

# Request for Information Casino in the City of Chicago



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*Buckingham Fountain*



*Cloud Gate at Millenium Park*



*Jay Pritzker Pavilion in Millenium Park*

# I. General

## A. BACKGROUND

On June 28, 2019, the State of Illinois (the “**State**”) enacted Public Act 101-0031, which, among other things, amends the Illinois Gambling Act (the “**Act**”), 230 ILCS 10/1 et seq., and authorized the Illinois Sports Wagering Act, 230 ILCS 25/1 et seq.

The Act authorizes the issuance of one owners license within the City of Chicago (the “**City**” or “**Chicago**”) which will allow the holder of such owners license to own and operate a temporary casino for up to 24 months (subject to a 12 month extension) and, thereafter, a permanent casino (initial license term is 4 years, subject to renewal). In addition to a casino, the Act allows the Chicago owners licensee to conduct separate gaming operations (limited to slot machines) in any airport under the administration or control of the Chicago Department of Aviation (i.e., Chicago Midway International Airport and Chicago O’Hare International Airport) provided that such gaming operations are conducted in a secured area located beyond the TSA security checkpoint(s) and accessible only to airline passengers at least 21 years of age who are members of a private club. The combined number of gaming positions permitted to be operated at the Chicago airports and casino is limited to 4,000.<sup>1</sup> The casino, related amenities and airport concessions are referred to herein as the “**Project**”.



Crown Fountain in Millenium Park

<sup>1</sup> Illinois Gaming Board Rule 606 describes how gaming positions are counted. Rule 606 can be found here: <https://ilga.gov/commission/jcar/admincode/086/086030000F06060R.html>

## B. VISION STATEMENT

The City's goal is to select an experienced company or joint venture to develop and operate the Project, which will represent the best of Chicago's entertainment destinations, architecture and design, sustainability and resiliency, art and culture and public safety. The Project will need to provide a unique entertainment and gaming experience.

The current slowdown in the global economy represents an opportunity for the City to plan for its future, and to move forward with seeking a proposal that would provide much-needed City and State revenues, as well as create well-paying jobs for Chicago residents. The Project will also be expected to promote growth of nearby businesses and community amenities and to support tourism.

Ultimately, the operator and/or developer selected by the City for the Project will be one that, among other attributes, has demonstrated excellence in casino design, development, sustainability and operations, financial stability, accommodation of multi-modal transportation needs and giving back to the community. This request for information ("**RFI**"), the first step in the City's planning process, allows for experienced industry participants to provide relevant information to the City.



Riverwalk

## C. PURPOSE

Responding to this RFI is not a condition to participating in any competitive selection process to be conducted by the City or State for the selection of the Project operator and/or developer nor shall any such response submitted by a respondent be deemed to be an expression by the respondent of its interest in participating in any such competitive selection process. Rather, this RFI is a means of information gathering from experienced industry participants. Respondents to this RFI do not need to respond to all questions. The City is seeking feedback, suggestions and comments on the questions set forth in Section 2 below so as to further the City's planning process and enable the City to take into account the perspective of industry participants on key issues being considered by the City. By providing industry respondents the unique opportunity to provide input into its casino planning process, the City expects to further its goal of adding another world-class attraction that will enhance the City's reputation as an international tourist destination.



*Robie House - Frank Lloyd Wright*



*The Chicago Theatre*

# II. QUESTIONS

Nothing in this RFI should be construed as a commitment on the part of the City to select any RFI respondent in any future request for proposals or other selection process conducted by the City or State to select the operator and/or developer of the Project. Further, responding to this RFI will in no way affect the City's consideration of any proposal to develop and operate the Project. The City may, but is not obligated to, include in any future competitive selection process for a Project operator and/or developer any responses obtained through this RFI. Should the City move forward with any competitive selection process and should a respondent to this RFI submit a proposal to the City in such process, such proposal need not incorporate any responses to this RFI submitted by such proposer. Any cost incurred by a respondent in responding to this RFI is the sole responsibility of the respondent.

Responses to this RFI may constitute "public records" under the Illinois Freedom of Information Act, 5 ILCS 140/1 et seq. ("**IL FOIA**"). As such, responses may be subject to public disclosure under the IL FOIA. Therefore, responses should not include any trade secrets or proprietary or confidential information, unless such information is conspicuously marked "Confidential" and is submitted along with a cover letter enumerating the specific grounds under the IL FOIA which support treatment of the material as "exempt" from public disclosure and explain why disclosure is not in the best interest of the public (see Section 7 of IL FOIA for disclosure exemptions). Any request for confidential treatment of information submitted in an RFI response must also include the name, address, and telephone number of the person authorized by the respondent to respond to any inquiries concerning the confidential status of the materials.

1. What are your thoughts concerning developing and operating a temporary casino (while a permanent casino is under construction)? Please prioritize the factors the City should consider concerning the temporary casino location. Do you have recommendations for community areas<sup>1</sup> within the City of Chicago that would make an optimal temporary casino location?
2. Please prioritize the factors the City should consider concerning the permanent casino location. Do you have recommendations for community areas within the City of Chicago that would make an optimal permanent casino location?
3. What amenities do you believe would best enhance the revenue potential of a Chicago casino as well as attract tourists and patrons from around the world, and what are the minimum/maximum sizes of such amenities, if any (e.g., square feet, number of rooms or other descriptive measures)?

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<sup>1</sup> See Appendix A for a definition of Chicago community areas

4. What do you believe is the minimum number of acres needed to achieve a world-class casino and entertainment complex in an urban setting like Chicago? Please provide a separate figure for the casino facility, related amenities and entertainment complex.
5. Please comment on whether/how you envision being able to leverage Chicago's existing urban assets, including existing hotels, sports venues, convention space, broader entertainment and cultural attractions, etc.
6. What impact, if any, would you expect COVID-19 to have on development of a Chicago casino?
7. How can the City help make the casino operator and/or developer selection process and casino design/development process as efficient as possible?
8. Do you have recommendations on the best approach toward community engagement around the casino development process?
9. What other feedback, suggestions or comments regarding the City's planning for the Project do you have for the City (e.g., airports and others)?

# III. Chicago Opportunity



*Soldier Field - American football and soccer stadium*

Chicago offers a once-in-a-generation opportunity for new gaming and entertainment development in the heart of a major American city. Chicago has a very large regional population, which will provide a substantial local or semi-local customer base for gaming. With approximately 9.5 million residents, the Chicagoland region ranks 3rd in the U.S. in population. Chicago's GDP of \$671 billion is greater than that of Sweden, Poland, or Argentina, and the local economy is the most diversified among the largest U.S. metropolitan areas in terms of employment, with no individual sector making up more than 14%<sup>1</sup>. With its low cost of doing business relative to peers, Chicago is home to over 400 major corporate headquarters, offices, and other facilities, and for six years in a row has led the nation in corporate expansions and relocations in Site Selection Magazine.

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<sup>1</sup> See World Business Chicago presentation, "You Can Find It in Chicago", July 2020

In addition to a large regional customer base, Chicago is also a major tourist destination, both for regional travelers as well as visitors from all over the globe. In 2019, Chicago drew nearly 60 million domestic visitors, including 47 million leisure travelers and 13 million business travelers. Chicago has over 130 combined daily nonstop flights to New York City, San Francisco, and Washington, D.C., more than any other airport in the world, and by 2028, upgrades to O'Hare will increase its capacity by an amount equivalent to building another Midway Airport. As a global gateway city, in 2019, Chicago also welcomed 1.5 million overseas visitors, and an additional 750,000 visitors from Mexico and Canada. Chicago is consistently recognized as a world-class city for residents and visitors alike, earning recognition for everything from entertainment, to dining and nightlife, to infrastructure. A Chicago casino development will be able to leverage these assets, while also anchoring a new hub for entertainment in the City in one of Chicago's 77 distinct neighborhoods.

On August 13, 2019, Union Gaming Analytics ("**Union Gaming**"), a leading gaming financial feasibility analyst, released a financial feasibility analysis (the "**Feasibility Analysis**") of a Chicago casino under the tax structure for such a casino imposed by Public Act 101-0031<sup>2</sup>. According to the Feasibility Analysis, Union Gaming estimates that a Chicago casino could significantly grow gaming revenue in the Chicagoland gaming market (which market American Gaming Association currently ranks as third in the U.S., behind Las Vegas and Atlantic City). Specifically, in the Feasibility Analysis, Union Gaming notes that the percentage of per-capita income spent on gaming in well-served metropolitan gaming markets is typically 1%<sup>3</sup>. Additionally, Union Gaming estimates the percentage of per-capita income spent on gaming in the metropolitan gaming markets of Detroit, Kansas, St. Louis, and Pittsburgh to be approximately 1.1%, 0.9%, 1.1%, and 0.8%, respectively<sup>4</sup>. By way of comparison, Union Gaming estimates the Chicago area allocates just 0.6% of income to gaming, inclusive of casinos in the Chicago area (IL and IN),<sup>5</sup>



Navy Pier

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2 The Feasibility Analysis is available at: <https://www.chicago.gov/chicagocasino>

3 See Feasibility Analysis, page 10.

4 *Id.*

5 *Id.*

suggesting there is upside potential in terms of total gaming revenue that can be supported by the Chicago metropolitan area as supply is added into the market. Therefore, a destination-style property in the City offers an opportunity to become a leader in a significantly expanded market.

Per the Feasibility Analysis, Union Gaming ultimately determined the original tax structure for a Chicago casino (as provided in Public Act 101-031) would have resulted in an effective tax rate of ~72%, which would be too onerous for a development to be financially viable. In response, the City worked with Illinois Governor J.B. Pritzker and the Illinois General Assembly to revise the tax structure so as to reduce the overall effective tax rate applicable to a Chicago casino to a level that would offer developers an attractive investment opportunity. On June 30, 2020, Public Act 101-0648 became enacted, which, among other things, significantly reduced the tax structure for the Chicago casino, thereby paving the way for the casino to come to fruition. On August 12, 2020, Union Gaming published a white paper (the "**White Paper**") concerning the Chicago casino opportunity highlighting its feasibility under the new tax structure provided by Public Act 101-0648, with an effective tax rate of ~40%.<sup>6</sup> The Illinois Gambling Act, as amended by Public Acts 101-0031 and 101-0648, is available at: <https://ilga.gov/legislation/ilcs/ilcs3.asp?ActID=1399&ChapterID=25>

For more information concerning the Chicago casino opportunity, see the Chicago Gaming Development Opportunity attached as Appendix B to this RFI.

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6 The White Paper is available at: <https://www.chicago.gov/chicagocasino>



Joan Miró in Brunswick Plaza



The Picasso in Daley Plaza



Magdalene by Dessu Kirk in Grant Park

# IV. Submission Requirements

## SUBMISSION FORMAT

There is no minimum or maximum number of pages for your response. The preferred response format is to repeat each question in Section 2, followed by the respondent's feedback, suggestions and comments to that question.

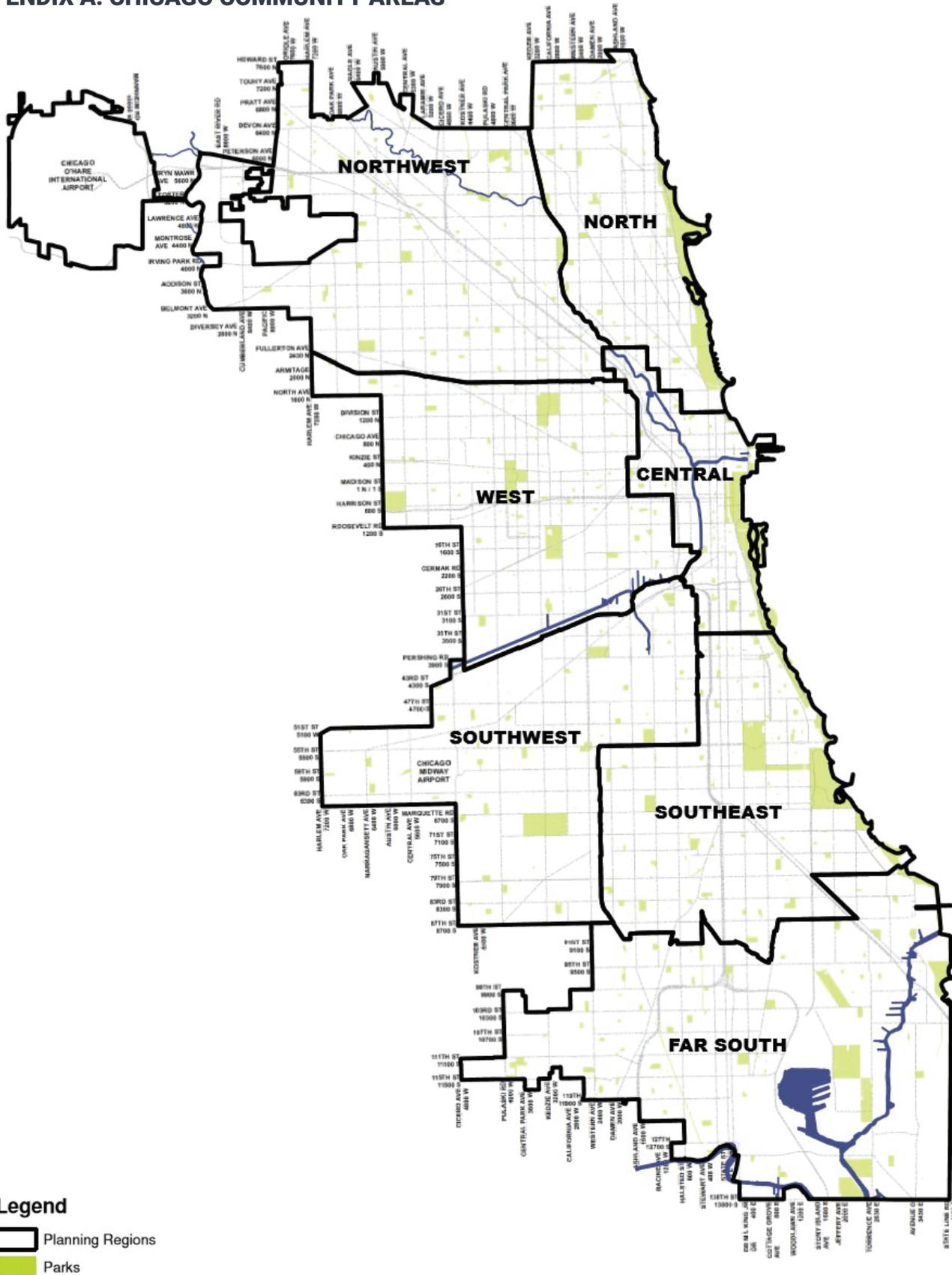
To be considered, responses must be submitted by October 21, 2020 no later than 5:00 p.m., Central Time. The City reserves the right to amend this RFI prior to the submission deadline or extend the deadline.

Email responses are required, and may be sent to [chicagocasino@cityofchicago.org](mailto:chicagocasino@cityofchicago.org).

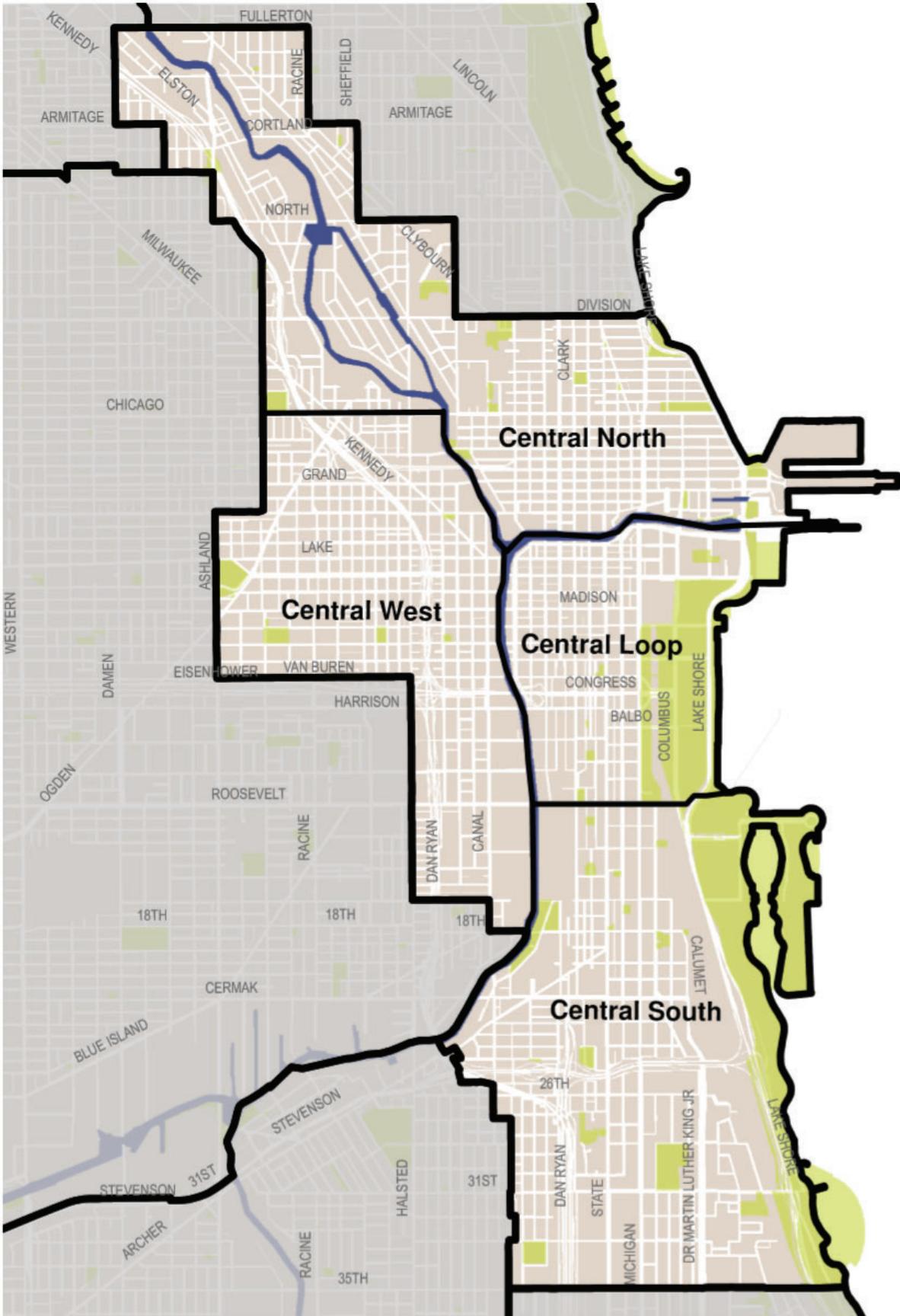
## COMMUNICATION

Responders may contact: Cezar M. Froelich at 312-836-4002, Michael J. Schaller at 312-836-4005 or Kimberly M. Copp at 312-836-4068, attorneys with Taft Stettinius & Hollister LLP, if they have any questions regarding this RFI. Responders are prohibited from communicating directly with any City official or employee regarding this RFI, and no City official, employee or representative is authorized to provide any information or respond to any question or inquiry concerning this RFI other than as indicated in the previous sentence.

APPENDIX A. CHICAGO COMMUNITY AREAS



APPENDIX A



**APPENDIX A**

**APPENDIX B. CHICAGO GAMING DEVELOPMENT OPPORTUNITY**

[see attached]

