



Borgata Contractors Refuse to Gamble on Service Suppliers Leave Nothing to Chance At \$1 Billion Casino Project



The Borgata, Atlantic City, NJ

Case Study



When gaming companies put a billion dollars on the table to build a new facility, they want that investment to generate revenue for them as soon as possible. As a result, new casinos are some of the most demanding of all projects. Contracts for distributors and installers will severely test their ability to get work done on schedule.

That's the situation now in the Marina District of Atlantic City, N.J., where construction is underway for The Borgata, a 43-story destination casino, hotel and spa with 2,010 luxury guest rooms, 135,000 square feet of gaming space and 11 restaurants. Ground was broken to start the project in September 2000, and the facility is scheduled to open in the summer of 2003.

The Borgata is the first new casino in Atlantic City in 13 years. Anteing up the \$1 billion needed to build the facility are joint venture partners Boyd Gaming and MGM Mirage. Boyd Gaming is the managing partner.

"For every day their doors aren't open, they are losing revenue and incurring additional cost on the debt service for financing the project," explains George Thomas Jr., vice president, Thomas Company Inc., an HVAC fabrication contractor and installer in Atlantic City.

Thomas says the drive to open casino doors quickly presents its own unique problems for contractor sequencing and installation. That, in turn, puts a premium on supplier reliability.

"An important factor for us is the availability of material and the ability of the manufacturer to service us," says Thomas. "Overall, we look for the ability of the manufacturer to deliver the product to us on a timely basis, so we are not delayed or delaying others in the field. That's extremely important to us."

Making A Safe Bet

For the Borgata, Thomas Company ordered hundreds of rolls of duct liner made by Owens Corning.

"We've enjoyed a good relationship with Owens Corning," says Thomas. "We've used their products for about 20 years now. We've used other products, but we selected Owens Corning duct liner in this case because we felt that the product suited our needs and met our quality control criteria.

"We feel the Owens Corning product has a superior surface coating on it that reduces the tendency to tear and show abrasions," continues Thomas. "It also mitigates the possibility of retrofit work. We don't have the tears, abrasions and other damage to the liner following installation where we would have to come back and repair the interior of the ducts.





"Trust me, we lose a lot of money when that happens. I can't afford to go back and do retrofit and renovation on work that we have already committed to under contract because it is just money out of our pocket. I want to mitigate that as much as possible.

"We are committed to doing a quality job the first time in," explains Thomas. "'Do it right the first time.' It's an old saying, but if you do it right the first time you won't have to do it a second or a third time. And at the hourly rate we pay for labor, that can get extremely expensive."

Refusing To Gamble

Nelson White, branch manager at Pinnacle Insulation, echoes Thomas' comments about the fast-track nature of casino business. Pinnacle is installing Owens Corning duct wrap and pipe insulation.



"It's almost an unbelievable schedule," says White. "We just got started on our part last fall and they want the building open by the spring or summer of next year. The speed with which it is going is kind of mind-boggling."

With that kind of pressure, White says he won't gamble on suppliers. "Not at all," he insists. "You can't do that. The casinos are very demanding; not only this one, all of them are demanding.

"Even the existing casinos, when they do renovation work, they don't want to be out of business for any length of time at all, and they don't want you to be seen," continues White. "If you have to go in when the people are there, they don't want the people to know you are there. They cordon off an area; you get in and out and that's it.

"That's just a condition and major part of working there and we are used to it. Over the years, they (casinos) have been the main source of our work. It takes some planning and coordination with everyone involved," continues White. "So far, the Borgata project is working out quite well. We haven't really had any problems along those lines."



Owens Corning Products Installed at The Borgata:

- Aeroflex Plus® Acoustical Duct Liner
- SSL-II® Fiberglas® Pipe Insulation
- Fiberglas® All Service Duct Wrap
- Fiberglas® 703 Board
- Foamular® ThermaPink® 18 Extruded Foam Insulation



Betting On Good Relationships

Bill Piestor, vice president, Atlantech Distribution, Inc., says his company's relationship with Owens Corning was a key factor in the selection of products for the Borgata. "We've developed a good relationship with Owens Corning," explains Piestor. "They keep us competitive and their service is excellent – very timely.

"You can count on Owens Corning's deliveries, and that's important, especially when you are going to a job site. If you are expecting it (product), you don't want to hear that it's going to be delayed a day."

Lots of Concrete

When building the largest hospitality project in North America, everything is super-sized, even the concrete order. Joe Donovan, project manager for the L. Feriozzi Concrete Company, says his company has only a piece of the action but the pie is large.

"We're not doing all of the concrete but this is the biggest concrete job in Atlantic City – ever," says Donovan. "The value of the concrete going in is \$60 million."

Feriozzi Concrete is using Owens Corning's Foamular® ThermaPink® 18 extruded polystyrene insulation in the low-rise portion of the structure. They stack 4' x 4' pieces of ThermaPink 18 insulation in a waffle pattern before covering the area with wire mesh and pouring concrete. The insulation acts as a pouring form and stays in place to help achieve the desired thickness without the weight of solid concrete.

"You could never put 40 inches of solid concrete on a raised floor without it collapsing," explains Donovan.

He says his company bought Foamular extruded insulation when Owens Corning found a way to deliver the product in the size they want.

"For this application, you can't use a standard 4' x 8' sheet," says Donovan. "In that size, the insulation would not be able to handle the load with that amount of concrete. That's why it's 4' x 4'. The engineers designed it so the work could be done with standard 4' x 8' sheets of foam cut in half. They didn't know you can't get it cut in half.

Competitor Couldn't Cut It

"Everybody was interested in this job because it was a fairly decent-sized order," he continues. "Owens Corning was the only company that could find somebody that would cut the insulation into 4' x 4' sheets. Owens Corning found a separate company that would



cut the foam. They jobbed it out; nobody else could do that. That's basically why Owens Corning got the job.

"We paid a little more, but it was not much money; it was about 15 cents a cubic foot to cut it. That's worth a lot to someone like us. With labor cutting the foam on the job, trust me, it wouldn't have been 15 cents a cubic foot.

"That 15 cents was a small percentage of the selling price, but that basically got Owens Corning the order, because Owens Corning wasn't the low price until the other guy couldn't cut it. We had another price for the basic sheet, but because Owens Corning could cut it and the other guy could not, Owens Corning got the order. They did a little value engineering and found a way to get themselves back in the running."

Feriozzi Concrete bought the ThermaPink 18 insulation through A.P.S. Supply Company in Beverly, N.J. Stan Lewis is the sales representative.

"When you are working with casinos, the old saying, 'Time is money,' hits it right on the head," says Lewis. "For some casinos, they are doing construction as the plans are being drawn. When they want something, they want it now. They need it immediately. Service is of utmost importance. Owens Corning does a pretty good job with them (Feriozzi) down there.

"Honestly, we have to deal with companies that provide good service and pricing, because that's the kind of people we're dealing with," continues Lewis. The casinos demand it and we have to get it from our manufacturers. You can't gamble on service. You've got to know where you stand there. It's important."

Spectacular Facility

The Borgata will be the first new addition to the Atlantic City resort area in more than a decade. The Tuscany-themed resort will hire at least 4,000 employees to staff its hotel and casino.

A new four-lane Atlantic City Expressway Connector, linking the Atlantic City Expressway to Renaissance Pointe, was completed last summer. The Connector provides easy access to The Borgata, other nearby casinos and Brigantine Island.

Asked for their impressions of what the finished project will be like, most people struggle to find words that adequately express their feelings.

"It's great. It's super. It's huge," says Jeff Fahrer, sales representative with Passaic Metal & Building Supply in Clifton, N.J. "It's just a spectacular-looking facility. It took my breath away when I saw it for the first time. I've never seen anything that nice. Not that I've seen everything that there is to see, but it is really spectacular looking. It's going to be good for the town. It's gone up in great fashion and in good time."

"The Borgata is going to be, probably, the class of the town," adds Pinnacle Insulation's White. "It's far enough along that you can see already what it's going to look like. It's nice. It's going to make the other casinos kind of look at themselves, I think, and do some serious upgrades."

Closest Thing To Vegas

Frank Connor, sales representative at Atlantech Distribution, calls on clients in the Atlantic City area and also visits the casinos there for entertainment. He is looking forward to visiting the Borgata.

"I think it's going to be great," says Connor. "It's going to be a destination in itself. When you go there, you go to gamble, eat, drink and go see a show, or whatever, but you are kind of captured in that spot. A lot of people really like that. They go there just for that purpose. The Borgata is going to be a complete entertainment center unto itself. I'm sure it's going to attract a lot of people. It will be quite nice.

"It's going to be the closest thing we have to a Las Vegas-type casino," he continues. "What they have done is stepped up the ante in Atlantic City. To keep up, the other casinos are building more rooms and getting more lavish and trying to also become destinations."

The Borgata By The Numbers

- \$1 billion investment
- 43-story tower
- 2,010 guest rooms and suites
- 135,000 square feet of casino space
- 11 restaurants
- 8 retail shops
- 120 gaming tables
- 3,650 slot machines
- 6,500 parking spaces

Project:

The Borgata
Renaissance Point
The Marina District
Atlantic City, NJ
www.theborgata.com

Owners:

Boyd Gaming Corporation (operator)
2950 Industrial Road
Las Vegas, NV 89109-1150
702-792-7200
www.boydgaming.com

MGM Mirage (joint venture partner)

3600 Las Vegas Boulevard South
Las Vegas, NV 89109
702-693-7120
www.mgmmirage.com

Architect:

Marnell Corrao Associates
4495 South Polaris Avenue
Las Vegas, NV 89103-4119
702-739-9413
www.marnellcorrao.com

Construction Manager:

Yates/Tishman Joint Venture Construction Company
(Formed by W.G. Yates & Sons and
Tishman Construction Corporation of New Jersey)
1501 MGM Mirage Boulevard
Atlantic City, NJ 08401-1945
609-572-1102

Mechanical Contractors:

Barham-McBride Company
701 West Delilah Road
Pleasantville, NJ 08232
609-484-0994

Giovanetti-Shulman Associates

3903 State Road
Drexel Hill, PA 19026-3213
610-789-8100

HVAC Fabrication Contractors:

Thomas Company, Inc.
114 North Brighton Avenue
Atlantic City, NJ 08401
609-344-5846

John Sykes Company, Inc.

300 North Florida Avenue
Atlantic City, NJ 08401
609-822-1319

HVAC Distributor:

Passaic Metal & Building Supply
5 Central Avenue
Clifton, NJ 07015-1849
973-546-9000

Mechanical Insulation Contractor:

Pinnacle Insulation, Inc.
800 Cape May Avenue – H2
Mays Landing, NJ 08330
609-909-9150

Mechanical Insulation Distributor:

Atlantech Distribution, Inc.
68 Brunswick Avenue
P.O. Box 372
Edison, NJ 08818
732-287-5300

Concrete Contractor:

L. Feriozzi Concrete Company
#2 North Vassar Square
Ventnor, NJ 08406
609-823-2563

Foam Insulation Distributor:

A.P.S. Supply Company
711 Cooper Street
Beverly, NJ 08010
609-877-7900
www.apssupplyco.com

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