

**Local governments in California** have no authority over Indian casinos, and appear to be due no taxes from the casinos. But some cities and counties still see value in having a casino nearby and manage to reap economic benefits of a casino and its accompanying facilities.

The state Economic Development Department reports that Indian casino payrolls continue to expand, and casinos now employ nearly 50,000 workers, which helps make some cities and counties comfortable with a gambling hall. Indian casinos also can generate storms of angry protest because they involve gambling and because locals have no control over the developments. Thus, some localities fight tooth and nail to keep casinos out.

The issue of "reservation shopping" — in which tribes seek out the best land for developments even if ancestral links are weak — can also complicate the situation.

Stuck in the middle are jurisdictions that accept they have no authority and try to get Indian tribes to pay for public services and infrastructure.

Until recently, Indian casinos were largely a county issue because most reservations are in rural areas. But the issue is becoming one for cities because tribes are finding sites in urban areas and because urban growth is headed in the direction of some formerly distant reservations.

"It's certainly an emerging issue for cities," League of California Cities lobbyist Daniel Carrigg said. "I'm sure there is going to be a spectrum of opinion. In some communities, it's going to be a real lightning rod issue. In other communities, it's going to be seen as a new jobs and economic development opportunity."

No city in California has a more intimate relationship with an Indian casino than Palm Springs. The Agua Caliente Band of Cahuilla Indians has a large Indian casino right downtown — not surprising considering that the tribe's reservation includes 6,700 acres within the city limits. For eight years, the tribe had a casino in a large tent. Eighteen months ago, the tribe opened the new, much larger Spa Resort Casino.

The city has tried to capitalize on the Agua Caliente Band's investment, said John Raymond, Palm Springs community and economic development director. The casino is located just a couple blocks from the convention center, and sits between the convention center and the downtown's main drag, Palm Canyon Drive.

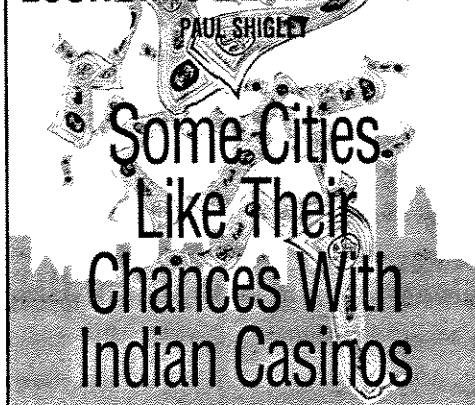
"It [the casino] is a positive to the hospitality industry," Raymond said. "Now, is it a positive for the rest of downtown? That depends on the retailer you talk to."

A resort and retirement community, Palm Springs' downtown problem is the opposite of most cities. In Palm Springs, downtown is full of people after 5 o'clock. During business hours, however, downtown is quiet, Raymond pointed out. The gambling hall may exacerbate the dominance of eating and drinking establishments in downtown. Partly for that reason, the city is trying to entice regional and national retailers to the area.

Although some of the Agua Caliente Band's development plans are controversial in Palm Springs, Raymond said that the only people who complain about the casino itself are gambling opponents and some residents who gripe when the tribe closes streets for special events.

"It doesn't stick out like a sore thumb," Raymond said of the Spa

## ECONOMIC DEVELOPMENT



Resort Casino. "They didn't do a 23-story hotel with a ground-floor casino, which is the Vegas model."

Palm Springs gets no direct revenue from the casino, but non-Indian hotels — there are large ones within walking distance of the casino — collect a 13.5% transient occupancy tax for the city. And, Raymond noted, the tribe annually gives out more than a \$1 million to community groups.

Palm Springs' attitude is an exception right now, but it might portend the future. A more typical response can be found in the

Bay Area, where local governments around a proposed Indian casino near the Oakland Airport are united in opposition to the project. The Cities of Oakland, San Leandro and Alameda, plus Alameda County and the East Bay Regional Park District recently signed an agreement to work jointly on defeating the plans of the Lower Lake Rancheria-Koi Nation, a landless 30-member tribe of Pomo Indians. Working together should allow the jurisdictions to maximize what little leverage they have, Oakland City Attorney John Russo said.

"What you don't want is cities saying, 'Don't put it here, put it there. No put it there,'" Russo said.

Russo argued that the economic benefits of the proposed casino do not add up, especially because of the proposed location. People could fly into Oakland Airport, take a shuttle to the casino, stay at a casino hotel and eat at casino restaurants, Russo said. People could make the whole trip without spending money at a business that pays taxes to the city.

"It's not everything it's cracked up to be fiscally, if you look at a municipality as a corporation. We believe the public service costs far outweigh the benefits," Russo said.

About 20 miles north on the Interstate-80 corridor, however, the City of San Pablo has endorsed the idea of converting a 10-year-old card room into a larger Indian casino — specifically because of the economic benefits. The proposed 300,000-square-foot casino could provide 3,000 jobs in the city of 31,000 people.

"San Pablo is a working-class city trying to survive economically," Councilman Leonard McNeil told the *Contra Costa Times*. "If you are economically well-off, you can afford to take a moral stance about whether people should gamble or not."

The San Pablo City Council voted to endorse the casino in February. Less than two months later, the Contra Costa County Board of Supervisors voted to oppose all urban gambling.

The proposal from the Lytton Band of Pomo Indians for converting the San Pablo card room has become a national issue. Legislation by U.S. Rep. George Miller (D-Martinez) placed the card room site in trust for the Lytton Band, a necessary step toward casino development. Since then, Miller has distanced himself from the project, saying he did not envision a project as large as the Lytton Band has proposed.

Nearby, the City of Richmond has designated part of an old Navy base now controlled by the city for a large Indian casino and hotel (see *CP&DR Local Watch*, February 2005). Like their colleagues in San Pablo, Richmond leaders cited the number of jobs that a large casino would bring to a long-struggling city. ■

### ■ Contacts:

John Raymond, City of Palm Springs, (760) 323-8228.

John Russo, City of Oakland, (510) 238-3814.

Daniel Carrigg, League of California Cities, (916) 835-8222.