

[Home](#)[Up](#)[Feedback](#)[Contents](#)[Search](#)[About CSC](#)

Complete Study - Thompson

A Casino's Effects on the Local Economy: An Economic Analysis of the Industrial Avenue Site As a Casino Venue for the United Auburn Indian Community

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Executive Summary

The United Auburn Indian Community (UAIC), which has approximately 160 members, is seeking approval at the Bureau of Indian Affairs for a Class III gambling casino. Class III casinos are "Nevada" style casinos and include both slot machines and card tables. The proposed casino would be 200,000 square feet and located in southern Placer County, CA at Industrial Avenue and Athens Boulevard. The proposed casino site is approximately where the spheres of influence intersect for the three cities of Lincoln,

Rocklin and Roseville in the state of California (map in Appendix F).

In examining the potential economic effects of a casino on the communities surrounding the Industrial Avenue site it should be noted that the management company, Station Casinos, specializes in the cultivation and targeting of, local gamblers. The proposed casino at Industrial Avenue is not a destination resort style casino. This report also offers a comparative analysis of the potential impacts of locating a UAIC casino at an alternative site in Nyack that has been offered to the tribe by a developer. If a casino were located in Nyack it would be a destination style casino, which would include a hotel and other amenities. For a broad comparison of the two sites see the table in the appendix.

Two different revenue estimates were made for the Industrial Avenue site, \$256 million and \$200 million. There are two components to the economic analysis, simple cash flow (Input-Output) and social costs. The National Gambling Impact Study Commission research report determined that the presence of a casino doubles the number of problem and pathological gamblers within a 50-mile radius. Other crime costs are also included in the social cost calculation.

Table 1 Annual Economic Impact for Industrial Avenue Site (\$256M in revenue)

Industrial Avenue Site (\$256 Million revenue)	0-10 Miles	0-30 Miles	California
Cash Input-Output Total	-\$21,048,431	-\$34,319,157	-\$31,783,616
Social Costs	-\$21,764,491	-\$156,701,822	-\$156,701,822
Net	-\$42,812,922	-\$191,020,979	-\$188,485,438

Table 2 Annual Economic Impact for Industrial Avenue Site (\$200M in revenue)

Industrial Avenue Site (\$200 Million revenue)	0-10 Miles	0-30 Miles	California
Cash Input-Output Total	-\$20,032,666	-\$45,312,590	-\$23,994,438
Social Costs	-\$21,764,491	-\$156,701,822	-\$156,701,822

Net	-\$41,797,157	-\$202,014,412	-\$180,696,260
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Table 3 Annual Economic Impact for Nyack Site

Nyack Site (\$150 Million revenue)	0-30 Miles	California
Cash Input-Output Total	+\$38,563,274	+\$41,204,250
Social Costs	-\$11,748,667	-\$11,748,667
Net	+\$26,778,607	+\$29,455,583

- Both revenue calculations for the Industrial Avenue site show discretionary cash flow as having a negative impact to the local area. For the \$200 million annual revenue projection the net cash flow is a \$20 million annual drain within a 10-mile ring and a \$45 million drain within a 30-mile ring.
- Large social costs due to new pathological and problem gamblers and increased crime in the Industrial Avenue site local area will be generated. Within a 10-mile ring the economic drain will be \$22 million annually and within a 30-mile ring the drain will be \$157 million.
- At an alternative site in Nyack the discretionary cash flow will have a positive impact, \$39 million annually. Due to the local area’s low population density the social cost, while still negative at \$12 million annually, will be substantially less than the Industrial Avenue site.
- Other impacts caused by the Industrial Avenue site
- The economy near the site is currently prosperous. The local economies do not need help. Indeed the proposed casino will place a drag on the local economy.
- There are a number of high tech businesses within a five-mile radius of the casino site. The casino will have a negative impact on the ability of the local communities to recruit new high tech businesses and their higher paying jobs. It will also have a negative impact on existing high tech company’s ability to recruit and retain qualified employees.
- There are 6000 high school students within eight miles of the proposed casino. The casino will admit 18 year olds.
- There are two very large senior citizen communities nearby. The National Gambling Impact Study Commission criticized such convenience gambling as being detrimental.
- New problem and pathological gamblers will be created due to the presence of this casino. Specifically there will be 1625 new compulsive pathological and 3610 problem gamblers within a 10-mile ring. In the 30-mile ring there will be 11,773 new

pathological and 26,160 problem gamblers within a 30-mile ring. Helping 160 people while ruining the lives of this many pathological gamblers and their families only creates a greater problem for society.

Table of Contents

Introduction 5

I. The Casino Facility 9

II. Revenues 9

III. The Source of Money 15

IV. Input and Outputs: The Bath Tub Model of Gambling Economics 17

V. Casino Expenditures-Amounts 19

VI. Distribution of Retained Funds: The Net Revenues 23

VII. Input-Output Summary 25

VIII. Social Costs—Measurable 26

IX. A Total Economic Equation: A Casino for the Industrial Avenue Site is not a Winner for the Local Area or for California 29

X. Reduced Projections for a Smaller Casino 30

XI. Other Factors 33

XII. Alternative Sites 37

XIII. Nyack Projections 38

XIV. Final Comment 42

Appendices 43

Appendix A – Impact Comparison Between Proposed Site and Alternative Site

Appendix B – William N. Thompson's resume

Appendix C – Social Costs of Gambling: A Comparative Study of Nutmeg and Cheese State Gamblers

Appendix D – An Economic Analysis of Machine Gambling in South Carolina

Appendix E – CACI Demographic and Income Forecast

Appendix F – Map of Industrial Avenue Site and Surrounding Cities

Introduction

The United Auburn Indian Community (UAIC), a California tribe of 160 Maidu and Miwok Native Americans, was reestablished as a recognized tribe of Native Americans in 1994. They have been given the opportunity to purchase lands within a multi-county service area for tribal purposes. As a consequence of this opportunity they have sought approval to have a Class III (casino) gambling operation under the aegis of the Indian Gaming Regulatory Act of 1988. They seek to locate their 200,000 square foot gambling facility in Placer County. One selected site is in an industrially zoned area on Industrial Avenue and Athens Boulevard (hereinafter referred to as the Industrial Avenue site) of 58.3 acres north of Roseville, south of Lincoln, west of Rocklin and about 20 miles from downtown Sacramento. The Station Casinos Corporation of Las Vegas, Nevada, has agreed to manage the facility for 22.5% of the net revenues of the facility, in addition to a fixed fee (assumed to be valued at 2.5% of net revenues) for the use of the Stations' name and logo. Other sites for a potential casino exist within Placer County, but they are not actively considered by the UAIC. An entrepreneur has offered the tribe 124 acres adjacent to highway I-80 for a casino near the small mountain community of Nyack, also in Placer County, halfway between Sacramento and Lake Tahoe.

The UAIC has an enrolled membership of 160, however, most of the tribal members live outside of the Sacramento Metropolitan area. The largest concentration of tribal members does have a small community adjacent to Auburn on several acres beside Indian Rancheria Road. The area is the tribe's previous reservation prior to termination.

This research report examines the potential impact of a casino on the Industrial Avenue site designated by the tribe and utilized for their agreement with Station Casinos. This report also offers a comparative analysis of the potential impacts of locating a UAIC casino at an alternative site, using the above-mentioned Nyack site as an example.

It is critical that public action regarding approval of any casino facility at a particular site be preceded with full information regarding the impacts of a casino at that specific site. The United States Government created a Commission to study the social and economic impacts of gambling. The National Gambling Impacts Study Commission (NGISC) represented the first such national study of gambling in over 23 years. Nine prestigious members representing several interests and constituencies met over a two-year period and concluded their work with a unanimously adopted report which offered 77 recommendations. Preceding the recommendations, the Commission called upon states to take a pause in the expansion of gambling: "...gambling is not merely a business like any other...Some Commissioners would wish it to be far more restricted, perhaps even prohibited. But overall, all agree that the country has gone very fast regarding an activity the consequences of which, frankly, no one really knows much about...the purpose of this recommended pause is to encourage governments to do what to date few if any have done: To survey the results of their decisions and to determine if they have chosen wisely." (NGISC Report, June 18, 1999 p.1-7).

Key among their recommendations which followed their call for a pause was recommendation 3.18:

The Commission recommends that jurisdictions considering the introduction of new forms of gambling or the significant expansion of existing gambling operations should sponsor **comprehensive gambling impact statements**. Such analyses should be conducted by **qualified independent research organizations and should encompass, in so far as possible, the economic, social, and regional effects of the proposed action.** (NGISC

Report p. 3-19)

The Commission found information about gambling was found in many areas. Especially troublesome was a lack of public information regarding Native American gambling operations. The Commission urged further research to better understand the gambling phenomena. One subject that did not require further research was compulsive gambling. The Commission concluded that compulsive gambling was a costly problem for individuals, communities, and society as a whole. Future research can help refine questions about exact costs, but there was no doubt that compulsive gambling is costly. There was also no doubt that children and underage persons should not gamble and that they should not be exposed to the temptations of gambling. To the extent that gambling was a normal and acceptable recreation, it was so only for adults. Recommendations in the study called for the elimination of underage persons from gambling environments.

It behooves the State of California and the Federal Government to adhere to the recommendations of the Commission's Report. The Report certainly should not be ignored. The membership of the Commission was collectively both "qualified" and "independent," although individual Commission members did have their preferences on gambling policy. All did agree with the recommendation that further detailed study be completed before gambling expansion continues. The chair of the Commission, Kay James, represented a religious based university, a second member was from a Christian-based organization. Three representatives came out of Nevada constituencies, one being a gaming regulator, another a gaming executive and a third a union official representing casino workers. There was a Native American from Alaska, a former state official from New Jersey, and a Mississippi physician. The other member was Leo T. McCarthy, a board member of Linear Technology Corporation of Silicon Valley, and for twelve years, the Lieutenant Governor of the State of California. McCarthy is an attorney and he has served on the World Trade Commission, the Board of Regents of the University of California, and the Board of Trustees of the California State University system. He was also the chair of the California Commission for Economic Development. Through the members of the commission, and especially through the voice of Leo T. McCarthy, the citizens of California were certainly represented on the Commission. Additionally, the Commission held hearings in California.

In his comments attached to the Report of the Commission, McCarthy said of his two years' work on the Commission, "I learned gambling has some redeeming qualities, especially these three: (1) Some impoverished Native Americans have, or will have, a much better quality of life; (2) About 100,000 Americans, mostly union members, have much better jobs in the gambling industry than their former jobs in other sectors; and (3) Some economically depressed communities in which gambling facilities have been located are better off, because neither government nor the private sector have chosen to economically develop such communities in order to create jobs, profits and a better life for the families to survive there."

McCarthy goes on to lament the downside of gambling, especially pathological gambling, but he suggests that an effective implementation of the recommendations of the Commission could mitigate those downsides. Effective implementation however, he reiterates, will require study, and it will require an informed public.

This report is offered in the spirit of the recommendation of the Commission and the work of its members, especially the work of California's representative Leo T. McCarthy. Before policy makers move ahead on any proposal for a casino in Placer County, the public and

those officials must be fully informed of all the consequences that could follow the establishment of such a facility in any specific location of the county.

About the Author

The credentials of the author of this report, William N. Thompson Ph. D., are presented in an attached resume. Dr. Thompson was asked to testify before the Commission on two separate occasions. Among the over one hundred persons that testified to the Commission, he was the only person asked to return to give testimony for a second time. Moreover, Dr. Thompson served as a consultant to the National Opinion Research Council, an agency of the University of Chicago that was awarded the contract by the National Gambling Impact Study Commission to survey the national population in order to discern the extent of compulsive gambling problems in the country. Dr. Thompson has also authored, co-authored, or edited eight books on gambling related subjects. He has conducted extensive research on the socio-economic impacts of gambling and the politics of gambling. He has consulted with many entities regarding gambling projects: Indian tribes in seven states and provinces (such as California); individual casino companies, including several making feasibility studies for proposed casino projects; governments--including the Detroit Casino Study Commission; and many organizations both supporting and opposing specific gambling propositions. In all of Dr. Thompson's work, he consistently takes the viewpoint that there is a proper place for gambling in our society, and that gambling can be operated in the public interest. He also maintains that gambling in the wrong place, or gambling conducted in the wrong manner can be destructive of the public interest. Moreover, he always advances that the notion of the public interest must be a broadly conceived notion including all groups in society. There cannot be a public interest of the small communities surrounding the casino site that is separate from the public interest of all California, from the public interest that includes all the residents of the Sacramento metropolitan area, to the Native Americans both of the tribe desiring to run the casino, and other tribes, to Native Americans with no enrolled status. The public interest is all encompassing. That is the public interest that was addressed in the National Gambling Impact Study Commission's report. That is the public interest that Leo T. McCarthy was addressing as he represented the public in his work with the Commission.

Organization of Report

This Report will first address the nature of the proposed casino for the Industrial Avenue site. Second, it will examine the revenue flows into the casino, and the source of those revenues. Third, it will address revenue flows outward from the casino and where they are directed in the first major step of casino spending. These three steps will permit a fourth step which will represent a simple input-output economic analysis demonstrating the economic gains or losses for populations of person living within ten miles of the casino site, within 30 miles of the casino site, and within the State of California. This economic analysis will be followed by an analysis of social costs that will also impact the economic conclusions. These costs will derive from analytical assessments of the extent of compulsive gambling and the addition of extra criminal activity associated with the introduction of a major casino facility into a community. Additional analysis will focus upon two major community concerns, first the protection of an economic base that already

exists in the community, and second, the protection of community life by shielding children from unhealthy activities. After the Industrial Avenue site is subjected to analysis, a comparative analysis will be offered for the alternative site, Nyack. There will also be commentary on the marketing roles of the selected management company, Station Casinos.

*The words "assume" and "assumption" must accompany portions of analyses below, as the project is a future project, and all agreements are not yet set into place. Moreover, Congress decided when it passed the Indian Gaming Regulatory Act of 1988 that information about Native American gambling operations should be exempted from the requirements of the Federal Freedom of Information Act. Unfortunately, this means citizens seeking to voice their opinions about policy regarding Native gaming to their representatives in local, state, and national governments must do so in partial ignorance. That state of affairs, however, should not preclude citizens from making the best possible analysis they can with existing information and with collateral public information about gaming operations (commercial and other) that is available.

This report, therefore, has been prepared with the most accurate information available to the public. If representatives of the gambling tribes feel that the assumptions so labeled in this report are inaccurate, the author welcomes any information they wish to provide regarding their gambling operations so that more accurate calculation may be made. The assumptions made here are made in good faith and independent of any preconceived notions regarding the gambling casino being discussed.

I. The Casino Facility

A. The Site

The proposed site is a 58.3 acre parcel of industrially zoned land at Industrial Avenue and Athens Boulevard, near Highway 65 in Placer County.

B. Size

The casino would be housed in a 200,000 square foot facility. With restaurants and entertainment offerings, as well as office space, it can be assumed that the facility would devote 90,000 square feet to the gambling area, comparable to a large Las Vegas casino. The facility would have 1,500 slot machines and 50 tables. However, the State Compact may permit up to 2,000 machines and an unlimited number of tables. Las Vegas gambling floors of similar size easily accommodate 2,000 machines and 100 tables. The space for gambling in the facility would therefore permit a doubling of gambling positions if the facility seeks more gambling positions. The 1,500 machines and 50 tables represent 1,800 to 2,000 gambling positions (one position per machine, seven positions for blackjack tables, and as many as ten or more positions for roulette and craps and other game tables). The facility will have parking spots for 3500 cars.

The UAIC expects to have 8,000 customers a day (2,920,000 per year), although the market possibilities indicate that many more customers will be available. Certainly the space, machine and table allotments would accompany a number that is 60% higher than the 8,000 figure. The analysis below will show how the facility can easily meet a target of 12,743 customers a day, each losing an average of \$55 in their gambling activity. With a car lot turnover of two times per day, plus bus traffic, the facility can accommodate the traffic necessary for this number of customers. Position turnover of six times per

twenty-four hours of operation is not uncommon. Players that are local or nearby drive-in customers would spend an average of two to three hours gambling. Even Las Vegas tourists who gamble average only four hours per day in gambling areas of casino hotels, and they do not have daily life schedules that would interrupt their play. (This study conservatively assumes that only a small portion of players will be habitual problem gamblers who can not easily walk away from the casino after they have played for the amount of time they planned to play.)

The facility would be open 24 hours a day, and would permit persons 18 years or older to gamble. Liquor would be served to those 21 and older during permitted tavern hours (2 a.m. closing). There are also plans for restaurant facilities.

II-1. Revenues (Facility)

A. Estimations

The facility is projected to generate an estimated annual \$250,000,000 in money won from players. The analysis here suggests it is quite feasible and reasonable to expect the facility to generate revenues of \$255,852,437 after it has been up and running for two years. This figure represents a very reasonable \$2,842 per square foot.

It is assumed that if the casino qualified for more than 350 machines, the UAIC will seek to have the full allotment of 2000 machines as well as increase the number of tables to 75. It will also offer bingo games. The casino will therefore have about 2800 gambling positions (allowing for some craps and roulette and adding a factor for bingo seats). This would represent a turn-over of only four and a half times per position per day--certainly more attainable than six times. Per position revenues would be \$91,378 per year or \$250 per day.

It can be reasonably expected that each machine would gain revenues of \$94,900 (or \$260 per day). This would yield \$189,800,000. Table games could reasonably measure up to Illinois revenues with each of 75 tables winning 633,275 a year (or \$1,735 per day). This would yield \$47,495,625. It is assumed that bingo operations will generate 7.25% of the revenue or \$18,556,812 per year (or \$508,401 per day).

II-2 Revenues (Population Base)

The analysis below will demonstrate the locations of expected players. Before that specific analysis is offered, we can see that there is a population of 1,816,747 persons (or 1,308,058 adults) living within 30 miles of the Industrial Avenue site. The average American adult living in a commercial casino state (excluding New Jersey and Nevada) spends (loses) \$306 a year (1997) in casino gambling. Looking just at this resident population near the casino, it can be discerned that there is a casino gambling market of \$400,248,000 for the casino. By 2004 (population forecast year) this amount will represent more than 200% of the revenues anticipated for the casino. No other casino is within the same distance for this population. Moreover, it is assumed that 20% of the gambling at the casino will come from beyond 30 miles.

From people within 30 miles it is projected that there will be 3,721,490 visits per year. A 50% penetration rate is assumed. They will gamble (and lose) \$55 on average for each visit, making on average between 5 and 10 visits a year. This will yield \$204,681,950, or 80% of the casino's gambling revenues of \$255,852,437.

There are approximately 200 million adults in the United States. According to International Gaming and Wagering Business (August 1998) in 1997 they spent \$50.9 billion on legalized gambling products. (Adult figures represent 70% of the census of full populations in 1990). What this means is that the American adult population "lost" \$50.9 billion while gambling. These gambling losses represent spending of \$254.50 per adult. Nationally, casino gambling represents 52% of this amount, or \$132.34 per adult.

This very simple analysis does not account for cross border gambling. However, it may be suggested that such an accounting would not alter the basic analysis. Nationally the amount of gambling by non-residents is not large (as a percentage), and it is quite likely that it is balanced to a large degree by gambling of Americans in other countries. However this pattern does not hold in all the states of the United States.

While this is above the national average of \$132.34, this number is considerably less than the amount gambled per adult in the states that now have existing commercial casinos. Admittedly, it would not be proper to include Nevada in this analysis, as 90% of the money (over \$7 billion) gambled and lost in its casinos comes from non-residents of the state. Also, to be fair the analysis will also exclude New Jersey. We are left with eight states: Colorado, Illinois, Indiana, Iowa, Louisiana, Mississippi, Missouri, and South Dakota.

As specific Native gaming information is not available state by state, we will also exclude revenues of Native casinos which are found in five of the eight states (Colorado, Iowa, Louisiana, Mississippi, and South Dakota).

The Casino revenues of the states were (in 1997):

Colorado.....\$430.9 million

Illinois.....1054.6

Indiana.....696.9

Iowa.....696.9

Louisiana.....1863.5

Mississippi.....1985.3

Missouri.....746.8

South Dakota.....43.6

TOTAL.....\$7,518.5 million

(Source:Int. Gaming and Wagering

Business, August 1998).

The adult population of the eight states was 24.6 million, making the average annual per adult loss in casino gambling \$305.63.

The Bear Stearns World Gaming Almanac reported the numbers of visits to casinos by

gamblers in certain markets. For gamblers living within fifty miles of Detroit, they projected 5.2 visits a year, but they found that actual number of visits for gamblers at the casino in Connecticut, while St. Louis casinos drew 6.5 visits from gamblers within 50 miles, Shreveport drew 10, the Mississippi Gulf Coast and northern Mississippi (Tunica market) drew 12. The latter figure was verified by an unpublished survey of Mississippi gaming by the Social Science Research Center at Mississippi State University. This report writer's work with Horseshoe Casino in Tunica found that within 50 miles gamers at their Tunica facility made 24 visits (twice a month) per year.

An Illinois study conducted by this writer interviewed over 700 players at riverboat casino sites. The study found that the average player who lived within 5 miles of the casino made an average of 14.96 visits per year, while visitors who lived from 5 to 15 miles made 9.57 visits. The visitation from 15 to 25 miles was 9.33 per year, while those living in the area 25 to 50 miles away visited 6.52 times.

The Mississippi State University project also found a penetration rate of 60% statewide, meaning that 60% of the adults in the state of Mississippi gambled at one of the state's casinos sometime during the previous year. A recent survey in Michigan found that 58% of the population of that state had gambled in one of the widely scattered 20 casinos of that state--where the closest casino to Detroit in Michigan is over 140 miles away. Nationwide the casino penetration rate is approximately 35%, although casinos are widely dispersed across the land. A 50% penetration rate for a 30 mile radius of a casino must be considered to be very reasonable, if not conservative.

II-3. Comparable Revenues.

A. Square Footage Daily Wins

The analysis sees daily per-square-foot revenues of \$7.78 (\$2,842 per year). This is comparable to how casinos fare in other states. The Detroit projected win was \$12.06 for example and is exceeded. Figures from Nevada trail others. There, the daily win statewide is \$3.20 per square foot, while on the Las Vegas Strip it is \$4.81. Missouri's boats (also open markets) win \$4.06, while Iowa boats win \$7.55, and those in Indiana win \$9.72. The Atlantic City casinos win \$10.59 per-square-foot of gaming space, while Illinois boats win \$13.09.

Several localized markets do very well. The Shreveport, Louisiana, market wins \$12.23, and Illinois boats near Chicago win \$13.89. The temporary land-based Windsor casino won \$20.46.

B. Revenues Per Machine

Slot machine revenues per day vary widely across North American gaming jurisdictions. The low range of revenue figures are found in Nevada and South Dakota. These states report \$47 per day and \$76 per day respectively for slot wins. The Las Vegas Strip wins are \$95 a day. A distinguishing feature of these two jurisdictions is that they have an over supply of machines (and tables as well). The oversupply is a consequence of a licensing process that is not restrictive regarding the numbers of gaming properties permitted. In Las Vegas properties purposely seek to have extra machines so that the tourist gamer can (almost always) have a choice of machines for play. Choice includes denomination of coin for the machine, the proportion of winning combinations, the size of jackpots, symbols, configurations as either a video display or spinning wheels. In Las Vegas,

casinos want to have enough machines so that players do not have to line up and wait to play. A waiting person in a casino is not providing revenue to the casino. As machines cost \$10,000 each (with various reporting systems) and bring in annual revenues many multiples of those numbers, it is not cost effective to have waiting players. On the other hand, if players are waiting and the machines are in an undersupplied number, they will be played much more, and much faster.

Major slot revenues are demonstrated in jurisdictions with non-competitive monopolies or oligopolies. In Indiana with its ten riverboat locations daily wins are reported to be \$114, while in the Atlantic City market with its 12 casinos machines win \$221 a day. In Illinois the average daily machine wins are \$260 (or \$94,900 per year). Machines on four racetrack sites in Delaware win an average of \$317 each per day, while the two Native American casinos in Connecticut win \$325 a day from their machines. Detroit projected wins of \$302 per day for its machines, however, the first casino to open a facility there is winning in excess of \$400 a day.

This analysis uses Illinois revenue figures in order to calculate expected casino revenues.

Per Day Machine Wins

Deadwood SD.....	\$46
Nevada Statewide.....	76
Colorado.....	85
Las Vegas Strip.....	95
Missouri.....	107
Mississippi.....	121
Louisiana.....	143
Iowa.....	152
Indiana.....	164
Atlantic City.....	221
Illinois.....	260
Delaware Tracks.....	317
Connecticut Native...	325

(Source: Int. Gaming and Wagering Business

August 1998; Bear Stearns, 1998 Global Gaming

Almanac); 1997 Nevada Gaming Abstract.

Raymond James Gaming Quarterly.

C. Table Revenues

As with slot machines, table revenues follow similar patterns with a wide range of variations between jurisdictions. Again lower daily table wins are reported to easy entry competitive markets, while more closed oligopolistic markets report higher figures. Iowa, Colorado and South Dakota have artificially low table wins. South Dakota and Colorado limit bets to \$5, and Iowa did so for the first five years of its casinos. The low numbers in these jurisdictions should not bear upon the analysis here. Nevada, however, also shows wins on the lower side when we look at statewide figures. The daily table win for the state is \$1,244. However the daily wins on the Las Vegas Strip are considerably more, \$2,347. The other jurisdictions fall between these Nevada and Las Vegas Strip figures. In Illinois the tables win \$1,735 (\$633,275 per year), and in Atlantic City they win \$2,176. One Detroit study projected daily table wins of \$2,972, a figure that is being met in the first casino to open. Again this analysis uses the Illinois figures for projecting revenues.

Daily Per Table Wins

Missouri.....\$792

Mississippi.....986

Nevada Statewide..1244

Louisiana.....1343

Illinois.....1735

Atlantic City.....2176

Las Vegas Strip....2347

Sources: Int. Gaming and Wagering Business,August 1998; Bear, Stearns, 1998 Global GamingAlmanac; 1997 Nevada Gaming Abstract; RaymondJames Gaming Quarterly.

D. Per Position Revenue

This analysis projects a win of \$250 per day per position. One Detroit study projected position wins at \$350 a day, a number currently being met. Nevada position wins average \$101 per day, with \$155 a day being realized on the Las Vegas Strip. Atlantic City records wins of \$251 per position, while Illinois boats win \$271. Some localized markets have stronger wins per position. The Connecticut Native American casinos win \$325 per position per day, while the Chicago area Illinois boats win \$357. The temporary land-based Windsor casino won \$442. (Sources are for 1997, as above with machine and table figures).

E. Gaming Per Play Per Visit

The \$55 per admission figure is a reasonable one. Hard data are not available for admission numbers for all jurisdictions as only the riverboats in Iowa, Illinois, Indiana, Missouri, and Louisiana keep records of the actual numbers of people who visit their casino floors. These are all riverboat jurisdictions and on most occasions they require boats to make excursions into river waters, hence limiting the times persons can come and leave the casinos. Some do not offer 24 hour gaming opportunities. As reported by Raymond James Gaming Quarterly 1997, per admission wins were \$37 in Iowa, \$38 in Illinois, \$39 in Indiana, and \$46 in Louisiana. These were statewide numbers. The best properties in these states were \$57 at the Treasure Chest in Kenner, Louisiana, \$58 at Casino America in Lake Charles, Louisiana, and \$61 with Harrahs in Shreveport, Louisiana. But the best overall riverboat property in America was in Elgin, Illinois. That property won \$65 from each person admitted to the boat for a session of gaming averaging only 2 to 3 hours.

Las Vegas casinos do better than boats because they are landbased, allow easy access to adult gamers, and operate 24 hours a day. They also have hotel facilities and easy access parking facilities, and ready access to air transportation. The casinos of southern Nevada won approximately \$6 billion from players in 1997. Over 90% of this money was wagered by persons from over 150 miles away. Thirty million visitors included 90% or 27 million adults, 85% of whom gambled. They lost \$5.4 billion or \$200 each. With average stays of 3.7 days, the daily average loss for each gambling adult was \$63. The average Las Vegas tourist who spends 3.7 days in Las Vegas gambles only 4 hours per day.

Based on the aforementioned data, the projected loss of \$55 per gambler to the land-based 24 hour casino at the Industrial Avenue site is reasonable.

From all corners it appears that a projection of gambling revenues of \$255,852,437 for the casino facility on Industrial Avenue is reasonable, and may be attained within the first years of operation. However, the actual revenue numbers are not the most important things we must consider. More important is where the money comes from and where the money goes.

III. The Source of the Money

Money comes out of people's pockets. The idea that casinos create money is thoroughly bogus, and that idea must be dispelled from the onset. Money does not grow on trees. Casinos process flows of money. To understand the value of casinos for communities, we must examine the flows of money. We do so first by finding the source of money as it flows into the casino. Who are the players spending \$55 per visit at the casino.

A. The Neighborhood Players--Those Within 10 Miles

1,816,747 people are projected (2004) to live within 30 miles of the casino site. Of these 250,747 live within 10 miles of the casino. These include 180,538 who are over 18 years of age, the age necessary to be able to gamble. A 50% penetration rate means that 90,269 can be expected to visit the casino. It is reasonable given the comparative data above, that they will average 10 visits a year--again, these people live within 10 to 20 minutes of the facility. They will make 902,690 visits, and at \$55 a visit, they will lose \$49,647,950 at the facility each year. This is 19.4% of the casino revenue. (#Adjusted

revenues are \$44,683,155, or 17.5%: see III D for definition of #Adjusted).

B. The 10 to 30 Mile Area "Locals"

From 10 to 30 miles, there are 1,566,000 residents (projected for 2004). Of these, 1,127,520 are 18 years old or older. A 50% penetration rate will yield 563,760 casino visitors. Each will visit an average of five times a year, meaning the population will produce 2,818,800 visits. Their gambling losses each year will total \$155,034,000, or 60.4% of the casino's gambling revenue.

(#Adjusted revenues are \$139,530,600, or 54.6%).

C. Those from Beyond 30 Miles, but Within California

It is assumed that 20% of the gamers will come from beyond the 30 mile ring, from beyond the Sacramento area. Some of these may be "drop-in" gamers from I-80 who are on the way to or from Reno, but most will be persons making day-excursions of up to one to two hours driving from their homes. The casino may provide some bus service for persons beyond Sacramento, but it will probably not be too cost effective, as reaching beyond Sacramento, or reaching more than thirty miles north or south will bring the casino into competition with other facilities located closer to those populations. All of these gamblers will be California residents, as there will be no reason for Nevada residents to come 150 or 200 miles or more in order to visit a casino. Nor would persons driving through Nevada from Utah or beyond, pick Sacramento for a casino stop. The 20% gambling sector will produce \$51,170,487. (#However the adjusted revenue is \$46,053,439, or 18%).

D. Gaming Revenues from Outside of the California Border

No gamblers will come from beyond the California borders. However, the adjusted (#) revenues result in a 10% factor coming from outside of the state, equaling revenues of \$25,585,243.

Table III-1

Revenue Source (Output or Play)	0-10 Miles	10-30 Miles	30+ Miles in CA	Play Diverted From Other States
Unadjusted	\$49,647,950	\$155,034,000	\$51,170,487	—
Adjusted	\$44,683,155	\$139,530,600	\$46,053,439	\$25,585,243

E. #Adjusted Revenues--Summary of Input Revenue

The three sources of revenue, within 10 miles, 10 to 30 miles, and over 30 miles in California must be adjusted. Some of the revenue in the Industrial Avenue site casino may be diverted from monies that would otherwise have been wagered at Nevada casinos at Lake Tahoe, Reno, or in Las Vegas, or casinos in other states. This writer does not expect that this will happen. The Industrial Avenue site will not have a hotel, nor will it have any tourist amenities. Certainly we should not expect Bay Area weekenders to forgo trips to Tahoe or Reno in order to stop at the Industrial Avenue site casino and spend their gambling budget for a weekend. Nonetheless some Nevada gaming money may be diverted to the casino, perhaps in rest stop gaming by those on the road weekends, or perhaps by local gamers who would have made a daytrip to the Tahoe/Reno area just in order to gamble. However, the Industrial Avenue casino offers no attraction whatsoever to someone who wishes to "get away" for an overnight occasion. Also this will be a stand-alone facility without any other entertainment attractions (albeit it may have some limited music entertainment). There will be no other nearby casinos that will offer to make the pull to the UAIC casino any greater. Players who come to the casino will not have options of going to other gaming facilities, as most players at Tahoe, Reno, and Las Vegas do during their casino ventures. A substitution effect must be expected to be very small. Nonetheless for this analysis, this writer will assume the best case scenario for the casino. It is assumed that 10% of the revenue will be diverted from Nevada and other state gambling.

With this 10% diversion, the following distribution of source revenues follows:

Under 10 miles.....	\$44,683,155....	(17.5%)
10 miles to 30 miles.....	\$139,530,600....	(54.6%)
Over 30 miles in California....	\$46,053,439....	(18.0%)
Diverted from Nevada/		
Other gambling states.....	\$25,585,243....	(10.0%)
Cumulative Revenues		
Neighborhood (Under 10 miles).....	\$44,683,155	(17.5%)
Local (All within 30 miles).....	\$184,213,755	(72.0%)
Inside California.....	\$230,267,194	(90.0%)
Inside and Outside California.....	\$255,852,437	(100%)

IV. Input and Outputs: The Bath Tub Model of Gambling Economics

Reaching this point in the analysis, we can not stop. Other economic analyses of casinos seem to stop here, adding perhaps the expected jobs in the facility, and government revenues, without tying those expenditures of the casinos directly to the sources of the casino's revenues. Such connections must be made. These require a detailed expenditure analysis (albeit it here an analysis based upon estimated expenditures).

To simplify the input-output analysis that follows, this writer offers a very simple model of

explanation. I call it the "Bath Tub Model of Gambling Economics." I have applied the model to gambling operations in Wisconsin, Illinois, and South Carolina.

The "Bath Tub model" is simple. The model portrays gambling enterprise as a bathtub for the economy with money running into and out of the bathtub as if it were water. If more money runs in than runs out, the economy gains. If more money runs out than in, the economy loses.

Image: Bathtub

Water comes into a bath tub. Water runs out of a bath tub. If the water comes in at a higher rate than it leaves the tub, the water level rises; if the water comes in at a slower rate than it leaves, the water level is lowered. A local or regional economy attracts money. A local or regional economy discards money. If as a result of the presence of a gambling enterprise more money comes into an economy than leaves the economy, there is a net positive impact. However, if more money leaves than comes in, then there is a net negative impact.

Money comes into economies because of gambling. Players lose money to the games. (Also players who come to gamble spend money on food, lodging, and transportation; however, these revenues are neutralized for this study.) The money coming to the economy circulates and recirculates at rates, which are called multipliers.

Money leaves gambling economies. Money brought to gaming by local residents is actually leaving other sectors of the local economy, so they must be subtracted from the positive side (the water into the tub). State and federal taxes on gaming wins and profits go off to public treasuries and may never be seen again (or, only a small portion of the money will be seen again in local services such as salaries for on-site gaming regulators). It is unlikely that a central government will give added general services to a local area just because the area is providing gambling taxes. Gaming establishments need many supplies. Many of these are purchased from sources outside of the area. This is money lost. So too are profits that go to outside owners. Some gaming owners may reinvest moneys in the local economy, but few have incentives for doing so, especially if there are artificial limits to the size of gambling facilities (e.g. no more than 2000 machines in only one casino.)

The economies also lose money due to the costs of government services: extra police protection, roads, and traffic control in the gaming areas. Also gaming may attract or motivate criminal activity resulting in police and judicial system costs as well as costs of victimization and insurance premiums. Additionally, the presence of gaming will be associated with increases in pathological gambling behaviors, and these carry costs for economies.

The factors vary from gaming location to gaming location. The owners may have to be State residents or give preference to local suppliers. It is assumed that they are local if they are Native American tribes. Taxes or public revenues will vary. The establishments can be required to pay for extra police officers, or give money to programs for problem gamblers. The bottom line effects of gaming also depend upon the reason for its existence. If gaming exists to block the local resident from going elsewhere to gamble, the establishment may be successful without attracting outside players--if it is successful in

diverting the money. If the goal is job production, many players will have to be visitors.

Conceptually, the application of the model is also simple: (1) Identify all the sources of money coming into the business enterprise--in this case into the coffers of the Industrial Avenue site with its 2000 machines and 75 tables; and (2) Identify all the outflows of moneys resulting from the presence of the machines; and (3) Assess how the inflows and outputs represent moneys flowing into and out of the economy. The economy can be conceptualized as a local economy or a statewide economy. However, what is conceptually easy can be quite complex in actual application. Nonetheless, this report suggests that a general application of the model can be applied to the Industrial Avenue site, and from knowledge about gaming elsewhere and knowledge derived from studies of gaming in other jurisdictions.

V. Casino Expenditures-Amounts

The casino proposal for the Industrial Avenue site is offered as a property authorized under the Indian Gaming Regulatory Act of 1988 and an agreement negotiated among tribes of the State of California, the Governor, and the State Legislature. Accordingly, there are certain understandings about the expenditures of the project. Actually the law and the agreement offer some confusion. As a non-existing casino, the project should, according to any plain reading of the agreement, be allowed no more than 350 machines. Moreover, the Federal Law of 1988 is very plain in stating that there may be no state taxation of Native American gambling. The agreement may use different words, but there can be no sane argument but that the agreement provides for state government taxation of the casino revenues. Nonetheless, the analysis will continue on the basis of the proposal offered.

A.

A.

B. Revenue Sharing Trust Fund

C. The tribe must pay a fee to have machines. The fee is based upon the number of devices. No fee is needed for the first 350 devices, the next 400 are assessed a \$900 fee each (\$360,000). The next 500 are charged a fee of \$1,950 each (\$975,000), the rest of the machines--750--are charged \$4,350 each (\$3,262,500). The total fee is \$4,597,500. The money goes to non-gaming tribes in the State. The tribes are all in California and outside of the local 30 mile ring around the site.

D. A Special Distribution Fund

E. The fund requires the casino to pay certain amounts on the revenues of the machines. The fund is based upon revenues depending upon the number of machines. For the first 200 machines there is no fee, 7% on the next 300, 10% of the revenue of the next 500, and 13% on the machines over 1000 in number. The revenues assumed here are those won by Illinois machines--\$94,900 a year. The total revenues yielded by the formula and required from the casino amount to \$19,074,900. The money goes in several directions. It is used for gambling regulation and administration, for gambling treatment programs, for impacted local areas, and for other state programs, as well as non-gaming tribes. The analysis assumes that 20% of the money stays in the neighborhood of the 10-mile ring, 30% goes to areas from 10 to 30 miles away, and 50% goes beyond 30 miles.

C. Special Contributions

1) Fire. The casino facility will build a fire station near the casino. It is assumed to cost \$10,000,000--or \$1,000,000 a year over a 10 year period. They will also give the area \$450,000 a year for fire services. The station cost will remain in the 10 mile area, while two thirds of the annual fund will as well, and the remaining one third will go to the area between 10 and 30 miles.

2) Sheriff. The casino will give \$458,089 a year for law enforcement in the county. One third will stay in the 10 mile ring, one third will go to the 10-30 mile ring, and one third beyond--but stay in California.

3) The Placer Legacy is devoted to open space projects in the county. Most of the projects are some distance from the site. Twenty per cent of the \$200,000 donation will remain within 10 miles, 20% in the 10-30 mile ring, and 60% beyond 30 miles in the county. The county has an east-west expanse of over 150 miles.

4) The casino will give \$50,000 to the California Council for Problem Gambling, \$45,000 of which must stay in Placer County. Of this money, 20% may stay within ten miles, 40% goes to the 10-30 mile ring, and 40% to State areas beyond 30 miles.

Table V-1

Contributions	0-10 Miles	10-30 Miles	30+ Miles in CA	Out of Ca
Revenue Sharing	0	0	\$4,597,500	0
Distribution Fund	\$3,814,980	\$5,722,470	\$9,537,450	0
Fire	\$1,300,000	\$150,000	0	0
Sheriff	\$152,696	\$152,696	\$152,696	0
Placer Legacy	\$40,000	\$40,000	\$120,000	0
Problem Gambling	\$10,000	\$20,000	\$20,000	0

Total \$25,830,488	\$5,317,676	\$6,085,166	\$14,427,646	0
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R. Labor

S. The project estimates indicate that between 800 and 1200 persons will be hired. However, to meet revenue projections the casino will have to have machine and table numbers beyond project estimates. There will be 50% more tables, and 33 1/3 % more machines. These will add to the labor force. The extra gambling space will demand more employees: 75 for 500 extra machines, and 325 more for 25 extra tables. With 1600 employees the casino will incur labor costs of \$52,800,000 a year. This is \$33,000 per employee. The cost covers wages, benefits, recruitment and training. (Payroll taxes are not included, as ultimately they are returned to the employee, and it is assumed that the retired employee will live in the same place as the working employee. Also tips are not considered in the analysis, although they will be a very small part of the revenue and expenditure picture, and will not be distributed in a manner much different than other revenues). The employee cost represents 20.6% of the casino revenues. Illinois casinos give 25.6% for wages and benefits, and Wisconsin Native casinos collectively provide 19.3% for these costs. The entire \$52,800,000 will stay in California, however, most will go beyond the neighborhood 10 mile line as the housing supply and housing costs will not welcome most of the casino wage earners. It is assumed that 25% will stay within 10 miles (labor costs of \$26,400,000), 50% will live in the 10-30 mile ring—mostly in or near Sacramento (\$26,400,000), while 25% will go beyond 30 miles (\$13,200,000).

T. Interest

U. Construction activity will result in a one-time infusion of \$100,000,000 into the area. However, the principal—capital cost—will be returned to its source over time, wherever the investors are located. Therefore the economic activity of construction will be neutralized over time. It is assumed that the investors will be out of state, as a Las Vegas casino will make the financing arrangement. The interest will cover the inflation value of the property, however it will also result in a real profit leaving the state and going to the investor. It is assumed that 6% out of an interest rate of 9% will represent this profit—ergo \$6,000,000 will leave the casino for another state each year in interest beyond the inflation rate. A major research study of resort investments indicated that the effective investment interest rate was between 8.94% and 10.53% from 1987 to 1997. (S. Rushmore, D. Ciraldo, and J. Tarras [R,C, and T], Hotel Investments Handbook, Boston: Warren, Gorham, 1997).

V. Utilities and Maintenance

W. The property will devote 3% of its revenues to utilities and maintenance. Of this, 20% will stay in the 10 mile ring, 60% will go to the 10-30 mile ring, and 20% to California areas beyond 30 miles. R, C, and T indicate that resorts devote up to 8% of revenues for these items, however the revenue-intense Nevada casinos spend approximately 3%, as do the Illinois casinos. Of this \$7,675,573, 20% stays in the 10 mile ring, 60% goes to the 10-30 mile ring, and 20% goes beyond to other California areas.

X. Insurance

Y. Approximately 1% of the revenues will be spent for insurance—property and casualty—for the facility. This \$2,558,524 cost is comparable to that spent in other casinos and resorts. The insurance providers will be evenly divided between those in the 10-30 mile ring, and California beyond 30 miles.

J. Marketing and Advertising

Marketing and advertising costs consume 4% of the revenues. This is about one-half the promotional costs of Nevada casinos and other non-gambling resorts. The lower costs result from the fact that most of the player market will be a local market. It is assumed that only 10% of this \$10,234,097 amount will be spent within 10 miles of the casino site, 60% in the 10-30 mile area, and 30% beyond 30 miles.

H. Purchasing

Illinois casinos spend about 24% of their revenues in product purchasing, while the Wisconsin Native American casinos spend about 16%. As these are essentially all non-hotel casinos, it is assumed that the purchasing costs of the casino will be comparable. It is assumed for purposes of analysis that 15% of the revenues will go for purchases. This is \$38,377,865 per year.

1) One-third of purchasing (\$12,792,622) will go for purchasing of gambling equipment and materials. Most of these supplies are imported to California. For example all gambling machines will be imported. Nevada is the biggest manufacturer of machines. The 2000 machines, including the computer linking and information systems, will cost \$10,000 each and have a life of three years. This represents an annual cost of \$6,666,667. Other gambling supplies will be divided with one-half going out of state (\$3,062,977), an equal amount divided among the area of 10-30 miles, and the California area beyond 30 miles.

2) Non-gambling supplies will consist of purchases of \$25,585,243 in goods. Ten per cent of this amount will remain in the 10 mile ring, 50% in the 10-30 mile ring, 20% in California beyond 30 miles, and 20% out of state.

Table V-2

Expenses	0-10 Miles	10-30 Miles	30+ Miles in CA	Out of CA
Labor	\$13,200,000	\$26,400,000	\$13,200,000	0
Interest	0	0	0	\$6,000,000
Utilities & Maintenance	\$1,535,114	\$4,605,344	\$1,535,114	0
Insurance	0	\$1,279,262	\$1,279,262	0
Marketing & Advertising	\$1,023,410	\$6,140,458	\$3,070,229	0

Purchase Non-gaming	\$2,558,524	\$12,792,622	\$5,117,048	\$5,117,048
Purchase Gaming	0	\$1,531,489	\$1,531,489	\$9,729,644
Total \$117,646,059				

J. Summary of Costs

Accumulated annual costs sum up to \$25,830,488 for various sharing schemes, and \$117,646,059 for casino operating costs, for an overall total of \$143,476,547. These expenditures represent 56.0% of the revenues, while 44.0% of the revenues are retained to be distributed to the casino managers and the tribe.

VI. Distribution of Retained Funds: The Net Revenues

A.

A.

B. Retained Income

C. The casino revenues, less all the expenditures listed under section V-A through J, represent a retained income of \$112,375,890. The funds will go to the casino management company and the tribe.

D. The Managing Company

E. Station Casinos of Las Vegas will receive 22.5% of the net revenues as a fee, and another amount undesignated for the use of the Station's logo and name, assumed to be the industry standard 2.5%. This means that the Station Casinos company will take 25% of the net casino revenues, or \$28,093,974. All of this money will leave the State.

F. Tribal Funds—Governmental Purposes

G. The tribe must spend gambling revenues for its governmental purposes—infrastructure, health, education, welfare, and cannot spend the money on per capita distributions to members unless these other needs are satisfactorily met. The tribe has 160 enrolled members. The needs will be easily met with the casino revenues. It is assumed that 60% of the retained money—60% of 84,281,917—that is, \$50,569,150 will be spent on Governmental purposes. This equates to \$316,057 per tribe member each year.

H. Tribal Funds—Per Capita Distribution

The casino tribes are permitted to distribute 40% of their retained funds to members if all their governmental needs have been met. Certainly with \$316,057 per member, the tribal government can meet all its needs. The 40% allowed amounts to \$33,712,767. Most of the tribe does not live within the one small tribal community near Auburn. Few live inside

of the ten mile ring. The tribe intends to build a new housing community that is also over 10 miles from the casino. It is assumed that 50% of the members will live between 10 and 30 miles away, another 25% in California beyond 30 miles of the casino site, and 25% will live out of the state. The per capita revenues will amount to \$210,705 per year.

The tribal members are poor. There are many poor people in California. Policy makers should examine the question of whether giving this much money to a very small select number of Native Americans—collectively Native Americans are 2 million of the poorest people in America—will be the best means to help Native Americans.

Table VI-1

Distribution of Net Revenues	0-10 Miles	10-30 Miles	30+ Miles in CA	Out of CA
Managing Company	0	0	0	\$28,093,974
Tribal Government	0	\$50,569,150	0	0
Tribal Per Capita	0	\$16,856,383	\$8,428,192	\$8,428,192
Total	0	\$67,425,533	\$8,428,192	\$36,522,166

Summary of Casino Contributions, Expenses and Distributions

Table VI-2

Money Input Totals	0-10 Miles	10-30 Miles	30+ Miles in CA	Out of CA
Contributions	\$5,317,676	\$6,085,166	\$14,427,646	0
Expenses				
Distributions	0	\$67,425,533	\$8,428,192	\$36,522,166
Total	\$23,634,724	\$126,259,874	\$48,588,980	\$57,368,858

VII. Input-Output Summary

Table VII-1

Input-Output Totals	0-10 Miles	10-30 Miles	30+ Miles in CA	Out of CA
Money Input to Economies	\$23,634,724	\$126,259,874	\$48,588,980	\$57,368,858
Money Taken Out of Economies (Played)	\$44,683,155	\$139,530,600	\$46,053,439	\$25,585,243
Net	-\$21,048,431	-\$13,270,726	+\$2,535,541	\$31,783,615
Net 30 Mile Ring		-\$34,319,157		
Net to California			-\$31,783,616	

VIII. Social Costs—Measurable

A. Pathological and Problem Gambling—How Many

1) A Survey for the National Gambling Impact Study Commission found that the incidence of pathological and problem gambling doubled with "the presence of a gambling facility within fifty miles." (NGISC Report 1999, p. 4-4). Many surveys have been made suggesting that from .6 to over 5% of the adult population fit the definition of pathological gambler at one time. The survey for the commission found the percentage to be .9, as did a study this writer made in Wisconsin. The National survey also found that there were 2% of the population that met the definition of "problem" gambler at a single point in time.

2) This report will consider only the 10 and 30 mile rings around the Industrial Avenue site which is wholly located in California. Accepting the national conclusion that the rate doubles with a casino, it is determined that there will be an extra .9% pathological gamblers in the adult population around the casino, and an extra 2% problem gamblers:

Neighborhood—10 Mile Ring

Adults—180,538

Extra Pathological Gamblers—1625

Extra Problem Gamblers—3610

Locals—All Within 30 Miles

Adults—1,308,058

Extra Pathological Gamblers—11,773

Extra Problem Gamblers—26,160

B. The Costs of Pathological and Problem Gambling

1.



1.

2. Overall Studies

This writer has participated in several studies of the costs of pathological gambling. The national study made a survey as well. The numbers, while not identical, do show a convergence among the studies. The national study put the social cost of one pathological gambler at approximately \$3,500 a year. However, they did not consider thefts or bad debts of the gamblers as social costs. The studies of this writer found the costs—with bad debts and thefts included to range from \$6,299 to almost \$15,000. The \$6,299 number is from the South Carolina survey and was low because the survey suggested the gamblers spread their costs over eight years. Studies in Wisconsin, Connecticut, and nationally, however, indicate that a three-year career is the norm. Here it is suggested that the moderate Wisconsin number be used, with a 50% discount of the costs of thefts—in recognition that some insurance value remains after thefts. This yields a figure of \$7,076 as the social cost of one pathological gambler per year. These are costs that all of society must incur because a single person in their midst has succumbed to pathological gambling—something that happens because gambling facilities are placed into communities. The national study also found that problem gamblers add costs equal to 35% of those for pathological gamblers. For this analysis that cost is \$2,476 per problem gambler.

2) Costs in the Local Area Near the Casino

Ten Mile Neighborhood

1625 Pathological @ \$7,076= \$11,497,372

3610 Problem Gamblers @ \$2,476= 8,938,360

\$20,435,732

All Within 30 Miles

11,773 Pathological @ \$7,076= \$83,302,355

26,160 Problem Gamblers @ \$2,476 64,772,160

\$147,074,515

C. Crime Costs

1) Other Studies

Casinos present opportunities for criminal activities. The gambling experience is also associated with criminal activity at times. It is difficult to discern actual numbers of crimes associated with the presence of gambling, but there have been studies that attempt to do so. This writer's Wisconsin study found that the presence of casinos caused crime increases in counties with casinos and/or near at least two casinos. The largest increase in crime was for drunken drivers, burglaries and possession of drugs and stolen property. Counting police and court costs, Wisconsin incurred crime costs of \$14.73 per adult that were related to the presence of casinos. Some of these costs would be caused by pathological gamblers, but many would not be. If we assume that one half would be committed by others, the cost of crime related to casinos is \$7.36 per adult in society.

Grinols, *et. al* examined crime rates in every county in the United States over two decades. They found that counties with casinos had higher crime rates and they discerned the cost per adult for the society was \$63 per year (Earl L. Grinols, David B. Mustard and Cynthia Hunt Dilley, *Casinos and Crime*, November 1999, p. 26). (They found total social costs to be \$151 per adult).

2) Applying Costs to the Industrial Avenue Site

Adding \$7.36 per adult to social costs.

Ten Mile Area

Adults 180,538

Costs @ \$7.36 each= \$ 1,328,759

Thirty Mile Area

Adults 1,308,058

Costs @ \$7.36 each= \$ 9,627,307



E. Adding Pathological/Problem Costs and Crime Costs

Ten Mile Area \$20,435,732

1,328,759

\$21,764,491

Thirty Mile Area \$147,074,515

9,627,307

\$156,691,822

F. Alternative Analysis Using Grinols \$151 Cost

Ten Mile Area

Adults 180,538

Costs @ \$151 each= \$27,080,700

Thirty Mile Area

Adults 1,308,050

Costs @ \$151 each= \$197,515,555

IX. A Total Economic Equation: A Casino for the Industrial Avenue Site is not a Winner for the Local Area or for California

By using the more conservative numbers (Wisconsin) for crime and compulsive gambling (section VIII-E) and accepting an assumption that these are the only extra compulsive gambling and crime costs in the entire state of California, we find that the negative economic attributes of the casino project at the Industrial Avenue site become very major ones.

A. The Ten Mile Area.

Input-Output -\$21,077,431

Loss due to P/P Gambling -\$20,435,732

Loss additional Crime - \$1,328,759

Total Economic Loss -\$42,841,922

This loss represents \$237 per year coming out of the pockets of every adult living within ten miles of the casino. It also represents a loss of money that would support 1298 jobs at \$33,000.

B. The Area within 30 Miles of the Casino

Input-Output - \$34,300,156

Loss due to P/P Gambling -\$147,074,515

Loss additional Crime - \$9,627,307

Total Economic Loss -\$191,001,978

This loss represents \$146 per year coming out of the pockets of every adult living within thirty miles of the casino. It also represents a loss of money that could support 5787 jobs at \$30,000.

C. The California Loss

Input-Output - \$31,830,740

Loss due to P/P Gambling -\$147,074,515

Loss additional Crime - \$9,627,307

Total Economic Loss -\$188,522,562

Table IX-1

Total Economic Impact (\$256 M Revenue)	0-10 Miles	0-30 Miles	California
Using Wisconsin Numbers	-\$42,812,922	-\$191,020,979	-\$188,485,438
Using Grinols Numbers	-\$48,129,131	-\$231,834,712	-\$229,299,171

X. Reduced Projections for a Smaller Casino

The incentive for the casino operators will be growth. It is the conclusion of this paper that the casino will experience growth because of the very favorable demographic and because of the strong marketing position of the managing company—Station Casinos.

However, a policy of "contentment" at the Industrial Avenue site could result in a casino drawing \$200,000,000 in revenues, approximately 20% less. If this would be the case, the above analysis would be altered, but the conclusions that money would be leaving the 10-mile and the local 30-mile economies would remain the same.

Revenues from the local area would be much greater because the UAIC would have less

need to go beyond 30 miles for customers. Also, the casino owners would probably not be as anxious to spend marketing dollars and develop facility attractions to divert players from trips to Tahoe-Reno. Hence the following assumptions.

A smaller casino of 75,000 square feet would still have 75 tables and 2000 machines, as there would be space, and the compact would allow these numbers. Revenues per square foot would be \$2,666 annually (\$7.30 per day). Machines would produce annual revenues of \$75,000 each (\$205.47 a day), and tables \$666,667 per year (\$1826 per year). These are quite low revenues in comparison to other jurisdictions (e.g. Illinois) with monopoly or near monopoly conditions for local gambling establishments.

A. The revenues sources (Output or Play)

- 1) Neighborhood, within 10 miles: \$39,204,000
- 2) Local 10-30 miles: \$122,796,000
- 3) Other California (9%) \$18,000,000
- 4) Diverted from Reno-Tahoe (10%) \$20,000,000

TOTAL \$200,000,000

- 1) Machines \$150,000,000
- 2) Tables \$50,000,000

Table X-1

Revenue Source (Output or Play)	0-10 Miles	10-30 Miles	30+ Miles in CA	Play Diverted From Other States
Adjusted	\$39,204,000	\$122,796,000	\$18,000,000	\$20,000,000

B. Inputs—Where the Money Goes

1) Contributions. The only change is in the Distribution fund. It now becomes \$15,075,000, with \$3,015,000 remaining within 10 miles, \$4,522,500 going to the 10-30 ring, and \$7,537,500 going to California beyond the ring. For total contributions, the numbers are now \$21,830,588, with \$4,517,696 staying within 10 miles, \$4,885,196 going to the 10-30 ring, and \$12,427,696 going to other parts of California.

2) An across the board 20% reduction in expenses results in expenses of \$94,116,846 with \$14,653,638 remaining in the neighborhood, another \$42,199,340 staying in the 10-30 ring, \$20,586,513 going to other parts of California, and \$16,677,353 leaving the State. Actually this picture is more optimistic than reality as the interest costs and machine costs will be fixed.

3) Inputs before Distributions

a) Contributions \$21,830,588

b) Expenses \$94,116,846

TOTAL \$115,947,434

4) Revenue Pre-distribution \$84,052,566

5) Distribution

a) Station (25%) \$21,013,142 (all out of state)

b) Tribal Govt. \$37,823,655 (all 10-30 ring)

c) Per Capita Total \$25,215,770 (50% 10-30, 25% other Ca, 25% out of state)

Table X-2

Distribution of Net Revenues	0-10 Miles	10-30 Miles	30+ Miles in CA	Out of CA
Managing Company	0	0	0	\$21,013,142
Tribal Government	0	\$37,823,655	0	0
Tribal Per Capita	0	\$12,607,885	\$6,303,942	\$6,303,942
Total	0	\$50,431,540	\$6,303,942	\$27,317,084

Table X-3

Money Input Totals	0-10 Miles	10-30 Miles	30+ Miles in CA	Out of CA
Contributions	\$4,517,696	\$4,885,196	\$12,427,696	0
Expenses	\$14,653,638	\$42,199,340	\$20,586,514	\$16,677,354

Distributions	0	\$50,431,540	\$6,303,942	\$27,317,084
Total	\$19,171,334	\$97,516,076	\$39,318,152	\$43,994,438

C. Input-Output Summary

Table X-4

Input-Output Totals	0-10 Miles	10-30 Miles	30+ Miles in CA	Out of CA
Money Input to Economies	\$19,171,334	\$97,516,076	\$39,318,152	\$43,994,438
Money Taken Out of Economies (Played)	\$39,204,000	\$122,796,000	\$18,000,000	\$20,000,000
Net	-\$20,032,666	-\$25,279,924	+\$21,318,152	\$23,994,438
Net 30 Mile Ring		-\$45,312,590		
Net to California			-\$23,994,438	

D. Total Economic Impact

These negative costs do not include the above-described negative costs due to problem/pathological gambling and crime. This additional loss of \$21,764,491 for the ten-mile ring, and a total of \$156,701,822 for the entire 30-mile ring will remain the same, because the casino WILL attract those prone to problem gambling whether it is 75,000 square feet or 90,000 square feet in size. It will also cause the same problems for the workforce, businesses, senior citizens of the area, and for school-aged persons.

Table X-5

Total Economic	0-10 Miles	0-30 Miles	California
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Impact (\$200 M Revenue)			
Using Wisconsin Numbers	-\$41,797,157	-\$202,014,412	-\$180,696,260
Using Grinols Numbers	-\$47,113,366	-\$242,828,145	-\$221,509,993

XI. Other Factors

A.

A.

B. Workforce

- C. The National Gambling Impact Study Commission recognized that casinos could be good "tools" of economic development for economically depressed communities. Las Vegas was a depressed community in 1931 when casinos were legalized for Nevada, Atlantic City was an economically distressed city when the state of New Jersey legalized casinos in 1976. The depressed conditions in South Dakota drove the legalization of casinos for Deadwood in 1988, and Iowa's poor economy led that state to legalize riverboat casinos in 1989. In the 1990s it was the economic situation that led Mississippi, Louisiana, and the city of Detroit to casinos. Whether casinos have, or will turn those economies around (it has worked in Las Vegas), is not pertinent to the situation in the Sacramento local area. The Sacramento area is prosperous. Lincoln, Rocklin, and Roseville have jobs. Unemployment is at or near a record low. Companies are doing very well in the area as businesses from the Silicon Valley are locating their expanded plant activity near Sacramento. The Lincoln, Rocklin, Roseville area does not need casino business to help its economy.

The many businesses that are considering coming into the area may and must reexamine their site selection activity and consider the inappropriateness of locating very very close to a casino. The Industrial Avenue site is adjacent to many business sites, which employ tens of thousands of workers. Unfortunately these workers will become the marketing focus of the casino. Many of the workers will become regular players, and in turn they will constitute the numbers that we refer to when we assess the costs of problem gambling that will follow the introduction of the casino to the area.

D. High Tech Business Impact

- E. Over the years the communities surrounding the Industrial Avenue site have actively courted, and been somewhat successful, in recruiting high tech businesses and the higher paying jobs they bring with them. For example, within a five mile radius of the site are found such companies as Hewlett-Packard, NEC Electronics, Oracle, VeriPhone, Lucent Technologies,

PASCO scientific, Pride Industries, Micro Metallics, and Zytec Corp. In the Milken Institute's study "America's High-Tech Economy" (July 13, 1999 p. 46), quality-of-life factors are important in order to attract top-level knowledge workers. A casino will make it more difficult for the cities to attract new high tech businesses, and for existing companies to recruit and retain the talent needed to be competitive. Las Vegas is an excellent illustration of this impact.

The Las Vegas community embarked upon a policy of economic diversification fifteen years ago. The University of Nevada, Las Vegas figured prominently in plans to attract high tech business, as the valley's educational deficiencies had been highlighted as a cause of the city's inability to attract desired businesses. UNLV began a full-fledged Engineering program at considerable expense. The University has become fully accredited, with programs at bachelors, masters, and doctoral levels. Combined with very good weather, transportation, and the best taxation climate for businesses (top one or two states in nation), the city aggressively sought out non-gambling businesses. And failed completely in this endeavor.

Las Vegas remains dead last among the states of the nation in manufacturing jobs—approximately 3%. This is a lower percentage than Alaska. What does the city produce?—cranberry juice, dice, slot machines, great chocolate candy with liquor inside, potato chips, and marshmallows. UNLV's very good engineering school attracts many graduate students from out-of-state (mostly foreign countries), and these students promptly leave the state when they graduate. Undergraduate students also leave the state upon graduation seeking jobs in engineering elsewhere, although the local construction industry does use some home trained civil engineers. Why does the best atmosphere for engineering and high tech industries not attract the industries? The only variable that can and does seem to make a difference is the image of the community, an image that is directly attached to the fact that the gambling industry dominates life—and values—in the community.

C. Children and Schools—6000

The National Gambling Impact Study Commission expressed very serious concern about children being exposed to gambling. It concluded that compulsive gamblers were likely to have started gambling in their teen years. Not only does this proposed casino allow eighteen-year-olds to gamble, but it would be located very close to schools. Over 6000 high school students will be going to classes within eight miles of the casino, and many will be driving home within a mile of the casino site. They too will be a vulnerable audience for the gambling activities.

F. Senior Citizens

- G. Seniors citizen communities are located within a few miles of the casino. There are two Sun City communities that will have over fifteen thousand residents. The casino operators will definitely reach to find regular clientele among these residents. While the National Study did not give special focus to gambling problems among senior citizens, it did show an increasing proclivity for gamblers by age up to the 50-64 age category, which had the highest prevalence rates for adults. The study also criticized convenience gambling, specifically, gambling outlets that are near residential neighborhoods, such as

in convenience stores and grocery stores—whether lottery ticket sales outlets, or machine gaming. The Industrial Avenue site will represent convenience gambling for Sun City developments.

H. The Station Casinos Factor

The revenue projections indicated above are consequences of the marketing conditions surrounding the site. They are also a consequence of the fact that the casino would be run by a very good company—a company that successfully markets casino gambling, a company that knows how to make money in the casino business. The 1998 Report of Station Casinos leads with this statement: "Station Casinos is the preeminent provider of gaming and entertainment for residents of Las Vegas, Nevada and Missouri's major metropolitan areas...Our distribution (of casinos) stretches each quadrant of the Las Vegas valley, under the most recognized and respected brand-name in the Las Vegas locals' market." The report compared the Station Casinos facilities in Las Vegas with those on the Las Vegas Strip. "Our business is fundamentally different. Whereas table games and hotel rooms generate in excess of 50% of the cash flow of a typical Strip property, these business segments generate only 12% of our total cash flow." Further, they speak with pride that Las Vegas residents have "a higher propensity to game than in most metropolitan areas." Not only does Station Casinos "lead" in the Las Vegas locals market, but they do it well. Each year they are voted by the readers of the Las Vegas Review Journal as the best "locals" casino in Las Vegas.

Station Casinos do the "right things" to get local players in the door—as regular players. They have a "slot club" that gives points for all sorts of prizes. They also had a sign in one of their casinos indicating they gave slot points for babysitting. Station Casinos have "Kid Quest" operations in their casinos so that mothers may conveniently bring their children to the casino and leave them with the casino babysitter for hours as they play the games. But then, the "Kid Quest" facility within the casino might be preferable than having the same mothers abandoning their children in their cars or in their homes.

The casino is strong in marketing to senior citizens. They run buses to senior neighborhoods (Sun City complexes, and senior resident or senior care apartments in Las Vegas). They offer certain incentives such as free bingo games and meals to these targeted players. The Las Vegas Alzheimer's Association director indicates that the casinos welcome their clients, and makes appeals to have the clients as regular players.

Station Casinos is a very good casino organization. They will manage the casino very well, and they will do a very good job of making local residents of the Lincoln, Roseville, and Rocklin area regular gamblers in the facility.

E. Problem and Pathological Gamblers

The raw numbers utilized in this study do not speak to the emotional effects of broken homes, depression, lost hope, domestic violence and child abuse suffered by problem and pathological gamblers and their families. Reports on compulsive gamblers have suggested that one person's gambling may have profound effects on as many as ten to twenty other persons (Joseph Dunne, Journal of Gambling Behavior, Spring 1985, pp. 8-16). Family members are perhaps the most profoundly affected persons. In a survey of 98 Wisconsin Gamblers Anonymous (GA) members in 1996 we found that 70% of the 30 separated or divorced GA members experienced their family break-ups as a result of gambling activity. These domestic failures carry lifetime consequences for the couple's two (on average 2.2) children.

Of course the domestic disruptions resulting from severe gambling problems impact the individual foremost. As many chase their impossible dreams toward the ends of an elusive rainbow they find not a pot of gold but a mental state of complete despair. According to studies compulsive gamblers are much more likely than other people to commit suicide. While presenting no direct evidence to support those findings, however, the Wisconsin questionnaire certainly suggested their validity. All 98 people surveyed responded to questions about ending their life: 79 (80.6%) reported that they had experienced feelings of being "so low" that they wished to die; 69 (70.4%) had thoughts about committing suicide; 54 (55.1%) had planned how they would commit suicide; while 23 (23.5%) reported that they had actually attempted suicide.

The tribe has 160 members who have been confined in large part to lives of poverty. There is no dispute that society should seek means to alleviate their economic problems in ways that can restore them to prosperity and also to resurrect their traditional cultural structures. However, there are better ways to help 160 people than ways that at the same time destroy other lives. Specifically the 1625 lives of residents living within ten miles of the casino who will become compulsive-pathological gamblers, and the more than ten thousand others living within 30 miles who will also succumb to a disease that will very likely ruin their families while at the same time impose many tens of millions of dollars of damages upon their fellow citizens. There are obligations of society to help any and all peoples in need, but in the process, the help will be futile if the result only places an even greater number of people into even more desperate situations.

XII. Alternative Sites

The facility will help a few members (160) of the UAIC become very wealthy. But it will be at a major cost to hundreds of thousands of citizens of the Sacramento local area. Alternative sites may afford prosperity to all tribal members assuring their quest for sovereignty as a viable economic community, but will do so while not inflicting the same social and economic costs upon other non-UAIC Californians—of all ethnic groups. One site that may be mentioned is in Nyack near the Sierra Mountains and very close to downhill skiing areas. The owner of the land has stepped forward and offered 124 acres to the tribe for their proposed casino.

The Nyack site is greatly preferable to the Industrial Avenue site. It is located next to the highway at the beginning of a stretch of mountains that leads into the Reno, Nevada area. During stormy winter weather, persons travelling en route to Reno could stop at the facility in order to avert road closing or road dangers. Also the facility could develop a resort hotel as the area would offer wonderful travelling amenities—mountain communities and ski resorts. Using a strategy similar to that used by the casinos of Primm, Nevada at the Nevada-California border 35 miles south of Las Vegas, the casino could effectively intercept San Francisco Bay area gamblers venturing toward Reno. It could be expected that over 90% of the gamblers would come from beyond 30 miles, and indeed, probably 50% or more would consist of gamblers who otherwise would have spent their California dollars in Nevada.

Additional advantages of the Nyack site would be that it would not be near schools, it would not be near senior citizen communities, and it would not be near complexes of thousands of workers. Social costs attached to the facilities would be much less as there

would be few people in California living within 50 miles of the casino.

XIII. Nyack Projections

Assume the casino would be smaller or attract less revenue as one might expect in Nyack. Revenues will come from both gambling and a hotel. With projected revenue of only \$150 million, the comparative results to the Industrial Avenue site are dramatic. The 30-mile ring has a *POSITIVE* economic flow of \$38,563,274 before social costs, and even after social costs it is *still positive* at \$26,778,607. (Note that the inside 10-mile ring is less than 1% of the 30 mile ring, and the effects in comparison to the 30 mile area are essentially negligible—however, for the inside 10 mile area they will be positive.)

A. Revenues

Within 30 miles of the casino there are 97,458 adults (72% of population). With a 50% penetration, and 10 visits each, there will be approximately 487,000 local visits a year (487,288). With revenues per visit of \$55, this results in \$26,800,884, which for analysis is rounded to \$27 million. A negligible amount of this will come from the less than one per cent of these residents who live within 10 miles of the casino. The gambling revenues of the local area will be one-sixth of the total revenues of \$150,000,000.

The other \$123,000,000 will come from the rest of California beyond 30 miles and consist of both gambling and the hotel revenues. We cannot assume that any Nevada residents (or other non-California residents) will come to the casino in order to gamble. However, it is reasonable to assume that 50% of the money played would have been otherwise played in Nevada in the absence of the Nyack casino—and indeed may now at this moment be put into play in Nevada casinos. Hence, it is assumed that the Nyack location will effectively bring \$75 million into California, and most of this money will remain in a local area that has lacked the prosperity found in other parts of the state.

Table XIII-1

Revenue Source (Output or Play)	0-30 Miles	30+ Miles in CA	Play Diverted From Other States
Unadjusted	\$27,000,000	\$123,000,000	—
Adjusted	\$13,500,000	\$61,500,000	\$75,000,000

B. Expenditures

Since \$150 million is 58% of \$256 million for the Industrial Avenue site all expenses are interpolated down 58%.

Table XIII-2

Contributions	0-30 Miles	30+ Miles in CA	Out of Ca
Revenue Sharing	0	\$2,666,555	0
Distribution Fund	\$5,531,721	\$5,531,721	0
Fire	\$841,000	0	0
Sheriff	\$132,846	\$132,846	0
Placer Legacy	\$58,000	\$58,000	0
Problem Gambling	\$14,500	\$14,500	0
Total \$14,981,689	\$6,578,067	\$8,403,622	0

Table XIII-3

Expenses	0-30 Miles	30+ Miles in CA	Out of CA
Labor	\$22,968,000	\$7,656,000	0
Interest	0	0	\$3,480,000
Utilities & Maintenance	\$3,561,466	\$890,366	0
Insurance	0	\$1,483,943	0

Marketing & Advertising	\$4,155,043	\$1,780,733	0
Purchase Non-gaming	\$8,903,664	\$2,967,888	\$2,967,888
Purchase Gaming	\$888,264	\$888,264	\$5,643,193
Total \$68,234,712	\$40,476,437	\$15,667,194	\$12,091,081

Table XIII-4

Distribution of Net Revenues	0-30 Miles	30+ Miles in CA	Out of CA
Managing Company	0	0	\$16,695,899
Tribal Government	0	\$30,052,620	0
Tribal Per Capita (\$125,219)	\$5,008,770	\$10,017,540	\$5,008,770
Total	\$5,008,770	\$40,070,160	\$21,704,669

Table XIII-5

Money Input Totals	0-30 Miles	30+ Miles in CA	Out of CA
Contributions	\$6,578,067	\$8,403,622	0
Expenses	\$40,476,437	\$15,667,194	\$12,091,081

Distributions	\$5,008,770	\$40,070,160	\$21,704,669
Total	\$52,063,274	\$64,140,976	\$33,795,750

Table XIII-6

Input-Output Totals	0-30 Miles	30+ Miles in CA	Out of CA
Money Input to Economies	\$52,063,274	\$64,140,976	\$33,795,750
Money Taken Out of Economies (Played)	\$13,500,000	\$61,500,000	\$75,000,000
Net	+\$38,563,274	+\$2,640,976	-\$41,204,250
Net to California		+\$41,204,250	

C. Social Costs

Social costs based upon numbers of residents in the area would be much smaller whether the casino won \$150 or \$256 million. For a population ring of 135,358 people (projected 2004) or 97,457 adults:

Locals--All Within 30 Miles

Adults—97,458

Extra Pathological Gamblers—877 @ \$7,076 \$6,205,652

Extra Problem Gamblers—1,949 @ \$2,476 4,825,724

\$11,031,376

Thirty Mile Area

Adults 97,458

Costs @ \$7.36 each= \$ 717,291

Adding Pathological/Problem Costs and Crime Costs

Thirty Mile Area \$11,031,376

717,291

\$11,748,667

Alternative Analysis Using Grinols \$151 Cost

Thirty Mile Area

Adults 97,458

Costs @ \$151 each= \$14,716,158

D. Total Economic Equation

Using the more conservative numbers for crime and compulsive gambling we find that the negative economic attributes of the casino project at the Industrial Avenue site become positive in Nyack.

The Area within 30 Miles of the Casino

Input-Output +\$38,563,274

Loss due to P/P Gambling -\$11,031,376

Loss additional Crime -\$717,291

Total Economic Gain +\$26,778,607

The California Gain

Input-Output +\$41,204,250

Loss due to P/P Gambling -\$11,031,376

Loss additional Crime -\$717,291

Total Economic Gain +\$29,455,583

Table XIII-7

Total Economic Impact Nyack (\$150 M Revenue)	0-30 Miles	California
Using Wisconsin Numbers	+\$26,778,607	+\$29,455,583

Using Grinols Numbers	+\$23,847,116	+\$26,488,092
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XIV. Final Comment

Native Americans are the poorest peoples in America. Like other Native peoples, the UAIC members have suffered historically as well as in the contemporary era. Historical grievances can be mitigated to a degree by allowing the tribe to operate a casino. A well placed casino of a more modest size than the one proposed for Industrial Avenue can bring substantial revenues to the tribal government and to the tribal members. Certainly a tribal casino at Nyack could achieve all the revenue needs of the tribe. The policy makers must also consider just how rich should individual tribal members become--rich far beyond any personal needs--when the mass of other tribal peoples in America remain poor, while other Americans of every ethnic group go hungry and uncovered by medical care. Policy makers must also consider the harms imposed upon other peoples today who have absolutely no responsibility for the condition of tribal members today and ask how much harm to them is appropriate to alleviate grievances of a select group of Native Americans. Every person's responsibility for every other person on Earth demands that all people must sacrifice for the betterment of others--but how much by one group for another very small group?

Appendices

Appendix A

Impact Comparison Between Proposed Site and Alternative Site		
	Industrial Avenue	Nyack
Cash Input-Output (30 mile ring)	-\$45,312,590	+\$38,563,274
Social Cost (30 mile ring)	-\$156,701,822	-\$11,748,667
Total Economic (30 mile ring)	-\$202,014,412	+\$26,778,607
New Pathological gamblers (30 mile ring)	11,773	877

New Problem gamblers (30 mile ring)	26,160	1949
High School Students	6000	?
Economic Condition of area	Prosperous	Depressed
Synergy with surrounding activities	No	Yes
Support of local communities	No	?

Appendix B

Appendix C

Appendix D

Appendix E

Appendix F

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