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COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES
GAMING OVERSIGHT COMMITTEE

Public Hearing Re:
Harrah's Chester Downs Casino & Racetrack

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Stenographic report of public hearing held
at Ramada Inn - Room 1776,
Essington, Pennsylvania

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Wednesday, August 15, 2007
9:30 a.m.

* * * *

BEFORE: HON. HAROLD JAMES, CHAIRMAN
GAMING OVERSIGHT COMMITTEE

MEMBERS OF THE HOUSE OF REPRESENTATIVES

Hon. Ronald G. Waters Hon. Paul Clymer

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1 REP. JAMES: Good morning. My name
2 is Harold James; I'm chairman of the Gaming
3 Oversight Committee. And we want to get started
4 today. I'm going to open up, and then we are
5 going to have opening remarks from the minority
6 chair who introduced himself earlier.

7 I want to thank all the members of
8 the Gaming Oversight Committee who are here today
9 as well as our distinguished group of people who
10 are testifying for this informational hearing.
11 Thanks also to the visitors and our meeting
12 guests. We are here today to understand the inner
13 workings of the Harrah's at Chester Downs Casino,
14 and to learn how the surrounding community is
15 being affected. These testimonies will give us
16 tools to better oversee the new economic
17 development industry in Pennsylvania.

18 And since March the Gaming Oversight
19 Committee has been exploring the Pennsylvania
20 gaming facility in the order that they are open.
21 And Harrah's at Chester Downs Casino & Racetrack
22 is the fourth gaming facility to open in
23 Pennsylvania.

24 To recap for those who were not here

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1 yesterday, members of the committee and staff had
2 a fruitful and a instructive tour of the complex.
3 We didn't see any racing yesterday, but we saw the
4 particulars and how they showed us they were the
5 top track in the country.

6 Today we will be gaining valuable
7 insight on how gaming has affected the local
8 community here in the Delaware County, news from
9 local officials, casino operatives, and community
10 laborers.

11 So without delay, I'd like to pass
12 this on to our minority chair, Paul Clymer for
13 opening remarks.

14 REP. CLYMER: Thank you, Mr.
15 Chairman. And I too want to express my
16 appreciation, first to the chairman for bringing
17 together this very informative and educational
18 meeting. Any time we can come together and look
19 at an industry that is going to have great
20 ramifications on the Commonwealth of Pennsylvania
21 upon its culture and economy, these types of
22 meetings are imperative. So I appreciate his
23 interest and his concern in bringing us here this
24 morning.

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1 As the chairman had rightly
2 observed, the tour yesterday was very helpful with
3 the city and observed the industry in action, if
4 you will, and looking at the component part of the
5 slots, the racetracks, that was very helpful as
6 well. So I'm looking forward this morning to
7 hearing testimony from our various guests and then
8 to proceed from there. And, again, good morning
9 everybody.

10 REP. JAMES: We first call on our
11 colleague and also chairman of the Pennsylvania
12 Legislative Black Caucus, Representative Thaddeus
13 Kirkland, who was going to give us some opening
14 remarks this morning, is unable to be here because
15 he's in court. And we are going to ask chief of
16 staff, Joan Neal, to -- if she wanted to make any
17 remarks on his behalf.

18 MS. NEAL: Good morning, Chairman
19 James, Chairman Clymer, Members of the Gaming
20 Oversight Committee, my name is Joan Neal, I'm
21 chief of staff to Representative Thaddeus
22 Kirkland. Unfortunately, Representative Kirkland
23 was unable to be here today, however, it is my
24 pleasure to be here on his behalf to bring you his

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1 welcoming words as state representative of the
2 159th Legislative District, in which Harrah's of
3 Chester is located.

4 Representative Kirkland hopes that
5 through this hearing you will find valuable and
6 useful information concerning the gaming industry.
7 He also hopes that this will not be your last
8 visit.

9 In closing, please feel free to help
10 our economics by dining at one of our fine eating
11 establishments or, if you feel lucky -- well, you
12 get the message.

13 Thank you.

14 REP. JAMES: Short and to the point.
15 Okay. We are going to now do roll call.

16 MR. ALLADIN: Representative James?

17 REP. JAMES: Present.

18 MR. ALLADIN: Representative Waters?

19 REP. WATERS: Here.

20 MR. ALLADIN: Representative Clymer?

21 REP. CLYMER: Present.

22 REP. JAMES: Okay. We are going to
23 call on the Harrah's Chester Downs Casino
24 representatives. Will they take the table. Is

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1 there going to be three people? Four people.

2 MR. DONLEVIE: Three.

3 REP. JAMES: While everybody gets
4 seated, we want to -- first, let me apologize, I
5 should have mentioned him first. I want to thank
6 the mayor of Chester for being here and having our
7 pleasure of meeting Mayor Butler. And thanks for
8 being here.

9 MR. DONLEVIE: Good morning, Mr.
10 Chairman.

11 REP. JAMES: Can you each identify
12 yourself.

13 MR. DONLEVIE: Yes. I'm going to
14 introduce the team, if that will be good.

15 Good morning to yourself and to the
16 members of the committee. We welcome the
17 opportunity to come here and chat with you today
18 about Harrah's Chester and its impact on the
19 community. Seated with me to my left is Lynn
20 Hughes, our vice president of legal affairs for
21 the eastern division of Harrah's. To Lynn's left
22 is Fred Keaton, our Corporate vice president of
23 external affairs. We also have in the audience
24 here Carlos LaSane, on the left, if you just

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1 motion Carlos, is our regional vice president
2 governmental relations. We also have David Sats
3 seated next to him who is our corporate vice
4 president of governmental relations and
5 development. And we've got Jeanette Harrison who
6 is the Harrah's Chester vice president of casino
7 marketing. And Wendy Cash, the Harrah's Chester
8 vice president of finance.

9 As I said, we welcome the
10 opportunity to come and talk to you about the
11 Harrah's Chester operation. We are very proud of
12 what we've accomplished in a very short period of
13 time. My remarks are going to be reflective, I
14 think, of the Harrah's code of commitment and what
15 we try to do in any community within we operate.
16 We are pledged uphold very high standards with our
17 communities, our guests, our employees, and our
18 business partners.

19 Some 34 months ago, I arrived at the
20 site of the abandoned Sun shipping and Dry Dock in
21 the City of Chester. Since that time in October
22 of 2004, we have cleared the lot of some 14
23 buildings, conducted an environmental cleanup of
24 the then brown field site, designed, built and

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1 opened a state of the art Harness Racing facility,
2 designed, built and opened a state of the art
3 casino entertainment complex, invested \$405
4 million in the Chester facility, created jobs and
5 vendor purchases for local merchants, developed a
6 tremendous presence and partnership with Chester
7 City and Delaware County officials and residents,
8 partnered with many philanthropic and community
9 organizations and reestablished Chester as the
10 entertainment center of the region. In short, we
11 have been busy delivering on the promises we have
12 made to the City, County and State of
13 Pennsylvania.

14 The Harrah's Chester project has
15 converted the once abandoned 64 acre brown field
16 site to what is now the central point of a local
17 economic boom. Over 1,000 union laborers were
18 utilized to build the all new state-of-the-art
19 facility which now houses over 1,000 permanent
20 employees. Together, those 1,000 employees will
21 earn over \$23 million in wages in 2007 with all
22 full time employees being eligible for 401 k,
23 medical, dental and vision plans through Harrah's
24 Entertainment.

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1 The Harrah's Chester project has
2 become a win/win situation for the people of
3 Chester, Delaware County, the state of
4 Pennsylvania and Harrah's Entertainment. The City
5 of Chester will benefit from \$11.5 million in
6 gaming tax/land lease revenues and Delaware County
7 will earn another \$11.5 million in 2007 as well.
8 Harrah Chester is projected to pay over \$155
9 million in total gaming taxes to the City, County
10 and State in 2007. In addition, we are projected
11 to generate close to \$300,000 in wage tax revenue
12 for the City of Chester in 2007.

13 To begin our good neighbor efforts
14 at Harrah's Chester we launched the \$500,000
15 Chester Challenge; a donation presented to the
16 Delaware County Workforce Investment Board
17 dedicated to job training in the area. Harrah's
18 also donated our \$50,000 gaming test day after-tax
19 proceeds to the United Way of Southeast Delaware
20 County and another \$50,000 to the Alzheimer's
21 Association. Among other things, these donations
22 funded a 3 day summit hosted by the United Way
23 aimed at aligning stakeholder groups to set a
24 vision for education in the City of Chester. We

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1 have also lent our hands to such organizations as
2 the Community Action Agency of Delaware County,
3 Elwyn Institutes, Habitat for Humanity, Riddle
4 Hospital, Susan G. Komen Foundation, Chester
5 Domestic Abuse Walk, ChesPenn, Mercy Health
6 Systems, Crozer Medical Center and Widener
7 University just to name a few.

8 The Harrah's Chester executive team
9 is encouraged and expected to be directly involved
10 in community organizations and personally
11 volunteer free time where needed. We currently
12 have members of our executive team represented on
13 boards for organizations around the area including
14 The Institute for Economic Development, Delaware
15 County Chamber of Commerce, J. Lewis Crozer
16 Library, City Team and many others.

17 Throughout the development of the
18 project and continuing today, Harrah's has
19 employed a "Chester First" approach to employee
20 recruitment and vendor purchasing. During our pre
21 opening recruitment phase, Chester residents were
22 considered first. Twelve job fairs were held in
23 the city as we recruited for positions ranging
24 from management to frontline. In the end, 20% of

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1 Harrah's Chester employees came from the city and
2 another 45% were generated from other surrounding
3 communities in Delaware County.

4 Anitra Miller our Senior Training
5 Specialist is one team member that exemplifies our
6 success in recruiting and hiring in the City of
7 Chester. A lifelong Chester resident, Anitra
8 attended a job fair we held at Chester City Hall
9 and has been a valuable member of the team since.
10 Already promoted once from Human Resources
11 Trainer, Anitra says she loves working at Harrah's
12 so much that she has convinced her brother and
13 sister-in-law to join the team as well.

14 Local vendors have also benefited
15 from the positive impact of Harrah's Chester.
16 Prior to our opening, multiple vendor fairs were
17 held in conjunction with The Pennsylvania Gaming
18 Control Board, CEDA and the Minority Supplies
19 Development Council to introduce local and area
20 minority business to Harrah's buyers. Since
21 January, Harrah's has spent \$1 Million buying
22 everything from pastries to hardware supplies
23 locally. Some of our area partners include
24 Chester Light & Sound, Suburban Electric, Buono

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1 Brothers Bakery, Linder Printing, Chester
2 Hardware, Radio Communications, T. Frank McCall's,
3 Fatso's Bakery, and more. We have successfully
4 partnered with women owned and minority owned
5 businesses.

6 Harrah's Chester marketing has also
7 generated significant positive publicity for the
8 City of Chester. In 2007, nearly \$3 million
9 dollars will be spent on advertising Harrah's
10 Chester Casino & Racetrack. This number includes
11 television, radio, print and billboards. Also, an
12 additional \$3.1 million will be spent on direct
13 mail offers enticing visitors to take a trip to
14 the City of Chester on a recurring basis. A month
15 will not go by without the public being able to
16 see the city's name in our advertisements in the
17 Philadelphia Inquirer, Delaware County Daily
18 Times, and West Chester Daily Local. Our ads can
19 also be seen at times on the television during
20 Jeopardy and Wheel of Fortune broadcasts.
21 Finally, we have generated unending publicity for
22 the city from the television, radio, newspaper and
23 magazine coverage of our grand openings and our
24 ongoing operations. All of this has played a big

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1 role in reestablishing Chester as a entertainment
2 and economic force in the region. As a result, we
3 are generating over 300,000 visitors per month to
4 the Chester waterfront and Harrah's Chester.

5 We are also very proud of our track
6 record for guest safety at Harrah's Chester. Our
7 guests can park in our 8 floor covered parking
8 garage directly attached to the building or
9 utilize our front door valet service when
10 available. We also have over 70 security
11 personnel employed at Harrah's Chester with over
12 800 surveillance cameras throughout the facility.

13 Harrah's Entertainment has been an
14 industry leader in Responsible Gaming since the
15 early 90's. The only gaming company to have a
16 nation-wide self exclusion list Harrah's takes
17 gambling problems very seriously. Unlike most
18 areas in which self-exclusion will only prohibit
19 your gaming in that state and is powered by the
20 gaming control board, Harrah's introduced a
21 corporate-wide policy excluding problem gamers
22 that self exclude in one Harrah's properties from
23 visiting any Harrah's property nationwide. We
24 take our commitment to responsible gaming very

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1 seriously and have a comprehensive approach to
2 communicating options for individuals who believe
3 they have a compulsive gaming problem.

4 With close to 10,000 visitors a day
5 it's important to make sure every Harrah's Chester
6 employee is trained and understands our corporate
7 policies on responsible gaming. When employees
8 are hired they are immediately introduced to
9 programs such as Operation Bet Smart and Project
10 21 during new-hire orientation. Harrah's Chester
11 also has a zero tolerance policy for unattended
12 children and keeps a constant look out for
13 violators. Since our slot opening our security
14 staff has checked the identification credentials
15 of 13,565 individuals who appeared to be younger
16 than 30. Of those, 775 were denied access to the
17 casino.

18 On July 9, we launched our second
19 season of world-class harness racing. Our
20 facility features a 1,500 seat grandstand looking
21 down on a 5/8 mile track in front of magnificent
22 views of the Delaware River. This season we will
23 race every Sunday, Monday, Wednesday and Thursday
24 from July through December .. Any day of the week

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1 fans can expect to see anyone from Hall of Fame
2 driver, Cat Manzi to Tim Tetrick, the current 2007
3 national leader in dash victories. In addition,
4 we have nearly 300 seats in our state of the art
5 simulcast facility which features the latest in
6 race betting technology. We have also recently
7 unveiled our newest addition for our racing fans;
8 The Riverview Terrace. This clubhouse style food
9 and beverage outlet can seat 300 guests on tiered
10 levels to enjoy a select buffet style menu and
11 enjoy our high quality race card. The racing
12 level also includes Winning Streaks, our dining
13 concession and Copper Mug, a simulcast bar.

14 The casino level includes close to
15 100,000 square feet of gaming space. Recently
16 upgraded, the gaming floor features 2,796 games
17 including slot, video poker and electronic
18 blackjack machines. Also on this floor, taste an
19 array of restaurants and bars, including a 450
20 seat Temptations Buffet, our fine dining
21 experience The Cove at Riverview, the action
22 packed End Zone Sports Bar & Grill. The casino
23 level also includes Ace's Diner, Club Cappuccino
24 and Stir, a casino bar in the center of the

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1 action.

2 Finally, we have 14,000 square feet
3 of convention and meeting space capable of
4 handling everything from a super-chic event to the
5 most modest affair. First class catering,
6 riverfront views and the overall location make
7 this space the ultimate place for your next event
8 in Delaware County.

9 As I noted at the outset, the
10 initial results of Harrah's Chester have been
11 reflective of our very own corporate code of
12 commitment. We have put forth every effort to
13 help make our community a vibrant place to live
14 and work. Our casino marketing has been
15 accomplished responsibly and we have promoted
16 responsible gaming to our guests. Our employees
17 are treated with respect and have been provided
18 with opportunities to build satisfying careers.
19 We have succeeded in attracting a diverse
20 workforce and diverse vendor pull. We have
21 converted a brown field site into a beautiful
22 entertainment venue, created jobs, made local
23 purchases and generated enormous tax dollars. In
24 short, we are fulfilling the vision of ACT 71 to

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1 create economic stimulation for the city, county
2 and state.

3 With that I'd be glad to answer any
4 questions that you, Mr. Chairman, or any of the
5 committee members might have.

6 REP. JAMES: Okay. Thank you. Are
7 any of the panel going to add anything, or they're
8 just being responsive.

9 MR. DONLEVIE: Hopefully they are
10 going to be responsive.

11 REP. JAMES: Okay. Thank you.

12 What are some of the operating
13 challenges that Harrah's currently faces?

14 MR. DONLEVIE: Well, the operating
15 challenges are always our recruitment and getting
16 ourselves up to speed and staffing and continuing
17 to work to develop the operation. It's a
18 seven-month operation. We are real proud of how
19 we progressed. There is no challenges that we
20 find that are out of the norm of what we might
21 deal with in any casino environment.

22 REP. JAMES: Chairman Clymer.

23 REP. CLYMER: Thank you. And,
24 again, good morning. It's good to see everyone

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1 here. Thank you again for your hospitality and
2 for the activities of yesterday.

3 I have a few questions. The efforts
4 by Harrah's, first of all, does Harrah's own this
5 facility 100 percent? I know at one time it was
6 my understanding they bought into 50 percent of
7 the group that had purchased the casino license,
8 can you just explain that situation?

9 MR. DONLEVIE: That still is the
10 structure of the organization. Harrah's owns
11 50 percent of the organization, and we have three
12 limited partners that own the other three -- the
13 other 50 percent.

14 REP. CLYMER: Were any of those
15 partners with us yesterday or they did --

16 MR. DONLEVIE: No, they were not.

17 REP. CLYMER: And, also, it's very
18 commendable for Harrah's in their charitable
19 endeavors, I thought that was -- I know we talked
20 about that the other day, and that leads me to my
21 next question, in this -- the opportunities that
22 Harrah's provides to go into the marketplace, if
23 you will, to provide different charities and help
24 families we know are very important to any

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1 community and to the Commonwealth of Pennsylvania,
2 there is a legislation that I have proposed, and
3 that would allow or provide for those who are
4 comp'd, those people who receive special
5 recognition from Harrah's, the legislation would
6 say that they should get a monthly statement at
7 the end of each month, obviously that would show
8 their winnings and losses. That has been the
9 genesis of a former gambler who lost everything,
10 quite frankly, and sees this as a way to
11 reestablish solidarity within the community by not
12 having a person, as you've indicated in your
13 testimony, to put themselves on a list, a
14 self-exclusion, that if they would get the
15 statement, then that would help them and their
16 families not to be in dire financial straights.
17 And this has been around for quite a while. And I
18 have proposed the legislation, and the genesis for
19 that bill is that particular gambler, an
20 individual who lost, is in our presence here this
21 morning, and I wanted to share that.

22 So what are your thoughts on
23 supporting or not supporting that kind of
24 proposal, legislative proposal.

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1 MR. DONLEVIE: Let me make a brief
2 comment, then I'm going to pass it to David Sats,
3 because he's got a company perspective on that for
4 Harrah's.

5 I would say that in general I'm not
6 personally convinced that that will have an impact
7 on whether or not somebody games too excess or
8 not. It is my belief that whether or not someone
9 got a statement they would know whether or not
10 they were gaming too excess. They know what they
11 are spending, and they know what their activities
12 are, and they know what their financial
13 capabilities are. But let me pass it to David
14 Sats if I can.

15 MR. SATS: Good morning, Mr.
16 Chairman, members of the committee. Generally, we
17 do not support that type of legislation. I think
18 Vince during his testimony talked about some of
19 the programs that we have. 99 percent
20 scientifically of the people who game, game to
21 enjoy it for entertainment and don't have issues.
22 And that doesn't diminish the one percent of
23 people who do have problems. And a lot of our
24 programs are geared at focusing on looking for

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1 issues where people may have issues and getting
2 them toward the treatment professionals and the
3 like.

4 But if you have three million
5 customers coming through your property or some of
6 those people are repeat customers, the concept of
7 sending a statement on a monthly basis, in our
8 view, doesn't add much to the equation, and we're
9 not supportive of that.

10 REP. CLYMER: The National Gaming
11 Impact Study Commission convened by the then
12 president, William Clinton, indicated there's
13 about three percent of our population is addicted
14 to casino gambling. I know you said one percent,
15 I don't mean to fight the figures, but one percent
16 from three percent involves really thousands of
17 addicted gamblers.

18 MR. SATS: Actually, I believe the
19 National Gaming Impact Study involved reviewing a
20 whole bunch of studies. And I think it was
21 actually between -- the number is somewhere around
22 one and a half percent. I didn't mean to speak,
23 if you look statistically at the different pieces.
24 Again, that doesn't mean to diminish that one

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1 person is too many people with a problem; but if
2 you also look at the scientific research, what
3 they are finding is, is people with gambling
4 addictive problems, usually have issues of
5 comorbidity, so you have people who have alcohol
6 addictions or shopping addictions, addictions
7 where they can't control their selves, are
8 generally are people that, you know, cross the
9 different barriers. So you may find somebody
10 who's an alcoholic may also have gambling
11 problems, may have, you know, problems controlling
12 their spending.

13 The concept of sending a statement
14 to them also raises privacy issues for people who
15 don't have problems, if it's going to their house
16 and stuff. And, again, in no way do I mean to
17 diminish the issue. We just don't think that's
18 something that really focuses on getting that. I
19 think issues like our self-exclusion program,
20 where we give people the option not only to
21 exclude themselves from the property, but to pick
22 a menu of items like not get marketing materials
23 and offers; no comping, no mailings, things like
24 that. We think are more focused on where it

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1 should be. And we welcome working with you and
2 members of State Government as well as Gaming
3 Board on looking at other ways to deal with the
4 treatment community and stuff to deal with problem
5 gamblers.

6 REP. CLYMER: Isn't total rewards
7 when you provide comps to a person, isn't that an
8 incentive to bring that person back into the
9 casino, you are giving them, you know, special
10 treatment because of their time that you have seen
11 them gamble, the hours they spend here, the
12 dollars that they have either won or lost.
13 Doesn't that initiate from Harrah's the reason
14 that you are sending them this letter saying, you
15 know, you have earned this or that, and doesn't
16 that then -- as it brings them back, doesn't that
17 create the addiction for some of these people and
18 thereby the need for them to know what they are
19 spending.

20 MR. SATS: Let's separate that in
21 two issues. A, one is a basic concept of American
22 business called marketing. We have our marketing
23 piece back there. I shop at Macy's, and I get
24 lots of mailings from them and lots of coupons to

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1 go on Monday or Wednesday or Saturday for the
2 "One-Day Sale". It's no different our Total
3 Rewards Program, it's a loyalty program. I have
4 an airlines card, they try to get me to fly all
5 over the place.

6 So I think you have to separate the
7 marketing issue and the fact that whatever the
8 number is, you know, the 98 percent of people who
9 gamble for the entertainment piece, the same way
10 they go to the movies. I think, though, with the
11 issue of people who are coming back to the
12 property, we spend a lot of time, a lot of
13 corporate dollars, on responsible gaming issues to
14 train our employees to look for people who may
15 have issues, look for people who, you know, show
16 signs or trade set the scientific community has
17 demonstrated are addictive personalities. We
18 don't want problem gamblers at our property,
19 that's not what we want to make our money from.
20 That is not people -- we think those people need
21 help and should get help and shouldn't be
22 gambling. We do the best we can. Again, all of
23 our programs we work with the scientific and
24 treatment community to determine the best means to

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1 deal with them.

2 MS. LOVE: Chairman James, can I
3 interject a question regarding this?

4 REP. CLYMER: But there is a
5 difference between Macy's and Bon-Ton's where you
6 get -- where if they send an advertising piece
7 out, it's because you can buy a product from them,
8 it's a pair of shoes or a hat or suit, and that's
9 a product that you can purchase at a discount, and
10 you can take that back with you. Not every person
11 who receives that special invitation from Harrah's
12 is going to walk out of the casino with any
13 product, that they will maybe end up with less
14 money than what they came in with and they'll have
15 nothing to show for it than maybe that incentive
16 they provided, isn't that true?

17 MR. SATS: I think we have a
18 fundamental disagreement there. I think, you
19 know, one of the great things about, you know,
20 being an America citizen is we earn discretionary
21 dollars that we can spend, and whether I determine
22 to go to Macy's or to the movies or to a bar or to
23 a Casino, that's my choice. And, you know, if I
24 get the you tells of going to the casino and

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1 getting my entertainment dollar and spending it
2 on, you know, some entertainment for the night
3 with my wife or my spouse or whatever.

4 REP. CLYMER: At this point in time
5 the Chairman is going to call on some other
6 people. I have a few more questions that I would
7 like to ask Mr. Chairman. Thank you.

8 REP. JAMES: Okay. Representative
9 Waters.

10 REP. WATERS: Good morning. It's
11 good to see you again. This is a follow up on a
12 question that was asked earlier. Did you, when
13 you went inside the -- when you decided to open up
14 in Chester, have any plans for diversity in hiring
15 practices? Did you have goals or guidelines that
16 you had set forth?

17 MR. DONLEVIE: We believed deeply in
18 the value of diversity in our organization
19 nationwide. We believe that we've got a diverse
20 client base. We believe that diversity brings
21 power. We believe that diversity makes us better
22 in our -- in our team. So we work very hard to
23 find diverse pools of folks to bring into
24 organization. I think our track record on

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1 diversity nationwide, and in Chester specifically,
2 is outstanding. We have worked very hard and have
3 accomplished, I think, great results in terms of
4 diversity efforts.

5 So do we have measurable goals, it's
6 not my understanding that there is -- that there
7 is legal preemptions to having measurable
8 diversity goals based on corporal in the state of
9 New Jersey, so, no, we do not have measurable
10 goals, because we find -- it's our belief that
11 that's --

12 REP. WATERS: That's not what I
13 intended when I was asking the question. I was
14 asking if you had any good faith efforts that you
15 tried to plan when you open it up in the
16 community, did you have the intent to make sure
17 that you were trying to achieve diversity in your
18 staff.

19 MR. DONLEVIE: Well, I think that if
20 you think about the City of Chester and what the
21 ethnic background in the City of Chester is, if
22 you look at those statistics, the fact that out of
23 probably 14 career fairs that we ran prior to
24 opening, 12 of those were in the City of Chester.

1 So when you think about the fact that Chester is
2 an extremely diverse population base, that's a lot
3 to do with why we work so hard to recruit in the
4 City of Chester. And as I said, not only did we
5 want to be Chester first, because we think it's
6 right, and we wanted to find folks in Chester, but
7 we also believed that pursuing a diverse employee
8 and work force was important to our success. And
9 I stand today proud of our track record of success
10 in that regard, and I'll pass it onto Fred
11 Keating, our company's chief diversity officer for
12 any other comments.

13 MR. KEATING: Mr. Chairman, members,
14 one of the things that we wanted to do, and I had
15 the pleasure of coming to Chester on a number of
16 different occasions to assist Vince and his
17 leadership team, in really thinking about how we
18 would cut a very wide sloth in terms of diverse
19 organizations, diverse points of entry, and even
20 being from the standpoint of, I guess you'd say,
21 satellite recruiting, putting recruiting stations
22 into areas where we knew that we would get a focus
23 on the diverse number of candidates.

24 So we went through all of those --

0030

1 all of those career fairs, and, quite frankly,
2 vendor fairs as well, so that we could make the
3 opportunities known. Now, the good thing about
4 this is we haven't stopped there. So as we
5 continue to operate on a month by month basis, we
6 continue to, again, cut that wide sloth and going
7 back to those recruiting sources and constantly
8 looking for a diverse way of candidates for
9 whatever positions that we have open.

10 REP. WATERS: Thank you. In
11 addition to some of the other organizations you
12 indicated were available to do outreach donations
13 and support, I think it's very, very good and
14 honorable on your part. I'm very impressed with
15 this. How is your relationship with the religious
16 communities up there as well as the educational
17 institutions up there?

18 MR. DONLEVIE: Let me address a
19 couple pieces and then Fred and I will share the
20 answer. I can tell you that we work very closely,
21 in particular with Widener University right in
22 town. We've got internship programs with them
23 from an educational perspective. They have
24 participated probably at a hire I'm going to say

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1 four or five interns over the course of our short
2 history out of their hospitality program.

3 In addition to that, one of the
4 things we did on a faith-based perspective, we
5 worked through Career Link with the representative
6 and coordinator of Career Link to do grass roots
7 employment marketing for every career fair. So
8 fliers were distributed throughout the -- many of
9 the churches and many of the other local
10 organizations in the City of Chester every time we
11 did those 12 career fairs to make sure that the
12 local community was aware that we were hiring and
13 that we were interested in reaching out to them.
14 We also ran advertising in the local newspaper for
15 each of those career fairs. So we worked very
16 hard to get our message out faith-based but also
17 through any other organizations that were
18 interested and willing to post our message about
19 career fairs. Fred.

20 MR. KEATING: Thank you. You
21 covered very well what I was going say. The many
22 times when you think about this business and
23 recruiting and the like, you don't think about the
24 number of sources that we look for as we recruit.

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1 And our faith-based recruiting really does bring
2 lots of candidates in terms of cutting a wide
3 sloth, whether it's churches, community groups,
4 specific agencies, and even organizations, all of
5 those are really opportunities for us to tap into
6 talents.

7 REP. WATERS: Thank you.

8 REP. JAMES: Andy.

9 MS. LOVE: I'm Andy Love. Vince,
10 you were talking about that nationwide
11 self-exclusion program, what's the process to
12 ensure that since different states mandate the law
13 differently, I know that New Jersey mandates how
14 they run their self-exclusion program, I'm sure
15 Pennsylvania does it another way, Indiana does it
16 another way, you said it's a nationwide program,
17 how can you ensure that the people on the
18 self-exclusion list will be followed the way they
19 are supposed to?

20 MR. DONLEVIE: It's all done via our
21 database system. And it's recorded in our
22 database system so that all the individual
23 information for someone who's self-excludes at
24 Chester is in that database, the database is

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1 updated, and so if that individual were to show up
2 in Atlantic City 24 hours later, there would be
3 messaging in that system that would indicate that
4 they, in fact, were self-excluded.

5 MS. HUGHES: Let me address, okay,
6 that's for our database. But what we also do is
7 once we are notified -- and, again, there is a
8 level of confidentiality -- but once we are
9 notified for whatever state that they have
10 self-excluded, we send out correspondence
11 notification to that customer and, say, we have
12 been notified that you are signed up for the state
13 self-exclusion. This also means, for Harrah's,
14 that you are also inhibited from coming onto
15 Harrah's properties, not just Harrah's. It's
16 Harrah's, Bally's, not just in that jurisdiction,
17 but throughout the United States.

18 So for all our name brands, such as
19 Caesars, Bally's, Harrah's, Show Boat, Rio, we
20 make it clear -- Flamingo -- we make it clear that
21 this prevents you from -- we do not come want you
22 to come onto our properties, but we take it one
23 step further. Some jurisdictions will allow you
24 to continue to be on the gaming floor, we take the

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1 extra step and, say, we don't want you on our
2 property.

3 MS. LOVE: So if a jurisdiction
4 allows someone's to be on the property, you
5 nationwide as Harrah's will not --

6 MS. HUGHES: That's not.

7 MS. LOVE: -- will not allow them.
8 What if someone wants to -- if they come into like
9 the New Jersey community help information, that's
10 where you would have to file to be on
11 self-exclusion in Atlantic City, they come into
12 the automatic database for Harrah's? I don't
13 understand how it works.

14 MS. HUGHES: No. Once we get
15 notification from the state, let's use New Jersey
16 as an example, once we get notification that
17 someone has signed up for self-exclusion, that
18 person's name comes actually into my department,
19 we notify the appropriate properties in Atlantic
20 City, surveillance, certain other departments ini
21 security to notify them they are -- this person,
22 customer, is signed up. We then send it out to
23 various departments, such as our marketing
24 department. They go into the database as Vince

0035

1 was saying so that person will automatically is no
2 mail. And we try to pull anything that hasn't
3 already dropped. So they're immediately, you
4 know, put on that list, they are not going to get
5 any mail. With that customer, it's no comp anyway
6 in New Jersey. We take it a step further, we
7 notify that customer that basically says, you are
8 not permitted on the property as well or at any of
9 our sister properties affiliates.

10 MR. SATS: Let me just add one other
11 piece which is not necessarily answering your
12 question, but I think it goes back to some of the
13 questions from Representative Clymer. Our system
14 which I believe goes further than anyone else in
15 the industry, and we are more diverse than a lot
16 of the companies, two in the different states,
17 gives the power to the general managers of our
18 properties to actually go beyond self-exclusion.
19 I think it is called Gaming -- Responsible Gaming
20 Ambassadors at each property; who, if they see
21 people with attributes of a problem -- again, we
22 are not scientists or medical technicians, so it's
23 not for us to say you have an issue, but we keep a
24 database if we see issues on that. And every

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1 general manager has the power to actually exclude
2 somebody, even if the person doesn't want to
3 self-exclude. And, in fact, we taken that action
4 in several instances, where we believed somebody
5 has an issue, and I think that's something that
6 goes to some of the issues you were talking about.
7 We don't want those people at our properties.

8 MS. LOVE: Thank you.

9 REP. JAMES: I know you still got
10 three questions.

11 Okay. License fees I understand are
12 required for certain jobs, in the casino you have
13 to have a license, is that all jobs or --

14 MR. DONLEVIE: No, it isn't.
15 There's different classifications. There is a
16 gaming license. There is a non-gaming license.
17 And there is also harness licenses. We at this
18 point in time -- there is a specific job
19 classifications for each of those pools of
20 licensing. And -- does that answer your question.

21 REP. JAMES: And, further, in that
22 regard, I understand that they have license fees,
23 does Harrah's have any programs to help potential
24 employees in dealing with those license fees? Or

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1 does the potential employee have to pay that
2 entire fee before they can be hired?

3 MR. DONLEVIE: Our plan -- what we
4 do is we basically front that money for them, and
5 then it's reimbursed through payroll deductions to
6 make it more accessible to come on board without
7 having to come up with that licensing fee prior to
8 employment.

9 REP. JAMES: So they understand that
10 from the beginning?

11 MR. DONLEVIE: Yes.

12 REP. JAMES: That's good. Okay.
13 You have another question.

14 REP. CLYMER: Thank you, Mr.
15 Chairman.

16 Vince, in your report you had
17 mentioned that Harrah's paid 150 million dollars
18 in gaming taxes to local, county, and state; do
19 you have a projection, a 12-month projection, as
20 to what Harrah's earnings will be, what will be
21 the bottom line earnings excluding the racetrack.

22 MR. DONLEVIE: Let me say first that
23 the number that's reported there is an analyzed
24 number. I don't want that to be misinterpreted.

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1 We haven't paid 155 million dollars at this point
2 in time. And, no, I do not have a projection at
3 this point for the operating profits of the
4 business.

5 REP. CLYMER: That leads into
6 another question I have. We had talked about
7 table games, when I say "we", I mean the general
8 assembly is looking at issues of table games. And
9 I think Chairman James is going to have some
10 public hearings on that in the future. But my
11 question is, what is your perspective on table
12 games in the fact that you already have table
13 games, that is the slot machines of Black Jack and
14 video poker which the Black Jack is a very popular
15 table game, but since you already have that
16 electronically, what is your overview on this
17 general assembly passing legislation allowing the
18 14 casinos to have -- to buy into table games.

19 MR. DONLEVIE: We would welcome
20 that, because we think -- our goal is to offer our
21 clientele a full casino experience, that's what's
22 in the best interest of our customers. I think it
23 will broaden the market of who comes to our
24 facility right now.

1 As you certainly -- as you indicated
2 the popularity of the electronic Black Jack games
3 has been very strong and we have been pleased with
4 the results of that product. However, the
5 opportunity to broaden our marketplace and have
6 full-scale table games, I think will add a lot of
7 people to who will be interested in visiting our
8 property and experiencing our property.

9 And as I mentioned yesterday, it
10 will be very important that if the general
11 assembly and legislature considered that, that
12 they -- that there is serious consideration to a
13 different tax structure. Because in today's tax
14 structure, it would be very difficult and
15 impossible for us to really make money on table
16 games.

17 REP. CLYMER: You're referring to
18 the 34 percent tax that the state would get from
19 that.

20 MR. DONLEVIE: No. Actually the
21 state tax to date is 55 percent. We've got local
22 taxes and leases that take us to 59 percent, plus
23 regulatory fees on top of that. So we are really
24 at 61 percent minimum in terms of our total

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1 taxation package.

2 REP. CLYMER: In the legislation,
3 proposed legislation, there is a fee to secure a
4 table games license of \$10 million, and that may
5 vary if the bill does come up, then that may be
6 amended to further increase it, what is your take
7 on 10 million or more for a table license fee,
8 table games license fee.

9 MR. DONLEVIE: My reaction to that
10 is we -- all of us should be careful to make sure
11 that it's an economic structure that works. So
12 the \$10 million versus the tax structure, et
13 cetera, it all wraps into one financial package as
14 we would view that. And I think it is imperative
15 that we work with the assembly and legislature in
16 helping to craft something that would inevitably
17 generate profitability for the casino. Because if
18 it doesn't generate profitability, it could very
19 well end up being legislation that's not able to
20 be executed by the owners.

21 REP. CLYMER: I would think it would
22 be profitable.

23 But, in any event, my final
24 question, Mr. Chairman, is this: When we toured

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1 the casino operation yesterday, I noticed, as we
2 all did, there were machines there for -- slot
3 machines for a penny, for five cents, and then
4 they would go upward; 2,700 and some odd slot
5 machines, how do you select those machines? I
6 mean, I'm not sure if that's in your purview, but
7 how do you select those machines as to how many
8 you are going to have for one cent? The company
9 that you buy from, I mean, you have different
10 companies that make slot machines. So in that
11 market of competition, how does the business mind
12 of Harrah's come about saying these are the ones
13 we are going to purchase.

14 MR. DONLEVIE: Well, that's a very
15 complex question. I would start with saying that
16 we have a lot of historical data through the
17 country that tells us what games are popular and
18 what games perform the best. So from a start
19 point we are going to look at what is most -- what
20 is accepted and utilized to the highest level
21 through the country, and, specifically, in the
22 region within we operate. And over time,
23 basically what we will do is we will modify those
24 product lines based on what the customer

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1 utilization is.

2 So in true answer to your question,
3 the customer ultimately tells us what product to
4 put on the floor. Did that answer your question?

5 REP. CLYMER: Yes.

6 And thank you Mr. Chairman.

7 REP. JAMES: I'm sorry, go ahead.

8 REP. WATERS: Thanks again, Mr.
9 Chairman.

10 Yesterday when we toured the
11 facility, I wasn't there for the entire tour, I'd
12 like to ask you about your entertaining Harrisburg
13 as a "smoke-free Pennsylvania", and how your
14 casino is structured. I got a colleague who had a
15 complaint about his wife is on oxygen machines and
16 they'd like to go out and visit your places that
17 you operate. But they had a problem when they
18 came into through Harrah's, that was because of
19 the amount of smoke that they said they endured
20 when they came inside. I wanted to ask you about
21 your position on what we are doing in Harrisburg
22 as it relates to a "smoke-free Pennsylvania"? And
23 since they did change the smoking -- eliminated
24 smoking in casinos in New Jersey, did you notice

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1 any of your loyal customers who were going to the
2 casinos in New Jersey now coming over here because
3 you didn't have the same smoking restrictions
4 here?

5 MR. DONLEVIE: In answer to the
6 second part of your question about what we notice,
7 there is such a high level of interchange between
8 New Jersey casinos and Harrah's in Pennsylvania,
9 that it would really be impossible to discern
10 specifically what they -- what that movement back
11 and forth is. But I'll pass it on to David Sats
12 who has a more global view of the company on the
13 issue that you've asked, probably as well as the
14 impact on Atlantic City.

15 MR. SATS: Representative, just to
16 add on the second part of that question, there's
17 also a lot of other factors going on in the
18 marketplace with New York gaming, Pennsylvania
19 gaming, which makes it very difficult to
20 understand what is currently changing the market
21 place there. But with regard to the smoking
22 issue, I think Harrah's is a company that sees the
23 smoking issue and where it's going with the
24 efforts of anti-smoking and bans in the workplace

0044

1 and elsewhere as something that's ultimately going
2 to be inevitable. It's a tide that's sweeping not
3 only states within the US but Europe and elsewhere
4 throughout the world. And I think, ultimately, we
5 are probably going to be looking at smoke-free
6 environments.

7 Having said that, I think as a
8 business operator we look at it with a bunch of
9 different interests. We have our employees, they
10 are first and foremost are very important. We
11 have our customers, many of which smoke --
12 different studies have shown between 20 and
13 50 percent of the gaming customer smokes. You
14 have our shareholders, the issue of non-smoking
15 bans in other jurisdictions has led to dropoffs of
16 20, 30 percent of the revenue base. And we have
17 the state's interest. You also have a 20,
18 30 percent interest dropoff in revenues would lead
19 to 20, 30 percent dropoff in tax revenues.

20 The bottom line is it is a very
21 difficult issue and balance. It's one that New
22 Jersey struggled with, as you know, the
23 legislature initially created a carve out, the
24 city council in Atlantic City imposed a ban that

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1 narrows it down to 20 percent of the floor may be
2 used for smoking. And all of the existing casino
3 in Atlantic City are busy now coming up with
4 smoking areas that are physically separated. And
5 I think some casinos are likely to go beyond that
6 and do things where no employees will be involved
7 in the context of smoking areas.

8 Having said that, with all of these
9 different balancing issues, we think from a purely
10 Pennsylvania standpoint, Pennsylvania's got to be
11 concerned of the competitive impacts with New
12 Jersey, with Connecticut, or the Indian Tribes on
13 Sovereign land currently have, you know, smoke
14 areas not bound by Connecticut laws on no smoking
15 and the like. And we think the right way to do
16 it, it may take time, is for there to be some
17 national ban on smoking in the workplace that
18 applies equally every where. And, you know, again
19 as the inevitable happens, I think that's the way
20 you wouldn't have all these competitive
21 imbalances.

22 For the meantime, you know, we would
23 advocate something that would be in sync with the
24 competing jurisdictions. So New Jersey right now

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1 with the 20 percent level is something that we
2 think would be reasonable and we would support.

3 REP. WATERS: Delaware has no
4 smoking.

5 MR. SATS: Delaware has no smoking.
6 They are difficult issues for policy makers, for
7 business owners, and for others to deal with. And
8 I think it is a matter of, how are you going to
9 deal with things in an interim period before
10 things are smoke free, which is, I think, where
11 things are ultimately going.

12 REP. WATERS: Quick question, Mr.
13 Chairman. There's always been a concept that
14 there is the most important person in any
15 business, and that's the clean-up person. And I'd
16 like to ask who handles how often do you clean
17 your machines, because that came up with a
18 question on a talk show.

19 MR. DONLEVIE: Who handles cleaning?

20 REP. WATERS: Yeah, how often do
21 you --

22 MR. DONLEVIE: We have a director of
23 facilities, who also oversees the cleaning of the
24 facility. And the frequency with which we clean

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1 the casino is every single day, all day, 24/7. We
2 are constantly in the cleaning mode. Certainly on
3 the late night shift we can get a little more
4 heavy-duty kinds of cleaning done, but it's a 24/7
5 cleaning operation.

6 REP. WATERS: Thank you. Chairman.

7 REP. JAMES: Okay. I want to thank
8 you for your testimony. Just also want to remind
9 you that, you know, one of our concerns is to make
10 sure that we have adequate, sufficient, and
11 effective diversity in employment and upper
12 management, you know, from the cleaning to
13 ownership. And we just want to make sure we are
14 going to be looking at that and viewing that and
15 hope you continue to push for that in diversity in
16 your employment. We look forward to you helping
17 the county and, in particular, the City of Chester
18 as your facility expands and grows. We also want
19 to commend you on the fact that yesterday we
20 understood that the Horseman Association was very
21 appreciative and took part in part of your, as
22 you, I guess, helped design the facility, and that
23 they became one of the best facilities. In fact,
24 when we went in there, it didn't even smell like a

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1 zoo or that animals were there. So we thought
2 that was great. And, again, we don't have anymore
3 questions for you at this time. We hope you will
4 stay. We should be out of here before twelve, and
5 in case we do have another question as some of the
6 other testifiers testify. Thank you.

7 MR. DONLEVIE: Thank you very much,
8 Mr. Chairman. We appreciate the opportunity to
9 present our story. We believe it's a really good
10 story. And we believe it's very much the
11 fulfillment of the legislation that was passed in
12 bringing great economic opportunity to the City of
13 Chester and the people of the City of Chester.
14 Thank you.

15 REP. JAMES: We're now going to call
16 on the mayor of Chester, Honorable William Butler.

17 Whenever you are ready. Thank you
18 again for giving up your time to let us hear from
19 you.

20 MR. BUTLER: Good morning, Chairman
21 James and Committee. I have a prepared statement.
22 And if you don't mind, I'll read this, and I'll
23 avail myself to questions as well.

24 On behalf of the members of Chester

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1 City Council I would like to thank the committee
2 for the opportunity to speak to you today about
3 how Harrah's has impacted the City of Chester. It
4 was not that long ago that the City won the fight
5 to have a harness racing license issued to Chester
6 Downs, a group of investors who promised to take
7 an abandoned and environmentally contaminated
8 shipyard and convert it into an entertainment and
9 tourist destination. The later approval of slots
10 legislation and the selection of Harrah's as the
11 casino operator expanded the scope of the project
12 and added significantly to the range of impacts
13 that the new facility would have on Chester.

14 For those of us who have worked hard
15 for many years to bring about a revitalization of
16 the City, we had questions about how a Harrah's
17 casino would fit in with our plans and our
18 constant pursuit of positive change. To help us
19 answer those questions, a delegation of Chester
20 and Delaware County officials traveled to Joliet,
21 Illinois to see first hand how a Harrah's casino
22 had affected a city with a number of similarities
23 to Chester.

24 Harrah's arrived in Joliet

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1 approximately ten years prior to our visit.
2 Talking with Joliet officials about the impact of
3 Harrah's over the last ten years gave us a much
4 clearer picture of what the City of Chester could
5 expect from its own casino over the next ten
6 years. Joliet officials were uniformly positive
7 about the impact of Harrah's. It brought needed
8 revenues, new jobs and new vitality to a tough
9 part of town. Harrah's employees, local cab
10 drivers, hotel employees and casual diners who we
11 spoke with on a random basis shared that opinion.
12 Perhaps the most important lesson we learned from
13 Joliet was that it takes time for the municipal
14 revenues that flow from a casino to have a
15 significant impact on a community. You can't fix
16 decades of accumulated problems in one or two
17 years. In sum, our experience in Joliet led us to
18 believe that Harrah's could be a very good thing
19 for Chester.

20 I'd like to take a little of your
21 time this morning to tell you how that belief has
22 compared with the reality of Harrah's Chester
23 Casino and Racetrack in the short six months that
24 the gaming portion of the facility has been open.

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1 I will focus my remarks on the physical, fiscal
2 and community impacts of Harrah's. Mr. Schochetti
3 will describe the impacts of Harrah's on the local
4 economy in his testimony.

5 The Harrah's site was the former
6 home to Sun Shipbuilding, Penn Shipbuilding and,
7 most recently, Metro Machine. With the closing of
8 Metro Machine, the last remnant of the City's
9 shipbuilding past, the City was left with over 50
10 acres of abandoned, environmentally contaminated
11 shipyard. If you go there today, the
12 transformation is truly remarkable. Where vacant,
13 rusted buildings stood, a gleaming, modern
14 entertainment center now stands. Glass walls
15 provide great views of the river, fine dining is
16 now available in the City and thousands of people
17 from all over the region are coming to Chester to
18 have fun. I still have to pinch myself every now
19 and then to be sure that this is not just some
20 kind of dream.

21 Beyond the positive transformation
22 of the site itself, the location of the Harrah's
23 casino mitigated a wide range of possible impacts
24 on City residents. The facility is located just

1 east of the downtown and is bounded on the south
2 by the Delaware River, on the east by Penn
3 Terminals, on the west by Kimberly Clark and on
4 the north (where the nearest residential
5 neighborhood can be found) by a state prison, the
6 four lane Route 291 and the Amtrak northeast
7 corridor rail line. With the nearest residential
8 neighborhood separated from the casino by multiple
9 physical barriers, any negative spillover impacts
10 of less than civic-minded casino patrons wandering
11 into an adjacent residential area have been
12 minimized.

13 In addition, the previously
14 completed widening of Route 291 to four lanes and
15 the use of designated, primarily non-residential
16 access routes to the casino, have minimized
17 negative traffic impacts on the City's
18 neighborhoods. The pending construction of a new
19 set of ramps from I-95 to Route 291 will further
20 improve access to the site and further decrease
21 any neighborhood impacts.

22 If we have experienced few negative
23 impacts from Harrah's, there is no question that
24 we have had a wide range of positive impacts.

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1 Long before Harrah's actually arrived, it created
2 a renewed sense of excitement about the City and
3 its prospects. This led to new interest in
4 housing and commercial development in the City.
5 While intangible from a measurement standpoint,
6 this effect was real nonetheless.

7 From our earliest contacts with
8 Harrah's we conveyed to them the importance of
9 hiring Chester residents. Well in advance of
10 their opening, Harrah's indicated their desire to
11 help us meet these objectives by making a \$500,000
12 grant for workforce development for City
13 residents. A portion of these funds was used to
14 develop a training program geared specifically to
15 City residents interested in jobs where customer
16 service is a critical skill. Over 100 City
17 residents were able to take advantage of this
18 unique training opportunity. In addition, a
19 portion of the Harrah's grant enabled the City to
20 establish its first ever workforce development
21 center and to hire its first ever workforce
22 development coordinator.

23 With City encouragement, Harrah's
24 agreed to host a number of job fairs in the

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1 community room at City Hall to maximize the
2 ability of City residents to attend and learn
3 about the job opportunities at Harrah's. All of
4 these advance efforts have resulted in the hiring
5 of over 200 City residents by Harrah's. We
6 believe that Harrah's may now be the largest City
7 based private sector employer of City residents.
8 Many of these residents have already received
9 promotions to higher level positions within
10 Harrah's. While this has been a good beginning,
11 we continue to work with Harrah's to ensure that
12 they understand our desire to see City residents
13 continue to obtain opportunities for jobs and
14 advancement at Harrah's.

15 The hiring of large numbers of
16 Chester residents at Harrah's is certainly good
17 news. However, it could have been, and should
18 have been, much better. The hiring regulations
19 established by the Pennsylvania Gaming Control
20 Board created barriers to employment of City
21 residents that did not need to be there. Things
22 as simple as failing to mention an arrest from
23 twenty years ago, even though that arrest would
24 not disqualify you for a job, were cause to reject

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1 gaming license applicants.

2 As a result, large numbers of City
3 residents who received job offers from Harrah's
4 were not able to get the gaming license needed to
5 actually get hired. I wrote to the Chairman of
6 the Gaming Control Board about this problem and
7 eventually some of the regulations were modified
8 and the situation somewhat improved, but not
9 quickly enough for many City residents. I would
10 urge this committee to look into how the hiring
11 regulations can be further modified to maintain
12 the needed security while further diminishing the
13 barriers to the hiring of Chester residents by
14 Harrah's.

15 Turning to the fiscal impact of
16 Harrah's on the City of Chester, it is important
17 to point out that the City is an Act 47 distressed
18 community under Pennsylvania law. Most of the
19 cities in Act 47 have experienced a severe decline
20 in their economy and often in their population.
21 Rising costs for benefits and insurance,
22 increasing employee wages and expanding demands
23 for public services have not matched up well with
24 declining tax bases and calls for lower taxes.

1 Chester has not been immune to these
2 factors. But we had a plan and we are making it
3 work. Starting in 1996, the City determined that
4 it would not follow the model of other cities and
5 continue to raise taxes. We recognized that our
6 residents and businesses were heavily burdened by
7 the taxes already in place. Thus, 2007 marks the
8 12th year in a row that the City's real estate
9 taxes have not risen. During that same period the
10 City actually lowered its earned income tax. Not
11 raising taxes, and even lowering taxes, is one way
12 that we have provided a real benefit to every
13 resident of the City - we have left more of their
14 money in their pockets and not ours.

15 Belt-tightening can only work for so
16 long, however. The City needed to generate new
17 revenue to meet the growing financial demands
18 facing it. The hard work to secure a harness
19 racing license and then a slots license has
20 produced that new source of revenue for the City
21 in the form of taxes on gaming proceeds. In 2007,
22 the City has included \$7,000,000.00 in gaming
23 derived revenue into its annual budget. This will
24 grow to \$10,000,000.00 in 2008. Generating new

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1 revenues like these is the key to holding the line
2 on taxes and maintaining a high level of public
3 service.

4 As we are constantly reminded by our
5 Act 47 watchdog, however, part of our job is to
6 exercise caution in how we commit these new
7 resources. To those unfamiliar with the realities
8 of municipal finance in Pennsylvania, it may seem
9 that the City is about to receive a windfall.
10 Nothing could be further from the truth. For
11 example, to emerge from Act 47 we must further
12 reduce our earned income tax rates to their pre
13 Act 47 levels. We must also fund a reserve
14 account as a rainy day fund for tough years in the
15 future. We must establish a capital budget to
16 plan for and finance larger capital projects such
17 as our new east end recreation center and other
18 parks and public facilities. Just these three
19 items alone will eat up a sizable portion of the
20 gaming revenue.

21 In addition to the Act 47
22 requirements, we must also negotiate fair and
23 reasonable contracts with our city employees. We
24 want to add new police officers to enhance the

0058

1 safety of our residents and our neighborhoods. We
2 plan to add to our workforce development efforts.
3 Together with the cost of debt incurred in our
4 lean years, all of these items will utilize the
5 majority of the gaming revenue funds coming to the
6 City. Thus we have a classic good news/bad news
7 story. The good news is that the City can now
8 expect to be fiscally solvent, pay our bills and
9 add a limited number of required and necessary
10 expenditures. The bad news is that we will
11 continue to have Act 47 limitations on our
12 spending for several years. Even without those
13 limitations, having brought the City to true
14 fiscal balance, the members of City Council and I
15 will not establish a host of expensive new
16 programs that will leave the City with a budget
17 crisis despite the new revenue.

18 In terms of community impacts, here
19 again they have been almost uniformly positive.
20 The pre-casino concerns about crime and public
21 safety have thus far proven to be unfounded. The
22 Chester Police Department has seen little or no
23 increase in calls at the casino or near the
24 casino. The Pennsylvania State Police and

0059

1 Harrah's security handle any criminal issues in
2 the casino. In fact, it could be argued that the
3 casino and racetrack have added a whole new
4 dimension in terms of safe places in the City to
5 go for a meal, for entertainment or just to watch
6 the ships on the river from the racetrack
7 grandstands.

8 While we take seriously the
9 possibility that there may be additional issues
10 related to problem gambling, it is still too early
11 to accurately determine any real impacts in that
12 area. We will continue to monitor the situation
13 as time goes on.

14 In conclusion, at least for the City
15 of Chester, the arrival of Harrah's casino and
16 racetrack has had far more positive impacts to
17 date than negative. The Delaware Valley Regional
18 Planning Commission independently confirmed this
19 when they named the Harrah's development their
20 Pennsylvania Project of the Year. For us,
21 Harrah's is not viewed as a panacea but as one
22 more part of an overall program of positive
23 change.

24 Thank you for the opportunity to

0060

1 speak to you today.

2 REP. JAMES: Thank you, Mayor, for
3 giving us your testimony as it relates to
4 Harrah's.

5 So you feel as though that so far
6 Harrah's is being very cooperative in terms of
7 hiring Chester residents and working with you in
8 terms of reducing the burdens that causes the
9 problems in the hiring? And I see where you
10 recommend that our committee review the hiring
11 practices as ordered by the Pennsylvania Gaming
12 Board which we do think they are a little too
13 restrictive. So how do you feel that Harrah's has
14 continued to work with you in that regard.

15 MR. BUTLER: For the latter, I was
16 upset with the regulations, unfortunately, we do
17 have a number of residents that have had barriers
18 in the past and certainly would love to, at least,
19 apply to work at Harrah's. So that I think that's
20 a vital part of this whole hiring practice. When
21 I met Vince Donlevie, I kind of put pressure on
22 him letting him know, unfortunately, we have a
23 minority community and what is happening from our
24 past we used to have tens of thousands of jobs

0061

1 here. They were blue-collar jobs. And all you
2 needed was a willingness to work. Unfortunately,
3 when you fast forward to today, there is all types
4 of requirements and all types of -- and those
5 requirements, you know, post-high school and
6 computer knowledge and so on and so forth. I told
7 him he had to work very strong with us to hire as
8 many Chester residents and do all he can to make
9 sure that he hires Chester first, work from
10 Chester out as verses from the county inward. And
11 I got a lot of flack for saying that, but I'll say
12 it again, I think it is very important. We are
13 the only city in Delaware County, certainly we
14 have a lot of issues that we have to overcome, and
15 a named industry like that I think can do wonders,
16 you know, to help us achieve those goals.

17 REP. JAMES: Well, we certainly want
18 to help you in that regard and what we want to do
19 is work through Thaddeus Kirkland, who is the
20 legislator that represents Chester. And if you
21 can work, you know, with his office in terms of
22 any suggestions and through our committee in terms
23 of how we can help in terms of increasing the
24 hiring opportunities and potential, we'd be glad

0062

1 to do that.

2 MR. BUTLER: Thank you.

3 REP. JAMES: Chairman Clymer.

4 REP. CLYMER: Thank you, Mr.

5 Chairman. And good morning, Mayor Butler. It's
6 good to hear from you. That one bit about not
7 raising taxes, that goes well with me, I think we
8 can communicate on that. We are trying to keep
9 taxes from raising in Harrisburg. So that's a
10 good step.

11 Anyway, my question is when you went
12 out to Joliet, Illinois, what is the population of
13 Joliet, do you know?

14 MR. BUTLER: I forgot.

15 REP. CLYMER: What is the population
16 of Chester?

17 MR. BUTLER: Right now it's about
18 37,000 something. And we used to be 65,000.

19 REP. CLYMER: All right. And going
20 back to Joliet, what was it again that you saw in
21 that community that made you say to you yourself,
22 we can do this in Chester, Harrah's being there,
23 is that only casino that's in Joliet?

24 MR. BUTLER: I think so.

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1 REP. CLYMER: And, again, what was
2 it again that you saw that really caught your
3 attention and said this can work in Chester? As
4 you looked at Joliet and you saw those
5 improvements, what were those improvements that
6 you saw that you said, we can make this work in
7 Chester?

8 MR. BUTLER: What I was impressed
9 with is they had a 10-year plan. And when we
10 wanted to go there I never thought about that, you
11 know, since Harrah's had already been approved to
12 come, that was not part of my vision, but they
13 laid out this 10 point plan which will affect the
14 whole community, you know, from recreation, to,
15 you know, managing their budget, to hiring
16 practices, you know, on and on. Like I said, I
17 didn't think about that when we went out there.
18 And also I was impressed that the mayor and his
19 whole entourage, must have been 20 something
20 elected and, I guess, appointed officials greeted
21 us, and was explaining their facet of the plan,
22 you know, from the police department, the fire
23 department, again, recreation, they all sat in.
24 We talked to them, I'd say, for about two, two and

0064

1 a half hours. And I was impressed.

2 Because we have a plan in Chester.

3 You know, when I came on board, we have an

4 award-winning vision 2000 plan, you know, and I

5 don't think you can move a community forward

6 without a viable plan. And we have been working

7 every segment of that. So that really hit home

8 with me.

9 REP. CLYMER: So that's an ongoing
10 process with Juliet that we can watch that from
11 year to year and see the progress they're making
12 and that will be helpful with your efforts here.

13 MR. BUTLER: Yes, sir.

14 REP. CLYMER: So one of the things
15 that you would be looking at in that plan was to
16 help reestablish -- and I'm talking downtown
17 Chester now -- I'm not talking here on the out
18 lying area of Chester, because we know that this
19 is economic development with Harrah's, but you
20 would anticipate economic development within
21 downtown Chester that other businesses would begin
22 to, you know, like a farmer planting a seed, in
23 due time the crops will begin to come up, and
24 that's what you would anticipate happening in

0065

1 Chester over a period of time?

2 MR. BUTLER: Yes, sir.

3 REP. CLYMER: Revitalization taking
4 place within the whole Chester community, would
5 that be a fair assessment?

6 MR. BUTLER: Yes, I would love to
7 see that, you know. Of course, what happened to
8 us happened to a lot of communities. Somebody
9 invented the mall. Because, you got to remember,
10 we had everything. We had Sears and all the name
11 stores here in the City of Chester. And whoever
12 came up with the concept of the mall that just --
13 that was the death nail for, you know, like
14 central business districts in smaller communities.

15 REP. CLYMER: Now, do you see in the
16 future as these businesses develop -- and that
17 could be a wide range of services, restaurants,
18 the whole gamut, I don't mean, to say just like a
19 manufacturing or -- but, I mean, do you foresee
20 that within Chester, people would want, if they
21 came -- heard there is 10,000 people come here
22 daily, is that a fair assessment? I think that's
23 what I heard. Whatever that large number is, do
24 you see them coming into downtown Chester? Is

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1 there something in this revitalization plan that
2 you looked at in Joliet that you would see people
3 as they came to the racetrack and to the Chester
4 enterprise here, that they would somehow also make
5 their way into downtown Chest? Eventually, not
6 tomorrow, not by the end of the week, but do you
7 foresee that? Is that part of the vision you have
8 or not?

9 MR. BUTLER: Yes, very much so. I
10 mean, we have a downtown business district plan,
11 you know, again, going back to what I alluded to.
12 I mean, the malls really hurt us. Now, we meet
13 regularly to try to find out what type of
14 business, what we can get a spinoff from the
15 people coming from Harrah's to, you know, kind of
16 focus them over towards our central business
17 district.

18 By the way, we're kind of thinking
19 about this thing, Morton Avenue, we've actually
20 tried to acquire as much property over there as we
21 can so we can determine what type of -- if there
22 is going to be business or residential, it's going
23 to be suitable to compliment what's happening in
24 Harrah's and the whole waterfront.

0067

1 REP. CLYMER: And then, also,
2 parking in downtown areas are very important, so
3 I'm sure your management plan is going to make
4 sure if you bring the people from the casino from
5 the racetrack, that there is parking available as
6 well. Because you can't have a revitalization
7 without adequate parking, parking garages, and
8 that's in the plan. Very good.

9 MR. BUTLER: You understand correct.

10 REP. CLYMER: So, then, what really
11 brings about a strong revitalization is that
12 neighborhoods begin to develop, the family
13 structure is revisited, and you now have the
14 foundations for doing a total revitalization.
15 It's like that seed that was planted, it's growing
16 because it's been watered, it's been cultivated,
17 now you see this happening, or maybe not, within
18 the neighborhoods within the family structures of
19 Chester that Harrah's is also in an indirect way
20 making this possible? Do you see that happening
21 in the future?

22 MR. BUTLER: Well, I'm hoping so,
23 because part of my vision -- and we are moving
24 towards that right now -- is to get away from

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1 awful lot of rentals to homeownership. We have
2 several homeownership projects that are taking
3 place as we are sitting here to reduce, again, the
4 rental. I mean, as you well know, if you own
5 something, you look at it much differently than if
6 you're just renting. And that's going back to
7 that family concept that you are talking about.

8 REP. CLYMER: And my final question,
9 thank you, Mr. Chairman for your tolerance, and my
10 final question, Mayor Butler, is we have done
11 studies in Harrisburg on the gaming issue, and one
12 of our concerns which was properly addressed by
13 the officials here is addiction. Do you find that
14 youths, people try to get to who are underage,
15 high school students, in particular, college
16 students, all try to get into the casino, and
17 you're aware of that that addiction does permeate
18 into the community, even though you haven't seen
19 that crime taking place or offer some very
20 positive remarks, I just wanted to, again, share
21 that fact with you that that can be a real problem
22 in the future.

23 MR. BUTLER: I would agree with
24 that. In my town I have even more serious

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1 problem, unfortunately, I have young African
2 American men that think they can resolve their
3 issues with a weapon. And, you know, that's my
4 number one priority, that's why I talked about
5 more police officers, more initiatives to be
6 proactive in that approach. I was a police
7 officer there for 34 years. You know, I go down
8 to Harrah's maybe once a week. This venue here,
9 and I'm not trying to sell this to you, is one of
10 the safest places that my seniors can go. Because
11 most of the time we don't have any statistical
12 data where the seniors are accosted, assaulted,
13 because they know come dusk, they will lock
14 themselves in. Which is just appalling to me,
15 they are American citizens. Now, as I go down
16 there in the evenings, I see them down there, it's
17 a safe place, because they know the state police
18 is there, they know security is there, and even
19 off-duty police officers that traverse that floor
20 there. I mean, they feel more comfortable, again,
21 it's safer there to come out and do -- just enjoy
22 themselves and go back.

23 REP. JAMES: All right. Thank you.

24 Representative Waters.

0070

1 REP. WATERS: Thank you, Mayor
2 Butler. And it's obvious that you are in full
3 support of this industry and the impact it's had
4 to the city. In the beginning when the proposal
5 for both, I guess, the racetrack and then the
6 casino to come there, was there any opposition or
7 support you might want to talk about prior to
8 before they got there?

9 MR. BUTLER: Before the gaming
10 piece?

11 REP. WATERS: Yes. Some parts of
12 the state have opposition, and I've heard about
13 the oppositions in Philadelphia --

14 MR. BUTLER: You mean -- yeah.

15 REP. WATERS: I think there is
16 support. I wanted to know how it was about in
17 Chester.

18 MR. BUTLER: We had opposition, I
19 was the chief of police then. So I attended just
20 from a -- I was interested because this is my
21 community and make sure that, you know, there was
22 order. Yeah, there was opposition. But, again,
23 to get an industry to come here, you know, to
24 support from a financial situation, the efforts,

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1 you know, if there is another industry that could
2 do this, I would have went with the other industry
3 first. Because I'm not what you call a gambler.
4 You know, I go down there. I'm waiting for the
5 Eagles to play, I'll be in the End Zone. And I'm
6 not a smoker either. So I go down there. I head
7 to the End Zone. And my fellow classmates and so
8 on and so forth, we are in there.

9 But a lot of people that opposed
10 that, I saw them sitting down in the End Zone
11 eating. Okay, sir. So, I mean -- look, I give my
12 statement. I didn't view this as a panacea, but
13 we had to do something, you know, to help save
14 Chester. Again, the only -- the most historic
15 city, I think, in Pennsylvania to me, you know,
16 so, you know, what I can reach out and grasp to
17 help save Chester that's legal, I'll do that.

18 REP. WATERS: Well, obviously, you
19 said wake side excited you are.

20 MR. BUTLER: Because as a beat cop
21 and riding this town. If you would have told me
22 that when I started on the police force in the
23 late sixties, that we would have Harrah's Casino &
24 Racetrack and even Waterford Rivertown, and even

0072

1 have our five federal housing projects redone, I
2 would have told you, you are crazy.

3 REP. WATERS: Okay. Good to hear
4 your testimony that you gave. And thanks again.
5 Thank you.

6 REP. JAMES: Okay. All right.
7 Again, Mayor, we want to thank you.

8 MR. BUTLER: My pleasure.

9 REP. JAMES: And, hopefully, we will
10 be working through Representative Kirkland's
11 office as we continue to deal with those --

12 MR. BUTLER: All right. Sir.

13 REP. JAMES: We are now going to
14 here from Chester.

15 MR. SCHOCHETTI: I always hate
16 coming on after the mayor. He does such a good
17 job.

18 Chairman James and members of the
19 Pennsylvania House of Representatives Gaming
20 Oversight Committee, I am pleased to be here today
21 to provide you with an early look at the
22 interaction of Harrah's and the City of Chester
23 economy. By way of background, I have had the
24 privilege of serving as the Executive Director of

0073

1 the Chester Economic Development Authority since
2 1996, long before anyone could have dreamed that a
3 casino would someday sit on the City's waterfront.

4 First off, it should be clearly
5 stated that with only about seven months of
6 Harrah's operating experience to draw on, it is
7 too early to reach any substantive conclusions
8 about the economic impacts of Harrah's on the
9 City. Having said that, there are clear
10 indications that some City businesses have
11 successfully tapped the potential that Harrah's
12 represents.

13 Before we look more closely at the
14 last seven months, it is important to have an
15 understanding of the nature of the City's economy
16 prior to the arrival of Harrah's. Starting in the
17 post World War II era, the City experienced almost
18 forty straight years of economic decline. Hardly
19 noticeable in the 1950' sand 1960' s, the decline
20 accelerated rapidly in the 1970's and 1980's. It
21 can be argued that the City reached its economic
22 nadir somewhere in the late 1980's to the mid
23 1990's. This long period of decline saw hundreds
24 of businesses leave the City along with thousands

1 of jobs.

2 One of the by-products of this
3 business exodus was that the City was left with no
4 definable economic strength. Historically a
5 manufacturing and retail center, the loss of most
6 of the businesses in these two sectors created a
7 vacuum that had no other business sector has yet
8 managed to fill.

9 In the mid 1990's the City adopted a
10 new comprehensive plan which included a new
11 approach to economic development based on the
12 City's strategic location and its access to the
13 regional transportation system. It focused on the
14 waterfront corridor, the 1-95 corridor and the
15 downtown and emphasized the need to expand the
16 economy by broadening the mix of businesses in the
17 City thereby making it more resistant to downturns
18 in anyone economic sector.

19 Following this strategy, the City
20 has been able to establish the beginnings of an
21 office sector with the development of 400,000
22 square feet of new office space at the Wharf at
23 Rivertown. It has added a technology component
24 with the development of the University Technology

1 Park by Widener University and Crozer Keystone
2 Health System. And, most recently, it has added a
3 tourism and entertainment sector with the addition
4 of Harrah's. Thus the arrival of Harrah's is only
5 part of a much larger strategy to rebuild and
6 diversify the City's economy.

7 Despite being only part of a larger
8 strategy, there is no question that the
9 expectations for Harrah's were high. The Mayor
10 has already touched on some of the positive
11 economic impacts in terms of workforce and direct
12 revenues to the City. Other positive impacts on
13 existing and future businesses in the City were
14 also anticipated but the nature, extent and timing
15 of these impacts was less clear.

16 The first glimpse at some of these
17 impacts was obtained during the construction phase
18 of the casino/racetrack. These early experiences
19 highlighted both the potential and some of the
20 limitations of Harrah's in Chester. In order to
21 prepare City businesses for the opportunity to bid
22 on part of the construction work, the City worked
23 with Harrah's to hold a vendors fair in October,
24 2005. The focus of the fair was on products and

1 services needed during construction, time tables
2 and bidding requirements, state licensing
3 requirements and Harrah's purchasing procedures.

4 What we learned as a result of the
5 fair and the subsequent vendor selection process
6 was that, due to the long economic decline, there
7 were a very limited number of businesses in the
8 City that had products and/or services that would
9 be needed for the construction of the Harrah's
10 facility. Despite that fact, the City urged
11 Harrah's to make every effort to include City
12 businesses in the construction of the facility.
13 The result was that Community Light and Sound
14 supplied many of the loudspeakers for Harrah's and
15 other City businesses including T. Frank McCall's,
16 Chester Hardware and Supply, Advanced Hydraulics,
17 United Rental, Iron Man, Inc., AAA Lock and
18 Security and Suburban Electric were all part of
19 the construction phase.

20 As the construction neared
21 completion, the potential for other City based
22 businesses to supply goods or services to Harrah's
23 as part of their normal operations came into
24 focus. It can be argued that there are three main

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1 components of Harrah's operations impact on local
2 businesses: The direct purchasing power of
3 Harrah' s, the purchasing power of Harrah's
4 employees and the purchasing power of Harrah's
5 visitors. Each of these components can be
6 important to current and future City businesses.

7 To help City-based businesses take
8 advantage of Harrah's direct purchasing, the City
9 held two separate seminars on how to obtain
10 certification as a minority or woman based
11 business and how to use that certification to
12 secure additional business. In addition, a second
13 vendor's fair was held. Its purpose was to give
14 City businesses that wanted to do business with
15 Harrah's on an ongoing basis, a chance to learn
16 more about the opportunity. For small businesses
17 in Chester, the transition to being a supplier for
18 a large consumer like Harrah's can be difficult.
19 Business owners needed to ask themselves a number
20 of questions to determine if they could, and if
21 they wanted to, do business with a large company
22 like Harrah's. Can I produce a high volume of
23 product day-in and day-out? Can I maintain the
24 quality of the product as production is ramped up?

0078

1 Can I deliver the expanded volume of product to
2 meet the customer's requirements? Do I need to
3 hire new staff to handle the increased demands?
4 What changes do I need to make to properly manage
5 the changes in cash flow? For some companies
6 these questions are easier to answer than for
7 others. Once again, we learned that the pool of
8 City based companies interested in and prepared to
9 supply Harrah's was limited.

10 Despite these challenges, a number
11 of Chester businesses are currently taking
12 advantage of Harrah's direct purchasing power by
13 providing goods and services to Harrah's. T.
14 Frank McCall's (certified WBE) is providing a wide
15 range of paper products to Harrah's. Phatso's
16 Bakery (Certified MBE) is providing pastries.
17 Buono Bros. Is providing rolls. Goffs seafood is
18 providing seafood. Siam Foods is providing egg
19 rolls. Furillo's sandwich shop provides food for
20 the paddock area. Linder Printing is providing
21 printing services and some of the companies that
22 provided products to Harrah's during construction
23 continue to do so. These companies are seizing
24 the opportunity provided by Harrah's to grow their

1 business. The long term success of all these City
2 businesses in providing these goods and services
3 to Harrah's, however, will depend on how well they
4 adapt their companies to the changes necessary to
5 serve their existing customers as well the needs
6 of their new customer. To date, Harrah's has
7 recognized the difficulties that local businesses
8 may have in meeting their business criteria and
9 have worked with them to resolve those problems.

10 With respect to Harrah's employees,
11 the first level of economic impact is more dollars
12 in the local economy. These dollars can help
13 support many existing City businesses. There is
14 no magic formula for tapping the potential of
15 Harrah's employees, or for that matter employees
16 of any City-based businesses - provide a good or a
17 service that they need or want at a reasonable
18 cost and let them know that you can provide it.
19 To some extent this is Business 101, but a whole
20 new set of potential customers has significantly
21 broadened the range and type of opportunities
22 available, and a new look at current business
23 practices may be in order if a City based business
24 wants to capture a portion of that market.

1 The largest potential impact, but
2 the most difficult to tap at this point, is the
3 potential of Harrah's visitors. At an estimated
4 three million visitors per year this is an
5 entirely new and untapped market for City
6 businesses. The best example to date of a
7 City-based business capitalizing on this market
8 potential is the Chester City Cab Company (MBE).
9 An entrepreneur who was a client of the Chester
10 Microenterprise partnership saw an opportunity for
11 cab service in Chester even before Harrah's
12 arrived. He managed to secure his Pennsylvania
13 Utility Commission license to operate a cab
14 company in 2005 and started business with one cab
15 and one driver, himself. With a Harrah's approved
16 cabstand, the Chester City Cab Company now has
17 four cabs and five total employees. The largest
18 portion of their evening trade is now Harrah's
19 patrons.

20 The Chester City Cab Company is an
21 excellent example of how other City businesses can
22 tap the visitor market. Find a good or a service
23 that they may want or need (e.g. a gas station on
24 a key travel route) and create a business to meet

0081

1 that need. If you are an existing business with a
2 product that you think could appeal to Harrah's
3 visitors, figure out how best to market it to
4 them. Since Harrah's wants to purchase from local
5 vendors, find out what goods and services Harrah's
6 is purchasing outside the City and see if you can
7 provide it more efficiently or less expensively.
8 This is easy to say but not always easy to put
9 into practice. For those businesses that do want
10 to go in this direction, there is help available.
11 Businesses that need help in framing business
12 plans or changing existing business strategies to
13 tap any of the three aspects of Harrah's market
14 potential have resources available to them in the
15 Chester Microenterprise Partnership and in the
16 Widener Small Business Development Center.

17 The common theme to all of the City
18 businesses who have thus far had success is that
19 they saw that there was a new opportunity in some
20 aspect of Harrah's arrival and they went after it.
21 They were not content to sit back and wait for
22 things to happen.

23 In summary, there is no question
24 that some City businesses have already managed to

1 capitalize on the market potential created by the
2 arrival of Harrah's. It is also clear that there
3 is a much larger market potential still waiting to
4 be tapped. Helping City businesses recognize that
5 potential and take the steps necessary to seize
6 the opportunity that it presents will be the
7 challenge going forward.

8 Thank you for the opportunity to
9 provide these remarks.

10 REP. JAMES: I want to thank you for
11 your testimony.

12 Representative Waters.

13 REP. WATERS: Thank you, Mr.
14 Chairman. Thank you to David for your testimony.
15 Earlier we asked a question about the Chester
16 Harrah's faces challenges in their ability to open
17 up their business and operate in Chester City. I
18 wanted to ask you, your own interest as an
19 economic executive director of economic authority,
20 how challenging was it -- I saw some of your
21 testimony here -- was it for you to prepare
22 businesses or help businesses get in line with a
23 way that they could qualify to attract some of
24 these businesses opportunity from Harrah's.

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1 MR. SCHOCHETTI: I think the best
2 answer to that is that it really varied from
3 business to business. Some of the suppliers that
4 are currently doing business with Harrah's had
5 experience dealing with large customers. T Frank
6 McCall's has a paper supply business, and they
7 have experience dealing with large consumers. For
8 them, it wasn't much of a leap to be able to
9 supply Harrah's. For others, however, smaller
10 businesses who've never dealt with a large
11 customer, who's demands are 24 hours a day,
12 seven days a week, and when they need something,
13 they want it at that particular point in time and
14 often times in quantity. So for smaller
15 businesses used to dealing with smaller customers
16 and smaller quantities, it is a little bit of a
17 leap to be able to provide -- it's the same kind
18 of quality and same kind of product that you would
19 provide if it was a much smaller amount of that
20 product or that service. So there was a little
21 bit of, I think, self-selection. I know a couple
22 of businesses decided that, you know, I'm just not
23 ready to ramp up and try and be able to do that.
24 Other companies said, hey, I really want to go

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1 after that, I think it is something that we can
2 do. And in some cases they struggled; you know,
3 either with the ability to produce or the ability
4 to maintain quality. I'm aware of at least two
5 examples where that has happened and Harrah's has
6 worked with them to try and deal with those
7 problems by changing their expectations and
8 working with them to try and solve their own
9 production problems.

10 So I guess the best answer I have is
11 that it really does vary from business to
12 business. And you have to really want to deal
13 with the big customers, because it changes how you
14 do business. If I've been providing X dozen of
15 something, and now I have to provide 20 times
16 that, I have to change the way I do things. And
17 not every business wants to do that. And even the
18 ones that do sometimes face hurdles. You know, if
19 you look at some of the history of small
20 businesses, many businesses fail, actually, when
21 they get one of those big customers. Because they
22 really don't know how to ramp up, and they don't
23 really do it properly, and they over expend on
24 equipment and supplies and then find out they

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1 can't manage it. So it's a very -- you want to
2 manage that process carefully so that the business
3 doesn't overextend and then find out that it can't
4 meet its payroll or it's other business demands.

5 REP. WATERS: From your perspective,
6 though, how helpful were you in preparing
7 businesses entering into joint venture or
8 something so that you knew the industry was coming
9 and for future sites where gaming is going to be
10 established, how could they better prepare
11 businesses in advance so they know what's coming
12 on and they know what to look forward and position
13 themselves to be able to handle the new demands so
14 they can take advantage of this opportunity of an
15 industry like this.

16 MR. SCHOCHETTI: I think that's an
17 excellent question. I would say that there are
18 things that communities can do. And we did some
19 of those. I mean, in looking back we probably
20 could have done some different things. But I
21 think our first and foremost mission was to make
22 sure that business knew about the opportunity. So
23 we did have the vendors' fair. There was an awful
24 lot of discussions about the arrival of Harrah's.

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1 And, again, what we found is there
2 are businesses that are aggressive about new
3 market opportunities and others who are less
4 aggressive. So I think one of the things you want
5 to do early on in other communities is identify
6 the communities that really want to go and be a
7 customer to Harrah's. And then you want to work
8 with them in ways that maybe you wouldn't work
9 with the other companies that are less interested
10 in doing that. And, in particular, if it's a
11 small business that is going to produce something
12 Harrah's is going to consume in quantity, they really
13 need technical help to understand how to ramp up
14 that business.

15 And, again, I watched a couple of
16 businesses in the city struggle with that in terms
17 of, you know, again, if you're doing a little bit
18 of small quantities you now have to produce a
19 large quantity, there's issues of personnel and
20 production quality, et cetera. So one of the
21 things I would say to other communities is
22 identify the companies early on who want to work
23 with Harrah's. And then help them -- I would
24 bring whatever casino is into the process and have

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1 them talk to, as we did in the vendors' fair --
2 but, again, in retrospect we probably could have
3 done a little more of that of having Harrah's more
4 clearly explain the expectations and demands of a
5 large customers. Harrah's doesn't want to open up
6 business without food at the restaurant. So if
7 I'm selling seafood or I'm selling doughnuts or
8 I'm selling whatever, I have to get them there
9 when Harrah's needs them, I cannot produce them.

10 And so those are the kinds of issues
11 that small businesses, I think, have to be very
12 cognizant about.

13 REP. WATERS: Okay. Thank you.

14 REP. JAMES: Representative Clymer.

15 REP. CLYMER: Thank you, Mr.
16 Chairman. Thank you for your testimony here this
17 morning. Just two questions briefly, how many
18 businesses have contacted you with an interest to
19 relocate or open a new business in the city, and
20 not including the water -- including the
21 waterfront since Harrah's has opened, how many
22 have contacted you directly, and kind of being
23 more specific in a follow-up to Representative
24 Waters' questions.

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1 MR. SCHOCHETTI: I don't have that
2 kind of statistic. What I can tell you, though,
3 is that the city has -- again, my experience goes
4 back actually beyond '96, but in my current
5 position, since '96 -- when I got there in '96
6 there was very little interest on the part of the
7 business community in the City at all. If we got
8 one or two calls every two or three weeks with
9 companies wanting to come to Chester, that would
10 have been about accurate.

11 As we have gone through the plan
12 that the mayor referred to previously, we have
13 changed the business climate in the city. And
14 even prior to the arrival of Harrah's, for
15 instance, when we were able to get a major
16 regional real estate developer to take on an
17 abandoned power plant on the Waterfront and turn
18 it into an office building, you know, that was
19 kind of a big spark. We've made some small
20 progress before that, but when that project
21 happened, it really sent a signal. And it was
22 explained to me one way that when the big players
23 come to town, the small players know it's also
24 time to come. So when we bring a regional

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1 developer with a high reputation to the City, it
2 began to change, I think, the perception in the
3 broader business about what was appropriate and in
4 terms of coming to Chester. And we have some
5 tremendous access and transportation advantages.

6 So a long answer to your short
7 question, there has been, I would say, a
8 continuing increase over time and then another
9 spike post-Harrah's, because that created a whole
10 new set of excitement about the city.

11 REP. CLYMER: A follow up to my
12 question I had mentioned to Mayor Butler was that,
13 other than the cab company you mentioned in your
14 testimony as a business that has expanded and then
15 excluding the vendors who have direct contact with
16 Harrah's, have you seen any economic development
17 activity with those existing businesses within the
18 City of Chester, such as maybe a florist or a
19 restaurant or cleaning or other kinds of services,
20 is that beginning to materialize, or is that still
21 on the --

22 MR. SCHOCHETTI: Just so I
23 understand your question, you're talking about
24 businesses who would do businesses with other

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1 companies other than Harrah's, is that what you
2 are saying?

3 REP. CLYMER: Yes, that's correct.

4 MR. SCHOCHETTI: Again, I think the
5 answer is in general there has been a consistent
6 increase in business activity and business
7 development in the city. However, I will -- for
8 instance, you asked about a specific area, we
9 don't have a florist right now in the City of
10 Chester. We miss multiple segments of what most
11 cities would think are normal businesses. So what
12 we are hoping will happen and what is happening is
13 that one by one each of these little areas begin
14 someone says we are working right now with a
15 florist who's in a surrounding community who wants
16 to bring his business to Chester, so, yes, I think
17 we are seeing those kinds of results.

18 REP. CLYMER: Thank you.

19 REP. JAMES: I want to thank you,
20 Dave -- any other comments?

21 Thank you for your testimony. We
22 want to remind everyone we want to try to be out
23 of here by twelve.

24 We are now going to call on the FAIR

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1 Deal Coalition. I understand there's a little
2 different from the itinerary. Reverend Bernice
3 Warren. Come up and state your name for the
4 record.

5 REV. WARREN: I guess I'm not sure
6 what time it is.

7 REP. JAMES: Do you have copies of
8 your testimony?

9 REV. WARREN: Actually, I will make
10 sure you have copies. The person who was supposed
11 to speak is in court today. So I am standing in
12 his place.

13 Good afternoon. I am, as you've
14 already heard, the Reverend Bernice Warren, a
15 resident of Chester and the chairperson of the
16 FAIR Deal Coalition in Chester. And on behalf of
17 the FAIR Deal Coalition in Chester I wish to thank
18 you, Mr. Chairman, and the Oversight Committee for
19 giving us the opportunity to share our views on
20 the social and economic impact of gambling on the
21 residents of our city.

22 First, just to share with you a
23 little background on who we are, the FAIR Deal
24 Coalition of Chester is a group of organizations

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1 and individuals from Chester and the surrounding
2 areas whose mission is to make sure that all of
3 the current residents of Chester get a FAIR Deal
4 in the face of the arrival of legalized gambling
5 in our city. In other words, we want to make sure
6 that the have and have-nots, the poor, and the
7 most vulnerable people will benefit from the
8 revenues that will be generated from the casino.

9 The word "FAIR" is an acronym which
10 stands for Fair Accountable Investment of Revenue.
11 The question we want to raise is simple. While
12 gaming revenue has begun to flow, how have the
13 local residents, the poor, the disenfranchised,
14 our senior citizens, and youths benefited from the
15 opening of Harrah's Chester Casino and Racetrack?

16 We have met recent -- well, maybe
17 two or three months ago we met Mr. Donlevie who is
18 an official of Harrah's, who told us -- and I
19 think the numbers have changed -- but at that time
20 we knew that 900 jobs -- Harrah's has offered 900
21 hundred jobs to the people in the City of
22 Chester -- but that has changed, I heard him
23 change that number -- but at that time it was 900
24 jobs, and only 200 residents of Chester were

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1 employed at that time. Simply put, 80 percent of
2 employees at Harrah's are not from Chester. We
3 find this is to be shameful and unacceptable.
4 According to our own research, which was published
5 in a paper entitled, "Rolling The Dice, Gambling
6 With Chester's Future", dated September 2006, we
7 cited research evidence that the typical pattern
8 in small poor communities like Chester is for
9 80 percent or more of casino patrons to be from
10 the surrounding areas. This points back to
11 disturbing reality. Only 20 percent of Chester
12 residents have been employed. While Harrah's has
13 only offered 20 percent of Chester residents
14 employment, Chester residents and surrounding area
15 have been supporting Harrah's.

16 Since the residents of Chester spend
17 their money in Harrah's, our question is why have
18 four out of five jobs gone to non-residents?
19 Employment was supposed to be a major -- one of
20 the major benefits of legalized gambling.
21 According to Harrah's officials we have met with,
22 along with the director of Chester Workforce
23 Development, and other community residents, the
24 barrier to job employment has been job

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1 requirements. In other words, we have been told
2 that the people in Chester do not qualify or have
3 the skills for the positions that were offered.

4 If this is the case, Mr. Chairman,
5 we find it hard to believe that Harrah's has not
6 invested one penny in the Chester Upland School
7 District to ensure that our children get the
8 quality of education needed to ensure that they
9 would be employable. It is no secret that Chester
10 Upland School District consistently ranks at one
11 -- consistently ranks at very close to the bottom
12 of the Pennsylvania -- close to the bottom -- they
13 rank sometimes 500 -- there are 501 school
14 districts, and consistently rank at the bottom. A
15 majority of our high school students fail to reach
16 minimum standards in reading and math, this is no
17 secret.

18 The school -- our schools have been
19 plagued with shortage of teachers, overcrowded
20 classrooms, lack of basic materials such as books
21 and other materials, deteriorating physical plans,
22 and much more. And it has been mind boggling to
23 us that Harrah's says they want to employ Chester
24 residents, yet, they have not invested in our

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1 schools to ensure our young people are educated so
2 they might work.

3 In addition to that, Harrah's is
4 located in a Keystone opportunity zone, which
5 means they are exempt from paying any school taxes
6 until at least the year 2013. No school taxes, no
7 investment in our children's education. Then they
8 report to us that our people do not qualify for
9 most of the jobs.

10 Secondly, we have heard that a
11 barrier to employment has been criminal -- our
12 criminal records. Many individuals have long
13 since paid the penalty for past misdeeds and
14 changed their lives and they have been kept from
15 gainful employment at Harrah's. And many poor
16 small urban communities, such as Chester, criminal
17 records have been a barrier to employment. If
18 Harrah's wants to make their promises of jobs
19 good, it seems to us that they would ease some of
20 these restrictions and lower the barriers.

21 The final question we wish to raise,
22 what has the impact of Harrah's had on local
23 businesses. We recently talked with a cross
24 section of 18 merchants in Chester and continue

1 that research, including gas stations,
2 restaurants, and merchants. Only two said they
3 were doing better, eight said they were doing
4 worse, and eight said it made no difference.

5 Harrah's has made promises to the
6 people of Chester. They made promises of jobs,
7 80 percent of them offered are not Chester
8 residents. They made promises of more businesses
9 to local merchants. While the jury is still out
10 on that; out of 18, only two said were better.

11 Finally, I'm going to go off the
12 script for just a moment, I am remembering -- some
13 of you might know the poem, "What Happened to a
14 Dream Deferred" written by the great African
15 American poet, Langston Hughes, and he raised a
16 question, what happens to a dream deferred? Does
17 it dry up like a raisin in the sun or fester like
18 a sore and then run. Does it run like syrupy
19 sweet or does it stink like rotten meat? Does it
20 sag like a heavy load or does it explode? (Sic)

21 I will say to you, Mr. Chairman, and
22 to this committee, that the hopes and dreams of
23 the people of Chester when Harrah's came of a
24 better education, recreation, and jobs, have been

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1 deferred.

2 And in light of all of this, I would
3 urge this committee to first ask the state to
4 subsidize the Chester Upland School District
5 directly impacted by legalized gambling at the
6 same level which it now shares gaming-generated
7 revenue with municipalities. Second, that the
8 state set up a program of special grants to
9 agencies and organizations serving local --
10 serving localities directly impacted by legalized
11 gambling for job skills training of a work force
12 development services and treatment of gambling
13 related problems. Third, the state further ease
14 the restrictions that keep many persons who have
15 had previous involvement with the criminal justice
16 system from employment in the gaming industry.
17 Fourth, the state set up a program of assistance
18 for small businesses that can demonstrate a
19 negative impact from legalized gambling. And,
20 fifth, that the state set aside funds to be used
21 for recreational activity for our youth in a city
22 where there's no movies, no skating rinks, no
23 outlets except basketball. We urge you to help
24 set up a program of assistance for recreation.

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1 Thank you.

2 REP. JAMES: I think that I'm going
3 to thank you for your testimony. I thank you laid
4 down some challenges, and I think the committee
5 will definitely look at them. And I would say the
6 same thing I said to the mayor, is that some of
7 those recommendations we look forward to getting
8 them in writing. And we also look forward to you
9 working through Representative Thaddeus Kirkland's
10 office through our committee in terms of how we
11 can encourage Harrah's to help in those things
12 that can be helpful, and how we can make whatever
13 revisions. Okay. Chairman Clymer.

14 REP. CLYMER: Thank you for your
15 testimony. I appreciate you taking the time to
16 come before us this morning and to share your
17 concerns. Just to reiterate what Chairman James
18 said, we'll certainly work with you to see if
19 those problems cannot be resolved, some of the --
20 I just have one question, and that is that, you're
21 talking about the treatment of gambling addiction,
22 are you saying to us that there are people who are
23 addicted to gambling who are not being properly
24 treated? Or is this something you want to take

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1 place, that is provide the sufficient funding for
2 treatment in the future?

3 REV. WARREN: We are saying we want
4 to provide for sufficient funding for people who
5 are addicted or will become addicted to gambling.

6 REP. CLYMER: Currently is there any
7 resource in the City of Chester or in close
8 proximity that will be able to help a person like
9 Gamblers Anonymous or a hot line? I know a hot
10 line is in place, but like Gamblers Anonymous, or
11 a particular agency that deals specifically with
12 treating addicted gamblers.

13 REV. WARREN: Currently I'm not
14 aware of any, you might want to ask Harrah's, but
15 I'm currently not aware of any. And I'm a
16 minister in the city, and I don't know of any
17 churches at all that are dealing with the
18 situation.

19 REP. JAMES: Representative Waters.

20 REP. WATERS: Thank you, Mr.
21 Chairman. Thank you Reverend Warren. The
22 question that I have goes back to a question I
23 earlier asked, and that was about the
24 contributions that Harrah's was making to some of

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1 the other agencies that they have noted here. I
2 did ask were they making any contributions to the
3 education.

4 REV. WARREN: The answer was
5 Widener, not to Chester Upperland School District.
6 That's been a sore spot.

7 REP. WATERS: Well, actually, I was
8 really more concerned about Chester Upland,
9 because I'm very familiar with the crisis that's
10 up there.

11 REV. WARREN: That's right.

12 REP. WATERS: When the state took it
13 over some time ago and if we are to improve the
14 employment opportunities for people, then we have
15 to make sure that the pipeline will provide the
16 types of qualified people that go to Widener that
17 go to West Chester that go to University of
18 Pennsylvania, and to qualify to get the job
19 opportunities that exist, including the ones that
20 gaming provides.

21 So I believe that maybe that's
22 probably why only 20 percent of the jobs -- I
23 believe you said 20 percent of the jobs were City
24 of Chester residents and 80 percent were from

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1 people outside. That has to change. And as the
2 mayor noted earlier, Chester is a historic city,
3 and we should look out for the City.

4 Your connection you said you have a
5 church out there, I guess you had been somewhat of
6 a excuse the term, watch dog. I don't know if
7 that's offensive or not, but it appears that you
8 have been playing close attention what's going on,
9 and I think that's only right you should. How can
10 we maybe be helpful as a committee? I know you
11 want us to help out with maybe some legislation,
12 that maybe we can do to change the hire practices
13 so more people can qualify for the jobs, I would
14 like to know how we can be helpful with you, with
15 the mayor, and with Harrah's to see if we could do
16 something legislatively to help you.

17 REV. WARREN: At this point I'm
18 going to call on fellow members of FAIR Deal to
19 help me answer that question, or sister members.
20 This is Dr. Willard Richan.

21 MR. RICHAN: Now, we both have been
22 very actively involved with outsiders of this FAIR
23 Deal Coalition with our concerns about the school
24 district. And as Reverend Warren said, it's at or

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1 close to the bottom 501. She told us about the
2 problems. What some committee members may not
3 know, is that unlike some localities there is no
4 connection between the school district and the
5 City of Chester, so those dollars coming into the
6 City of Chester and Delaware County, and
7 particularly the state, none of that goes to the
8 school district. It's been cut out.

9 On top of that, it was also
10 mentioned, because we are in a Keystone
11 opportunity, they don't collect any taxes from
12 Harrah's. And it strikes us that as far as the
13 state is concerned, look at the possibility of as
14 it allocates, it shares revenue from localities,
15 it here marks revenue for school districts which
16 are impacted directly by having casinos. Both in
17 terms of you talked about the problem gamblers,
18 you've talked about the heavy reliance on local
19 residents, particularly who can least afford it,
20 for the revenue coming into those casinos. And it
21 would seem to be justice that the school district,
22 which is going to be the place that prepares
23 people to take those jobs, gets some kind of a cut
24 out of this.

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1 REP. JAMES: Okay. Thank you.

2 REP. WATERS: Thank you. I just
3 want to close by saying, if you could please just
4 make a -- give us a memo, not today, but later get
5 in contact with us as some advice or ideas you may
6 have how we can be helpful.

7 MR. RICHAN: We will be happy to do
8 that.

9 REP. JAMES: I want to thank you
10 both. And we look forward to getting the
11 paperwork from you, and we work through
12 Representative Kirkland's office.

13 Our final testimony is from the
14 County of Delaware, Francis Carey and Albert
15 Danish. You can come up and tell us what your
16 title is.

17 MR. CAREY: Francis Carey, I'm the
18 county director for employment and training. I
19 just would like to thank you for this opportunity
20 to give the county's perspective on the impact of
21 gaming as it has evolved in the City of Chester
22 and how it impacts both Chester City and the
23 county as a whole. In the interest of time, sir,
24 I would --

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1 REP. JAMES: Identify yourself.

2 MR. CAREY: I'm going to do that.

3 As this point I would like to defer my time that's
4 available to Mr. Albert Danish, who is the
5 chairman of the Workforce Investment Board and is
6 the oversight body for the agency that is the
7 office of employment and training for the county.
8 Thank you.

9 MR. DANISH: Good morning, Mr.
10 Chairman, members of committee. As Frank
11 indicated, my name is Al Danish. I'm very happy
12 to serve as chairman of the Delaware County
13 Workforce Board. I also have the pleasure of
14 serving as chairman of the executive committee of
15 Delaware County of Commerce, which happens to be
16 the third largest chamber in the State of
17 Pennsylvania with 32 members.

18 I'm speaking today in regards to the
19 Delaware County Workforce Investment Board. Our
20 mission has been to ensure the citizens of
21 Delaware County have the skills for and are
22 connected to job opportunities in the area. The
23 Workforce Board's mission is also to help local
24 businesses access trained, qualified workers they

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1 need to remain competitive.

2 The Workforce Investment Board
3 includes members from the private sector,
4 education, non-profit, and government agencies.
5 All of them work together to improve the quality
6 of life and work in Delaware County. The
7 Workforce Investment Board oversees two PA career
8 links, one in the City of Chester and one on the
9 campus of the Delaware County Community College in
10 Media.

11 The Workforce Investment Board's
12 partnership with Harrah's began well over
13 two years ago when the decision was first made
14 that the property would be a racetrack and a
15 casino. As Harrah's began the process of ramping
16 up employment activities, they often had our local
17 resources with \$500,000 grant to be used
18 specifically for the city and the citizens of the
19 City of Chester. This Grant was administered by
20 our Board. The majority of the Grant was used to
21 fund a pre-employment training credential and
22 program conducted by the Chester Education
23 Foundation and other local providers that
24 specialized in different areas of employment needs

1 and preparation.

2 The goal of this program, which was
3 called Pathways to Better Employment, was to
4 provide Chester City residents with training in
5 nine major skill areas: Reading comprehension,
6 writing, basic math, basic technology, problem
7 solving, time management, organization skills,
8 conflict resolution, and basic job search
9 techniques. These skill areas were identified
10 through extensive discussions not only with
11 Harrah's but also with employers in the City of
12 Chester and throughout the county. Our purpose
13 was to provide participants with basic foundation
14 of skills that could transfer into a variety of
15 industries and jobs, not just into gaming.

16 As a result, graduates of the
17 program were prepared to find themselves employed
18 in advance manufacturing, financial service,
19 health care, and other fields. As of August 2006,
20 105 individuals had graduated from the Pathways to
21 Better Employment program. Within six months of
22 graduation, 72 percent of these individuals were
23 employed. According to a recent survey conducted
24 in June of '07, 56 percent of graduates moved into

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1 new employment and received promotions. 14
2 responded that they were even involved in college
3 or other skilled training. All responded they
4 contributed their success to the Pathways Program.

5 The Harrah's grant was also used to
6 fund over 15 job fairs and several community
7 outreach programs conducted at sites throughout
8 the City of Chester, including facilities made
9 available in Chester City Hall. Overseeing these
10 meetings in the outreach process was Mr. Robert
11 Reiss who was hired with Harrah's funding as the
12 City of Chester Workforce Development coordinator,
13 housed at the Chester Career Link Office. Mr.
14 Reiss was raised in Chester, and was intimately
15 familiar with the labor market and culture of the
16 local area. Because of his background and skills,
17 he was able to conduct extensive outreach with
18 community organizations, churches, and other
19 groups within the city.

20 Under joint direction of the
21 Workforce Investment Board and Mr. Butler's
22 office, Mr. Reiss educated residents about the
23 Better Pathways to Employment training program and
24 other local opportunities and resources.

1 Mr. Reiss' outreach efforts were
2 very successful, and as of July 1, 2007 his
3 position has been absorbed into the administration
4 of the offices of the mayor where he continues to
5 work with Chester organizations and residents.

6 The Delaware County Workforce
7 Investment Board's experiences with Harrah's have
8 demonstrated that Harrah's is taking a leadership
9 role in expanding opportunities for residents of
10 the City of Chester, not just in the gaming
11 industry, but in all local industries.

12 Throughout their sponsorship of the
13 Better Pathways to Employment program, their
14 funding of full-time outreach and education
15 positions in the City of Chester recruiting alone
16 gives Chester residents preference in hiring when
17 legally possible. Harrah's has shown to be good
18 corporate citizens in an assets community.

19 As I mentioned, as chair of the
20 executive committee of the Delaware County
21 Chamber, I would like to mention that the positive
22 effect Harrah's has had on the business community.
23 Vice president and general manager, Mr. Donlevie,
24 has joined over 30 business -- other 30 business

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1 executives and joined the Board of the Chamber,
2 and has a very positive impact on the interaction
3 with business and industry within our community.

4 In closing, I would like to mention
5 and thank Harrah's for their out reach within the
6 business community and the very positive effect
7 they have.

8 Thank you.

9 REP. JAMES: Thank you, both, for
10 your testimony. My question, comes from the last
11 person that testified before you, do you think
12 that if Harrah's was to help in terms of some of
13 the suggestions they had, like resources to the
14 school districts and resources to the recreational
15 activities, would that be helpful do you think?

16 MR. DANISH: I think their attention
17 to certainly any help to the educational process
18 and, certainly, to the development of the Chester
19 program, myself having been a product of Chester
20 schools, I think the advanced opportunities for
21 the young people. Through our Workforce
22 Development program we have initiated a Project
23 720, which is state sponsored, where we are
24 attempting to bring the school system, guidance

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1 counselors, career counselors, and business
2 community together. I think it is a very strong
3 impact and this is a program that we are running
4 through the Chamber of Commerce, where the
5 knowledge of what jobs and the job preparation
6 skills that are needed is being handed into the
7 school systems, specifically at the high school
8 level, and a very successful program going on. So
9 awareness of job opportunities and awareness of
10 job needs is always very obvious.

11 REP. JAMES: So you do handle a
12 number of the -- a number of the school or young
13 people from the school system is involved in your
14 programs.

15 MR. DANISH: Through the Chamber of
16 Commerce and the initiation of programs called
17 Project 720, it's very, very informative as to
18 what opportunities are out there.

19 REP. JAMES: Okay. Chairman Clymer.

20 REP. CLYMER: Thank you very much.
21 Again, I appreciate you being here and giving us
22 the testimony that we have. This may have been a
23 question I should have asked some of the earlier
24 testifiers, but when they when you look to

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1 Harrah's to provide employment opportunities for
2 people to work in different positions, are those
3 employees subject to the fact that they can also
4 gamble when their work shift is over, they can be
5 part of the gambling operation? Is that -- am I
6 making something out of nothing here? Or is that
7 a problem you kind of forewarn those employees
8 that go into Harrah's that, you know, because of
9 addiction, don't participate in the industry
10 itself, but, you know, earn your salary, get your
11 benefits and --

12 MR. DANISH: I apologize. I don't
13 have the knowledge of that.

14 REP. CLYMER: I just thought because
15 there is thousands or hundreds of people that are
16 been being employed, this is something our studies
17 have indicated could be a serious problem, and I
18 was wondering whether you were forewarning these
19 employees about they can become addictive to the
20 very job they are involved with.

21 MR. DANISH: I don't believe so.
22 Our focus and emphasis, especially on the job
23 training program, was to zero in on those nine
24 specific job skills, modules, that were certainly

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1 required, not just from the Harrah's perspective,
2 but from any employer's perspective. And that was
3 the focus of what our challenge was.

4 REP. CLYMER: Thank you, Mr.
5 Chairman.

6 REP. JAMES: I thank you.
7 Representative Waters.

8 REP. WATERS: Thank you, Mr.
9 Chairman.

10 Very briefly, at this point in time
11 I would like to thank you for coming here to
12 testify before this committee. And the program --
13 what's the name of program you talked about?

14 MR. DANISH: 720.

15 REP. WATERS: It's your belief it
16 has been helpful with advancing people towards
17 opportunity of employment in the gaming industry?

18 MR. DANISH: No. General employment
19 emphasis regarding making high school students
20 aware of not just employment opportunities, but
21 career opportunities within the work force. Here
22 in Delaware County we have in many different areas
23 of attention, so it's not just the hospitality or
24 entertainment business, but also applicable to

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1 healthcare, manufacturing, transportation, all the
2 different fields that are part of our business
3 community. So as part of that training we are
4 initiating this into the school systems that are
5 making themselves available to us.

6 REP. WATERS: Yours is more broader
7 than the hospitality?

8 MR. DANISH: More broader across the
9 entire spectrum of jobs.

10 REP. WATERS: Okay. So it doesn't
11 really connect with --

12 MR. DANISH: No.

13 REP. WATERS: -- Harrah's or the
14 gaming industry at all.

15 MR. DANISH: No.

16 REP. WATERS: Thank you. I'm glad I
17 cleared that up. You know, I just want to say
18 thank you just the same for coming and testifying,
19 but I also want to thank -- I don't get to say
20 closing remarks. I am going to take advantage of
21 it now. I want to thank all of you for your
22 testimony. I see a lot of good in the industry.
23 I see it's not perfect yet. But I see some
24 potential to do a lot of positive things, and I am

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1 looking forward to that. And that's my closing
2 remarks.

3 MS. LOVE: Earlier I heard both
4 Mayor and yourself speak about the 105 employees
5 that went through this Pathway Better Employment
6 program, I have two questions. How did they --
7 how are they selected for this program? And are
8 there more people now in the program that are
9 going to be working or being trained? And the
10 second part of that question, is Harrah's going to
11 fund or grant more money to help that in the
12 future?

13 MR. CAREY: The initial was
14 basically through a massive recruiting which took
15 place under the auspices of the community-based
16 organization in the Chester Education Foundation,
17 who is involved in a number of differing
18 activities within the community. It was made
19 available to them and described to them as to what
20 the expectations and outcomes would be. And it
21 was clearly made known to them that there were
22 certain hurdles that needed to be recognized by
23 individuals if they were interested in gaming
24 industry jobs.

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1 However, as such a history of
2 substance abuse, adjudication, things of that
3 nature which have already been discussed, however
4 those issues were not a criteria to disallow them
5 from being part of it. So it was mostly based on
6 first come first serve basis.

7 The objective here is now to measure
8 after a year or so the overall effect it had on
9 the respondent and the graduate, and to see
10 whether or not the Workforce Investment Board is
11 going to replicate this with our own local funds.

12 At this time it's not contemplated
13 that we would go to Harrah's and ask them for
14 continued funding. We believe they made a good
15 faith effort, and those things that are replicable
16 should be replicated and funded through local
17 resources.

18 REP. JAMES: Make sure you state
19 your name, so that she can get it.

20 MR. COWITCH: Leonard Cowitch,
21 C-o-w-i-t-c-h. I have a real quick question for
22 you. The Harrah's grant, the \$500,000, that's
23 when funded the Pathways program, is that correct?

24 MR. CAREY: That grant funded a

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1 number of activities, including that.

2 MR. COWITCH: Of the 105 individuals
3 that graduated from the Pathway Program, they were
4 all Delaware County residents.

5 MR. CAREY: 99 percent of them were
6 City of Chester residents.

7 MR. COWITCH: And they all -- the
8 72 percent that found employment, they found it in
9 Delaware County or in the City of Chester.

10 MR. CAREY: We assumed that most of
11 them were absorbed into some degree in the
12 Delaware economy. We didn't specify them for them
13 to seek work specifically in the City of Chester.
14 However, our records indicate that they have gone
15 into a lot of different industries and not
16 specifically channeled themselves for the gaming
17 jobs. Some of them have, I understand, been hired
18 by Harrah's, but not -- I would say that most of
19 them found jobs in other industries and outside
20 the City of Chester itself.

21 MR. COWITCH: But the stayed local
22 within Delaware County?

23 MR. CAREY: Yes, that's my
24 understanding.

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1 MR. COWITCH: So the money that was
2 used in regards to that \$500,000 grant, that was
3 kept for those individuals within the county and
4 it kept them employed there.

5 MR. CAREY: Yes.

6 MR. COWITCH: That's all. Thank
7 you.

8 REP. JAMES: Okay. As I told you, I
9 promised you we are going to be out of here by
10 12:00. We didn't make it, but we'll be out of
11 here within five.

12 So we have our closing statement
13 from Chairman Clymer.

14 REP. CLYMER: Thank you, Mr.
15 Chairman. I want to thank you again, and offer my
16 sincere appreciation for your good efforts to
17 convene these two days of activities. They have
18 been helpful, very informative.

19 To all our testifiers, to the people
20 who came here today to learn more about Harrah's
21 and its economic and social impact on the City of
22 Chester and the surrounding communities, again,
23 that's been very informative. And for the
24 courtesies that have been extended to us by

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1 Harrah's throughout the course of these two days,
2 we appreciate that as well.

3 Mr. Chairman, I also want to
4 recognize two other individuals that are here who
5 have been involved in the gaming issue, and that's
6 Bill Kerning, the author of Comp, and Dianne
7 Berlin, Chairwoman of Page, I wanted to recognize
8 them in such.

9 So, again, I appreciate all that's
10 been done these past two days, it's been very
11 informative and very helpful. Thank you, Mr.
12 Chairman.

13 REP. JAMES: Thank you. I would
14 also like to extend my gratitude for the
15 extinguished list of people who took the time out
16 of their busy schedule to testify before us today.
17 I appreciate the willingness to come here to share
18 the knowledge and experience. The committee
19 members and public elect benefit from these
20 hearings. And it's useful to take the firsthand
21 experience we learn from officials to community
22 residents and then to Harrisburg. We will take
23 these firsthand experiences and share them with
24 our colleagues in the state house.

1 I would also like to thank the
2 members of the House Gaming Oversight Committee
3 who were prepared with insightful questions to our
4 presenters. And I look forward to continuing the
5 dialogue with individuals who have offered their
6 insight here today. And I encourage all of you to
7 contact my staff if there is any additional
8 testimony or presentations you would like us to
9 put in the record. And we would like you to
10 provide that to us as soon as possible, within a
11 week. And we'd like to also thank the staff, the
12 full staff, the public and the demographic, for
13 doing a great job, and for putting this together.

14 I'd like to thank Harrah's for their
15 hospitality and willingness to work with the
16 community and with the local government. And as
17 you can see by being here, that there is still
18 work that needs to be done, and that we hope that
19 you will take hints and messages and the
20 recommendations that you heard. And before we sit
21 down and talk to you, when we do talk to you, you
22 will say, look, we are getting ready to do that.
23 And we would like to hear that and see that as we
24 talk again. I thank you again.

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1 And at this time the hearing is

2 adjourned.

3 (12:10 p.m.)

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C E R T I F I C A T E

I, Tracey L. Pinsky, a Registered Professional Reporter and Notary Public of the State of Pennsylvania, do hereby certify that the foregoing is a true and accurate computer-aided transcript of the hearing as taken stenographically by and before me at the time, place and on the date hereinbefore set forth.

I do further certify that I am neither of counsel nor attorney for any party in this action and that I am not interested in the event nor outcome of this litigation.

Registered Professional Reporter
Notary Public of Pennsylvania
My commission expires 7-12-10