

CITY OF PHILADELPHIA

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JOHN F. STREET, ESQUIRE
MAYOR

October 18, 2007

The Honorable Anna C. Verna
And Members of City Council
Room 492, City Hall
Philadelphia, PA 19107

Dear Council President Verna, and Council Members:

Gaming in the Commonwealth of Pennsylvania has been a long time coming and the projected economic benefits to the City are greater than any other economic development activity in the last 50 years. Gaming related revenue will support \$100 million in annual wage tax reductions, fund the \$700 million Convention Center expansion which in turn will stimulate \$145 million in additional economic activity in Philadelphia.

Your past support for gaming reflects an appreciation of the significance of gaming, if done properly. As I have summarized previously:

- **Gaming is crucial to the growth of the Hospitality Industry.** There are hundreds of millions of dollars of economic benefit for the City's economy. The proposed gaming venues located convenient to the Central Business District will give visitors yet another reason to extend their stay in Philadelphia, spending the night, eating in restaurants, visiting museums, and shopping.
- **Gaming is an important component of the Convention Center Expansion strategy.** Five percent of the casinos' expected \$3 billion in annual taxable revenue will assist in funding the expansion of the Pennsylvania Convention Center, allowing the facility to almost double its capacity and make it the largest contiguous exhibit space in the Northeast. The projected growth of the Convention Center is expected to lead to 2,200 new hospitality-related jobs and \$145 million in increased annual economic impact in Philadelphia. The current Convention Center accounts for more than 40 percent of our

total tourism business; we cannot afford to risk losing the opportunity to expand the Convention Center

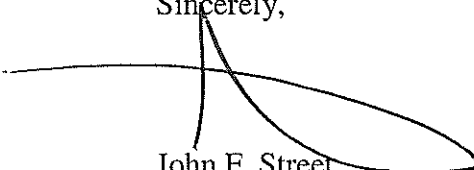
- **Gaming will support unprecedented job creation.** Gaming will bring between 7,000 and 12,000 new jobs to the City, plus approximately 1,000 construction jobs during the first phase of construction.
- **The ongoing revenue for the City will be substantial.** Gaming will produce approximately \$100 million in revenue annually to fund reductions in our wage tax, without any cost to the City's revenues or services. Moreover, our current Five Year Financial Plan includes \$71 million in gaming related host fee revenue for the City, as well as growth in tax revenue as a result of gaming related job growth, all necessary to balance the Plan. The School District also is to receive \$25 million in casino host fees over the next five years.

Unfortunately, with the passage of state gaming legislation, the City was not empowered to make gaming site selection decisions. Rather, that determination was left to the state Gaming Control Board. Under the legislation, the City was empowered to make crucial decisions regarding the nature of the development that will occur. In March 2006, City Council voted to implement the City's retained prerogative by enacting zoning legislation that provides for casino development in a manner that balances the needs of casino operators with those of impacted communities and the City as a whole. As much as we may object to losing the right to select the location of gaming sites, we cannot jeopardize the opportunity the City does have to affect the nature of development along the City's riverfront by stonewalling the process. If we obstruct the process by which gaming is being introduced here, we run the risk that all local controls will be removed from our authority, and the Supreme Court may simply mandate that we issue zoning permits to both casino operators; those permits will allow whatever development the operators and the Court believe appropriate, regardless of our legitimate and substantial concerns about traffic, public safety, the environment, and the health and welfare of the surrounding communities.

My Administration has operated within the limitations imposed by state law while attempting to protect critical city, local, and community interests. To that end, we have worked with both proposed developers to secure agreements regarding, traffic disruptions in surrounding communities, public access to the waterfront, job participation for City residents, PILOT payments to the City, high quality building design, a community benefits agreement with funding for its implementation. I have transmitted to this Council bills to enact these concessions into law, through the Commercial Entertainment District process. It is now Council's turn to act.

For these reasons, I urge you to give a favorable recommendation to Bill Nos. 070456, 070457 and 070458, and to table consideration of Bill Nos. 070006, 070008, 070010, 070011, 070012, 070264 and 070391.

Sincerely,



John F. Street
Mayor