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IN 2004**

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The VLT Numbers at Finger Lakes in 2004

Finger Lakes Racetrack is the one thoroughbred track in New York with video lottery terminals. On February 18th of 2004, the racetrack became a racino as 1,010 video lottery terminals opened up for play at Finger Lakes. While Finger Lakes is the only location near Rochester, New York with gaming facilities, there are numerous gaming facilities located in the Buffalo – Niagara Falls area in both New York State and the province of Ontario. These sites are basically within an hour or an hour and ½ drive from Finger Lakes. Thus, this area is not entirely virgin territory for gaming.

Over the course of 2004, these 1,010 machines averaged a daily win of \$172.48 per day. Based on this average, the machines returned \$33.8 million to New York State, and \$5.5 million to the State Lottery for administration. This left approximately \$16 million to the racing industry from Finger Lakes. \$700,000 was allocated, based on the formula in the State Tax Law, to the Thoroughbred Breeding Fund. While the actual distribution of the rest of the moneys may be governed by contract, under the default percentages in the law, this should have allocated \$11.2 million to the track and \$4.16 million to purses. Assuming that the horsemen actually received this \$4.16 million, this should have lead to approximately a 40% increase in purses. Purses at Finger Lakes in 2003 were \$10.4 million.

The monthly averages show a minor slack off in business at the machines since the summer. The best month was the opening month of February 2004. The machines were open for 12 days and did an average of \$196.85 per machines per day. The next best months were July (\$193.56) and August (\$184.60). The worst month was December at \$150.22 net win per machine followed by March (\$152.73) and November (\$158.34). The December daily results should be upgraded somewhat because on Christmas Eve and Christmas Day, the facility was only open on a part-time basis. The net win per machine on Christmas Eve (\$61.18) and Christmas Day (\$66.56) represent two of the three lowest per diem net wins for the year. (The worst day was Tuesday March 16 when the net win was \$51.74, and Rochester received 11.6 inches of snow.)

Two of the four best days for the machines were also in December. On Saturday December 4, the net win was \$346.69, and on New Year's Eve, it reached \$302.65. The overall best day was Sunday September 5, where the net win reached \$425.18

Saturday was far and away the best day for the machines. Of the days where the daily net win topped \$250, more than half of these days were on Saturday. This was followed by Friday, Sunday and Thursday. Monday, Tuesday, and Wednesday, not surprisingly, were the weakest of the betting days. Of the 13 days (not including Christmas Eve and Christmas) where the net win fell below \$100, 11 were either Mondays or Tuesdays.

In the warmer months, the weekdays do far better than during the colder months. There was no day between mid- May until late November where the daily average net win was below \$100.

The monthly averages started out high with a \$196.85 in February. The number faded quickly in March when the average fell to \$150.22. Business picked up throughout the spring with the average rebounding to \$169.30 in April and \$181.61 in May. June saw a fall to \$166.66, but it should be noted that there were only four weekends in June compared to five in May. In July, the average peaked at \$193.56. August (\$184.23) and September (\$184.60) held steady. There have been declines since September with the average down to \$173.76 in October, \$158.34 in November and \$150.22 in December. It is likely that the lower number for these colder months is seasonally related, but it also should be noted that November and December of 2004 were far less snowy than average. Additionally, the temperatures averaged slightly above their seasonal norms.

While the \$170 average net win at Finger Lakes is below what you might expect based on the traditional \$250 average net win per machine racino operations in other states, the net win figure is more than respectable when contrasted with Buffalo Raceway's net win of \$96 and Monticello's net win of \$100. Nonetheless, there are serious challenges ahead for Finger Lakes.

First of all, there is potential competition from VLT's at Batavia Downs which is less than an hour away from Finger Lakes. Batavia has been making noises that it plans to open several hundred VLT's by the spring of 2005. Next is the drop off in the VLT numbers over the last few months. While there is certainly a seasonal factor to the dip, have people started picking up a degree of VLT fatigue in the Rochester area? Besides that, Finger Lakes – like other racino operators in New York - is largely at the mercy of the State Lottery for new machines. Can the State Lottery working with the tracks and the machine manufacturers come up with machines that people will continue to want to play? Will they be able to stem off VLT slippage, and can they move up New York's net win per machine numbers? That will be the trick for Finger Lakes in the months and years ahead.