on recommendations by casino concierges.

The primary challenge for Joliet with Harrah's Joliet has been the lack of direct spin-off economic development. When the City undertook attracting patrons to gaming downtown, the goal was to revitalize all of downtown with new activity. While Harrah's Joliet is viewed as a strong asset for downtown, direct spin-off activity has been limited. This is largely due to the self-contained nature of the casino, with limited points of access and no direct exterior access to the multiple restaurants located within the casino and hotel. The casino's business plan revolves around getting patrons into the facility, and keeping them and their spending, inside the facility.

*"Without a doubt, placing Harrah's Joliet in downtown Joliet has had a positive impact. If asked to go back 20 years and start over, I would absolutely push for the downtown location. However, we would make more of an attempt to integrate the Casino into the fabric of downtown."*

*Tom Thanas – City Manager*

# Harrah's Joliet

With the primary parking for the casino located in structures connected directly to the casino, there has been little impact on pedestrian activity in downtown Joliet due to the casino.

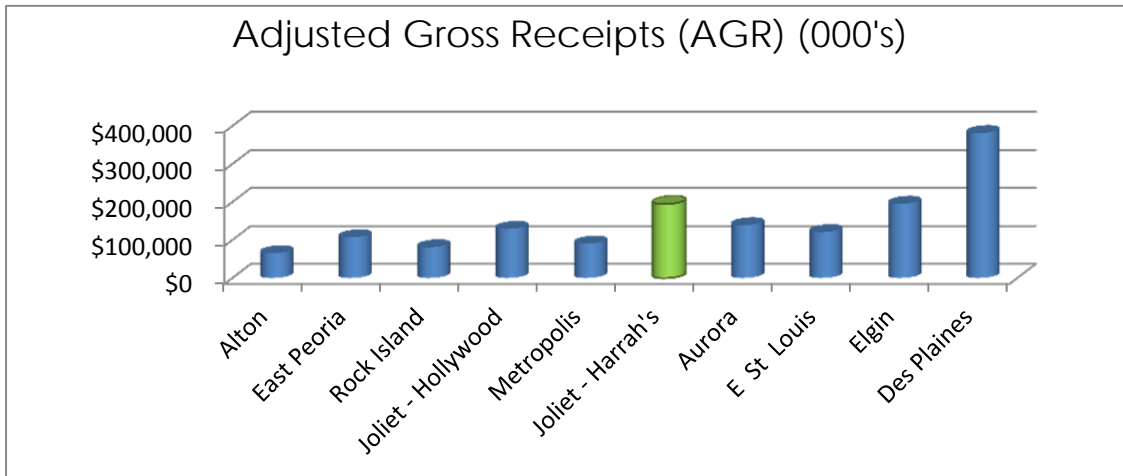
In addition, while the revenues generated by the casino have funded numerous special projects throughout Joliet, the recent economic downturn and its impact on other City revenues has placed a higher reliance on gaming revenues for normal City operating budgets. The variability of the gaming revenue streams makes budgetary planning much more difficult, and has led to budget deficits in recent years.



Harrah's Joliet South Parking Garage

## Revenues (January 2012 through November 2012)

- \$194,682,000; Harrah's Joliet had 3<sup>rd</sup> highest revenue in Illinois.



Source: Illinois Gaming Board

# Seneca Niagara Casino

310 Fourth Street, Niagara Falls, NY 14303



**Year Opened:** 2002

**Developer/Operator:** Seneca Gaming Corporation/Seneca Nation of Indians

**Casino Type:** Land-based casino/hotel

**Gaming Area:** 147,000 square feet

**Table Games:** 100+

**Electronic Gaming Devices:** 4,200+

**Hotel Rooms:** 604

**Meeting Space:** 35,000 square feet

**Entertainment:** 2,400 seat main theater, 440-seat Bear's Den theater

**Total Restaurants:** 10 in-house

## Surrounding businesses/uses

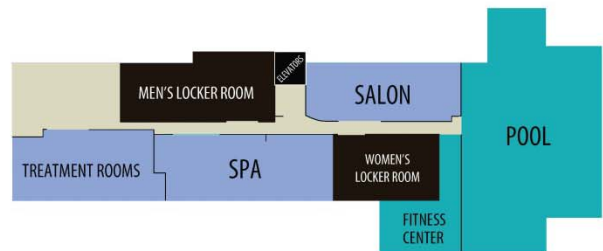
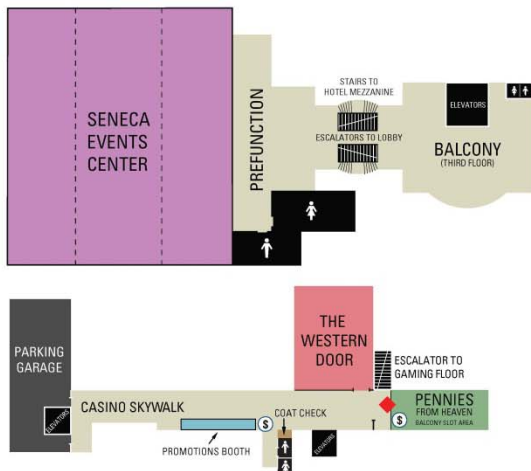
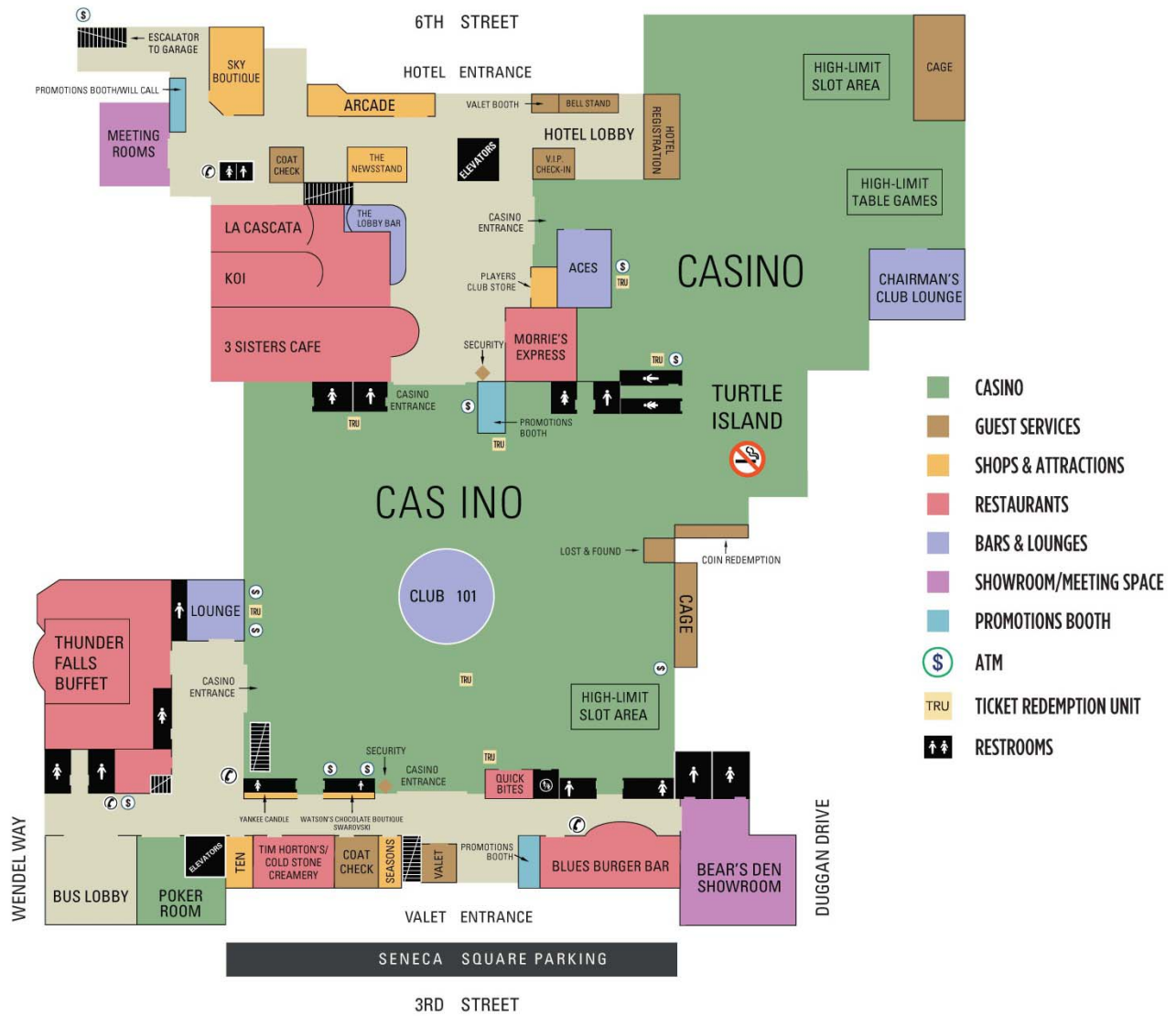
- Parking is prevalent surrounding the casino/hotel
  - Sheraton Niagara and Niagara Falls Conference Center to the west
  - Mixed commercial and residential to the north
  - Parking and residential to the east
  - Mixed uses to the south

## Design/Layout

- Main entrance on Fourth Street
- Attached garage north of casino, connected to gaming area via skyway pedestrian access
- Surface lots to west and south of casino entrance
- Entirely self-contained (refer to property map on following page):
  - Valet parking
  - Attached parking garage
  - No exterior signage for or direct access to in-house restaurants



# Seneca Niagara Casino



# Seneca Niagara Casino

## Background

The Seneca Niagara Casino originally opened a full-service casino in 2002, with an \$80 million renovation of the former Niagara Falls Convention and Civic Center. The hotel was completed in 2005, and both the casino and hotel have been expanded recently to their current configurations.

The casino is owned and operated by The Seneca Nation of Indians, who were granted rights to establish three land-based casinos in upstate New York in Niagara Falls, Buffalo and Salamanca. Because State gaming regulations require Indian gaming facilities to be located on sovereign land, the City of Niagara Falls carved out 50 acres of downtown property, including the former Convention and Civic Center, for the construction of the casino and hotel. The City's goal was to provide a catalyst for downtown development as well as a new amenity to compliment the City's other tourist attractions, including Niagara Falls.



Downtown Niagara Falls is relatively compact, covering approximately four city blocks, with the Casino effectively forming the eastern edge of "downtown" with residential surrounding the area.

# Seneca Niagara Casino

## Impact on area businesses

Representatives in Niagara indicated there has been minimal direct spin-off economic development associated with the presence of the Casino in downtown Niagara Falls. The self-contained nature of the Casino limits the ancillary benefits that could be generated due to the high number of visitors to the area. Furthermore, the Seneca Casino does not partner with any local businesses as it relates to their comp program.

Outside of the lack of direct spin-off economic activity, local representatives indicated the primary challenges related to the Casino have been legal issues relating to Indian gaming. Under the State's compact with the Seneca Nation, a significant portion of gaming revenues are to be paid to the State, and through the State to the City. However, due to the State's expansion of video gaming at "racino" facilities around New York, the Seneca Nation has been withholding payments to the State and City for more than three years. This has resulted in the accrual of more than \$60 million in back payments due the City.

As noted, the City has used its share of gaming revenues to fund a variety of capital improvement and economic development initiatives, with funds also allocated to general fund activities of the City. The withholding of payment has placed a significant strain on the City's finances, resulting in staff and service reductions across a variety of City departments. The gaming revenue payment issue is currently in arbitration, with the ultimate outcome producing a significant impact on the City's financial viability for the foreseeable future.

The primary impact on downtown development from the Casino has come in the form of the incremental revenues generated by gaming at the Casino. The City has utilized these revenues for a variety of purposes, funding over \$29 million in capital improvements and investing over \$13 million in economic development initiatives. The revenues have been utilized for a variety of purposes including:

- Construction of a new courthouse
- Business attraction initiatives
- Demolition of blighted housing stock
- Façade improvement programs
- Construction of a new Veterans' Memorial
- Construction of a variety of non-Casino related hotel projects

In addition, the casino has created over 3,000 jobs in downtown Niagara Falls. Downtown employees patronize area business before and after their shifts, providing additional economic benefit to the community in general.

# Seneca Niagara Casino

While tourism has increased since the most recent expansion of the Casino, it is difficult to attribute this increase directly to the Casino. With the presence of Niagara Falls, the area has consistently drawn a strong visitor presence from around the world. While the Casino plays a significant role in providing additional amenities to keep visitors in the area for longer periods and providing incentives to ensure their return, it is difficult to quantify the impact of the Casino specifically.

Other issues have involved taxation policies for Seneca Nation-owned properties. Seneca Gaming Corporation currently owns the properties adjacent to the Casino. As a non-sovereign entity, a current lawsuit purports that Seneca Gaming Corporation, and the properties it owns, are therefore taxable. However, these properties and the Corporation are currently left off the City tax rolls. If considered taxable upon resolution of the lawsuit, the Seneca Gaming Corporation would become the largest taxpayer in the City of Niagara Falls, providing a significant increase in tax revenues for the City.

## **Revenues**

Individual Indian Casino revenues are not published by the New York State Racing & Wagering Board or the National Indian Gaming Commission.



## Other Downtown Casino Plans

In addition to the existing downtown casinos discussed throughout the case studies included herein, several other communities are currently exploring plans for new downtown casinos. While the following projects are in various stages of completion, it is important to note that each community is focused on a downtown casino project as part of larger economic development initiatives.

### **Sioux City, Iowa**

The City of Sioux City recently received proposals from three groups to build a new casino in downtown Sioux City. The City has made a concerted effort to revitalize downtown, including the development of the Tyson Events Center, investment in other area amenities, and business attraction initiatives. The City views the development of a new, land-based casino in downtown as continuation of these efforts. Penn Gaming, Warner Gaming and Ho-Chunk Gaming have each provided proposals for a new casino/hotel complex in downtown Sioux City. Penn Gaming also provided a second proposal for a casino/hotel complex outside the City limits in Woodbury County. The proposed increased employment provided by the casino, along with the incremental property and other taxes generated by a casino located within City limits, are viewed as critical to the continued revitalization of downtown Sioux City. The Iowa Racing and Gaming Commission are currently in the process of reviewing the proposals and are expected to make a selection in early 2013.

### **Buffalo, New York**

Similar to the Seneca Niagara Casino discussed previously in the case studies, the Seneca Nation currently operates the Buffalo Creek Casino in downtown Buffalo, New York. The existing casino is located in a temporary facility and draws more than 750,000 visitors per year to the Inner Harbor area. In 2007 the Seneca Nation announced plans for a \$333 million casino and 22-story hotel, but those plans were tabled in 2008 due to the economic downturn. Recently the expansion plans have been downsized, with the current plan for a \$130 million casino with no hotel. Groundbreaking for the new casino took place in August 2012 and is expected to be completed in October 2013. While the casino presents the same challenges noted in the Seneca Niagara case study with respect to taxation, the visitor attraction and improved amenities are envisioned to provide an added boost to development in downtown Buffalo.

## Other Downtown Casino Plans

### **Baltimore, Maryland**

In July 2012, the State of Maryland awarded a casino license to Caesar's Entertainment to build a new, \$400 million casino in downtown Baltimore. The new casino, to be called Horseshoe Baltimore and located near Camden Yards and M&T Bank Stadium, is viewed by the City as a key component of the ongoing downtown revitalization efforts. Groundbreaking is scheduled for mid-2013, with opening slated for mid-2014. The 110,000 square foot facility, which will not include a hotel, will include several dining options, and Caesar's is exploring opportunities for partnering with local and regional restaurateurs to operate these facilities. The City's Urban Design and Architectural Review Panel is making significant efforts to incorporate the Casino into the fabric of the surrounding community, working to disperse parking throughout the area, open the facility to the surrounding area and increase pedestrian access to the facility.

### **Springfield, Massachusetts**

The City of Springfield, Massachusetts is currently reviewing proposals from two gaming corporations to develop a new casino in Springfield. The City has undertaken several initiatives in recent years to revitalize downtown, including a \$71 million renovation to the MassMutual Center arena in 2003/2004. The proposed casino development is viewed as a critical element to continued revitalization efforts, particularly by tying into the Naismith Memorial Basketball Hall of Fame, located in downtown Springfield. The City's Mayor has stated that the City will select the proposal that offers "...the greatest location and economic development benefit."

### **Lansing, Michigan**

The City of Lansing and the Sault Ste. Marie Tribe of Chippewa Indians are currently finalizing plans for a new \$245 million casino to be located in downtown Lansing. The proposed casino is to be located adjacent to the Lansing (Convention) Center and is viewed as a valuable asset in the ongoing revitalization of downtown Lansing. The envisioned increased visitor traffic generated by the proposed casino, and the ability to offer another amenity to prospective convention visitors, are considered highly beneficial to the economy of Lansing. In addition, as the casino will not have a separate hotel, downtown hoteliers anticipate increased business. The City plans to use a portion of the proceeds from the casino to fund the Lansing Promise Scholarship program, which provides four years of tuition payments and fees for any graduate of Lansing Public Schools at an in-state institution. There are several legal and regulatory issues still to be resolved, however the Mayor hopes for construction to begin within the next 12-16 months.