



Troubled operator to be saved by opening of Suffolk OTB Islandia

By Adam Morgan
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In [New York](#), the Suffolk County Regional Off-Track Betting Corporation has reportedly stated that the imminent opening of its slots-only casino in the Long Island village of [Islandia](#) will enable it to emerge from bankruptcy and pay off around \$15 million in outstanding debts.

According to a report from the local Newsday newspaper, the Suffolk OTB Islandia venue [was approved in August](#) and is now due to open [later this month inside the Islandia Marriott Long Island hotel](#), which was bought by [Buffalo](#)-based gaming and entertainments operator [Delaware North Companies](#) last year.

Suffolk County Regional Off-Track Betting Corporation told the newspaper that it expects its new venue to record estimated annual profits of about \$164.25 million and it has guaranteed to pay Suffolk County a minimum of \$13 million over its inaugural decade including \$2 million during the first year. County officials are additionally due to receive \$3 million through the second year but could get more if revenues exceed certain levels while being promised \$1 million annually thereafter until 2027.

The non-profit betting operator reportedly filed for bankruptcy protections in May of 2012 and soon embarked on a cost-cutting program that saw it [close ten of its 14 locations](#) while selling its Hauppauge headquarters and installing

QwikBetz online horseracing betting machines in 33 stores.

“We’ve had to change our business model to reflect the reality,” Phil Nolan, President for the Suffolk County Regional Off-Track Betting Corporation, told Newsday.

Nolan is a former town supervisor for the nearby hamlet of Islip and reportedly declared that his group would be “out of business and doing something different” without the opening of the [Suffolk OTB Islandia](#) as it owes approximately \$3 million to the New York Racing Association Incorporated alone. He explained that he expects to have “paid off our creditors” and be “operating a sound business operation” after about five years and be contributing \$73.91 million annually to public education programs.

Newsday reported that the Suffolk County Regional Off-Track Betting Corporation received official approval to open the area’s first slots-only casino after failing with a [parallel bid](#) for a 32-acre site in the nearby community of [Medford](#). It reportedly detailed that the 250-machine Suffolk OTB Islandia will create 250 new jobs while saving an additional 250 and could generate annual gross gaming revenues of up to \$2 billion. As part of its deal, it expects to hand over \$16.42 million to the New York State Gaming Commission every year along with \$8.21 million for the New York Thoroughbred Horsemen’s Association.

“It will dig us out of bankruptcy,” Tony Pancella, Vice-President for the Suffolk County Regional Off-Track Betting Corporation, told Newsday. “Certainly we’ll be able to pay ev-

erybody. That's the idea. And certainly we'll be able to do better in Islandia than we would have in Medford."

Nolan told the newspaper that the facility additionally has plans to increase its number of machines by 750 in order to bring its total complement of video lottery terminals to 1,000 by the summer and moreover intends to ask the state's legislature to sign off on a further 1,000-unit expansion at some point in the near future.

"The first 1,000 machines in Suffolk [County] will not be sufficient," Nolan told Newsday. "There's going to be a clamor."

However, Lucy Dadayan from the Nelson A Rockefeller Institute Of Government in Albany has poured cold water on the optimistic forecasts after predicting that annual Suffolk OTB Islandia gross gaming revenues will most likely decline after only a few years of success.

"Our research indicates that the growth of revenues [is] only short-lived and very quickly they see declines in the revenues," Dadayan told Newsday. "The actual revenue collections are always below the expected revenue forecasts."

Dadayan told the newspaper that six of New York's nine [slots](#)-only casinos had experienced decreases in their average annual con-

tributions to public education programs while two others had seen only modest increases. She explained that the only such venue that had recorded a substantial swell was the [Resorts World Casino New York City](#), which is located a little over 43 miles away at Queens' [Aqueduct Racetrack](#). Nassau OTB, unable to land avenue of their own, made a deal with RWNY to place [1,000 slot machines](#) there. Both OTB corps were granted the right to operate gaming machines in the 2013 law that allowed for [7 commercial casinos](#) in the state, four of which have been licensed to date.

"Because [Resorts World Casino New York City] is in close proximity, I really, really doubt whether [Suffolk OTB Islandia] is going to generate much revenue," Dadayan told the newspaper.

But, Suffolk County Regional Off-Track Betting Corporation reportedly explained that it is not worried about the competition as it expects Long Island residents and players from as far afield as [Connecticut](#) to visit its new facility rather than trekking to similar venues in [Atlantic City](#).

"We have access to a very affluent market," Pancella told Newsday. "We're going to be in business there forever."