

What are the odds?

Will the state grant a casino license to a proposed Millsboro mega-project? If so, how will the entertainment complex affect Sussex's tourism industry?

BY PATRICIA V. RIVERA

Preston Schell is in for the gamble of his life. He's one of the key men behind the \$550 million project, known as Del Pointe Resort & Racino, that could forever change the dynamics of coastal Delaware. And at the moment, Schell and his partners are hard at work trying to convince lawmakers — and their constituents — that their ambitious proposal would look nothing like what naysayers imagine when they speak out against the idea of having a casino in their backyards.

"We've always said that building a casino for a casino's sake is a waste of additional casino license money for the state of Delaware. If you're going to issue another license, you better get the biggest bang for that license, create as many jobs and get as many amenities ... and that's what we are [proposing]," Schell says.

Lawmakers are expected to make a decision about granting Del Pointe a casino license when they go back into session in January, pending the recommendation of a state panel studying the issue. Should they approve, construction at the 370-acre site near Millsboro would begin immediately, and Schell would have to lunge forward with the biggest project of his career in an economy that remains unstable. The Lewes developer is no stranger to large projects, however. He and his twin brother, Chris, have over the last 12 years built Schell Brothers, one of Delaware's fastest growing construction companies. He's also co-owner of several sister companies including Echelon Custom Homes and Ocean Atlantic Associates. >

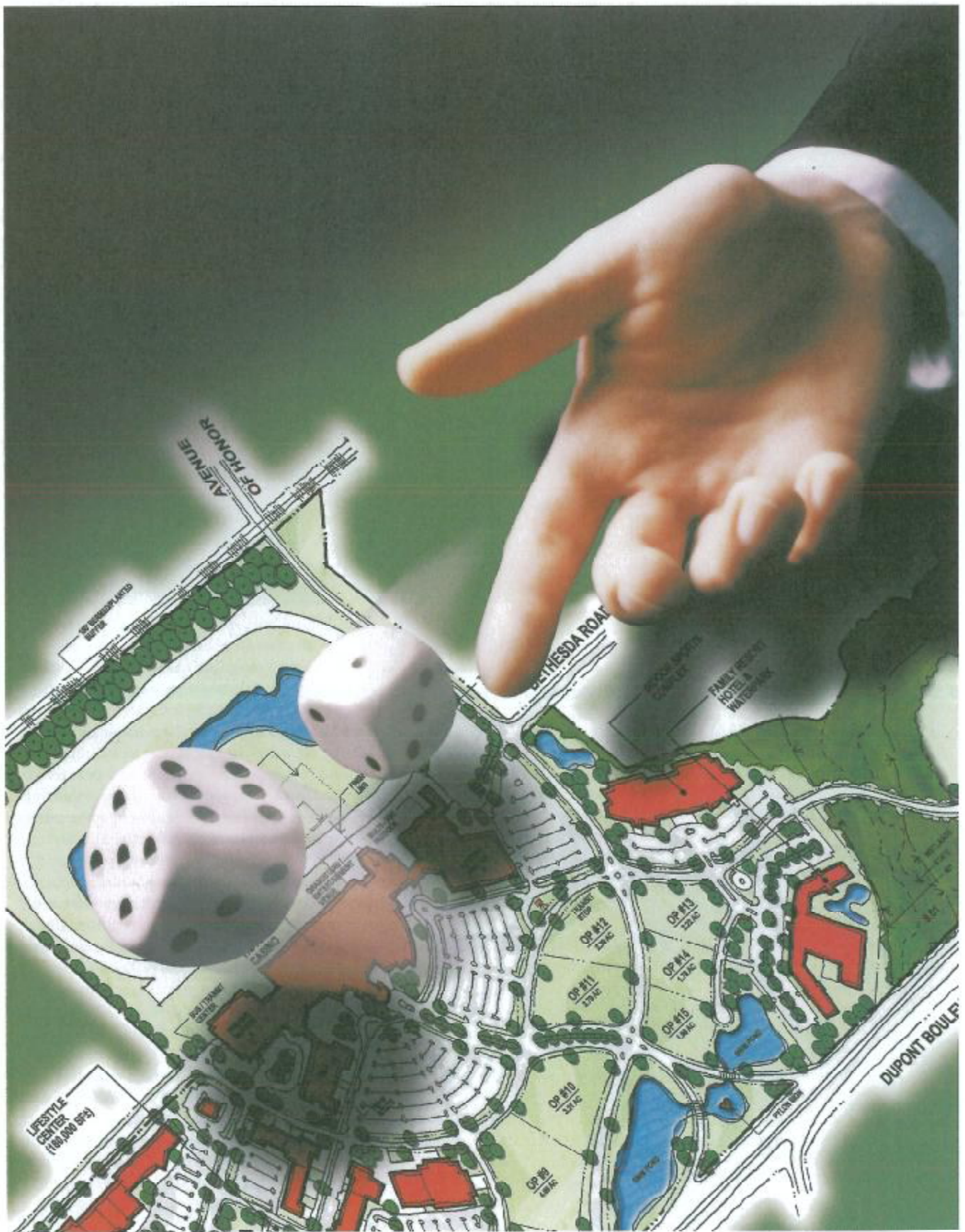


Photo-illustration by Tassa Shoup, Del Pointe site plan by Davis, Bowen & Friedel, photograph by Stuart McClymont of Getty Images

Del Pointe developers Gene Lankford, left, and Preston Schell look at site plans in a cornfield near Millsboro that could become home to a new racetrack-casino complex.



At stake for him is the reputation of the family's budding construction empire that he's built at the age of 36. Indeed, with a \$550 million price tag, some have questioned whether the project would ever be completed as promised.

"As far as sticking to what we say, we're going to do it.

Del Pointe would feature a 75,000-square-foot casino, a 300-room family-style hotel, 750 condominiums, an indoor water park, a 12-screen movie theater, and a 7-acre paintball facility.

We've been around for 12 years. Ask anyone who has bought in our communities and they'll tell you that when we say that we will put three trees per home site, we do that," he says.

Beyond the fallout for a single visionary, the project is considered high-stakes because it

rocks the foundation of a conservative county that has kept gambling at arm's length. Slot machines, sports betting and table games are allowed in only three established racetrack casinos in Delaware: Dover Downs, Harrington Raceway and Delaware Park near Wilmington. Del Pointe would bring a unique component: a one-mile harness-racing track, the longest in Delaware, which has already been conditionally approved. The facility would also feature a 75,000-square-foot casino, a 300-room family-style hotel, an indoor water park, a shopping center, a 12-screen movie theater, offices, 750 condominiums and a 7-acre paintball facility.

"What we want to create is a resort-style destination that entire families can enjoy," says partner Gene Lankford, who came up with the idea for the project.

Not everyone is comfortable with the idea of marketing a casino as a family place that entertains both children and their gambling caretakers. In fact, at least two groups have moved forward in united opposition. The Indian River School District Board of Education adopted a resolution in September against Del Pointe, specifically citing the casino's proximity to school campuses. Subsequently, the Delaware Family Policy Council applauded that move.

"We believe that the idea of embracing gambling in Delaware as a means to generate additional revenues as well as to inspire economic growth, boost tourism and create jobs is greatly exaggerated," says Nicole Theis, executive director for the Delaware Family Policy Council.

Could Delaware cash in?

To be sure, gambling creates social, personal, financial and cultural consequences for communities. Opponents say that a huge casino complex near Millsboro would cause traffic problems, would spark an increase in petty crime, and would pull customers from restaurants and other small businesses that would compete with the resort-style complex.

But Schell and his partners insist that those fears are misplaced. If anything, Del Pointe will bolster the economy and the quality of life in the area, Schell says.

"This is about three main issues: putting Delawareans back to work when the unemployment rates are the high-

est we've seen, bringing in revenue when the state needs it most, and introducing an economic force that has not ever benefited [Sussex,] the largest and fastest-growing county [in the state]," Schell says.

Because other mid-Atlantic states are working hard to increase their gambling revenues, Delaware needs to get more competitive to protect its gaming market, he adds. Case in point: In September, Maryland awarded Ocean Downs racetrack near Ocean City the state's first license for slot machines. That gambling parlor could be open by Memorial Day.

"Without Del Pointe, our beach tourists will spend their gaming dollars at Ocean Downs. Del Pointe is a perfect opportunity for Delaware to defend against this competition and ensure that the gaming revenue from our beaches goes to support Delaware and not Maryland," Schell says.

A third-party market study conducted by the Sage Policy Group, which was hired by Del Pointe, projects that Del Pointe could generate annual revenue in the range of \$550 million once the project is fully developed in 2017. Roughly 30 percent of this total revenue would be generated by gaming activities once all of the proposed 2,500 video lottery terminals are in place, with another 20 percent derived from commercial shopping activities.

Other major drivers of project revenues would be the two hotels, including both the casino hotel and the family resort-style hotel with indoor water park, generating close to \$50 million in annual revenue, and the office park, which is expected to generate about \$20 million in annual revenues. Other revenues would come from restaurants, residential condominium sales, movie theaters, the paintball park, the indoor sports complex, and from the as-yet-undetermined educational or other community benefit component.

The Sage Policy Group noted that Del Pointe would specifically:

- ▶ support 6,000 jobs during construction.
- ▶ produce \$75 million in annual state revenue.
- ▶ recapture gaming revenue that would otherwise be lost to the Ocean Downs facility in Maryland.
- ▶ directly or indirectly support 5,762 permanent jobs upon completion, in addition to the construction jobs.
- ▶ enhance Sussex County's leisure and hospitality appeal.
- ▶ augment the state's already-expanding



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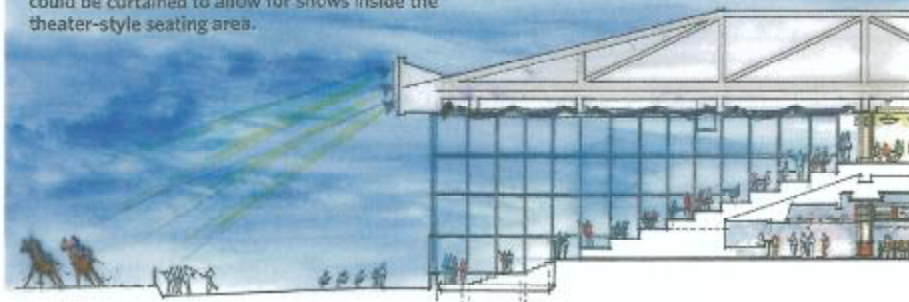
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This is an artist's conception of what the clubhouse at Del Pointe might look like, with large windows overlooking a harness-racing track. Those windows could be curtained to allow for shows inside the theater-style seating area.



horse-breeding industry through the presence of a one-mile standardbred racetrack.

Coastal Delaware would benefit from more visitors, according to the developers. "Right now, in winter months we're largely a shopping destination. We are giving an additional reason for people to think about Delaware outside of the summer months," Schell says.

In Millsboro, the town where the massive tourism attraction would be located, residents seem ready for its arrival. Granted that at the beginning, many worried that the 370-acre complex would put a strain on local resources, according to Town Manager Faye Lingo.

"They wanted to make sure that the improvements needed on roads and the likes wouldn't fall on existing taxpayers," she says.

But since Del Pointe developers have fulfilled early promises, "everyone is excited about the prospect of new jobs around here," Lingo says.

The racino would also affect in-season tourism by giving potential visitors another reason to pick coastal Delaware for their summer vacations. A tourist attraction in Millsboro would broaden the tourism industry now concentrated mainly along Delaware's ocean coastline.

Those in the tourism industry are hopeful that visitors to Del Pointe could eventually make their way to the beach towns. "This could increase tourism in the area," says Rehoboth Beach Main Street Director Jenny Barger.

Opponents see hurdles for racing

The economic projects do little to impress opponents such as Theis, of the Delaware Family Policy Council.

She says the area doesn't need more service jobs at the cost of putting families in harm's way. Gambling exploits the vul-

nerable — the young, the old, and those susceptible to addictive behaviors; it also undermines the work ethic and breeds crime, Theis argues.

"Much of this is attributed to the newly created gambling addicts who, in desperation, turn to crime to finance their addiction," she says.

Schell reiterates that Del Pointe is not introducing gambling to the area. "Of course there will be problem gamblers, and of course Del Pointe may facilitate that problem with gambling," he says. To head off that problem, the company is already in communication with organizations that help gamblers.

Schell acknowledges that perceived social costs, such as petty crime and a rise in gambling addiction, are associated with places like Las Vegas and Atlantic City. But Delaware cities have not seen those problems, in part because the state's gaming facilities are isolated from the general public, behind large parking areas or gated entrances.

Competing casinos worry that another gaming site will hurt the industry because it will take gamblers away from the Kent County facilities. Some say that Delaware's small size limits the number of people available to visit the casinos. But Schell says that Delaware's population is irrelevant, because 50 million people live in nearby states within a three-hour drive of Delaware.

"Competition will be good for the entire Delaware gaming industry. We all will step up," he says.

Working the Capitol to ensure a win

Del Pointe is waiting to see whether the legislature will grant it a casino license. The decision will be based on the report of a Video and Sports Lottery Study Commission, established in the sports betting law passed in May. The group will produce



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a report to determine whether Delaware can support more casinos and how much business Del Pointe would pull from existing facilities.

In addition to Del Pointe developers, another group is awaiting the results of the study. In Georgetown, investors, including former Sussex County Administrator Joe Conaway, want to renovate Georgetown Downs on a 78-acre parcel near town. The facility would include track buildings, stables, a restaurant, bar and clubhouse, as well as a half-mile harness-racing track and gambling venue.

The Georgetown Downs proposal could throw a wrench into Del Pointe's efforts to become the first casino in Sussex. Glenn Mandalas, spokesman for the Georgetown partnership, concedes that it would be unlikely for the state to grant two new casino licenses in Sussex. “We are like two horses chasing a single prize,” Mandalas says.

But Schell thinks that Del Pointe has a good head start since it already has a racetrack license, and the Delaware Harness Racing Commission doesn't allow racing days to overlap between tracks. He notes that the Georgetown project still needs permits and approvals that Del Pointe already has, but he adds that “any other project that can get to the same stage [as Del Pointe] should be given equal consideration by the state legislature for a gaming license.”

Should the legislature deny Schell and his partners a casino license, their vision for Del Pointe would have to be reassessed.

Schell's sole focus now is ensuring that the project does receive approval. Even representatives from coastal Delaware are torn on the subject. Those such as Sen. George Bunting, D-Bethany Beach, and House Majority Leader Rep. Pete Schwartzkopf, D-Rehoboth, have expressed frustration with current state law that creates a monopoly for existing Delaware casinos. They support projects such as Del Pointe. Other lawmakers, including Rep. Joe Booth, R-Georgetown, say new casinos only threaten the overall welfare of the community.

During his quest to move through the Delaware political process, Schell's passion for the First State has grown.

Unlike many of his other projects, which required only local and county approval, Schell has for the first time spent a lot of time explaining and defending his case to state legislators.

“I've always been a lover of all things Delaware, but now I am even more so because we have such accessibility to lawmakers,” he says.

“I've learned that if you have a good idea, being willing to stand for it in the state of Delaware gets the message across,” he says, “and essentially, you can defy all odds. We hope to do that with Del Pointe.” ■

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