

EXECUTIVE SUMMARY:

**CONSULTING REPORTS RELATED TO A VLT FACILITY OPERATION
LICENSE IN PRINCE GEORGE'S COUNTY**

(#2014-06)

MARYLAND VIDEO LOTTERY FACILITY LOCATION COMMISSION

DECEMBER 18, 2013

**Civic
Economics**
AUSTIN-CHICAGO

**Cummings
Associates**
BOSTON

**Custom
Consulting**
DENVER

**EKAY Economic
Consultants**
RENO

**Macomber
International**
LAS VEGAS

**Sam Schwartz
Engineering**
NEW YORK

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INTRODUCTION

Civic Economics is pleased to present the Maryland Video Lottery Facility Location Commission with consulting reports covering a wide range aspects of the proposed gaming facilities in Prince George's County. Collectively, these documents are designed to provide the Commission with a comprehensive, unbiased, and comparative understanding of the three proposals under consideration.

These reports are not, of course, intended to stand as definitive judgments of the relative merits of the proposals. Rather, they are intended to provide Commissioners with the information they need to exercise their own judgment in that regard.

This Executive Summary document is intended to provide the Commissioners, staff, and public with an overview of the scope of work and process, highlighted findings from each task, and, in the electronic version, links to the full consulting reports.

Changes from Draft Reports

The individual task reports provided on November 26, 2013 were offered as drafts, pending any requests for clarification or enhancement from Commissioners or staff. The following changes have been made in reaching the final reports that follow:

- Cummings Associates – This report is unchanged.
- Custom Consulting – This report is unchanged. See discussion below of late revisions to Custom revenue forecasts.
- Macomber International – Mr. Macomber edited the report for typographical and stylistic errors. No substantive changes have been made.
- EKAY Economic Consultants – The final report incorporates the fiscal impact of Penn's profit-sharing proposal for local healthcare initiatives.
- Civic Economics – The final report incorporates two substantive changes based on new information. Construction Impacts now include an additional \$100 million in infrastructure investment for Parx. Operating Impacts for both scenarios now include Penn's estimated annual contribution of more than \$18 million to the leading local healthcare provider.
- Sam Schwartz Engineering did not materially change the body of the draft report. The firm has, however, provided a supplemental discussion of the changed Parx road investment proposal.

Revised Custom Consulting Revenue Estimates

Since the December 6 Commission hearing in Annapolis, each member of the consulting team has revisited the draft reports submitted on November 26. As described above, EKAY, Civic Economics, and Sam Schwartz made substantive changes to those reports based on new information.

In preparing the final report, James Oberkirsch of Custom Consulting identified one input and one modeling refinement that have produced revisions to his final revenue estimates in the As Proposed scenario only. They are:

- A change in the inputs for capital investment to ensure that all applicants are treated equitably, line item by line item. This change impacts the “gravity rating” of both Parx and MGM and, thus, the revenue forecast for each.
- A change in the way the model responds to a hypothetical incremental increase in gaming positions to more accurately reflect the mix of electronic and table games that Custom Consulting believes the market can support.
- The tables and charts on the following page depict these revisions to Custom Consulting’s draft revenue forecasts. In short, when averaged with the Cummings Associates revenue estimates, the previously forecast revenue gap between Parx and MGM is reduced by 1.4%.

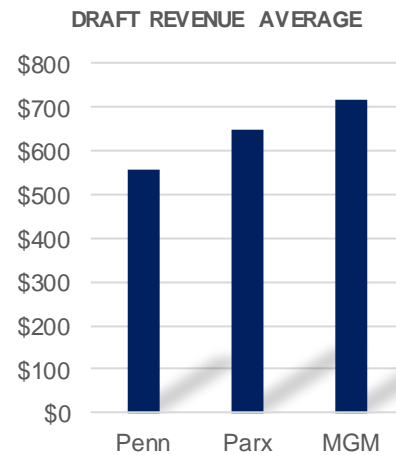
These revisions were not completed in time for EKAY and Civic Economics to incorporate these numbers into their final reports. These changes affect only Parx and MGM and only the As Proposed scenario. That said, the firms estimate the magnitude of the change as follows:

- EKAY estimates that these changes would reduce total government revenue for Parx by 2.7% and for MGM by 1.7%, resulting in a narrowing of the gap between the two of roughly 1%.
- Civic Economics begins with the revenue forecasts of our gravity modeling consultants, then adjusts those revenues downward to reflect the gaming revenue that truly reflects new economic activity in the State. After that further adjustment, the firm estimates that the previously forecast gap in Operating Economic Impacts for the As Proposed scenario is reduced by roughly 1%. All other economic impact forecasts are unchanged.



REVISED CUSTOM CONSULTING REVENUE FORECAST					
Scenario: As Proposed			In \$Millions, 2019 dollars		
	Penn		Parx		MGM
Draft Revenue	\$	551.3	\$	617.3	\$ 719.2
Revised Revenue	\$	551.3	\$	634.0	\$ 716.8
\$ Change	\$	-	\$	16.7	(2.4)
% Change		0%		2.7%	-0.3%

REVISED CONSULTANT AVERAGE REVENUE FORECAST					
Scenario: As Proposed			In \$Millions, 2019 dollars		
	Penn		Parx		MGM
Cummings	\$	559.9	\$	682.2	\$ 712.6
Custom	\$	551.3	\$	634.0	\$ 716.8
Revised Average	\$	555.6	\$	658.1	\$ 714.7
Draft Average	\$	555.6	\$	649.8	\$ 715.9
\$ Change	\$	-	\$	8.3	(1.2)
% Change		0.0%		1.3%	-0.2%



Sources: Cummings Associates, Custom Consulting

THE PROJECT TEAM

The project team consists of specialists from six firms.

- Civic Economics, Austin, Texas and Chicago, Illinois
 - Matt Cunningham and Dan Houston
- Cummings Associates, Boston, Massachusetts
 - Will Cummings with subcontractor Patricia McQueen
- Custom Consulting, LLC, Littleton, Colorado
 - James Oberkirsch
- EKAY Economic Consultants, Reno, Nevada
 - Eugenia Larmore
- Macomber International, Las Vegas, Nevada
 - Dean Macomber
- Sam Schwartz Engineering, New York City, New York
 - Mike Monteleone

All members of the project team completed their analyses independently and are responsible for the content thereof.

More information about each firm can be found in the full task reports provided.



SCOPE OF WORK

The scope of work was developed from a Request for Proposals and tuned to the specific needs of the Location Commission and staff. The flow chart below provides an overview of the team approach to the issues presented:

The scope defined the consulting tasks as follows:

Preliminary Tasks

Civic Economics and staff, in consultation

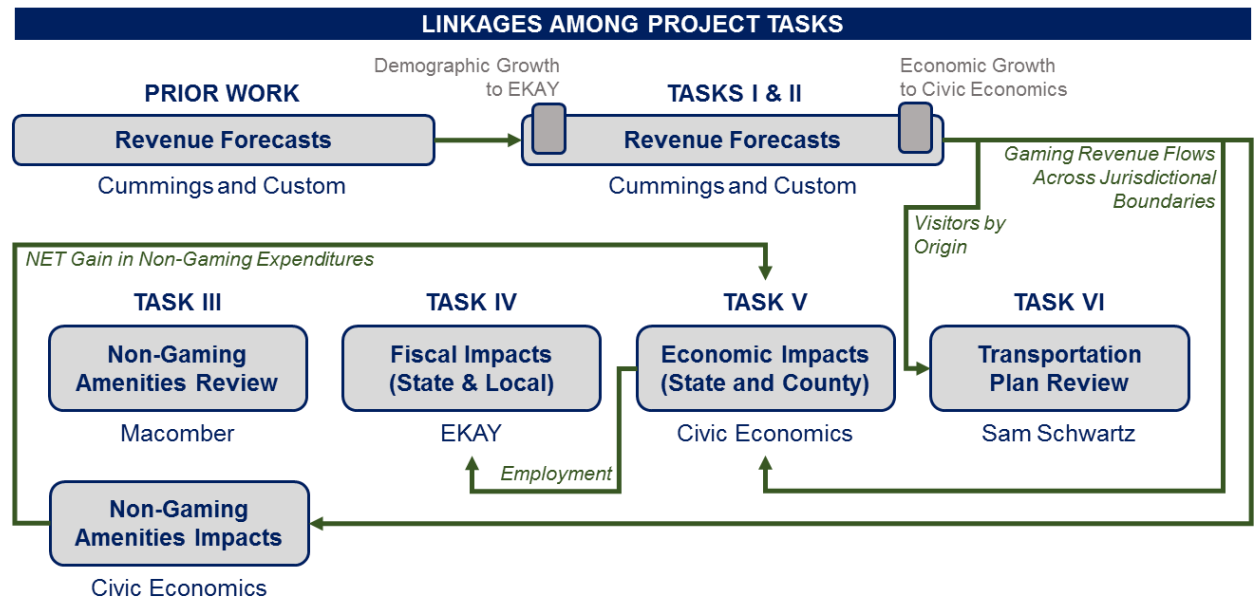
with Commissioners, determined early on the various scenarios for analysis. Two scenarios were identified, with analyses to be conducted at both the state and county level where appropriate:

- 2019, As Proposed: Based on all obligated development from applicant proposals
- 2019 Apples-to-Apples: Based on hypothetically equal gaming positions (3,000 electronic, 150 tables)

Task I: Gaming revenue projection for proposed Prince George's County casinos

Task II: Analysis of impacts on existing Maryland casino licensees

Cummings Associates of Boston and Custom Consulting of Denver have provided gaming revenue forecasts for a variety of scenarios using a gravity model approach. In addition and under a separate contract, Cummings and Custom have provided baseline revenue analyses of the existing casinos in Maryland and nearby states as well as the soon to open casino in downtown Baltimore.



Task III: Ancillary and non-gaming development analysis

Macomber International of Las Vegas has analyzed and evaluated the appropriateness and reasonableness of the non-gaming elements of each proposal.

Civic Economics has further analyzed prospective impact of these non-gaming elements on existing businesses in the Maryland and Prince George's County markets.

Task IV: Analysis of impacts to state and local units of government

EKAY Economic Consultants of Reno has analyzed the costs and benefits to state, county, and municipal governments impacted by the proposed developments.

Task V: Economic Impact in Prince George's County and the State of Maryland

Civic Economics has analyzed the economic impact of the gaming and non-gaming elements of each proposed development and, as part of Task III above, to consider the competitive impacts on existing businesses in the region.

Task VI: Secondary Review of Applicants' Traffic Flow Studies

The New York office of Sam Schwartz Engineering has reviewed the adequacy of transportation and mitigation plans associated with each of the three proposals.



ESSENTIAL FINDINGS

Tasks I and II: Cummings Associates and Custom Consulting

The work of Cummings and Custom was designed to be both independent and duplicative. That is, each was tasked with making the same determinations regarding gaming revenues and the sources thereof and doing so without consulting the other. The two firms utilize gravity modeling but each has developed a proprietary methodology that varies in many respects. As a result, their findings are not identical, nor should they be.

The two firms are, however, consistent with respect to the broad issue of which proposals and locations promise the greatest revenue and economic gain to the Maryland economy. The tables on the following pages provide summary charts comparing the revenue forecasts applicants, Cummings, and Custom, as well as consultant estimates of the share of that revenue that is truly new to the Maryland economy, which is labeled as NET revenue and further defined under Task IV.

Gravity modeling is the industry-standard approach to forecasting the revenue to be expected from a proposed gaming facility. Various firms have developed methodologies that are proprietary in the details, but the underlying concept is consistent: distance matters.

Additional details are provided in the separate Tasks I and II reports from both Cummings Associates and Custom Consulting.



Revenue Projections, As Proposed, 2019

FORECASTING AND ADJUSTING ACTUAL AND NET GAMING REVENUE, 2019 (millions, in 2019 dollars)											
Scenario: As Proposed				Total gaming revenue				Based on all obligated development from applicant proposals			
PENN NATIONAL, ROSECROFT				GREENWOOD GAMING, PARX				MGM NATIONAL HARBOR			
PROJECT SCOPE				PROJECT SCOPE				PROJECT SCOPE			
Number of Slot Machines		3,000		Number of Slot Machines		4,750		Number of Slot Machines		3,600	
Number of Gaming Tables		100		Number of Gaming Tables		120		Number of Gaming Tables		110	
Number of Poker Tables		40		Number of Poker Tables		50		Number of Poker Tables		30	
Number of Hotel Rooms		258		Number of Hotel Rooms		281		Number of Hotel Rooms		300	
GAMING REVENUE PROJECTIONS				GAMING REVENUE PROJECTIONS				GAMING REVENUE PROJECTIONS			
Estimated gaming revenue: Applicant		\$	412.6	Estimated gaming revenue: Applicant		\$	809.0	Estimated gaming revenue: Applicant		\$	688.3
Cummings		\$	559.9	Cummings		\$	682.2	Cummings		\$	712.6
Custom		\$	551.3	Custom		\$	617.3	Custom		\$	719.2
Average Consultant Revenue		\$	555.6	Average Consultant Revenue		\$	649.8	Average Consultant Revenue		\$	715.9
Consultant Avarate : Applicant			1.35	Consultant Avarate : Applicant			0.80	Consultant Avarate : Applicant			1.04
Scenario: As Proposed				NET Gaming Revenue				Based on all obligated development from applicant proposals			
PENN NATIONAL, ROSECROFT				GREENWOOD GAMING, PARX				MGM NATIONAL HARBOR			
NET GAMING REVENUE PROJECTIONS				NET GAMING REVENUE PROJECTIONS				NET GAMING REVENUE PROJECTIONS			
Estimated gaming revenue: Applicant		\$	412.6	Estimated gaming revenue: Applicant		\$	809.0	Estimated gaming revenue: Applicant		\$	688.3
Total NET: Cummings		\$	393.1	Total NET: Cummings		\$	462.9	Total NET: Cummings		\$	501.5
Total NET: Custom		\$	336.9	Total NET: Custom		\$	380.3	Total NET: Custom		\$	461.5
Average Consultant NET		\$	365.0	Average Consultant NET		\$	421.6	Average Consultant NET		\$	481.5
Consultant NET : Consultant Revenue			0.66	Consultant NET : Consultant Revenue			0.65	Consultant NET : Consultant Revenue			0.67

SOURCES: Cummings Associates, Custom Consulting, Civic Economics, applicant submissions

Revenue Projections, Apples-to-Apples, 2019

FORECASTING AND ADJUSTING ACTUAL AND NET GAMING REVENUE, 2019 (millions, in 2019 dollars)											
Scenario: Apples to Apples				Total gaming revenues				Based on hypothetically equal gaming positions			
PENN NATIONAL, ROSECROFT				GREENWOOD GAMING, PARX				MGM NATIONAL HARBOR			
PROJECT SCOPE - HYPOTHETICAL				PROJECT SCOPE - HYPOTHETICAL				PROJECT SCOPE - HYPOTHETICAL			
Number of Slot Machines		3,000		Number of Slot Machines		3,000		Number of Slot Machines		3,000	
Number of Gaming Tables and Poker		150		Number of Gaming Tables and Poker		150		Number of Gaming Tables and Poker		150	
As Proposed by Applicant:				As Proposed by Applicant:				As Proposed by Applicant:			
Number of Hotel Rooms		258		Number of Hotel Rooms		281		Number of Hotel Rooms		300	
Number of Eating Establishments		8		Number of Eating Establishments		5		Number of Eating Establishments		10	
GAMING REVENUE PROJECTIONS				GAMING REVENUE PROJECTIONS				GAMING REVENUE PROJECTIONS			
Cummings		\$	566.3	Cummings		\$	574.9	Cummings		\$	660.4
Custom		\$	553.9	Custom		\$	556.3	Custom		\$	681.0
Average Consultant Revenue		\$	560.1	Average Consultant Revenue		\$	565.6	Average Consultant Revenue		\$	670.7
Consultant Avarate : Applicant			1.36	Consultant Avarate : Applicant			0.70	Consultant Avarate : Applicant			0.97
Scenario: Apples to Apples				NET Gaming Revenue				Based on hypothetically equal gaming positions			
PENN NATIONAL, ROSECROFT				GREENWOOD GAMING, PARX				MGM NATIONAL HARBOR			
GAMING REVENUE PROJECTIONS				GAMING REVENUE PROJECTIONS				GAMING REVENUE PROJECTIONS			
Estimated gaming revenue: Applicant		\$	412.6	Estimated gaming revenue: Applicant		\$	809.0	Estimated gaming revenue: Applicant		\$	688.3
Based on total proposed development				Based on total proposed development				Based on total proposed development			
Total NET: Cummings		\$	396.4	Total NET: Cummings		\$	398.9	Total NET: Cummings		\$	469.0
Total NET: Custom		\$	337.0	Total NET: Custom		\$	340.8	Total NET: Custom		\$	437.5
Average Consultant NET		\$	366.7	Average Consultant NET		\$	369.8	Average Consultant NET		\$	453.3
Consultant NET : Consultant Revenue			0.65	Consultant NET : Consultant Revenue			0.65	Consultant NET : Consultant Revenue			0.68

SOURCES: Cummings Associates, Custom Consulting, Civic Economics, applicant submissions

Task III: Macomber International

Macomber International, Inc. ("MI") has reviewed the ancillary facilities proposed by the three applicants for the Prince Georges County gaming facility license.

This review was conducted by MI in the context of: (i) the evaluation criteria guidelines mandated by law; (ii) embedded market conditions and dynamics that suggest demand will be extremely high; (iii) an oligopolistic but competitive environment that already includes large, new, branded, and well operated / marketed casinos operating under like conditions; (iv) embedded high cost of conducting the business of gaming in Maryland caused primarily by a high, fixed tax rate that is directly variable with gaming revenue; and, (iv) acknowledgment of the established and successful but different business models of each applicant. These external forces convinced MI that the optimization (i.e., maximized but adjusted for risk) of the evaluation criteria could best be achieved by optimizing the commercial success of the proposed gaming facility. In turn, this intermediary goal could best be achieved by ensuring the gaming facility is conceptualized, positioned, designed, operated, and marketed to "Be the best Locals' / Regional casino it can be." Positioning and marketing the property to Tourists is not excluded but must come afterward.

Evaluated individually, after reading and evaluating copious material submitted by each applicant, MI is confident that the ancillary facilities and their marketing thereof will satisfactorily contribute to the success of each facility via that company's business model. To help facilitate the comparison of the applicant ancillary facilities, MI developed a quantitative rating scale that led to the MGM project scoring the highest number of points. Indexing the MGM points to 100, Parx scored 83 and Hollywood/Penn 81. This quantitative approach also reflects MI's subjective conclusion that all three projects are capable of optimizing the fourteen evaluation criteria and are candidates for selection when considerations other than ancillary facilities are taken into account.

MI will leave it to the other independent consultants quantify the benefits to the State of Maryland.

Complete details of the MI analysis are provided in the Task III report.



CONSULTING REPORTS RELATED TO PROPOSED GAMING FACILITIES IN PRINCE GEORGE'S COUNTY, MARYLAND

RATING SCHEME

Relative to the ability of the Ancillary Facilities to foster the commercial success of the proposed gaming facility.

Category	Weight	HOLLYWOOD / PENN		PARX		MGM	
		Score	Result	Score	Result	Score	Result
GOAL SET *	0%	0	n.a.	0	n.a.	0	n.a.
EXTERNAL-TIES *	0%	0	n.a.	0	n.a.	0	n.a.
INTERNAL-TIES *	0%	0	n.a.	0	n.a.	0	n.a.
PRODUCT MARKETING	50%						
TIER 1							
Casino **	0%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Parking	18%	7	1.3	8	1.4	9	1.6
Food	30%	7	2.1	6	1.8	8	2.4
Beverage	25%	5	1.3	5	1.3	7	1.8
Hotel	15%	5	0.8	6	0.9	7	1.1
TIER 2							
Entertainment	8%	6	0.5	6	0.5	7	0.6
Retail	2%	3	0.1	4	0.1	6	0.1
TIER 3 / OTHER							
Other (cumulative) ***	1%	6	0.1	4	0.0	7	0.1
Meeting and Convention	1%	4	0.0	4	0.0	5	0.1
Subtotal - Product Marketing	100%	6.0	3.0	6.0	3.0	7.6	3.8
DEMAND STIMULATION	25%						
MARKETING							
Pre-opening	40%	6	2.4	7	2.8	8	3.2
Post opening	60%	6	3.6	7	4.2	8	4.8
	100%	6.0	1.5	7.0	1.8	8.0	2.0
SUM OF THE PARTS	25%	7	1.8	7	1.8	8	2.0
TOTAL	100%	6.3		6.5		7.8	

These ratings do not rate the real or perceived benefits to be generated by each Applicant.

* Note: MI has intentionally omitted any comparison of each applicant's Goal Set, referencing to consideration of External-ties and Internal-ties, and certain big-picture strategic statements because MI found (or speculates) that reference to these Marketing Plan elements were not explicitly requested in most instances by the MLC Submission process, each company may not 'think' about the development process in these terms but, perhaps most importantly, it is the tactics and execution that in the final analysis are most important and telling about the applicant's development, operating, and marketing process.

** Note: The casino is not rated because MI scope of responsibility for this engagement did not include a review of the gaming activities.

*** See body of report.

Task IV: EKAY Economic Consultants

EKAY Economic Consultants, Inc. has reviewed and estimated impacts of the three proposed gaming projects in Prince George's County, A Fiscal Impact Analysis (FIA) estimates the impact of a development, land use amendment, or policy change on the revenues and costs of a local government. The analysis answers the following questions:

1. Does the impact associated with the development provide sufficient tax revenue to offset the cost of public services?
2. If so, how does the surplus (or deficit) change on an annual basis?

The analysis utilizes information about the development: size, type of development, land and building construction costs, number of employees, number of visitors, etc. Using these characteristics, the analysis estimates **revenues** to be generated by the development. Typical revenue sources include property tax, sales tax, business license fees, lodging tax, and other sources.

Costs associated with the development are also estimated and compared to the revenue to determine whether the development will result in a surplus or deficit to the local government. Typical costs include police, fire, roads, parks, and other applicable sources. Data utilized in these analyses is collected from interviews with local government representatives (Finance, Clerk, Police, Fire, etc.), entity budgets and audit reports, conversations with developers and EEC's understanding of and experience with local government finance.

The tables on the following page summarize the anticipated public sector revenues and costs associated with each of the proposed gaming developments.

Complete details of the EKAY analysis are provided in the Task IV report.

Cost information from Prince George's County arrived too late for the first distribution of this Executive Summary on November 25, 2013.



Task V: Civic Economics

Civic Economics was charged with quantifying the economic impacts of each proposal. Impact analyses were conducted for construction and development and for operations in the two scenarios described above. Impacts were calculated both for the State of Maryland and for Prince George's County. The essential inputs to this analysis come from applicant submissions and the forecasting work of Tasks I and II.

To prepare these analyses, Civic Economics customized the standard IMPLAN industry category for casino gaming to reflect the average labor productivity forecasts of the applicants and the gaming tax revenue to be paid by each. The chart at lower right summarizes the Civic Economics approach to analyzing operating impacts for casino gaming proposals.

The tables on the following pages depict the economic impacts of construction and operations for two scenarios at the statewide level. Additional details are provided in the Task IV report.

THE CIVIC ECONOMICS GAMING ANALYSIS PROCESS – METHODOLOGY DETAIL

Gaming developments present countless potential outcomes. In order to produce comprehensible findings, likely and significant scenarios are selected for analysis.

1

IDENTIFY SCENARIOS FOR ANALYSIS

1	2	3	4
Construction	Year 1 Operations	Stabilized Operations	Out Year

Our partner consultancy adapts its proprietary gravity model to study behavioral changes related to each scenario.

2

MODEL REVENUE FLOWS AMONG JURISDICTIONS

Gravity Modeling Partner

Our partner consultancy provides the data that allows us to separate truly new economic activity from spending that would happen in the region without the gaming project.

3

CALCULATE "NET REVENUE" FOR IMPACT

Export Revenues	Import Substitution Revenues
New activity in jurisdiction from changes in non-resident behavior	New activity in jurisdiction from changes in resident behavior

Excludes Redirected Spending by Residents

Annual operating expenditures at a gaming facility drive local economic impacts. But those expenditures are actually new to the local economy only in proportion to the Net Revenues quantified above.

4

ADJUST ANNUAL EXPENDITURES TO NET

Begin with:	Two adjustments:	End with:
Applicant Revenue and Expenditure Estimates	Adjust expenditures to consultant revenue estimates	Adjust expenditures in proportion to NET revenues
		Expenditures that are new to the local economy.

Built from detailed analysis of transactions in the regional economy, multipliers estimate the impact of any given activity.

5

APPLY IMPLAN MULTIPLIERS TO NEW ACTIVITY

Various categories of operating expenditure generate different local impacts, captured in IMPLAN multipliers

Construction Impacts

CONSTRUCTION IMPACTS SUMMARY (2013 dollars)						
Assuming all construction in one calendar year				Statewide Impacts		
	PENN	PARX	MGM			
Economic Output	<i>Total revenues associated with construction (\$ millions)</i>					
Direct	\$ 302.2	\$ 423.4	\$ 461.9			
Indirect	\$ 71.3	\$ 113.9	\$ 106.8			
Induced	\$ 146.5	\$ 220.7	\$ 223.7			
Total	\$ 519.9	\$ 758.0	\$ 792.4			
				PENN	PARX	MGM
Employment	<i>Total workers, including full-time and part-time</i>					
Direct	2,476	3,468	3,802			
Indirect	470	728	703			
Induced	1,090	1,642	1,665			
Total	4,036	5,838	6,170			
				PENN	PARX	MGM
Employee Compensation	<i>Total wages paid to workers identified above (\$ millions)</i>					
Direct	\$ 138.3	\$ 192.1	\$ 212.3			
Indirect	\$ 25.8	\$ 40.0	\$ 38.7			
Induced	\$ 44.2	\$ 66.6	\$ 67.5			
Total	\$ 208.3	\$ 298.8	\$ 318.5			
				PENN	PARX	MGM

Source: Applicant submissions, IMPLAN, Civic Economics




Revised since 11/26/2013 draft to incorporate changed Parx proposal

Operating Impacts, As Proposed, 2019

OPERATING IMPACTS SUMMARY (2019 dollars)						
Scenario: As Proposed			State Wide Impacts			
Based on all obligated development from applicant proposals						
	PENN	PARX	MGM			
Economic Output	Total revenues associated with operation (\$ millions)					
Direct	\$ 423.4	\$ 484.4	\$ 572.1			
Indirect	\$ 58.8	\$ 70.9	\$ 84.8			
Induced	\$ 68.0	\$ 78.0	\$ 95.5			
Total	\$ 550.2	\$ 633.3	\$ 752.4	PENN	PARX	MGM
Employment	Total workers, including full-time and part-time					
Direct	1,700	2,218	2,758			
Indirect	409	496	586			
Induced	506	581	710			
Total	2,615	3,294	4,054	PENN	PARX	MGM
Employee Compensation	Total wages paid to workers identified above (\$ millions)					
Direct	\$ 66.3	\$ 74.5	\$ 91.2			
Indirect	\$ 19.8	\$ 23.6	\$ 28.0			
Induced	\$ 20.5	\$ 23.6	\$ 28.8			
Total	\$ 106.6	\$ 121.6	\$ 148.0	PENN	PARX	MGM

Source: Applicant submissions, IMPLAN, Civic Economics Revised since 11/26/2013 draft to incorporate value of Penn healthcare giving

Operating Impacts, Apples-to-Apples, 2019

OPERATING IMPACTS SUMMARY (2019 dollars)						
Scenario: Apples to Apples				State Wide Impacts		
Based on hypothetically equal gaming positions						
	PENN	PARX	MGM			
Economic Output	Total revenues associated with operation (\$ millions)					
Direct	\$ 425.6	\$ 424.9	\$ 538.5	 PENN PARX MGM		
Indirect	\$ 59.2	\$ 62.2	\$ 79.8			
Induced	\$ 68.4	\$ 68.5	\$ 89.9			
Total	\$ 553.2	\$ 555.6	\$ 708.2			
Employment	Total workers, including full-time and part-time					
Direct	1,709	1,946	2,596	 PENN PARX MGM		
Indirect	412	435	551			
Induced	509	509	669			
Total	2,630	2,890	3,816			
Employee Compensation	Total wages paid to workers identified above (\$ millions)					
Direct	\$ 66.7	\$ 65.4	\$ 85.8	 PENN PARX MGM		
Indirect	\$ 19.9	\$ 20.7	\$ 26.4			
Induced	\$ 20.6	\$ 20.7	\$ 27.1			
Total	\$ 107.2	\$ 106.7	\$ 139.3			

Source: Applicant submissions, IMPLAN, Civic Economics

Revised since 11/26/2013 draft to incorporate value of Penn healthcare giving

In addition, Civic Economics was tasked with addressing the impact each proposal would have on existing businesses in the local market.

The chart below shows the likely diversion of spending from leisure activities to gaming by local residents, and from existing local businesses to the non-gaming offerings associated with each proposal.

DIVERTED SPENDING BY LOCAL RESIDENTS, 2019 (millions, 2019 dollars)								
Increase in Resident Gaming Spending								
	As Proposed - Maryland			As Proposed - County				
	PENN	PARX	MGM	PENN	PARX	MGM		
Cummings	\$ 166.9	\$ 219.3	\$ 211.1	\$ 42.2	\$ 44.8	\$ 45.9		
Custom	\$ 214.4	\$ 237.0	\$ 257.7	\$ 30.1	\$ 32.7	\$ 34.8		
Average	\$ 190.6	\$ 228.2	\$ 234.4	\$ 36.1	\$ 38.7	\$ 40.4		
Redirected Resident Non-Gaming Spending								
	As Proposed - Maryland			As Proposed - County				
	PENN	PARX	MGM	PENN	PARX	MGM		
Hotel	\$ 4.9	\$ 6.6	\$ 9.6	\$ 0.9	\$ 1.1	\$ 1.6		
Food and Beverage	\$ 9.8	\$ 21.9	\$ 25.7	\$ 1.9	\$ 3.7	\$ 4.4		
Retail	\$ -	\$ 0.9	\$ 8.2	\$ -	\$ 0.2	\$ 1.4		
Entertainment	\$ -	\$ 2.93	\$ 1.66	\$ -	\$ 0.50	\$ 0.29		

SOURCE: Cummings, Custom, Civic Economics, applicant revenue submissions

Given the relatively small shift in spending habits by Prince George's County residents, Civic Economics foresees little competitive impact to existing businesses in the county. Indeed, visitation to the county caused by a new gaming facility is likely to drive a reduction in the substantial leakage from the county for eating and drinking and retail shopping.

Complete details of the Civic Economics analysis are provided in the Task IV report.

Task VI: Sam Schwartz Engineering

The New York City office of Sam Schwartz Engineering has reviewed the transportation plans of all applicants, visited the sites, and reviewed external data to evaluate the constraints presented by each site and the efficacy of proposed mitigation. Complete analyses of each proposal are provided individually along with a summary report providing the Commission with useful comparisons.

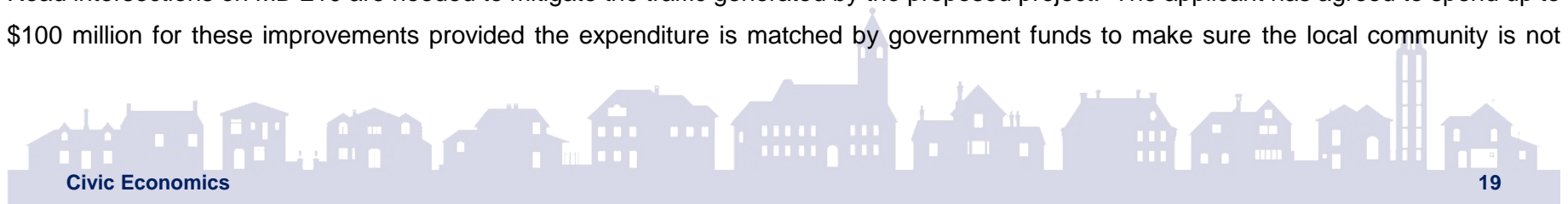
Penn National Rosecroft

The project will generate levels of traffic during key hours on Friday and Saturday evenings that will require extensive mitigation. However, the applicant's plan to accommodate projected site traffic is workable at the schematic level. More detailed design work is needed to confirm that is the case. In addition, the applicant has committed to fully fund the \$26 million cost for mitigation measures proposed to make sure the local community is not adversely affected by traffic generated by the proposed development. However, without all of the recommended roadway improvements in place, it would be difficult for local traffic to operate without significant delays.

Outstanding Issues: The applicant needs to address the sharp angle and sight distance issues at the Brinkley Road and Rosecroft Drive intersection. They also need to confirm the full cost of the right-of-way acquisitions, the availability of the properties needed for widening, and the approvals needed from Prince George's County and the State of Maryland.

Parx

The project is being constructed in an area that is currently challenged in terms of roadway capacity. A study of the MD 210 (Indian Head Highway) corridor identifies the degree to which extensive infrastructure improvements are needed including the grade separation of many of the at-grade intersections. Parx is committed to pay 100% of the \$10 million in roadway improvements proposed for Phase I of the project. However, the improvements the applicant has committed to in Phase I is not enough to mitigate projected impacts along the MD 210 corridor during key hours on Friday and Saturday evenings. Starting in Phase I, grade separation of the Livingston Road/Palmer Road and Old Fort Road intersections on MD 210 are needed to mitigate the traffic generated by the proposed project. The applicant has agreed to spend up to \$100 million for these improvements provided the expenditure is matched by government funds to make sure the local community is not



adversely affected by traffic generated by the proposed development. However, there are presently no government funds available to match the applicant's contribution for the needed infrastructure.

Outstanding Issues: Parx did not include background development in their future background traffic volumes which is a significant omission. This may understate future traffic conditions with the proposed project study area traffic network and future conditions could be worse than projected. In terms of trip rates, it is counter intuitive that weekday PM peak hour vehicle rate is higher than the Saturday peak hour vehicle rate used in their traffic volume development.

MGM National Harbor

This project is being constructed on a site that already has the existing roadway infrastructure in place to accommodate it. Based on the analysis, there is only one intersection out to the year 2036 that requires infrastructure improvements as a result of site traffic. The applicant has committed to pay for the improvements needed for this intersection as well as roadway improvements needed to facilitate on site traffic circulation.

Outstanding Issues: The size and uniqueness of the nine leased outlets proposed, potentially ranging in size from 1,200 to 9,500 square feet, have been categorized as "destination" establishments by the applicant. Since part of their clientele could be people specifically coming to the site for retail and would not be patrons of the casino, some additional vehicles should be included in the trip generation to account for this.



CONCLUSION

All of the firms associated with this project appreciate the opportunity to provide our services to the Location Commission and to the people of Maryland and Prince George's County. We hope this extensive analysis provides Commissioners with useful and relevant data to inform the difficult choice among compelling proposals for a gaming facility in Prince George's County. Should the Commissioners or staff require further information, analysis, or testimony from any member of the project team, we will be more than happy to provide it.

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