

# Betting on Atlantic City

The city's casino market is shrinking and the resort needs to make some bold moves.

## REINVENTING ATLANTIC CITY

Press graphic by Krishna Mathias

Press photo by Dale Gerhard

### IDEA: Theme park/water park

**PROS:** A water park or theme park would attract more families to the resort. An indoor park would attract them year-round.

**CONS:** The region already has a number of water parks along the shore — which, unlike inland water parks, already face competition from the beach itself, said Dennis Speigel, president of Theme Park Associates. The Meadowlands American Dream project in Bergen County also includes the idea of a large water park and wave pool. Building a stand-alone water park from scratch can cost \$30 million to \$50 million, raising the issue of whether government-backed incentives would be necessary.

A theme park, meanwhile, would cost "north of \$50 million," Speigel said, and would compete in the market with Six Flags Great Escape less than 70 miles away. Smaller theme parks have been built inside casinos, including Tivoli Pier inside Tropicana in the 1990s — "I was one of the few people who visited it during its short duration," joked John Garner of Leisure Business Advisors — as well as one in MGM Grand in Las Vegas, which also "came and went," Garner said.

And, as Speigel added, "People who come into the area for a theme park or water park usually spend the entire day there and don't really go gambling."

**MAKING IT HAPPEN:** "There's a real risk associated with doing that in that market," Speigel said. The best option, he said, would be a smaller com-

□ See Park, A8

### IDEA: Skill-based gaming

**PROS:** The one-armed bandit has gone stale. Slot machines, those random games of chance that have long been the bread and butter of the Atlantic City casino industry, are losing appeal fast, particularly among young people, analysts say.

Meanwhile, skill-based games — think Halo, Angry Birds and Candy Crush Saga — are astronomically popular. But you can't bet on them in casinos. Why not?

"It's partly just tradition," said I. Nelson Rose, a law professor who specializes in gambling matters. Casinos have historically featured games of chance, not skill, he said.

Nevada, recognizing the inevitable rise of this new breed of casino play, and the massive vacuum in the market, is set to consider a proposal in 2015 to change state law and open the door to skill-based gaming.

But New Jersey can act now. State law already allows for skill-based betting in casinos, regulators say. The Division of Gaming Enforcement, known for working quickly to vet new machines and get them on the casino floor within weeks, is "eager to receive skill-based game submissions for review," Director David Rebeck said.

**CONS:** Licensing intellectual property from gamblers would be pricey. And the profit margin on skill-based betting could be lower than on traditional slot machine gambling.

**MAKING IT HAPPEN:** For the idea to proceed, an existing casino could create a skill-based gaming room. The property could offer a variety of products, includ-

□ See Skill, A8

### IDEA: Sports betting

**PROS:** Legal sports wagers are allowed in only four states, including Nevada, which saw \$202.8 million in win from it in 2013. If sports betting were legal in New Jersey, the resort's casinos could tap into the market of interested gamblers.

Advocates such as state Sen. Ray Lesniak, D-Union, said sports wagers would attract Atlantic City tourists during off-peak times for the World Series, Super Bowl and NCAA basketball championships. This would augment casinos' bottom lines beyond the summer, potentially bringing in millions of dollars of related revenue.

**CONS:** State politicians fumbled away Atlantic City's best chance to take sports wagers in 1993 by failing to act on a special carve-out in federal legislation.

The state has also unsuccessfully tried to invalidate the Professional and Amateur Sports Protection Act of 1992, which would open sports betting to all 50 states. Gov. Chris Christie vetoed lawmakers' most recent attempt, which was for the state to take a hands-off approach — neither formally authorizing nor banning sports wagering — and force a showdown with federal officials when a track or casino started taking bets. An override is unlikely, and Christie's term runs until January 2018.

That proposal would split sports book revenue between casinos and horse tracks, which have indicated greater willingness than the casinos. Monmouth Park, for instance, offers cardholders a VIP day at the races if they pick the winner of 10 baseball games.

**MAKING IT HAPPEN:** More visibility and more access — other than pedestrian traffic — would likely help the museum, or a new or relocated one, become a destination. There are no plans to move Garden Pier, but officials say it would help if it were listed on the Do AC website.

□ See Sports, A8

### IDEA: RV park

**PROS:** The RV industry collapsed in the wake of the 2008 financial crisis, but it has nearly doubled since then, with the Recreational Vehicle Association of America saying 321,100 units were sold last year. A 2011 University of Michigan study said 8.9 million households own an RV.

RV owners on average are 48 years old and married, with an annual income of \$62,000 — almost 25 percent higher than the 2011 average national household income. Another study by Indiana University, South Bend, found the baby boom generation is a key demographic for RVs, mirroring the casino demographic. By age 50, people tend to have more money to spend on recreational activities because of lessening family obligations, more sustained income and fewer required expenditures.

**CONS:** An array of smaller parks for recreational vehicles dot the Pinelands, but Atlantic City lacks a facility that can handle them, forcing RV owners to find another way into the resort.

Finding space for such a facility in town would be an issue. A well-designed campground should have about 200 spaces spread out over at least four loops of 100 to 120 feet, according to the campground owners handbook "Planning Parks for People." Parks typically need at least 125 spaces to break even.

Furthermore, Charles Hammersley, Northern Arizona University's parks and recreation management program coordinator, said more upscale RVs carry almost everything they need, including

□ See RVs, A8



**CRDA**  
Casino Reinvestment Development Authority  
Formed in 1984, the state Casino Reinvestment Development Authority collects a 1.25 percent tax on gross casino revenue to finance an array of housing, economic development and revitalization projects. In 2011, it took control of planning and zoning in Atlantic City's new Tourism District, including the casino zones, the Boardwalk and the beaches.

Once more of an investigative body, the state Division of Gaming Enforcement took on the role of the casino industry's chief regulatory agency in 2011. Christie placed the DGE in charge of the industry's day-to-day operations while enacting changes that transformed New Jersey's gaming regulations into a less stringent, Las Vegas-style regulatory structure.



Casinos contribute \$30 million a year to finance the Atlantic City Alliance, a nonprofit organization created in 2011 as the "private" part of the public-private partnership to re-energize Atlantic City. The alliance is best known for creating the "Do AC" campaign, a multimedia advertising blitz that portrays Atlantic City as an upscale casino, retail, dining and entertainment destination. The ACA also serves as the city's chief marketing arm, specializing in promoting tourist-friendly events such as free concerts on the beach.



## The AGENCIES that run ATLANTIC CITY

Atlantic City's casino and tourism industries are controlled by an alphabet soup of agencies and organizations. They form the public-private partnership created by Gov. Chris Christie in 2011 to reinvent the city's sputtering economy.

Information compiled by Donald Wittkower



The South Jersey Transportation Authority, created by the state in 1991, took control of Atlantic City International Airport and the Atlantic City Expressway after decades of political bickering resulted in a disjointed transportation network. The plan was to transform the underused airport into a "world-class facility," but Atlantic City International still struggles with limited airline service. The Port Authority of New York and New Jersey, which operates six airports, was brought in last year to develop more air service. It persuaded United Airlines to start daily flights from its Chicago and Houston hubs in April, but airport supporters are eagerly awaiting even more air service.



The state Casino Control Commission went through a dramatic downsizing in the 2011 deregulation of the gambling industry. The commission, once the state's primary casino regulatory agency, saw much of its power transferred to the Division of Gaming Enforcement. In 2011, its staff was slashed from nearly 260 employees to about 60 as the state ended the requirement for state gaming inspectors to be on the casino floor on a 24-hour basis.

### IDEA: Retirement community

**PROS:** Thousands of Americans in their 50s and 60s retire every day. Within that group, "there is a very definite, growing group" looking to live in an urban environment, said John McIlwain, a senior fellow at the Urban Land Institute who's written extensively about housing and baby boomers.

Atlantic City has several things going for it when it comes to attracting city-seeking, recent retirees, he said. It's more affordable than Philadelphia and New York City, but still within easy reach of both cities. Plus, "you have the amenities of being on the ocean."

The city should be pitched as offering "an affordable lifestyle that presents a real urban community," he said.

Baby boomers are "not just going to be sitting rocking on the front porch or going to the park feeding the pigeons. They want to be doing stuff," he said.

**CONS:** New Jersey has some of the most burdensome taxes in the nation. That could be off-putting to baby boomers, particularly those living on fixed incomes.

□ See Retire, A8

### IDEA: More special events

**PROS:** Atlantic City trumps other regions because of the millions of visitors drawn to the casinos each year — about 27 million right now — and has a partner with access to A-list celebrities in Boardwalk Hall operators Global Spectrum and Live Nation. Events such as movies under the stars, free concerts at Kennedy Plaza, the Boardwalk light show and this summer's free beach concerts are all part of the right mix to draw families to the area. Local law enforcement and other officials have shown they are able to cope with large influxes of visitors.

**CONS:** Parking is going to be a problem with the loss of the garages as casinos close. And the area — with its distinct separation between the Tourism District and

□ See Events, A8



Press photo by Dale Gerhard

### IDEA: Four-year college

**PROS:** The Richard Stockton College of New Jersey had expressed interest in using a casino property. When Stockton State College opened in 1971, it was at the Mayflower Hotel on the city's Boardwalk.

"It's a lot of opportunity for the arts, for employment, for business incubation to happen and the diversification of the local economy in a way that isn't quite as apparent," said David Bagnoli, a Washington, D.C.-based design architect and planner who works with colleges and towns and lectures on the subject.

Universities can be economic anchors, hire people within the community and serve as incubators for private/public partnerships, said Beth Bagwell, executive director of the International Town & Gown Association.

**CONS:** First is a college's willingness to expand and buy property. Then there are other issues. And there is no boilerplate way to incorporate a college into a city, Bagnoli said.

"You have to approach it with an open dialogue in mind. It will never be smooth," he said.

Questions should center on what the impact of student life on the community will be, where they will live and where they will spend their recreation time, Bagnoli said.

In general, if students are living off campus, it can impact the availability of affordable housing in the community, he said.

**MAKING IT HAPPEN:** "I think Stockton can be a major part of an Atlantic City strategy, but Stockton has to have the demand," said Paul Shely, director of com-

□ See College, A8

### IDEA: Urban homesteading

**PROS:** Homesteading, in which a city gives away or provides incentives to people willing to invest in a property, has been tried before in many cities, including Philadelphia and Baltimore in the 1960s and 70s, said David Ustokin, professor at the Rutgers University Bloustein School of Planning and Public Policy. "Cities continue to do those strategies, it just sort of really fell off the radar. ... It has been done, and it has been a mixed success."

A proposal mentioned by Mayor Don Guardian would partner with the Casino Reinvestment Development Authority to give away plots of 2,500 square feet or less to anyone willing to build a home and live there as a primary residence for 10 years.

For "orphan" lots, "you'd much rather have people living there, investing and developing it, than just an empty lot where it may or may not be maintained," he said.

**CONS:** Earlier urban homesteading plans mostly dealt with abandoned buildings, not the vast, empty lots of parts of Atlantic City. Those able to accept the deal would have to build.

"You've got to have somebody with the resources to deal with contractors, etc., and that's not for everyone," Ustokin said.

Stephen Melman, director of economic services at the National Association of Homebuilders, said builders themselves may be able to take advantage, "people who want to put something together themselves, usually a contractor or a single-family

□ See Homes, A8

### IDEA: More conventions

**PROS:** Conventions draw people — potentially lots of people — from out of town. And they can be lucrative for a region.

Apart from convention fees, attendees and families reserve hotel rooms, buy meals at restaurants, run up bar tabs and do retail shopping, said Susie Banko, lecturer in the Department of Tourism, Conventions and Event Management at Indiana University-Purdue University Indianapolis.

**CONS:** Conventions are a very competitive market and have become more so in the United States in the past decade. More states and towns built or expanded convention space with the lure of economic development, said Heywood Sanders, a professor at University of Texas, San Antonio, and author of the book "Convention Center Follies."

The result: In 13 years, convention hall exhibit space in the United States grew nearly 37 percent, he said. Demand has not kept pace, and attendance at major conventions and trade shows has not significantly changed during that period, he said.

This region may become more competitive as other gambling towns, including Bethlehem, Pennsylvania, home of Sands Casino Resort, eye convention centers, he said.

"It's the same thing. It's a lot of cities looking for the silver bullet that will somehow fix everything about the local economy," he said.

□ See Conventions, A8

### IDEA: Museum

**PROS:** Successful casinos in Las Vegas have capitalized on their history — creating a Mob Museum in a federal courthouse that was once the venue for mob court hearings in addition to a new Neon Museum. Atlantic City also has plenty of history to draw on. The Garden Pier museum has a Summer of 1964 exhibit whose highlights include the opening of the Atlantic City Expressway, the Democratic National Convention and the Beatles concert. Another exhibit is the 1920s. It is back just in time for the last season of HBO's "Boardwalk Empire." There is also an ode to the city's longtime relationship with Miss America.

Since Garden Pier reopened in June, 14,000 visitors have been to the facility, which turns 101 this year. It is a free, family-friendly attraction and has been serving the Atlantic City community with reminders of the city's past.

**CONS:** After a \$2 million renovation in 2011, damage from Hurricane Sandy in 2012 forced Garden Pier to close until June. But it was dwarfed by the construction of Revel and is located in an area that isn't as busy as others along the Boardwalk.

**MAKING IT HAPPEN:** More visibility and more access — other than pedestrian traffic — would likely help the museum, or a new or relocated one, become a destination. There are no plans to move Garden Pier, but officials say it would help if it were listed on the Do AC website.

Ralph Hunter, founder of the African-American heritage museum in the resort, said the Do AC campaign has done a better job recently of marketing

□ See Museum, A8

## What YOU think

Here's what just a few of our readers said Atlantic City needs to reinvent itself. Join the conversation and present your own ideas at [PressofAC.com/ReinventAC](http://PressofAC.com/ReinventAC).

### Pat DiPietro, Berkeley Heights

Sports betting, clean up Boardwalk, Free parking, Steve Wynn take over Revel.

Hard Rock take Showboat, maybe a water park

### Glenn Klotz, Atlantic City

Clean up Pacific Avenue and get rid of the nude bars, gold shops, hookers, drug dealers and decaying buildings, fix the street top and make it a one-way street going into town. The jitneys can run in on Pacific Avenue and out on Atlantic Avenue. This part of A.C. is a terrible eyesore. At least one of the failed casinos should become a first-class nautical museum. Another should become part of Stockton and a third could be the world's first Restaurant and Food museum and conference center. Tear down Revel though and turn from Showboat to the Inlet Jetty into a huge seaside public park with parking, move the Boardwalk back 1,000 ft. to do this and incorporate the Lighthouse park as part of it. Showboat could be the Nautical Museum next to the park. Add a water park to this and you have a wonderful new

attraction unlike any other on the Jersey shore. Make it FREE with FREE parking and they will come in droves.

### David Wertheim, Montclair

Make a far better first impression. Fix the entryways into Atlantic City (with their) rundown motels, shady characters and abandoned buildings. If you fly into McCarran airport in Las Vegas, you are arriving in a world-class airport.

### Tom Forkin, Atlantic City

The state MUST return the luxury tax, room tax and parking tax to the city and earmark that revenue stream to pay for public safety in the Tourism District. 53% of the city's budget is public safety, and once that is done then properly taxes will be LOWERED! The powers that be must also get their heads around the fact that gaming is not an industry in and of itself but rather an amenity to the real industry at the shore: tourism.

### Vic Aghayani, Brigantine

Promote the area as a bikers' paradise: Connect all the shore

cities' bike lanes from Brigantine to Longport so families can safely and healthily sample all of the area's offerings; hold races year-round — age-group, amateur, pro (cyclists are among the most passionate niches worth attracting).

### John Boyle, Edgewater Park

Follow Wildwood's lead by embracing the old Atlantic City, rehabbing the historic hotels to their original look and feel (a Disney World's Boardwalk Resort). Use form-based zoning to redevelop the newly vacant land, requiring that any new development look like it is part of a seaside resort.

### Jack Chevalier, Turnersville

It's time for a Miss America Pavilion to display pageant history and memorabilia, including videos, for the public. Similar to the Mummies Museum in Philly, it could be a stand-alone building or a new attraction inside a struggling casino.

### Robert Boyce

What would happen if we started with little cultural hubs on

Atlantic Avenue from Albany to Virginia Avenue? Make the area at the foot of the expressway the American district. ... Then spread out in both directions. Ducktown? Already there for the Italian population. Imagine several Latin countries being represented with specialty shops, restaurants, bakeries, museums and nightclubs. ... Out-of-towners would have a sense of adventure. The people are already there in big numbers. Once the people take ownership it would develop into something great. They would have a place to call their own and not feel pushed out. Keeping it clean and safe and not expecting the city to do everything. The residents and the municipality need to work in harmony with the safe and clean issue. Not turn their heads and let someone else worry about it.

### Rick Bloom

Allow slot machine licenses in small hotels of 100 rooms or more. Let's help the small hotels/motels, like The Chelsea and the Econo Lodge. Move all adult entertainment to one section of town, police but don't stop adult fun.

