

Gamblers passing up on ponies

When a casino opened on Street Road in December, thousands of slot machines were supposed to boost business at the adjoining Philadelphia Park racetrack.

Many claimed betting on horse racing would spike, the grandstand would be more crowded than ever, and the Bensalem track would regain some of its luster.

However, betting on live racing is down almost 25 percent in a year and casino gaming has actually driven customers from the track, according to Michael Ballezzi, executive director of the Pennsylvania Thoroughbred Horsemen's Association, which represents the owners and trainers at the Bensalem racetrack.

„We're literally the laughingstock of the industry right now,“ Ballezzi said.

Slot machines at the new Philadelphia Park Casino have taken over much of the track's former facilities and driven most race patrons to a fifth-floor grandstand, conditions that Ballezzi called „deplorable.“ Ballezzi said he has received hundreds of complaints from longtime racetrack customers who will never return to Philadelphia Park and said a recent dip in betting could foretell a disaster for the 32-year-old track.

„They've concentrated on the casino to the total disregard of the racing product,“ Ballezzi said. „They may well have a great casino, but in terms of racing at Philadelphia Park, it will die.“

Philadelphia Park CEO David Jonas admitted that business at the track has been sluggish since the casino opened but blamed a streak of bad weather that canceled several live races. He said today will likely spark the track's economic resurgence when thousands are expected to flock to the track for the

simulcast of the Kentucky Derby.

„Saturday really starts the synergy between the racetrack and the casino,“ Jonas said. „That’s going to be the start of some really great things for both the racetrack and the casino.“

Above the constant clamor of slot machines and soft pop music in the casino below, William Grotz of Bristol Township stood on the track’s fifth-floor grandstand Thursday afternoon and watched a bank of televisions broadcasting races from throughout the country.

A regular at the track since it was known as Keystone Racetrack in the 1970s, Grotz sipped from a cup of coffee and shook his head when asked about the casino’s impact on the track.

„I haven’t seen any improvement,“ Grotz said as he glanced down at his racing program. „People don’t come down here to play the horses anymore. They come to play the slots.“

This week, casino officials announced that total payouts and wagers reached USD 1 billion in just four months since the casino’s lavish grand opening on some floors of the grandstand. Meanwhile, gambling on horse racing dropped dramatically, according to revenue figures.

From the start of September to the end of February, USD 97,870 was gambled on live races at the Bensalem track while USD 199,669 was gambled on simulcast races. During that time, the grandstand was being remodeled and later opened as a casino in much of the track’s former facilities. During the same period a year earlier, USD 129,518 was gambled on live races while USD 231,381 was wagered on simulcast races at the track, according to figures provided by Ed Simon, a statistical analyst for the horsemen’s association.

According to those figures, gambling on live races dropped almost 25 percent while gambling on simulcast races at the

track dropped almost 14 percent.

Jonas did not dispute those figures but called them „irrelevant“ since the track’s busiest season had yet to start. He said there had been „very little crossover“ so far by casino customers taking a break from the slots to place a bet on the horses.

„It’s going to be huge,“ Jonas said of the track. „The racing is a huge part of our business and we can’t afford it to go south right now.“

State Sen. Tommy Tomlinson, R-6, who represents Bensalem and led the charge to bring racetrack casinos to Pennsylvania, said it was premature to judge the effect slots have had on the racetrack.

„I think it’s a little early to judge,“ he said. „It was always my hope that [slots] would help the racing industry.“

Revenue from slots has increased prize money in races, including Labor Day’s Pennsylvania Derby, which will be the track’s first million dollar race. Tomlinson said those increased purses would boost the track’s status and, likely, increase revenue and attendance.

„I think that will bring a lot more people to the track,“ Tomlinson said.

A feud between the horsemen’s association and casino officials came to a head this week after a licensing application was released by the state. In that application, casino officials said it was „no longer prudent or feasible“ to build a more permanent standalone slots parlor and entertainment center, a comment that drew the ire of association members, who were told the current casino setup would be temporary.

Ballezzi said as long as slots dominated the track’s facilities, horse racing at Philadelphia Park would only get

worse.

In a statement, officials with Greenwood Racing Inc., the company that owns the track and slots parlor, said it merely needed more time to build the USD 300 million development it had planned. The company said it has also committed USD 12 million to the horsemen's association to improve the track's backstretch area over the next seven years, even though the state requires only a USD 7.5 million commitment to track improvements over 10 years.

Still, the drop-off in horse track betting once slots are introduced at a track is not uncommon, according to Richard Thalheimer, president of Thalheimer Research Associates, Inc. of Lexington, Ky., and an expert on the economics of horse racing and gaming.

„It's certainly not unexpected," Thalheimer said. „When you put slots at racetracks, almost always, the [amount of money wagered on horse racing] goes down."

One reason is the nature of gambling on horse racing, with its intricate handicapping and convoluted betting rules which might be too complicated to lure a casual gamer from a slot machine to the track, Thalheimer said. Another explanation is that money that track patrons might have put toward a horse race might be pumped into a nickel slot machine that is available just a couple of floors below, Thalheimer said.

Pennsylvania is one of 11 states with racetrack casinos, also known as racinos, according to the American Gaming Association. Casinos in those states contributed more than USD 1.44 billion in tax revenue to state and local governments in 2006, according to the association.

Philadelphia Park is one of three racinos in Pennsylvania, including Pocono Downs and Harrah's Chester Casino and Racetrack. A slots parlor at Presque Isle Downs near Erie opened in February, but a racetrack there is still under

construction.