



City of New Bedford
Statement on KG Urban and Gaming Act Requirements for Municipal Assistance
Tuesday, December 2, 2014

Last month the City of New Bedford informed KG Urban Enterprises that further consideration of its Cannon Street casino concept was being jeopardized by KG Urban's repeated refusals to fund the outside consultants that assist municipalities considering casino proposals under the Massachusetts Expanded Gaming Act.

The City remains willing to continue consideration of the Cannon Street location were KG Urban to follow the same approach to consultant support that every other casino proponent has followed under state law, including the casino proposals in Western Massachusetts and in the Boston area.

The City also remains open to engaging in discussions with KG Urban and any other casino proponent about developing a casino on either of the two "preferred" sites previously identified by the City, including City-owned land near the municipal golf course.

For more than half a year, the City had been requesting that KG Urban release funds to allow the City to retain independent planning, economic, and legal consultants to provide impartial, expert advice regarding the Cannon Street proposal.

Expert impact analysis is especially important because the KG Urban site lies at the geographic center of the City's Designated Port Area, the most profitable commercial fishing fleet in America for the past fourteen years, and the backbone of New Bedford's economy.

Similarly, the Cannon Street project needs to be impartially studied to assess casino impacts on the City's nearby downtown, historic district, and major cultural attractions. If the City were to simply accept KG Urban's unsubstantiated assertions of the Cannon Street proposal's wholly positive benefits, without any verification by independent experts, the City would violate its responsibility to its citizens to pursue the casino gaming opportunities in a fair, informed and responsible manner.

Although the Expanded Gaming Act requires that consultant assistance to municipalities be funded by casino applicants at no cost to local taxpayers--and although every other casino developer in the Commonwealth has provided funding to its own host community for this purpose--KG Urban alone has repeatedly refused to provide expert consultant advice to the City to evaluate its proposed location.

Contrary to the purpose of the Gaming Act, KG Urban has instead demanded that the City first endorse its proposal before any meaningful outside consultant review of the proposal may take place. To the extent that KG Urban has signaled any willingness to provide expert funding, it has arbitrarily sought to constrain the use of such funds to simply peer-review their own proposed facility design, **while excluding any analysis of the more basic question of the suitability of the location or the impacts of the proposal on the City.**

As important, KG Urban's continued inability or unwillingness to identify who will be operating its proposed casino further hinders the City's consideration of the project. As a real estate development company--not a gaming company--with no experience operating a casino, it is essential that KG Urban identify an operator partner. Were the Cannon Street project to be developed, it is the operator, not KG Urban, that would have a permanent presence in the City.

No other potential host community in Massachusetts has endorsed a casino proposal without first having a clear understanding of the casino operator. The City's desire to seriously assess the possibility of a gaming facility on the Cannon Street site has been greatly impeded by KG Urban's long-standing failure to provide information about its operating partner.

For its part, the City has done its best with limited internal expertise to engage KG Urban and evaluate its proposal. While City staff have engaged in useful discussions with KG Urban's design team on a range of issues, it is absurd to think the logical counterparty to KG's team of professionals should be a small group of municipal officials with other daily managerial responsibilities and no prior experience in evaluating a mega-development project or the functioning of a major gaming facility in a complex urban environment. Today the City does have a better understanding of the KG Urban proposal because of the efforts of its dedicated City staff, but there is still no substitute for the City having its own team of professionals with a proven track record of providing expert advice to municipal governments on the key questions surrounding the Cannon Street location.

There have now been many months of fruitless attempts to engage KG Urban in a serious dialogue informed by the advice of City-retained expert consultants. At this point, it is difficult for the City to see how its engagement with KG Urban can progress in light of KG Urban's continued denials of the City's repeat requests.

By demanding that the City first endorse the KG Urban proposal without being given the opportunity to conduct any serious due diligence regarding the Cannon Street project, KG Urban appears to expect New Bedford to accept second-class treatment among proposed host communities.

The City expects and demands that the evaluation of a casino location in New Bedford will follow the same procedure followed in every other proposed host community in Massachusetts.

As noted, the City remains open to exploring and evaluating other potential casino projects in New Bedford. And the City continues to be open to further consideration of KG Urban's Cannon Street proposal if and when KG Urban is willing to abide by the same site evaluation process followed by every other casino proponent as required by the state's Gaming Act.