



Effect of Proposed Lawrence Downs Casino and Racing Resort on Racing in Western Pennsylvania

Lawrence Downs Casino and Racing Resort Effect on Racing

- The addition of the proposed harness racing track and casino in Lawrence County would further dilute this market with substantially fewer races per card, smaller fields, and lower handle, which are all ingredients to damage the competitive balance of racing at The Meadows and in Pennsylvania.
- In order for the Meadows to be permitted to conduct simulcast wagering per law, The Meadows must race at least **208** days per calendar year. Once fully operational should they open, the proposed Lawrence County facility would race **150** race days, making for **358** race days in a calendar year. There is simply not enough of a horse population to race that many days in Western Pennsylvania. Because of this, the addition of **72** percent more race days with no or little increase in horse supply would result in a dramatic decrease in the competitiveness of racing at The Meadows, leading to substantially lower handle and business volumes.
- The additional races would also dilute the quality of horses racing in Western Pennsylvania and throughout the commonwealth. The additional track will not draw additional premium bloodstock to the region as the purse structure will not increase with both facilities in concurrent operation. Rather, lesser bloodstock would compete for lesser purses if more race dates were offered in this market.
- The projected purse structure at Lawrence based on estimated gaming revenue and race days would be approximately \$40,000 less than the current purse structure at The Meadows and other harness tracks in the commonwealth. Additionally, the purse structure would only be \$20,000 to \$30,000 more than The Meadows offered prior to Act 71.
- The Meadows traditionally races a four card per week schedule year-round to meet the **208** cards per year requirement. When The Meadows raced a five-day schedule from March through July 2013, The Meadows race office was having difficulty in filling races with full and competitive fields. This problem dissipated when the track moved back to a four-day schedule in September. An additional track in the market would further dilute the market with less races per card, smaller fields, and lower betting handle. Smaller fields and lower handle are two items which drive away horse players, taking their business elsewhere.

Lawrence Downs Casino and Racing Resort Effect on Racing

- In the months of March through August 2013, The Meadows conducted live racing five days per week with the average field size not surpassing 8.26 starters per race in any one month. In the other months when racing at The Meadows was conducted on a four day per week basis, the average field size was not less than 8.35 starters per race.
- Lawrence County is currently the home of an Off-Track Betting location in the county seat of New Castle. Penn Gaming is slated to open Hollywood Gaming at Mahoning Valley Race Course, a thoroughbred track in neighboring Mahoning County, Ohio in the fall of 2014, which will be located about 45 minutes from the current New Castle OTB. The proposed Lawrence County facility will not generate enough in purses in order to attract top horses from the region, nor will the facility have a purse structure to allow it to compete effectively in the commonwealth as a whole.
- The addition of the proposed Lawrence County racetrack will also lead to the closing of the New Castle OTB. Any purse money that was generated to the horsemen from this location will disappear. That totaled over \$800,000 in 2013. Those employed at the current New Castle OTB will become unemployed with no guarantee of working for any of the new or proposed facilities.
- The Meadows has also had a long and successful partnership with the Meadows Standardbred Owners Association. At this time, no horsemen's group in Pennsylvania has taken the step to enter into an agreement to represent the horsemen at the proposed track. Rather, the Pennsylvania Harness Horsemen's Association, which represents horsemen that compete at Mohegan Sun Pocono Downs and Harrah's Philadelphia, decided to forego a tentative agreement than enter into an agreement. Additionally, the Meadows Standardbred Owners Association has also not entered into an agreement. While the lack of an agreement does not necessarily mean a horsemen's group is opposed to the project, it does not necessarily mean they support it either.

Lawrence Downs Casino and Racing Resort Effect on Racing

- While The Meadows has been active in improving the stabling and backstretch facilities on the grounds with over **\$9 million** in improvements, the Lawrence County facility will operate without much of a backstretch, making The Meadows the only pari-mutuel harness track in Western Pennsylvania with backstretch facilities for training and boarding. This would create an unacceptable burden to both The Meadows and the horsemen that use The Meadows for training and boarding their stock.
- In June 1990, The Meadows opened it's first Off-Track betting facility in New Castle, which is still in operation., and proudly serves Lawrence County and surrounding areas with a location to watch and wager on racing along with full food and beverage service.
- In 2005, The Meadows operated five Off-track betting locations. Collectively with the race track and account wagering, over \$161 million was handled including **\$28.7 million in New Castle.**
- At the end of 2013, only two of The Meadows Off-track locations remained open. Collectively with the race track and account wagering, over \$82.2 million was handled including **\$14.2 million in New Castle, or just over 50% less than in 2005.**
- Based off of New Castle's declining pari-mutuel handle, the Lawrence County and surrounding counties will have difficulty supporting more than one pari-mutuel facility.
- The Lawrence County has nothing to do with improving harness racing in the Commonwealth. It is simply being used as a springboard for casino gaming. Based upon the economics of horse racing, the Lawrence track cannot be sustainable.

Lawrence Casino and Racing Resort Effect on Racing

Summary

- The Lawrence County Track will cause the New Castle OTB to close resulting in the loss of **24** jobs with potential additional job losses at other Meadows facilities
- The closing of the New Castle OTB will cost the Meadows Horsemen **\$872,000** in lost purses
- The Quality of Racing will plummet in Western Pennsylvania with **358** mandated race days plus expanding race dates in neighboring Ohio
- While Meadows Racing would welcome an additional harness track in the commonwealth that would provide additional growth to the racing industry, a facility located in Lawrence County does not advance goal and is not a viable entity.

Lawrence Downs Casino & Race Resort

Distances to the Existing and Future Competition

(100 miles or less)

1. Hollywood Gaming at Mahoning Valley Race Course (Austintown, Ohio) - 20 miles
2. Mountaineer Casino Race Track and Resort (Chester, West Virginia) - 45 miles
3. The Meadows Racetrack and Casino (Washington, Pennsylvania) - 65 miles
4. Hard Rock Rocksino at Northfield Park (Northfield, Ohio) – 75 miles
5. Thistledown Racino (North Randall, Ohio) - 78 miles
6. Presque Isle Downs & Casino (Erie, Pennsylvania) - 82 miles
7. Wheeling Island Hotel Casino and Racetrack (Whelling, West Virginia) – 91 miles