APPENDIX H

ECONOMIC AND COMMUNITY IMPACT ANALYSIS

UPDATED ECONOMIC AND COMMUNITY IMPACT ANALYSIS

ALLEGAN COUNTY
NATIVE AMERICAN CASINO
OCTOBER 2002

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ALLEGAN COUNTY NATIVE AMERICAN CASINO---OCTOBER 2002
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CHAPTER ONE
INTRODUCTION

PURPOSE

The Match-E-Be-Nash-She-Wish Tribe (also referred to as the Gun Lake Band of Pottawatomi) has attained full recognition from the federal government. The Tribe has announced the intention to take land into trust in Wayland Township in Allegan County. A modern gaming facility is planned for the property, utilizing a building that was previously used for industrial purposes. This report reviews the economic and other impacts most likely to occur in the area after the casino opens. This document serves as one section of the overall set of information submitted to the federal government.

The document updates a similar report prepared in the autumn of 2000, and then updated in 2001. None of the concepts and key findings in the earlier reports have been significantly altered. The additions primarily involve the following:

- Updates to demographic statistics utilizing the continued release of 2000 Census information.
- An updated review of other gaming options (competition).
- Updated state, county and regional employment figures.
- Further information pertaining to job creation efforts in the county.
- Additional clarity on the plans for the facility.

Michigan is presently host to 17 Native American casinos and three "commercial" casinos in Detroit, plus there are hundreds of Native American and commercial casinos in other states. The experience in the host counties where these other facilities are located provides a strong foundation of historic information to consider in evaluating the likely impacts of an Allegan casino.

KEY ASSUMPTIONS

Facility characteristics

The report assumes the facility is located on the announced site in Wayland Township. The casino will operate the popular electronic games of chance (often referred to as "slots") and the typical table games. It is assumed that the facility includes restaurants, lounges, and a small gift shop/retail area, with on-site parking for approximately 3,500 cars.

As the market figures detailed in the report will justify, it is expected that the facility will house approximately 2,500 electronic games of chance, up to 60 table games, and a poker area.

Full operation and phasing

The impacts presented here are based upon full operation of the facility. For convenience, this is viewed as occurring during the third year after opening. It may happen much sooner. Even if the facility is opened in phases, some impacts would be realized during the first year. Indeed, various economic impacts will be occurring even before the facility opens, stemming from the dollars brought to the area during construction.

Competition

The analysis assumes that there will be 19 Native American casinos operating in Michigan at the time of opening (17 existing, plus one in Berrien County and one in Calhoun County), plus 3 commercial casinos in the City of Detroit. It also assumes that slot machines are not allowed at racetracks or taverns. The competitive situation is further reviewed in following Sections.

Economy

The analysis assumes a reasonably strong Michigan economy, although not one possessing the extremely vigorous attributes of the late 1990's. A continued recession would not be expected to substantially diminish the job creation and public revenues that the casino is likely to provide. Indeed, even if the present recession cuts deeper and does restrict casino revenues, the jobs and public revenues created by casino would prove to be even more important to the Allegan economy, because of recessionary impacts on other employers.

Local agreements

Typically, Native American casinos in Michigan operate under written compacts with the Governor of the State of Michigan. Written agreements with local governmental entities are also signed in some locations. For this report, it is assumed that the eventual final compact/agreements that will be signed by the Tribe will be similar in scope and content to the most recent state compacts signed by four tribes in 1998. This includes language that governs the amount of payments to local and state government, and how local dollars are disbursed.

The Gun Lake Tribe has already entered into discussions and agreements with local agencies regarding various issues. These are discussed in other sections of the overall federal submittal.

FORMAT OF STUDY

The report is divided into six Chapters. This first introduces the report and assumptions. The second Chapter provides a statistical review of Allegan County and information involving the region. These data sets are used as reference points for the impact analyses.

Chapter Three develops a market scenario for the facility. It uses prudent assumptions and an explicit methodology to develop customer and revenue figures for a casino facility in Allegan County.

Chapter Four utilizes the customer and revenue scenarios to develop a profile for the total employment that would be created. The new jobs include on-site employment, off-site employment (both from customer spending and contracting by the casino with local companies), and induced employment (created by the sequential rounds of employee spending). The Chapter also provides a scenario for the revenue payment figures generated, based on the model established by the most recent Native American/State Compacts.

Chapter Five reviews the impacts the jobs will create on population and housing in the county and region. Chapter Six reviews a variety of impacts that are not solely economic in nature (although all impacts in some fashion do relate to economics).

CHAPTER TWO
ALLEGAN COUNTY BACKGROUND INFORMATION

PURPOSE

This Chapter establishes a statistical base for the analysis provided in following chapters. Statistical reference points are provided for Wayland Township, Allegan County, and in some instances the region. The U. S. Census Bureau has released significant additional portions of the 2000 Census data during the past year; this information is used to update the previous impact study. In a few instances somewhat less current data must be used.

WAYLAND TOWNSHIP AND ALLEGAN COUNTY KEY DEMOGRAPHICS

Key year 2000 data points from the Census Bureau for Wayland Township and Allegan County are provided in **Table 2-1**.

TABLE 2-1
KEY POPULATION DEMOGRAPHICS FROM 2000 CENSUS
WAYLAND TOWNSHIP AND ALLEGAN COUNTY
Source: Bureau of the Census

	Wayland Township	Allegan County
Total Population	3,013	105,665
Median Age	34.9	35.2
% 65 years and over	8.6%	11.1%
% One race-White	96.4%	93.5%
Total Households	1,053	38,165
% Family Households	78.3%	74.4%
% Married couple family with own children under 18 yr.	33.4%	29.0%
% Non-family households	21.7%	25.6%

For clarity, it is noted that Wayland Township is distinct from the City of Wayland. The City has a population of approximately 4,200.

The population density for Allegan County is approximately 128 persons/square mile, compared to the state average of approximately 175 persons/square mile.

REGIONAL POPULATION

The region experienced growth during the 1990s, although this may be abating with the recent economic decline. The 2000 Census population figures for Allegan and adjacent counties are provided in **Table 2-2**. Included also is the 1990-2000 population percentage change. The regional population has been growing faster than the remainder of Michigan.

TABLE 2-2
ALLEGAN AND ADJACENT COUNTIES
POPULATION AND GROWTH 1990-2000
Source: Bureau of the Census

County	Population 2000	Pop. Growth 1990-2000
Allegan	105,665	16.7%
Barry	56,755	13.4%
Kalamazoo	238,603	6.8%
Kent	574,335	14.7%
Ottawa	238,314	26.9%
Van Buren	76,263	8.9%
Total	**1,289,935**	**14.6%**
MICHIGAN	9,938,444	6.9%

Allegan and the adjacent counties represent approximately 13% of the Michigan population. As following data will exhibit, unemployment levels in the county and region have increased significantly during the past three years. This likely has stalled population growth.

HOUSEHOLDS, HOUSING, AND TENURE

As exhibited, there were 38,165 households in 2000 in Allegan County, constituting an average of 2.77 persons per household. The national trend has been towards a decline in the average number of persons per household; and year 2000 Census data suggests that this trend has held true in Allegan County.

TABLE 2-3
KEY HOUSING CHARACTERISTICS FROM 2000 CENSUS
WAYLAND TOWNSHIP AND ALLEGAN COUNTY
Source: Bureau of the Census

	Wayland Township	Allegan County
Total Population	3,013	105,665
Total Housing Units	1,169	43,292
Vacant housing units	116	5,127
Homeowner vacancy rate	0.8%	1.6%
Rental vacancy rate	12.8%	7.7%
Units for seasonal, recreational or occasional use	81	3,154
Owner occupied %	92.2%	82.9%
Median value of owner-occupied units	$118,500	$115,500
% Of population 5 years and over in different house in 1995	37.2%	42.1%
% Of households moved into unit 1990 to March, 2000	60.4%	62.3%

As exhibited in the table, the 2000 Census reported that of the 43,292 housing units in Allegan County, 7.3% are classified as being for *"seasonal, recreational, or occasional use."*

The number of building permits for single-family homes has averaged approximately 500 per year during the 1990s, with the level even higher in the late 1990s.

Less than three-fifths of the Allegan population age 5 and above were reported by the 2000 Census as having lived in the same structure five years earlier. Over one-fifth (21.1%) had lived in a different county or state. In terms of the primary *"householder"*, over 62% had moved into the present residence since 1990. The area is clearly accustomed to change.

HOUSEHOLD INCOME

The median household income in the County for 2000, as reported by the Census Bureau was $45,813; this was above the figure predicted earlier by the economic model used by the Census Bureau. This is above the State median. The median household income in Wayland Township was $46,853 in 2000.

The Census Bureau determined from 2000 Census data that 7.3% of the Allegan population lived below the poverty level. The Census Bureau also determined from 2000 data that 19.1% of the families with a "female householder, no husband present" lived below the poverty level. Both these percentages are likely higher now given the major rise in unemployment during the past two years).

LAND USE AND AGRICULTURE

Allegan County has 829 square miles of land area. The western border embraces 25 miles of Lake Michigan shoreline. Allegan has been known for farming (including orchards), although agriculture now represents a small role in the area economy.

According to the 1997 United States Census of Agriculture, in 1992 there were 1,429 farms, totaling 246,403 acres. In 1997 there were 1,337 farms totaling 236,936 acres. Farm employment, including proprietors, represented approximately 5.5% of total employment in Allegan in 1998, and a much smaller proportion of total wages. Land in farms decreased in Allegan by 4% from 1992 to 1996. The number of full-time farms decreased by 15% during the same period. The market value of agricultural products sold, however, increased by 33% between 1992 and 1997.

SCHOOLS

Public schools in Allegan County have experienced a modest growth in student enrollments in recent years. Figures reported by Standard & Poor's School Evaluation Service for the Michigan Center for Educational Performance and Education are provided in **Table 2-4**.

The reasons for the level figures, in the face of an increasing population, relates to family size, graying of the population, and the popularity of private schools. It is clear that the basic administrative structure of the system can adjust to increase in student population created by the jobs generated from the casino. This is discussed further in the new housing scenario segment. Typically, due to the manner in which state funding provides a base amount per pupil, and the growth of Charter schools, public school districts in Michigan actively compete for and recruit new students.

TABLE 2-4
HEADCOUNT ENROLLMENT FOR DISTRICTS WITHIN ALLEGAN COUNTY INTERMEDIATE SCHOOL DISTRICT
SOURCE: Standard & Poor's for the Michigan Center for Educational Performance & Information

	1997	1998	1999	2000	2001
Allegan	2,985	2,941	2,926	2,992	3,004
Fennville	1,581	1,601	1,562	1,690	1,677
Gagnes No. 4	27	26	30	33	26
Hopkins	1,323	1,318	1,376	1,370	1,384
Martin	825	814	771	776	762
Otsego	2,445	2,423	2,426	2,423	2,427
Plainwell	2,660	2,702	2,766	2,767	2,778
Wayland Union	2,995	3,157	3,277	3,174	3,172
Total	**14,841**	**14,982**	**15,134**	**15,225**	**15,230**

The Michigan Center for Educational Performance & Education and Standard & Poor's publish a figure for the percentages of students eligible classified as *"Economically Disadvantaged"* in 2001 for each district. The numbers for the eight districts in the Allegan Intermediate School District are provided below:

Allegan..25.8%
Fennville 54.9%
Ganges No. 4..n.a.
Hopkins...17.1%
Martin...19.5%
Otsego 20.4%
Plainwell 14.6%
Wayland Union 16.2%

The figures show the significant proportion of children classified as *"Economically Disadvantaged"* and need the area has for additional economic opportunity.

EMPLOYMENT

Table 2-5 compares the Allegan County data for July of the most recent seven years. Between July of 1999 and July of 2002, the number of unemployed in Allegan County increased by 2,550.

TABLE 2-5
EMPLOYMENT TREND SERIES TABLE FOR ALLEGAN COUNTY
JULY OF EACH YEAR, 1996-2002
Source: Michigan Dept. of Career Development

Category	1996	1997	1998	1999	2000	2001	2002
Civilian Labor Force (Place of Residence)	52,800	55,075	56,050	57,800	59,275	59,375	60,000
Employment	51,000	53,525	54,350	56,475	57,650	56,475	56,125
Unemployment	1,800	1,550	1,700	1,325	1,600	2,900	3,875
Rate	3.4%	2.8%	3.0%	2.3%	2.7%	4.9%	6.5%

The increase in unemployment in Allegan is notable, but the regional figures are even more significant. Allegan County is located within the Grand Rapids-Muskegon--Holland Metropolitan Statistical Area (MSA), along with the counties of Kent, Muskegon, and Ottawa. The calculations published by Michigan Department of Career Development, Employment Service Agency are exhibited in **Table 2-6**. The unemployment rates are substantially higher than the late 1990s.

TABLE 2-6
TREND SERIES TABLE FOR THE GRAND RAPIDS-MUSKEGON-HOLLAND MSA
(ALLEGAN, KENT, MUSKEGON, AND OTTAWA COUNTIES)
JULY OF EACH YEAR
Source: Michigan Dept. of Career Development

Category	1996	1997	1998	1999	2000	2001	2002
Civilian Labor Force (Place of Residence)	571,600	591,300	600,700	623,200	635,100	636,500	643,400
Employment	544,600	569,200	578,300	601,300	611,300	598,700	595,000
Unemployment	27,000	21,600	22,100	21,900	23,800	37,900	48,500
Rate	4.7	3.7	3.7	3.5	3.7	5.9	7.5%

The MSA experienced **an increase in unemployment of 24,700** between July of 2000 and July of 2002. Statewide, unemployment increased by over 150,000 during the same two year period.

The need for the new employment is evident by the figures. The region clearly has the capacity to absorb the new employment created by the casino and any spin-off employment at other employers induced by the casino. The supply of employees is greater than the total demand from other employers competing in the labor pool.

Additional information is provided on other efforts undertaken by Allegan County to attract employment in a latter section of this report. Specific new employment estimates created by the casino are provided in a later section of this document.

The Michigan Economic Development Corporation (MEDC) reports that over 48% of the Allegan workforce works outside of the county. This is far higher than the figures for Ottawa and Kent counties. The personal income enjoyed by Allegan residents is clearly dependent upon the economies of other counties.

EMPLOYMENT COMPOSITION WITHIN ALLEGAN

Information developed by the Bureau of Economic Analysis, U.S. Department of Commerce, and made available by the MEDC provides a closer look at the composition of employment within Allegan in **Table 2-7**.

TABLE 2-7
EMPLOYMENT & EARNINGS BY INDUSTRY
ALLEGAN COUNTY—2000
Source: Michigan Economic Development Corporation

PERSONAL INCOME	**(In thousands of $)**
Total personal income	2,805,307
Non-farm personal income	2,768,020
Farm income	37,287
Per capita personal income (dollars)	26,447
EMPLOYMENT	**Number of Jobs**
Total in county	53,972
Wage & Salary	41,650
Proprietors	12,372
Farm employment	2,912
Non-farm Employment	51,060

TABLE 2-7 CONTINUED		
COMPONENTS BY INDUSTRY	Employment	Earnings ($ thousands)
All Private	46,136	1,347,985
Ag. services, forestry, fishing, other	739	9,547
Mining*	0	0
Construction	3,434	134,631
Manufacturing	17,916	771,200
Transportation/Utilities	1,474	51,044
Wholesale Trade	1,591	48,085
Retail Trade	8,482	122,147
Fin./Ins./Real Estate**	0	0
Services	9,775	170,775
Government/gov. enterprises	4,924	170,359

* Mining provided 162 jobs during 1999.
** These are the official figures from the MEDC website for this line item; they are likely incorrect, the category averaged approximately 2,200 employees in previous years.

The totals emphasize the importance of manufacturing, trade, and services to the Allegan economy. It is notable that farm employment and income are less significant comparatively than several other sectors of the local economy.

Table 2-8 offers the most recent Michigan Economic Development Corporation list of the largest manufacturing sector employers in Allegan. Some of the firms have experienced recent layoffs and thus their figures may be overstated.

TABLE 2-8 LARGEST MANUFACTURING EMPLOYERS IN ALLEGAN COUNTY Source: Michigan Economic Development Corporation		
Company	Location	Employees
Perrigo Co.	City of Allegan	4,000
Haworth Inc.	Holland	3,000
Murco Inc.	Plainwell	850
Prince Corp.	Holland	650
Parking Hannifin Co.	Otsego	600
S 2 Yachts, Inc.	Holland	500
Pullman Industries	Pullman	400

Major private non-manufacturing employers include Kmart Corporation, Campbell Soup Company, and Pipp Community Hospital.

Allegan was the home to 172 employers classified as *"accommodation & food services"* in calendar 2000. This tends to suggest that off-site spending by casino customers (estimated later in the report) is most likely to occur at existing enterprises and structures rather than new.

TOURISM

Tourism is important to the Allegan economy, particularly in the western towns on the Lake Michigan shoreline. Tourism is also a valuable contributor to the regional economy. **Table 2-9** provides information from Michigan State University on estimated tourism spending. Data pertaining to Kent and Ottawa counties are included as well as for Allegan. For reference, the table also provides the data for five counties that host Native American casinos.

TABLE 2-9
TOURISM SPENDING IN MICHIGAN---1997 ($Millions)
COMPARISON OF AREA COUNTIES WITH CASINO HOST COUNTIES
Source: Michigan State University

	MOTEL	CAMP	SEA-SONAL HOME	WITH FRIENDS & REL.	DAY TRIPS	TOTAL TOURIST $	POPU-LATION 1997	TOURISM $ IN COUNTY PER RES.
MICHIGAN	$2,708	$361	$1,042	$2,181	$938	$7,230	9,779,984	$ 739
Allegan	9	15	11	22	5	63	100,585	626
Kent	165	5	6	120	56	354	541,458	654
Ottawa	40	10	7	49	16	123	219,940	559
KEY HOST COUNTIES								
Chippewa	49	6	23	8	13	101	37,915	2,664
Grand Trav.	133	6	16	16	38	209	72,901	2,867
Isabella	54	1	4	13	15	86	57,691	1,491
Leelanau	26	4	20	4	7	62	18,826	3,293
Mackinac	121	4	20	2	31	178	11,079	16,066
HOST TOTALS	$383	$21	$83	$43	$104	$636	198,412	$ 3,205

The figures exhibit that tourism is an important component of the regional economy, although the figures are not overwhelming. It is also interesting to note the much higher attracted *$ per resident* figures for the casino host communities, although it is not implied that the casinos are the sole reasons those areas attract much greater tourist spending than the Allegan area.

MEDIA COVERAGE OF ECONOMIC PROBLEMS

The tables exhibited the rise in unemployment that has occurred in the region in recent years----an increase of over 22,000 individuals in the Metropolitan Statistical Area during the past two years. The concern this has brought to the region has been the subject of a numerous media articles. For perspective, a few are noted below, along with key excerpts.

Holland Sentinel, web posted July 31, 2002
"Unemployment rates rising, Allegan; Ottawa County numbers reflect layoffs; graduated not finding work"

Allegan and Ottawa counties' jobless rates both hit 5.9% for June, compared with 4.2 percent in June of 2001 and 5.1% in May. Allegan's jobless rate jumped from 4.4 percent in June 2001 and 5.2 percent in May.

The greater Grand Rapids area, which includes Allegan, Kent, Muskegon, and Ottawa counties, suffered even worse, as its unemployment rate rose to 7.2%, up 1.9% from last June.

Over the past two years, the Grand Rapids-Holland-Muskegon area has been hit by thousands of layoffs in the automotive and office furniture industries.

Grand Rapids Press, Posted Sunday, October 6, 2002
"Office furniture layoffs bring opportunity for some, lower wages for others"

For every worker who landed on his or her feet in the pats 18 months, others continue to look for jobs, or wait for the ax to fall. Thousands more survive on fewer hours and without the hefty bonuses once paid…

The region's diverse economy masks some the impact. But the job losses ripple across the landscape, washing over merchants and other businesses that benefit from workers paychecks.

Smigel is among the 10,000 office-furniture workers—enough to fill Van Andel Area-who lost their jobs during the industry's worst downturn.

One estimate places the economic impact at nearly $1 billion.

According to a study by the W. E. Upjohn Institute for Employment Research in Kalamazoo, the loss of 10,000 production workers in the office-furniture industry indirectly eliminates 10,000 jobs in other sectors.

Grand Rapid Press, Sunday, February 17, 2002
"Lines of the times: Job fair draws a crowd"

She joined more than 3,000 other West Michigan job seekers at the DeltaPlex in Walker on Saturday at the Mega Employment Expo.

The attendance of the job fair is a reflection on a recession that has cost more than 10,000 West Michigan workers their jobs in the past year, including 400 white collar workers furloughed at Herman Miller and Steelcase Inc. last week.

The workers at the employment expo represent just a fraction of the 35,700 people looking for work in West Michigan. The total is up from the 18,600 during the same period last year.

COUNTY AND STATE EFFORTS TO ATTRACT JOBS TO THE REGION

It is useful to place the casino in the context of the very active efforts of Allegan officials, and other state and regional programs, to attract new employers to the county and region. The existing public policy priority to attract jobs is evident.

A leading agency in the effort is the Allegan County Economic Development Alliance (ADEDA). This nonprofit organization has the stated mission *"to further the economic development and social welfare of Allegan County with specific emphasis on promoting and assisting the growth and development of business concerns."* The Alliance has members from government, business, education, finance, medical, public utilities and individuals. ADECA works in partnership with the Allegan County Area Work Force Center, and West Michigan Regional Planning Commission, as well as state level agencies.

The Alliance also is involved in the operation of the Allegan County Economic Development Corporation that has the capability of assisting in the financing of job producing projects.

Within the County, seven cities and townships have created Downtown Development Authorities to assist business development in those areas. The cities of Allegan City, Otsego, and Plainwell each have established a Brownfield's Authority to development abandoned, undeveloped or under-utilized properties possessing environment contamination concerns.

A variety of companies has been directly aided through tax abatements and other assistance provided by or approved by local governments and the State of Michigan. A prominent example is the incentives package the Michigan Economic Development Corporation agreed to offer Perrigo Corporation to bring about the construction of a new R&D facility in Allegan. Perrigo will investment $1.2 million in a new building and $400,000 for furniture and equipment. A total of 25 jobs were promised to be added during the next five years. In return, the MEDC awarded Perrigo a Single Business Tax credit of up to $395,000 over a 10-year period. The City of Allegan also proposed local tax abatement worth $241,900 over 12 years.

This material simply elaborating that Allegan is actively seeking new employment.

CHAPTER THREE
MARKET AND CUSTOMER SCENARIO

PURPOSE

In order to estimate community impacts it is necessary to develop a baseline scenario concerning the level of business and the number and location of customers. The discussion in this Chapter delineates development of base market figures that will then be used as a foundation for the economic impact projections.

COMPETITION OVERVIEW

Gaming alternatives

The casino would be the first within one hour of Grand Rapids, but significant competition does exist. A summary of wagering alternatives includes:

- 17 Native American casinos in Michigan.
- 2 Native American casinos in final planning and approval stages, one in Calhoun County and one in southern Berrien County.
- 3 "interim" casinos in the City of Detroit.
- Over 10,000 lottery outlets statewide.
- Horsetrack wagering.
- Internet wagering (over 800 sites).
- Riverboats in northern Indiana and Illinois.
- Trips, particularly charter planes, to Las Vegas and Atlantic City.
- Caribbean cruiseships.
- Windsor and other Canadian gaming outlets.
- Illegal betting, particularly on sports.

Casino competition

Prime competitors

For the needs of this report, the Native American casinos are of most relevance. There are four casinos (2 open, 2 scheduled to begin construction within the next 12 months) that merit particular attention when considering the market potential of an Allegan facility.

1. Soaring Eagle Casino, Mt. Pleasant.
2. Little River Casino, Manistee.
3. Planned casino in New Buffalo, Pokagon Band of Potawatomi.
4. Planned casino in Emmett Township (east of Battle Creek), Huron Nottawaseppi Band of Potawatomi.

Capsule summaries of the facilities are provided below. The distances to major markets, and how these compare to a location in Allegan, are detailed in a following segment.

Soaring Eagle Casino, Mt. Pleasant

The Soaring Eagle has become one of the largest casinos within the United States. Official revenues are private, but based on payments made by the casino to state government it is likely that total gaming revenues exceeded $400 million during 2000. The casino offers approximately 4,300 slot machines and 85 table games, using over 200,000 square feet of gaming space. There is a steakhouse and buffet restaurant adjacent to the main gaming area. The complex includes a hotel with conference rooms and an entertainment/event hall (seating approximately 3,000).

The complex is located a few miles from US 27, a major highway for vacationers heading to northern Michigan. The site for many years was the southernmost of any casino in Michigan. This changed in 1999 with the opening of the first Detroit casino. The opening of other Native American casinos in Michigan, closer to population centers and travelers from other states, will be providing significant competitive pressure.

A latter segment of the report further compares the Soaring Eagle historical results with the projected revenues for the Wayland Township casino.

Little River Casino, Manistee

An interim facility opened in July of 1999, with a first expansion completed in December of that year. An expansion begun in 2001 has recently been completed, including the addition of an on-site hotel. Before the expansion, the limited gaming area housed approximately 830 electronic games and 20 tables. The expanded facility has several restaurants. The casino is located on US-31, north of the City of Manistee. Official records are not available, but based upon formula contributions made to local government; it is reasonable to assume that the casino realized gaming revenues of over $80 million during 2000.

Planned casino in New Buffalo Township, Pokagon Band of Potawatomi

The Pokagon Band is in what they believe to be the final stages of receiving federal approval for their land in trust application. A compact has been signed with Michigan Governor John Engler. News releases suggest the facility will have approximately 2,000 electronic (slot) machines plus table games. The announced site is one mile from the Indiana border. There is significant competition in the region from Indiana and Illinois riverboat casinos, but the New Buffalo Township would be the closest landbased facility serving South Bend and the remainder of northern Indiana as well as the Chicago southern suburbs. Various state and federal actions will influence the official opening date, and a formal target date has not been announced.

Planned casino in Emmett Township (east of Battle Creek), Huron Nottawaseppi Band of Potawatomi

The Band also has filed applications with the federal government and has signed a compact with Michigan Governor John Engler. Media statements suggest that construction is planned to commence during 2001. The site is a few miles east of Battle Creek, and not far from the junction with I-69. If constructed as planned, it will be the nearest competition to an Allegan facility. Press reports place the target size at approximately 1,800 electronic games and an appropriate number of table games.

Comment on increasing competition

In 1998, there were approximately 7,000 slot machines at the existing Native American casinos in the entire State of Michigan. Within a few years, if development matches the intended schedules, the number will exceed 20,000. This includes those at previously existing casinos, the machines added in Detroit, the Manistee and Petoskey casinos, plus those anticipated at the pending casinos in New Buffalo Township and Emmett Township.

There are many reasons to believe that the market can accommodate the growth, particularly from casinos located near population centers. The gaming market was significantly underserved in the past, thus creating an exodus of Michigan dollars during trips to casinos in Canada, Indiana, Las Vegas, and other gaming venues. There are also millions of dollars bet illegally each year by Michigan residents. Essentially, the initial casinos that opened in Michigan were almost a guaranteed success, regardless of location or business acumen. Competitive issues were not a major consideration---this has now changed.

Even though there will be a high level of competition, the location of the Allegan casino provides for a clearly competitive venue. Various site attributes and competitive distances to markets are discussed below.

Comparative distances to key competition

A prime consideration in developing projections for revenue and employment are the comparative distances to other casinos from major population centers. Casinos compete in a variety of manners, but location is a prime determinant of where a casino consumer will decide to visit. **Table 3-1** provides distances from various key cities in Michigan to a series of casinos.

TABLE 3-1
COMPARATIVE DISTANCES TO COMPETING CASINOS
(In highway miles)

City (centered on City Hall)	CASINO LOCATION (EXISTING OR PROPOSED)						
	Wayland Township	Emmett Township (Calhoun County)	New Buffalo T. (Berrien County)	Soaring Eagle Ca. - Mount Pleasant	Little River Casino - Manistee	Turtle Creek C.- Williams-burg	Motor City Casino - Detroit
Grand Rapids	19	67	112	85	127	150	153
Kalamazoo	35	22	81	141	178	202	136
Grand Haven	44	100	106	111	100	176	183
Battle Creek	46	2	101	120	192	215	116
Muskegon	67	107	120	108	89	156	195
Lansing	78	50	154	67	191	185	86
Flint	127	111	209	91	191	187	62
Ann Arbor	133	74	173	126	257	238	41
Birmingham	155	122	220	138	235	234	15
Traverse City	159	216	253	107	60	8	256
Chicago	165	171	71	271	271	327	282

The Wayland site has a locational advantage in serving the Kent County market. It will also be significantly closer to Muskegon and the Grand Haven area than any of the identified casino competitors. From the City of Kalamazoo it will only be a few minutes further than the Emmett Township casino. Many northern and western Kalamazoo County residents may find the Allegan site more convenient.

The Lansing market will be particularly competitive. Most Lansing area residents will find the travel times to Emmett Township, Wayland Township, and Mt. Pleasant to be fairly similar (from 50 to 75 minutes). Grand Rapids traffic may create a slight negative for the Allegan casino. Residents of suburbs west of Lansing may find that Wayland Township is actually a shorter drive than Mt. Pleasant or even Emmett Township. Residents south and southwest of Lansing will find the Emmett Township several minutes closer. Residents North of Lansing will likely find the Soaring Eagle more convenient.

The Allegan casino will be within a reasonable travel range for southeastern Michigan consumers (2-3 hours), although there will be competition that is much closer. Yet, a significant number of potential casino customers from that area may also have other reasons to be travelling to the western Michigan area.

The Chicago market also is within a reasonable drive time. Competition will be intense, but the size is so substantial that capturing even a small percentage would produce important revenue additions for the Allegan casino.

Possible Grand Rapids casino

There have been media reports regarding a group of Native Americans in Grand Rapids (Grand River Band of Ottawa Indians) that are in the process of applying for formal recognition from the federal government. The group has mentioned an interest in bringing a small casino into the City of Grand Rapids. There are many steps that must be achieved before this could occur. Such an eventuality is not included in the market and competition assumptions used in this study.

Attraction of customers from distant areas through multi-purpose trips

The distance table focused upon trips with the express intent of visiting a casino. An Allegan location also possesses the potential to attract casino customers who are involved with trips for other purposes as well as a casino visit. First of all, there are millions of travelers on I-96, I-94, or US 131 that are passing through the general area on the way to distant destinations. This group forms a market segment of interesting potential.

There is also a market segment formed by the large number of visitors to Grand Rapids or to the beaches of western Allegan County and Ottawa County. The availability of the evening entertainment option provided by the casino is compatible with this base of individuals already interested in visiting the area. There are also a significant number of seasonal homeowners in the region that form another market segment of potentially significant size.

Coupled with the existing attributes of the region, there is also the potential for the facility/area to evolve into multi-day destination for longer-distance visitors. This potential market, which would take several years to cultivate, is not included in the base scenario developed in this Chapter.

MARKET SCENARIO FOR AN ALLEGAN CASINO

Methodology

The following steps are used to develop the scenario:

- Consider total adult population in relevant geographic areas.
- Determine any special subgroups of customers.
- Generate a figure representing the total number of annual casino visits in the relevant market.
- Generate a figure for the market share garnered by the Allegan casino thus generating a figure for the total number of annual customer visits.
- Develop dollar amount estimates for consumer gaming expenditures per visit for each geographic component of casino patrons.
- Generate an estimate for gaming revenues at the casino.

The foundation figures for the customers and the revenues will be utilized to generate the job creation (on-site and off-site) and gaming tax revenue estimates that are detailed in Chapter Four.

Total applicable market

The first step is formulation of figures for the overall applicable market. The primary factor is the adult population in various geographic groupings. The population figures are provided in **Table 3-2**. In some instances, there may be some difference in the final, adjusted, figures to be published by the Census Bureau, but such differences would be minor.

The age group 21-75 is chosen because it represents a convenient core. Some individuals older than 75 will no doubt visit the casino. The total contribution to casino revenues of this group, however, is small.

The gaming age minimum to be enforced (whether 18 or 21) has not yet been announced, although even if younger than 21, the revenue contribution from this age cohort would be small.

Table 3-2 exhibits that while Allegan itself is a not a large county in terms of population (even after factoring growth during the last decade) it is located in a region with a substantial population base. It also introduces the importance and potential impact of attracting customers from outside of the region.

TABLE 3-2
POPULATION GROUPS BASED UPON DISTANCES TO COMPETITION

GROUP #	COMPETITIVE DISTANCE DESCRIPTION	COUNTIES	POPULATION 21-75
1	Host County	Allegan	65,512
2	Allegan casino is much closer	Barry, Kent, Ottawa	569,030
3	Closer to Allegan or about the same	Ionia, Kalamazoo, Muskegon, Newaygo	321,281
4	Closer to Emmett, within 2 hours of Allegan	Branch, Calhoun, Eaton, Hillsdale, Ingham, Jackson, Washtenaw	678,646
5	Closer to New Buffalo, within 1.5 hours of Allegan	Berrien, Cass, St. Joseph, Van Buren	218,390
6	Closer to Mt. Pleasant, within 2.5 hours of Allegan	Clinton, Genesee, Gratiot, Montcalm, Saginaw, Shiawassee	549,426
7	Southeastern Michigan	Livingston, Lenawee, Macomb, Monroe, Oakland, Wayne	2,756,057
8	Special Groups (not included above)	Primarily from longer distances; components described separately	n/a

Group 8 includes special categories of potential casino customers, namely:

- Visitors to the casino from the existing tourism base.
- Pass-through travelers on I-94, I-96, and US 131 from greater distances that choose to stop at the casino.
- Customers from beyond 2.5 hours.

This grouping will be discussed in greater detail in following sections.

In **Table 3-3** population totals are used to derive figures for the total number of annual casino visits from each geographic grouping. The *"% that visit casino"* and *"average # of visits"* figures are based upon results and studies from other markets and are cross-checked against published information regarding the number of casino visits now occurring annually in Michigan.

TABLE 3-3
TOTAL CASINO VISITS IN RELEVANT GEOGRAPHIC GROUPS

GROUP #	COMPETITIVE DISTANCE DESCRIPTION	POP. AGE 21-75	% THAT VISIT CASINOS	AVE. # OF VISITS	TOTAL VISITS TO MI. CASINOS
1	Host County	65,512	40%	9	235,843
2	Allegan casino is much closer	569,030	40%	8	1,820,896
3	Closer to Allegan or about the same	321,281	40%	8	1,028,099
4	Closer to Emmett, within 2 hours of Allegan	678,646	40%	9	2,443,126
5	Closer to New Buffalo, within 1.5 hours of Allegan	218,390	40%	8	698,848
6	Closer to Mt. Pleasant, within 2.5 hours of Allegan	549,426	45%	9	2,225,175
7	Southeastern Michigan	2,756,057	45%	11	13,642,482
	TOTAL IN ABOVE GROUPS	5,158,342			22,094,469
8	Special Groups for Allegan (not included in the above)	n/a			182,500

As has been introduced, there will be competition for the customers. It is only necessary for Allegan to attract a reasonable share, using prudent business planning and cost control, in order to be successful.

Table 3-4 displays the calculation for the next two key steps in the methodology. The visits within each group are factored by a projection of the Allegan market share for each group in order to arrive at the scenario for total visits to the Allegan casino. The customer visit totals for each of the eight groups are then multiplied by figures representing the average casino hold for visits in each of the groups. The distance traveled to the casino influences the hold, or casino win.

TABLE 3-4
GENERATION OF SCENARIO FOR ALLEGAN CASINO CUSTOMER VISITS AND GAMING REVENUES

GROUP #	COMPETITIVE DISTANCE DESCRIPTION	VISITS TO MICHIGAN CASINOS	ALLEGAN MARKET SHARE	ALLEGAN VISITS	$ AVE. CASINO HOLD	GAMING REVENUES
1	Host County	235,843	65%	153,298	40	6,131,923
2	Allegan casino is much closer	1,820,896	60%	1,092,538	45	49,164,192
3	Closer to Allegan or about the same	1,028,099	40%	411,240	50	20,561,984
4	Closer to Emmett, within 2 hours of Allegan	2,443,126	25%	610,781	60	36,646,884
5	Closer to New Buf. within 1.5 hours of Allegan	698,848	25%	174,712	50	8,735,600
6	Closer to Mt. Pl., within 2.5 hours of Allegan	2,225,175	10%	222,518	65	14,463,639
7	Southeastern Michigan	13,642,482	2%	272,850	75	20,463,723
8	Special Groups (not included above)	182,500		182,500	74	13,505,000
	TOTAL ALLEGAN CASINO VISITS			**3,120,436**		**$169,672,946**

It is reiterated that the figures are based upon stabilized operation of the casino, probably occurring during the third full year of operation. There may be a spike in revenues and visits when the casino first opens, or conversely, there may be a slow ramping up of services and revenues throughout the first year. In any event, it is most appropriate for economic development planning to consider the point of stabilized operation.

Two figures generated in **Table 3-4** are central to the remaining discussions of the impact analysis:

Total annual customers 3,120,436
Total annual gaming revenues $169,672,946

It is notable that Allegan residents themselves represent less than 5% of the visits and approximately only 3.6% of the gaming revenues. Moreover, a portion of these visits generated from Allegan, and the related spending, would otherwise be directed to casinos in other venues if a casino did not exist in the county. The local percentages will be discussed again in other sections.

Notes on comparison to the Soaring Eagle

A highly detailed methodology was used to develop the market capture figures. The assumptions regarding the competition were clearly stated. Indeed, the attainment of the $169.7 million in annual revenues would represent an impressive achievement for the tribe, and will create a significant number of jobs on and off site (discussed further in a following section). Yet, the Soaring Eagle figure of over $400 million in revenue remains unavoidably beguiling. It is thus useful to elaborate on why a comparable figure should not be expected for the Wayland Township facility. The reasons fall into the following primary categories:

1. The Soaring Eagle held a virtual monopoly in the legal gaming market in mid and southern Michigan.

For several years, the Soaring Eagle was the only casino south of Traverse City. It was the closest to approximately eight million Michigan residents, plus those in Ohio. This allowed development of name recognition allowed growth and financing of its facility. At one time, the Soaring Eagle accounted for more than one-half of all electronic games of chance in Michigan (approximately 4,000 out of a total in the vicinity of 7,500).

2. The Soaring Eagle has a much larger facility than proposed for the Wayland Township site.

The Soaring Eagle has more than 200,000 square feet of gaming space, far more than will be accommodated by the existing building and land at the intended Wayland Township site. The Soaring Eagle also has a large luxury hotel, conference center, and entertainment hall. The Wayland Township facility will not have these other amenities.

3. It is assumed that casinos will have opened both in Emmett Township and New Buffalo before the opening of the Wayland Township facility.

Together the two facilities will bring between 4,400 and 5,000 new electronic games of chance into the gaming supply column, along with approximately 80 to 120 table games. The methodology used to arrive at the $169.7 million scenario for the Wayland Township casino accounted for this competition. The competition from these sources and other forms of supply makes it unlikely that any new facility could achieve the results previously achieved by the Soaring Eagle.

4. Existing casinos have undertaken major expansion in recent years, with more planned.

The Little River Casino in Manistee has recently completed a major expansion, including the addition of a hotel. The Turtle Creek casino near Traverse City is presently undergoing a large increase is size. The temporary casinos in Detroit have recently received approval to begin the construction of their permanent facilities (although court challenges to this growth are still pending). The supply of electronic games of chance at other Michigan casinos when the Wayland Township casino opens will likely exceed 20,000. This is corresponds to the less the 4,000 total that the Soaring Eagle competed against when the facility was achieving such enviable success.

It is also mentioned that the riverboats in Indiana and Illinois are now allowed to offer open boarding, thus becoming more competitive with land based casinos.

All of the above factors were incorporated into the revenue estimation methodology. The $169.7 million figure is reasonable. It is unlikely, however, that the record levels once attained at the Soaring Eagle will be achieved at the Wayland Township site.

NON-GAMING SPENDING SCENARIO

The visitor grouping and visitation levels serve as a basis to develop scenarios for non-gaming spending, both on-site and off-site. These estimates are needed for the employment figures that are provided in the following chapter. At the base of the calculations is the primary assumption that the core of the market will be "daytrippers", individuals that visit the casino and either return home the same day or travel on to another location.

On-site spending

Plans for the facility, in addition to the gaming and administration areas, are limited to a buffet restaurant, one or two smaller restaurants, a sports bar, lounge, and a small gift/retail shop.

The analysis uses the figure of $10 for the average non-gaming amount spent on-site by casino visitors. This generates a non-gaming, on-site revenue figure of $32 million. The amount exhibits that the non-gaming areas are designed not to be extensive. The total non-gaming on-site figure equates to less than 16% of total on-site revenues.

Off-site customer spending

Casino visitors also spend significant sums off-site. It is common for casino visitors to spend money in the general vicinity (yet off-site) on dining, beverages, and retail. For some, expenditures will be made off-site on lodging and entertainment. Gasoline purchases are also common, although the location of the purchase (locally or nearer to home) is difficult to project.

There are also other areas of potential new spending, such as increased convention business and companions of casino visitors, that are not readily quantifiable but merit consideration in the discussion of potential economic benefits for the region. The further the distance the visitor travels to the casino the greater the likelihood that they will spend money outside the facility, and within the general geographic area.

<u>Spending in area on food, beverage, lodging and retail</u>

In **Table 3-5**, average per visitor off-site spending factors are utilized for each of the geographic groups to derive a scenario for total new off-site spending from food, beverage, lodging and retail.

The table does not include spending that stems solely from a shift within the area. An example of excluded spending would be an expenditure by a Kent County resident at a restaurant after a casino trip that would still otherwise have been made at another time in the region even if the casino did not exist.

The term "Allegan Area" is used to include all of Allegan and Kent counties, southern Ottawa county, western Barry County, and northern Kalamazoo County.

TABLE 3-5
NON-SHIFTED OFF-SITE SPENDING IN ALLEGAN AREA

GROUP #	DESCRIPTION	CASINO VISITS	AVE. NON-SHIFTED OFF-SITE $/VISIT	TOTALS
1	Host County	153,293	0	-
2	Allegan casino much closer	1,092,538	$5	5,462,688
3	Closer to Allegan or about the same	411,240	$8	3,289,917
4	Closer to Emmett, within 2 hours of Allegan	610,781	$10	6,107,814
5	Closer to New Buffalo, within 1.5 hours of Allegan	174,712	$10	1,747,120
6	Closer to Mt. Pleasant, within 2.5 hours of Allegan	222,518	$15	3,337,763
7	Southeastern Michigan	272,850	$25	6,821,241
8	Special Groups for Allegan (not included in the above)	182,500	$30	5,475,000
	TOTAL ALLEGAN AREA	**3,120,436**		**$32,241,543**

<u>Other potential casino visitor spending in the area not included above</u>

As previously introduced, there are varieties of other potential off-site spending categories that are not included in **Table 3-5**. For these items, providing even a broad estimate is not possible at this time. These categories include:

- Gasoline.
- Entertainment, tourism, and outdoor recreation.
- Companions of casino visitors who do not choose to go to the casino.
- Conferences/conventions attracted to the region due to the casino.
- Additional visits to area by seasonal residents.
- Retained spending otherwise leaving the area for other casino venues.

On the long-run, a prime determinant of the amount of dollars spent in Allegan and adjacent counties by casino customers will be the level of response of the business community in recognizing the opportunity and successfully working to attract off-site spending.

COMMENT ON EXPENDITURE SHIFTING

A reasonable concern when reviewing an economic impact analysis is whether spending and jobs are counted that stem from local shifting of dollars from a previous business to a new business, with no net gain. This analysis is careful to avoid inclusion in the impacts of shifted dollars. Furthermore, in that the actual amount of revenues from Allegan residents represents a minor part of overall revenues, the amount that might be considered to be created shifted spending is relatively small. Even these jobs may have otherwise been flowed to other counties by the gaming spending of Allegan residents at the non-local venues. Regardless, throughout the study special effort was made to be sure that any shifted dollars (even if minimal) would not be included in the totals for new jobs.

CHAPTER FOUR
EMPLOYMENT AND PUBLIC REVENUE IMPACTS

INTRODUCTION

At the foundation of economic development is the creation of new jobs. The casino has the potential to become one of the largest employers in Allegan County and the largest taxpayer to local governments. This Chapter utilizes the scenario developed previously to produce estimates of the total number of new jobs created due to the casino. A scenario is also developed for annual payments to local governments from electronic gaming (slot machine, video poker, etc.) revenues patterned after agreements in other Michigan communities.

MAJOR JOB CREATION COMPONENTS

An economic development project of this size and nature generates new jobs in the following manner:

- Direct
  - On-site (gaming and non-gaming).
- Indirect
  - From off-site spending by casino patrons at area businesses.
  - From goods and services purchased by the casino from area businesses.
- Induced
  - From the sequential rounds of spending by the employees in the groups above.

The employment creation totals for each of the categories are provided in **Table 4-1**. A brief discussion of each category is also provided.

Direct---on-site

This category includes all on-site employees. The positions not only include jobs involving gaming tables and machines, but also accounting, facility maintenance, security, food service, management and the many other categories of employment.

Based upon the revenue scenarios developed in the previous Chapter, it is estimated that the facility will require **1,826** full-time equated employees (FTEs). Each FTE represents one full-year of employment at 40 hours per week. In actual practice, some of the positions may be filled through the joint efforts of part-time employees, seasonal employees, and overtime.

The positions can be expected to be paid competitive wages. In most cases casinos provide health care insurance to employees. Given the increase in unemployment in the region, day care options likely have increased in the area. Yet, if the need arises, the casino should provide childcare (for all or some shifts depending upon employee demand) as well as other personal benefits. The childcare is solely for employees, and would not be available to customers.

TABLE 4-1
JOBS CREATED
(Full-time Equated Positions)

	ALLEGAN AREA		ALLEGAN COUNTY ONLY	
DIRECT ON-SITE		1,826		1,826
INDIRECT OFF-SITE				
* From customer spending	358		179	
* Subcontractors hired by casino	268		107	
SUBTOTAL DIRECT AND INDIRECT		2,452		2,112
INDUCED				
* Multiplier (times direct & indirect)	1.0		0.6	
* Induced employment		2,452		1,267
TOTAL EMPLOYMENT IMPACT		4,904		3,380

Indirect--from casino customer spending off-site

In the previous Chapter, estimates were made of the off-site spending by casino customers on food, beverage, lodging, and retail. In the previous Chapter, **Table 3-5** delineated an estimate of $32.2 million in annual off-site spending in the Allegan Area. Even this substantial figure did not incorporate potential off-site spending from categories that are premature to calculate at this point, yet could grow into major job creation opportunities. The base figure is used to develop an estimate of 358 new jobs in the Allegan Area, with 179 being located within Allegan County.

Indirect--from goods and services purchases by the casino with area firms

Casinos are major purchasers of goods and services. There is a wide range of needs. Examples of just a few of the types of firms include food distributors, beverage distributors, landscapers, printers, office supply firms, advertising agencies, security, and dry cleaners. It is estimated that approximately 20% of total revenues may flow into contracts for goods and services. For the scenario in this analysis, it is assumed that 60% of the contract dollars will flow to firms in the Allegan area. This will, however, be determined by the response of the business community. There is little question that the casino would prefer to maximize the use of local firms. Of the dollars that flow to area businesses, it is further assumed that 40% will remain in Allegan County. The assumptions and calculations arrive at estimates of 268 FTEs at Allegan area firms providing goods and services to the casino, with 107 FTEs located within Allegan County.

Direct and indirect subtotal

The total FTEs from the direct on-site jobs and indirect off-site job categories sum to 2,452 for the Allegan Area and 2,112 within Allegan County.

Induced employment (multiplier or ripple effect)

The employees filling the direct and indirect jobs create further economic activity through their own expenditures. These expenditures lead to additional new employment, which then results in successive rounds of economic activity. Economists term this impact the multiplier or ripple effect. Statistical multipliers are used to represent the overall economic and/or employment impact.

It is a reality that in too many instances excessive multipliers are used to make false promises regarding potential projects. For this analysis, a conservative approach is taken in the use of multipliers. The key for the Allegan situation is that the vast majority of direct spending will be new to the local economy. Only a small portion of the gaming spending is generated from residents. Moreover, the resident spending that does occur are likely dollars being retained in Allegan rather than leaving the area to casino venues elsewhere. Therefore, dollars captured for local employment are indeed new. Furthermore, these employees are likely to spend at least a portion of their income within the geographic area.

One of the most credible techniques for determining the multiplier effect has been developed and published by the federal ***Bureau of Economic Analysis, termed the RIMS-2 model***. It is frequently used in studies assessing the economic impacts of tourism. For Michigan, the RIMS-2 model has calculated a multiplier factor of 2.075 for lodging and entertainment spending, 2.327 for eating and dining, and 2.244 for retail. The factors are multiplied by the direct spending to estimate the overall impact.

In this report, modest multipliers for the Allegan situation are utilized This reflects the fact that jobs from contractual spending were separately calculated, and the employment/housing pool analysis (in a later section) that finds that a significant number of the casino related positions may be filled by individuals who will continue to reside outside of the geographic area.

For the Allegan Area this report uses a multiplier of 2.0 (essentially this means multiplying direct and indirect employment by 1.0 to derive induced employment). A figure of 1.6 is selected for within Allegan County itself, reflecting a view that a significant portion of the off-site spending and contractor spending may flow to adjacent counties, particularly in the initial years.

Total job creation from this scenario

Summing the direct, indirect, and induced employment creation figures produce a total for the Allegan Area **4,904 FTEs**, with **3,380 FTEs** within Allegan County.

As noted throughout, the approach taken by local businesses to the new business opportunities will greatly influence the amount of off-site spending attracted to Allegan. In addition, the degree to which local governments decide to encourage or restrain growth though their Master Plans and zoning/permitting will also impact to what extent the growth opportunities are utilized. No unwanted growth is foreseen.

Construction jobs

An investment amount for the casino facility has not been published. Solely for elaboration purposes, a broad construction figure of $100,000,000 is chosen. This relates to approximately 830 person years of construction employment.

PUBLIC REVENUES

The most recent State Compact signed by four Native American tribes and Governor Engler dictates that 2% of electronic gaming (slot machine, video poker, etc.) revenues must flow to local governments. It is possible that the final compact signed by the Gun Lake Tribe may differ somewhat, but it is most logical for the purposes of this analysis to use the basic model that has been established. It must be considered unlikely for the amount that will flow to local communities to be less than that established in the existing compacts.

The gaming scenario developed in Chapter Three generated a gross gaming revenue figure at full operation during year three of $169.67 million. From experience at other Native American casinos and Indiana riverboats, it is reasonable to postulate that electronic gaming will represent in the vicinity of 82% of the total.

Table 4-2 utilizes the gross gaming revenue figure and the slot percentage figure to display the 2% revenue payments to local government and an 8% payment to the state.

TABLE 4-2
SCENARIO FOR LOCAL AND STATE GAMING TAX REVENUES
(Based Upon the Most Recent State Compact)

Projected Gaming Revenues	$ 169,672,946
Slot Percentage	82%
Projected Slot Revenues	$ 139,131,816
State Percentage (at 8%)	$ 11,130,545
Local Percentage (at 2%)	**$ 2,782,636**

The most recent compacts signed between Native American tribes and the State, which are assumed to serve as a model for the compact for the Gun Lake Tribe, calls for the distribution of the funds to be determined by a Local Revenue Sharing Board (LRSB). The language creates a 3-member panel composed of one person from the host Township (or City), one from the County, and one other from local government.

The Tribe does not influence how the revenues are distributed. If, solely for an example, the Township hosting the casino were to receive one-third of the dollars allocated by the Board, the annual payments under the scenario above would exceed $927,000. The Township would also be in the position to also benefit from the remaining $1.8 million that would be apportioned to the County and other public purposes.

The most recent Compact also requires that a minimum of one-eighth of the local funds flow to public safety services (this amount can be exceeded). Under the scenario, the minimum figure for public safety would be over $347,000 annually, with the LRSB having the option to direct even more dollars to public safety purposes.

There are also other public revenues that will be generated due to the casino. For example, any increase in hotel/motel usage would raise collections from lodging use fees. Greater property tax revenues would also be garnered from new or expanded businesses. Homeowners, however, are protected from having their own property tax payments increase above the rate of inflation by State law.

In Michigan, counties and local governments do not have local sales taxes. The state does have a 6% sales tax. Non-gaming spending attracted by the casino that would otherwise flowed to spending in other states (such as in Indiana counties with riverboat casinos) would to the generation of some additional state sales tax revenues. If, solely for descriptive purposes, if a round figure of $15 million is chosen to represent the proportion of the non-gaming spending that would otherwise not have been spent in Michigan, and all this was subject to the state sales tax, an incremental gain to state of $900,000 annually in state sales tax revenues would be achieved.

The additional spending from better employment by the individuals in the direct, indirect, and induced employment would also generate at the margin additional state sales, income, and sales taxes. Developing a formal estimate of the additional net figures is beyond the scope of this report. Wayland Township does not have an income tax on residents. This precludes taxing non-residents employees at local businesses.

CHAPTER FIVE
POPULATION, HOUSING AND OTHER COMMUNITY DEVELOPMENT IMPACTS AND CONSIDERATIONS

POTENTIAL GROWTH

The new employment and local business opportunities create an environment where growth may occur. Yet, as noted, the "supply" to meet the "demand" will be to a large degree controlled by local and county government. The zoning and minimum site size regulations, along with the capacity allowed and location of sanitary sewer and water lines, will affect the size and location of growth. There is no reason to believe that any unplanned growth will occur.

This Chapter develops scenarios for the sources of the employees, and the subsequent impact on housing demand. It also addresses other community development aspects.

POTENTIAL POOLS OF EMPLOYEES

Any model used to estimate change in population or housing created by the casino begins with a review of where the new employees will come from. Once a scenario is developed for the employees, the population and housing scenarios can be derived.

Categories

The potential pools of employees for the jobs created can grouped in the following manner:

- Allegan residents now working in other counties.
- From the ranks of the unemployed and expansion of the workforce, including part-time employment.
- Overtime.
- Employees who will commute significant distances to the casino; no plans to move into the county.
- Shifts from other employers in the County.
- Employees intending to move into Allegan if reasonable housing options are available.
- Employees in the jobs made available from intra-county shifts that will move into Allegan if reasonable housing options exist.

Each of the categories is briefly described below:

Allegan residents now working in other counties.

Over 48% of employed Allegan residents work outside of the county. This "bedroom community" effect in some ways is a compliment to the attractiveness of Allegan. It is also influenced by the cost of living of other areas and creates transportation and time resource costs. The dependency upon the economies of other areas is also a factor in why the casino will benefit the area.

It is likely that some residents will take jobs at the casino, or in the other jobs spawned off-site by the casino, as a preference to their current employment outside the county. In many cases the wages, and particularly the benefits, will be better, with better opportunities for advancement. For some, the new jobs will simply be more convenient than travelling further each day.

From the ranks of the unemployed and expansion of the workforce, including part-time employment.

Data in Chapter Two exhibited that the July unemployment rate for the Metropolitan Statistical Area in June of 2002 was 7.5. The overall number of unemployed in the four county region was reported to be 48,500, up from 23,800 in July of 2000.

Casino employment also has the potential to attract employees through expansion of the workforce. The "unemployed" classification includes only those actively seeking employment. These "discouraged workers" that do not show up in the unemployment figures provide an additional potential employment pool of the casino.

There are also individuals in seasonal or cash-only jobs not reflected in the unemployment figures that will be attracted to positions at the casino or at the indirect or induced jobs. This category also includes individuals taking second jobs in one of the positions created, perhaps on a part-time (moon-lighting) basis.

Overtime

It is common for a casino to utilize overtime, particularly for the skilled and somewhat unique positions directly involving the gaming operations.

Employees who will commute significant distances to the casino; no plans to move into the county.

A significant portion of the positions will be filled by residents of surrounding counties who will not (at least in the foreseeable future) be planning to move to Allegan. Employees filling the on-site positions are viewed as somewhat more likely to be attracted to moving into Allegan because of the higher wages and benefits at the casino positions compared to those in the off-site categories.

Shifts from other employers in the county.

There may be some shifting of employees from other employment in Allegan. Given that such a large percentage of Allegan residents work in other counties, this is not expected to be a large number.

Moreover, the number of unemployed in the region far exceeds the number of jobs created, thus there will be many others in the employment pool to fill any positions opened from shifts to casino related employment.

Employees intending to move into Allegan if reasonable housing options are available.

This is the core group that will create housing demand. For most, it will take several years to first begin work, determine the employment and operations do indeed hold long-term attractiveness, and then look for and find housing within the county. The assumptions used in the scenarios that follow attempt to avoid double-counting of this group with employees derived from the groups above.

Employees in the jobs made available from intra-county shifts that will move into Allegan if reasonable housing options exist.

Any shifts from other employers in the county will create openings. In a few instances, this will attract new employees for these positions who desire to move to Allegan. In that such positions will not be high paying (or otherwise the incumbent would not have left the job) this dynamic will be small.

EMPLOYEE SOURCE SCENARIO

In **Table 5-1** the total employment needs and the pools listed above are utilized, along with prudent assumptions, to develop a mid-level scenario for the distribution of new employees. This assumes a reasonable level of desire on the part of local governments to accommodate new housing. The estimates are not suggested as being firm predictions, but rather the reasonable outcomes given a variety of tangible and intangible factors. The scenario does not include any other housing trends exogenous to the casino.

TABLE 5-1
MID-RANGE SCENARIO
EMPLOYMENT POOL

JOB (FTE) ESTIMATE	Direct and Indirect		Induced		Individuals in Row Category
	2,208		1,324		
LABOR POOL	Proportion of column	# of Individuals	Proportion of column	# of Individuals	3,532
Allegan residents now working at jobs outside of area.	20%	442	15%	199	640
Unemployed, expansion in workforce, including part-time.	15%	331	20%	265	596
Overtime	5%	110	5%	66	176
Outside of Allegan who will commute for the foreseeable future	30%	662	40%	530	1,192
Subtotal	70%	1,546	80%	1,059	2,605
From shifts from Allegan employers.	10%	221	10%	132	353
From employees moving to Allegan (if housing supply exists).	20%	**442**	10%	**132**	**574**
Total from the above.	100%	2,208	100%	1,324	3,532
Employees filling county shifts workers that will move to Allegan.	10%	**22**	10%	**13**	**35**
New employees moving to Allegan		**464**		**146**	**609**

In order to exhibit flexibility and appreciation that there are many variables that will influence actual housing growth, the analysis also offers "low-range" and "high-range" scenarios. These figures are displayed in **Tables 5-2** and **5-3.** Each scenario uses the same total number of new jobs from the estimates generated in Chapter 4. The ranges stem from the use of differing assumptions for the various categories of employee sources.

TABLE 5-2
LOW-RANGE SCENARIO--EMPLOYMENT POOL

Job (FTE) Estimate	Direct and Indirect		Induced		Individuals in Row Category
	2,208		1,324		
Labor Pool	Proportion of column	# of Individuals	Proportion of column	# of Individuals	
Allegan residents now working at jobs outside of area.	20%	442	15%	199	640
Unemployed, expansion in workforce, including part-time.	15%	331	20%	265	596
Overtime	5%	110	5%	66	176
Outside of Allegan who will commute for the foreseeable future	40%	883	45%	596	1,479
Subtotal	80%	1,766	85%	1,125	2,892
From shifts from Allegan employers.	10%	221	10%	132	353
From employees moving to Allegan (if housing supply exists).	10%	221	5%	66	287
Employees filling county shifts workers that will move to Allegan.	10%	22	5%	7	29
New employees moving to Allegan		243		73	316

TABLE 5-3
HIGH-RANGE SCENARIO--EMPLOYMENT POOL

Job (FTE) Estimate	Direct and Indirect		Induced		Individuals in Row Category
	2,208		1,324		
Labor Pool	Proportion of column	# of Individuals	Proportion of column	# of Individuals	
Allegan residents now working at jobs outside of area.	15%	331	15%	199	530
Unemployed, expansion in workforce, including part-time.	10%	221	20%	265	486
Overtime	5%	110	5%	66	176
Outside of Allegan who will commute for the foreseeable future	25%	552	35%	463	1,015
Subtotal	55%	1,214	75%	993	2,207
From shifts from Allegan employers.	10%	221	10%	132	353
From employees moving to Allegan (if housing supply exists).	35%	773	15%	199	971
Employees filling county shifts workers that will move to Allegan.	15%	33	10%	13	46
New employees moving to Allegan		806		212	1,018

NEW HOUSING SCENARIO

The employee source projections provide a foundation for developing housing scenarios. **Table 5-4** exhibits the low-, mid-, and high-range scenarios. As stated throughout, local public policy will have an enormous impact on how many structures are actually built, and of what design.

TABLE 5-4
NEW HOUSING DISTRIBUTION SCENARIOS

	Low-range		Mid-range		High-range	
Total employees moving to Allegan	316		609		1,018	
Employees per housing unit	1.1		1.1		1.0	
Added unit base demand.		287		554		1,018
Served from vacancies and modifications to existing units.	10%	29	5%	28	0%	0
New unit demand.		258		526		1,018
Proportion within 15 minutes of casino.	60%		65%		70%	
New structure demand within 15 minutes		**155**		**342**		**712**
TYPE OF UNIT SCENARIOS						
	Low		**Middle**		**High**	
Single standing	45%	70	50%	171	55%	392
Condominium	15%	23	15%	51	15%	107
Apartment	40%	62	35%	120	30%	214

The mid-range estimate of 526 new units represents an increase of a bit over 1.2% in the Allegan housing stock. This is a significant figure in terms of being created by one project, but not overwhelming for planning or infrastructure. It will also require several years to evolve.

If the average household size for these new units in the mid-range estimate were 2.70, the total population increase equates to approximately 1,420 individuals, representing a total Allegan county population increment of less than 1.35%.

Schools Impacts

As Chapter Two detailed, student populations at public schools in Allegan County grew only slightly during the last decade (approximately 4%) even though population was increasing by over 16%. The specific reasons for the trend are not certain, although an increase in Charter and private schools, and a lower percentage of residents between the ages of 8-18 within the total population, are possible factors. Regardless, the results of the housing scenarios do not suggest that public schools will be facing major enrollment impacts due to the casino.

Even if growth is allowed and indeed does occur, it would take several years to evolve after the casino opened. Furthermore, if there is growth, state aid is guaranteed at the same level of funding per student---therefore dollars from the state school aid fund would increase proportionately with any increase in the number of public school students.

COMMUNITY DEVELOPMENT

Opportunity, planning and control

Even though the county is involved with a variety of programs to attract new businesses to Allegan, some residents may be concerned that the casino may create too much growth. The casino may create a demand for expanded housing and encourage businesses to expand. Local governments, however, will still possess the ability to manage the growth through permitting and zoning. No unplanned growth need occur.

Allegan County, according to U.S. Census, was home in the year 2000 to 372 *retail service establishments* and 172 *accommodation & food service* establishments. Therefore, revenue growth from off-site spending by casino customers is very likely to occur at already existing enterprises and structures.

Sewer and water

The sewer and water infrastructure and other environmental aspects are discussed in a separate component document of the overall submittal. Several segments of the housing, community development, off-site business analyses speak to the limits on indirect and induced growth.

Roads and traffic

Separate sections of the submittal detail road and traffic considerations. Given the location and design of the land use plan, there is strong reason to concur that the considerations will be addressed in full.

GENERAL BUSINESS ENVIRONMENT

New opportunities for other businesses

The employment scenario in Chapter Four discussed the off-site indirect and induced employment potentials created by the casino. The new dollars in the economy create revenue stabilization and growth opportunities for existing businesses. Any business expansion would occur at existing facilities or directed and limited to geographic districts that are zoned for commercial uses.

Attractiveness of area to non-casino businesses

Information has been supplied that exhibited that the land values in casino host communities in Michigan have increased faster than in the remainder of the state. Any increase in the overall economy tends to make an area more attractive to new businesses.

It is valuable to consider the recent experience in Detroit and Windsor, Ontario after their casinos were approved. During the period after approval of casino gaming in Detroit, both General Motors Corporation and Compuware Corporation have selected downtown Detroit as the location for their world headquarters. In Windsor, Chrysler Canada, after a nationwide search, announced Windsor was preferred for a new headquarters facility. It is not implied that these sites were chosen because of the casinos, but the gaming facilities obviously were not deterrents.

Casino impacts on property values elsewhere

The history from Michigan counties that presently host casinos is that land values increase. This is logical given that individuals may be seeking housing in the area, the added revenues for the business sector, the better net income realized by County residents deciding to work at one of the new jobs rather than jobs outside the county, and the major public payments made by the casino to local governments.

A statistical indicator of impacts on property value can be found through comparison of trends in the SEV in counties with casinos. Michigan State University publishes data on the SEV in each county in Michigan. **Table 5-5** compares the SEV trends between the years 1993 and 1999 for the entire state of Michigan with five counties that host the largest Native American casinos in the State. These casinos either located within the counties during the period or grew from tiny operations to major enterprises.

TABLE 5-5
TRENDS IN STATE EQUALIZED VALUATION---1993-1999
STATEWIDE AND KEY CASINO HOST COUNTIES
Data Source: Michigan State University

AREA	1993 Total SEV	1999 Total SEV	% Chg. 93-99 SEV (%)
ENTIRE STATE	167,507,478,809	261,002,177,463	**36%**
Chippewa	446,134,064	755,618,515	41%
Grand Traverse	1,559,346,875	2,719,016,666	43%
Isabella	632,402,030	1,036,301,595	39%
Leelanau	873,166,037	1,526,420,485	43%
Mackinac	405,786,322	674,576,213	40%
HOST COUNTY GROUP	3,916,835,328	6,711,933,474	**42%**

The data exhibits that total property values in casino host counties have performed impressively---well above the state average. Furthermore, the host county group figure was held down due to the loss by Isabella County of a key petroleum industry firm (and its SEV) that was totally unrelated to the casino. Interestingly, the growth in Allegan during the period was 43%, with the growth in Allegan, Kent, and Ottawa combined being 37%. It is not suggested that the casinos alone were the reason for the increase in the SEV. The data does challenge, however, concerns that a casino lowers area land values.

CHAPTER SIX
OTHER COMMUNITY IMPACTS AND CONCERNS

THE ECONOMY AND SOCIAL IMPACTS

This Chapter reviews various additional community impacts and considerations potentially created by the new casino. Key to the discussion is the reality that better overall local employment tends to benefit the quality of life of an area in many ways beyond higher paychecks. The task of assessing the community impacts in Allegan County is aided by the fact that 17 other Native American casinos already exist in Michigan. Hundreds of communities in other states host casinos. This Chapter references a sound foundation of historical information on what has occurred in these communities after a casino has opened.

An interesting aspect of casinos and new areas is that concerns may be voiced from both those that claim that the casino will not produce economic benefits and those that claim that the casino will be too successful and create too much growth. On occasion, the same critics argue from both extremes. In actuality, the findings from other areas exhibit that the casinos have been beneficial additions, but do not dominate an area.

The full operation scenario in the previous chapter estimated that the casino would be paying to **local programs and agencies** approximately $2.78 million annually from electronic games of chance revenues based upon the standard state compact (2% of EGC revenues to locals, plus an additional 8% to the state). The tribe is also prepared to provide a resolution pledging a 2% of EGC revenues to local programs and agencies in the event that a state compact is not entered into. These dollars will help assure a better community.

CRIMINAL ACTIVITY AND LAW ENFORCEMENT

No common agreement

Casino proponents and critics have often voiced opinions on the relationship between crime and casinos. A Google search of the words *"casinos crime rate impact"* yields over 6,000 hits. There is no agreement. When scrutinizing the issue, the extensive effort by the National Gambling Impact Study Commission, using figures supplied by the National Opinion Research Council, concluded that *"insufficient data exists to quantify or determine that relationship."* A later study by the Governmental Accounting Office reached a similar determination.

Many of the studies of the relationship between casinos and crime rates that have been conducted in other states (whether reaching "pro" or "anti" or "cannot determine" conclusions) may not be appropriate for Michigan in any event. The studies tend to look at regions where few gaming/casino options previously existed for area residences. As previously identified, Allegan area residents already have many gaming options, including 20 casinos in Michigan and riverboats just across the Indiana border

Crime "rates" and tourist areas

The official "crime rates" for residents of tourist areas and areas with a large number of seasonal homes can be unfairly overstated. The published *crime rate* for an area is typically calculated by dividing the number of crimes by the number of permanent residents. This methodology unfairly treats venues with a large number of visitors. A convenience crime at a tourist attraction against a visitor (such as purse snatching) is recorded as occurring within the host community and thus is included in the crime rate calculation as if the victim was a permanent resident. Yet, the residents of these towns may correctly view their community as safe; they might not even know the crime was even committed.

Orlando, home to Disney World and other tourist attractions, provides an interesting perspective. The December 18, 2001 edition of the **Orlando Sentinel** reported on a FBI study that found that of 16 cities of comparable size, Orlando ranked first in all crimes per 100,000 residents. The article reported, *"Many of the reasons for Orlando's high numbers are linked to the city being a tourist destination, experts say. First, the industry adds 150,000 visitors to the local population on any given day, and the FBI does not factor in the 'transient population' of any city when measuring crime rates."*

Comparison with experience in Michigan casino host communities

Even if the deficiencies in calculating crime rates are disregarded, the historic numbers for crimes in casino host counties in Michigan still compare favorably with other areas. This is a particularly important concept because the Michigan State Police crime figures encompass the total crime trends, rather than simply anecdotes pertaining to a few individuals.

Caution is appropriate when comparing crime frequency between areas due to the differences in demographics as well as other issues, such as the number of tourists. Moreover, an improved law enforcement may even lead to an increase in reported crimes because victims and witnesses becomes more likely to contact police if there is an abiding belief that an arrest and conviction will follow.

Even given the shortcomings of comparing crime rates, it still is of interest to contrast crime figures in the Allegan region with those counties that have been hosting the larger Native American casinos in Michigan. **Table 6-1** provides data from the Michigan State Police for the year 2000. The table includes the host counties for four larger Native American casinos. It also includes the four counties in the Metropolitan Statistical Area that Allegan County is part of, and the totals for the entire state. Exhibited are the totals for *"Index"* crimes (typically more serious), and *"Non-index"*. Three key subcategories of Index crimes are also exhibited *Aggravated Assault*, *Burglary*, and *Robbery*.

TABLE 6-1
COMPARISONS OF INDEX AND NON-INDEX CRIME TOTALS FOR 2000
Data Source: Michigan State Police

	Popu-lation	Index Crimes	Key Index Crimes			Non-index Crimes	Index and Non-index
			Aggra. Assault	Burglary	Robbery		
Casino Host Counties							
Chippewa	38,413	732	46	121	2	2,865	3,597
Grand Traverse	77,654	2,407	90	315	8	6,704	9,111
Isabella	63,351	1,764	70	288	8	5,422	7,186
Manistee	24,527	652	45	157	2	2,144	2,796
Subtotal	203,945	5,555	251	881	20	17,135	22,690
Per 1000 residents		**27.2**	**1.2**	**4.3**	**0.1**	**84.0**	**111.3**
Counties in MSA							
Allegan	105,665	1,779	162	410	8	5,625	7,404
Kent	574,335	24,916	1,999	4,690	740	47,622	72,538
Muskegon	170,200	5,833	286	882	31	20,672	26,505
Ottawa	238,314	8,200	511	1,182	121	24,709	32,909
Subtotal	1,088,514	40,728	2,958	7,164	900	98,628	139,356
Per 1000 residents		**37.4**	**2.7**	**6.6**	**0.8**	**90.6**	**128.0**
Entire State	9,938,444	40,11,873	35,481	69,073	13,512	708,239	1,120,112
Per 1000 residents		**41.4**	**3.6**	**7.0**	**1.4**	**71.3**	**112.7**

The rates of offences *"per 1000 residents"* are also calculated, using the Census figure for permanent residents in the denominator. Again, this technique might be unfair to casino host counties because their rates would be lower if the thousand of visitors to the casino were included in the population denominator. Nevertheless, the 2000 rates calculated for these communities compare favorably. The Allegan area MSA experienced a higher level of Index and Non-Index crimes in 2000 than the four casino host communities. The host communities also have an Index crime rate lower than the state average. These figures are not proof that casinos reduce crime; there are many other variables. Yet, the data does not infer that the presence of casinos increases serious crime.

It is not statistically sound to compare the crime rates for a small county between two different years because a single rash of occurrences can skew the totals. Yet, simply for context, it is interesting to note that in 1996, before the Little River casino opened in Manistee County, the State Police data for the county shows a *Robbery* total of 3, *Aggravated Assaults* total of 40, and a *Burglary* total of 157---figures almost identical to the 2000 totals (Table 6-1) after the casino opened.

A brief review of trends within Isabella is also useful. During the years 1994 to 1998, the Soaring Eagle casino grew from a relatively modest operation into one of the largest gaming venues in North America. The levels of change within four key categories involving violent crimes or a threat to injure are as follows:

Rape..decrease of 29%
Robbery..decrease of 38%
Aggravated assault...................................decrease of 11%
Overall violent crime rate..........................decrease of 18%

There are likely many reasons why the decrease occurred, and some other geographic areas may exhibit even larger decreases. Nevertheless, the Isabella trends again suggest that there is no evidence to believe that crime levels increase due to the presence of a Native American casino.

Indiana historical results in casino host counties

It is useful to also consider impacts in regions with similar demographics. In Indiana, eight riverboat casinos opened between 1995 and 1997 and a ninth in 1998. The **Indiana Gambling Impact Study Commission** retained the **Indiana University Center for Urban Policy** to provide statistical research into the community impacts of the riverboats. The final report, "*The Social, Fiscal, and Economic Impacts of Legalized Gambling in Indiana*" was published in 1999.
The report analyzed a variety of crime data for counties hosting casinos and the data for the remainder of the state.

In **Table 6-2** arrest data published by the Commission for casino counties is compared to non-casino counties.

TABLE 6-2
CHANGE FROM 1992 TO 1997 IN TOTAL ARRESTS
FIVE CASINO COUNTIES AND REMAINER OF STATE
Data source: Indiana Gambling Impact Study Commission

Type of Arrest	Change in "Casino Counties"	Change in Remainder of State
Disorderly Conduct	-49%	-15%
Public Intoxication	-30%	-11%
Driving under the influence	+11%	-30%
Offenses against families	+24%	+80%
Drug Abuse Violation	+11%	+108%
Fraud	-14%	+31%

The casino counties exhibited better improvements (or lower increases) than the remainder of the state in all but one of the categories. The sole exception was *"Driving Under the Influence."* Even in this category, 4 of the 5 five casino host counties experienced a decrease during the 5-year period. The sole exception, Lake County, is located on the Chicago border, and is host to or near six casinos in Indiana and Illinois. During the period, the Chicago was experiencing an increase in visitors, creating additional traffic. Heightened enforcement of drunken driving laws also may have been a factor. Interestingly, the Indiana Study found that in several categories the total number of arrests actually decreased after the casino opened. This may have been influenced by the improved local employment situation brought by casinos, although other factors may also have impacted the totals.

Paperwork and the cost of law enforcement and other services

Even though the Michigan and Indiana data does not suggest that serious crimes against residents will increase, it is still possible that local public safety agencies will experience an increased work load. There are less intense aspects of law enforcement that will need to be dealt with. A prominent consideration in this category stems from increased traffic. The site is near a major highway, yet it remains likely that traffic related will increase for local public safety agencies. This also includes the time at the scene and office paperwork involved with automobile accidents and breakdowns.

The possibility of additional local public safety expenses were part of the reason that the most recent compact between tribes and the State required that at least one-eighth of the 2% dollars flowing to local governments was required to flow to public safety services. If this same language is used for the Wayland Township facility, the scenario in Chapter Four suggests that a minimum of over $347,000 annually would flow automatically to Allegan public safety programs. The Local Revenue Sharing Board (called for in the standard state compact) that administrating the 2% funds could further increase the payments to public safety agencies, whether or not directly connected to actual expense impacts.

The tribe will be responsible for security on-site at the facility. Casinos are probably the most tightly monitored of any entertainment/tourism venue. These costs are entirely those of the casino operator. The site will not possess tribal housing. This significantly reduces the level of administrative agreements between the tribe and local public safety units, as compared to situations where the tribal lands host significant permanent populations.

The tribe has entered into an agreement with the Allegan County Sheriff's Office covering various law enforcement jurisdictional issues A copy of the agreement is included in a separate section of the overall application. This agreement is a sign that those most involved with local law enforcement are satisfied that the payments from the tribe will cover or exceed any increased expenses. If a state compact is not entered into, the financial portion of the agreement will be financed by the 2% payment agreement the tribe has pledged to make to local programs and services.

Similar types of agreements are being negotiated fire and emergency medical services agencies, and should be completed. The financing will be provided through the 2% payments in the state compact. If a state compact is not entered into, the financing will stem from the 2% pledge the tribe is prepared to make to local programs and agencies.

Police, fire, and EMS would be expected to be the most significant administrative and service expense areas. The 2% payments, whether from a standard state compact or a separate pledge made by the tribe for local programs and agencies provides for significant additional amounts to be available for other projects and purposes. It is again noted that major development projects in Michigan typically do not make special payments or guarantees, indeed, taxes for major employment creation projects often are abated.

ADMINISTRATION OF LOCAL (INCLUDING COUNTY) GOVERNMENT

There is also a cluster or administrative and paperwork expenses for the host community, as there would be with any new development. These likely will be less significant then the public safety area, but merit notice. Such items include revisions to the Master Plan, consulting services for reviewing future plans, policies, permits, and public meetings. In a similar vein, the County may also experience some miscellaneous administrative expenditures, for example, within the planning office. An exact expense total for these activities will depend upon the decisions of the Township and County. Moreover, some of these actions are undertaken periodically whether or not there is a casino. Overall, the additional costs would not be expected to exceed $150,000. This is far less than the local and county dollars expected from a standard state compact or a separate 2% of EGC payment from the tribe to local (including county) programs and agencies.

PROBLEM GAMBLING BEHAVIOR

Some critics may claim that the casino will create a tidal wave of new problem bettors among Allegan residents, thereby (in theory) creating social costs for county government. Historical data does not suggest such a problem will occur.

Rates of gambling addiction

The vast majority of casino patrons are normal citizens who choose a casino as a form of entertainment. Certainly though, there are members of society that possess compulsive gambling tendencies. Studies typically place the percentage of adults with the predisposition at between 1.1% and 2.2%, with perhaps one-half of that group actively involved in addictive gambling at any one time.

It is also a fact that individuals with addictive gambling tendencies are more prone to have other addictive or self-defeating habits (drugs, alcohol, excessive spending, anti-social behavior, etc.). Whether the gambling problem is a cause or an effect can be difficult, if not impossible, to determine.

Numerous wagering alternatives already exist

It is reiterated that the reality is that Allegan area residents that want to make a wager already have numerous opportunities. Whether legal wagering (lotteries, bingos, casinos, horse tracks) or illegal (bookmakers, private games, the Internet) many alternatives exist.

Indiana bankruptcy report

One of the activities of the research team for Indiana Gambling Impact Study Commission was an intensive survey of individuals filing for bankruptcy. The researchers found that of the 1,107 petitioners surveyed who filed non-business bankruptcy in 1999, only about half engaged in some form of entertainment-related gambling during the year before filing. Furthermore, even of this group, only a minority had even visited a riverboat. In the *"Conclusions"* segment of the "Gambling and Bankruptcy" section the researchers report:

> *"There is no evidence from this analysis that persons who file bankruptcy are more likely to engage in gambling or to have problems with gambling than a random sample of adults."*

It is also noted that in a 1999 study the United States Treasury Department reached the determination that any claim of a relationship between gambling and bankruptcy was "statistically weak."

Programs for those with problem gaming behavior

Regardless of ones views on the causes and magnitude of addictive gaming behavior, there is no question that there are members of society that do need and merit help with their problem betting. The new casino should be expected to provide financial support to programs that assist individuals with addictive behavioral tendencies.

It is common for Native American casinos in Michigan to contribute towards such programs. The programs funded by the casino will also be helping to address problem behavior that occurs with other forms of gaming. Internet sites and illegal bookmaking, obviously, do not fund such programs.

The Allegan facility should also be expected to utilize "responsible gaming" practices that are now common at most casinos. Some aspects include appropriate signage and other information about the availability of help for problem gamblers, and a service to prevent individuals from entering the casino who request such limits on their behavior.

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