

# Delaware North wins deal on New York casino

A deal to build a casino at the Aqueduct racetrack is now in place. Under a contract announced by the Paterson administration last week, a Buffalo company will construct a complex featuring a 17,094 sqm gambling floor and 4,500 video gambling terminals, multiple restaurants, at least 300 hotel rooms and a 5,574 sqm conference center.

The Buffalo company, Delaware North, said it planned to start construction in early 2009 and finish the casino, its adjoining restaurants and the parking structure in about a year. The project will be completed in phases within five years, it said.

In its promotional material, Delaware North has boasted that the complex will be “all right in the heart of Queens,” a subway ride away on the A train. The track is in South Ozone Park just northwest of Kennedy Airport.

For the casino itself, gamblers should think more arcade than Atlantic City. There will be no blackjack tables with dealers, or roulette wheels. Instead the casino will have video-screen terminals that will accept money for virtual hands of poker and other games.

Delaware North operates a similar hybrid racetrack-casino in Saratoga Springs. The company beat out two other bidders – the commercial real estate firm S L Green Realty, in partnership with Hard Rock Entertainment, and Capital Play, which had joined with Mohegan Sun.

State officials said Delaware North prevailed because it was offering more money in advance: USD 370 million for its license to operate the casino and entertainment complex. “They offered the most money up front,” said John D. Sabini,

chairman of the New York State Racing and Wagering Board. "And I think that's important to the state because of the financial situation we're in."

In addition to the up-front payment, the state expects to reap more than USD 10.3 billion in revenue from the gambling terminals over the next 30 years. Though the State Legislature has already trimmed more than USD 420 million in state spending this year, Governor David A. Paterson said this month that the faltering economy had opened a new USD 1.2 billion hole in the budget.

After the Aqueduct negotiations hit a snag two weeks ago when Senate Republicans said they wanted more time to review the plan, Paterson and fellow Democrats accused Republicans of dragging their heels and delaying the start of a project that would create about 1,000 construction jobs at a time when employers in New York are shedding workers. "This deal will provide a critical revenue stream – especially given the financial crisis that is battering our state and nation," Paterson said in a statement.

The push to build a casino at Aqueduct began in 2001, when in the weeks after the September 11 attacks the Legislature began passing laws that would allow for a major expansion of the state's gambling industry.

In approving the deal, the state once again finds itself turning to gambling to strengthen its weakened cash flow. But with New Yorkers expected to spend less as the financial crisis expands, Delaware North's president was asked on Thursday whether a casino could remain a steady source of state revenue during an economic downturn.

"Clearly the gaming business is not a recession-proof business," the president, William J. Bissett, told reporters in a room overlooking the neatly groomed racetrack at Aqueduct. "There is a large population that will have an easy

means to get to this location to entertain themselves,” he said. “We take comfort that, even in a recession period, the fact that Aqueduct sits where it does in a huge metropolitan community buoys our confidence that we will be successful here.”

The project is expected to create about 2,000 jobs in Queens. About half those jobs would be permanent jobs at the casino complex once it is fully operating, and the rest would be construction jobs. “The ultimate goal, of course, is not only to create revenue for the state but to create jobs,” said State Senator Serphin R. Maltese, a Republican from Queens. “So as far as economic development, I think you can put it in big letters: J-O-B-S.”

Maltese, who is locked in a competitive re-election battle that may decide which party controls the Senate next year, objected to the Delaware North proposal two weeks ago after Paterson and the Democratic-led Assembly signed off on it.

At the time, Maltese and other Senate Republicans said they were not convinced the plan included enough economic benefit for the Queens community. So the developers agreed to put more of their plans in writing, including the proposal for building the hotel and convention center and a community advisory board to inform Delaware North on their satisfaction with the development. In addition, the company agreed to open an office in the community that will make it more convenient for people to apply for a job.