A Casino for San Pablo: A Losing Proposition

An Analysis of Revenues and Expenditures for a Proposed Casino for San Pablo, California

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SETTING

This Report assesses the potential economic flows into and out of a local area (Contra Costa County and Alameda County) and regional area (surrounding counties of San Francisco, Solano, Napa, Marin, San Mateo, Santa Clara, and Sonoma) because of a proposed casino to be located in San Pablo. The flows include revenues brought to the casino by players and then lost by the players in games played. Flows also include casino expenses such as employment, advertising, building support, supplies, and state and federal taxes. The flows also include distribution of profits, as well as moneys lost to communities as a result of externalities--particularly costs associated with extra crime and extra compulsive gambling. The input and output flows will permit a determination if the casino will result in a net positive or negative economic bottom line for the local area or region.

The proposal is for a casino on Native American trust land in San Pablo, California held on behalf of the Lytton tribe, a Native community resident of Windsor, California, north of Santa Rosa in Solano County. San Pablo is located in Contra Costa County, seven miles west of Berkeley, seat of the University of California, 15 miles north of Oakland and 13 miles from downtown San Francisco.

The exact size of the casino is not firmly established, yet an assessment of the economic flows does depend upon the size of the project. Therefore, the assessments reported here will be based upon a basic assumption that the casino will have 125,000 square feet of gambling space, and that space will be filled with 2500 gambling machines and also 100 gambling tables. It can be noted that the nearest major Native American casino, Thunder Valley (east of Sacramento in Roseville, 79 miles from San Pablo), has 2700 machines and 98 tables.

PROJECTED REVENUES FROM PLAYER LOSSES

Potential gambling revenues can be projected on the basis of the number of machines and tables, as well as the number of residents living near the casino, the typical number of times they will come to the casino, and the typical amount of money they will lose during each visit. Gambling revenues may also be projected from size of the gambling area of the facility.

It should be noted that this report will look only at the revenues from gambling operations of the casino.

Projections may be based upon similar projects in other jurisdictions. While no other facility will have an identical environment, some similarities permit an analysis with comparable revenues. This analysis finds comparabilities with Illinois to be the most effacacious for calculating the potential revenues of a facility in San Pablo. Illinois casinos do populations similar

but marginally larger than the San Pablo local and regional area, but they also have a larger numbers of machines in that there are 10 Illinois casinos. The San Pablo local area and region will have just one large casino (at San Pablo), although there is smaller Native American casino near Santa Rosa, and a major casino in Roseville about 85 miles from San Pablo.

The region does offer other gambling opportunities, however the casino will present a type of gambling not now at a large facility int he region. The state operates a lottery, and the area has two horse racing tracks. There are also an array of poker clubs. The reader should note that poker clubs are quantitatively and qualitiatively different from the type of casino that is proposed. The California court has recognized the very important distinctions in a decision that categorized casinos with slot machines and games in which individual players competed against the casino (the "house") as opposed to competing against other players. The games of a casino are much more attractive to "average" players and average citizens, because the games do not involve a long learning curve to master techniques, while the games of poker (and other poker club games) involve much more learning time as the games have great skill factors in addition to luck. The games also take much longer to play as they involve considerable stategy. On the other hand, the almost completely luck games on machines can be played by anyone in a six second cycle that can quickly be repeated over and over again with only minimal concentration.

1. Tables and Machines

Ten Illinois casinos have 9252 machines serving its population of 13 million adults. However, the casios compete with other casinos on the state's borders. Machines exist one hour from the state's northern border, and just minutes from borders to the east and west. The Chicagoland area (which extends into Indiana) has 7.5 million adults and is served by just over 12,000 machines. For this reason it is expected that a monopoly casino at San Pablo which has a limited number of machines (2500) will find per unit revenues at least as great as those found in Illinois, and in actuality probably much greater.

Machine revenues in Illinois range as high as $540, $641, and even $854 at specific casinos--the highest being the casino at Elgin. Statewide, the Illinois casinos win--from players--an average of $442 per day for each machine. More is won from tables--$2622 for each table per day.

Other jurisdictions do not offer attributes near to the San Pablo model of one casino in an intense urbanized area. Therefore we reject using machine revenues of places such as Missouri, Louisiana, or Colorado, where larger numbers of machines serve smaller populations. Las Vegas and Nevada are not examples that

will be duplicated in San Pablo as these are tourist intense areas with grossly oversupplied numbers of machines. The same can be said to a degree for New Jersey.

For the record machine revenues in different jurisdictions on a daily basis (year 2002-3) are:

Illinois	$442
Michigan	293
Indiana	248
Louisiana	234
Iowa	190
Missouri	176
Mississippi	155
Colorado	124
South Dakota	47

(Source: North American Gaming Almanac 2003, Bear Sterns, Jason Ader, Editor)

The commercial casino gambling states find a wide range of revenues for table games. The seven states considered here report revenues (2002-3) as followed per table:

Illinois	$2622
Michigan	1750
Indiana	1418
Louisiana	1484
Mississippi	1120
Missouri	943
Iowa	790
Colorado	376*
South Dakota	300*

(*estimated, Other states information from North American Gaming Almanac 2003, Bear Sterns, Jason Ader, Editor)

2. Visitation and Player Losses

Each resident of Illinois made an average of 3.5 visits to casinos every year, losing an average of $94 per visit.

This report defines a core area as Contra Costa County and Alameda County, an area within fifteen to twenty miles of the casino site for most residents, and a regional area beyond consisting of Sonoma, Solarno, San Francisco, Marin, San Mateo, Santa Clara, and Napa Counties. The core area has 1.7 million adults, with the near region having 3.1 million adults--a total of 4.8 million. The site has no close competition, although a smaller Native American facility is about 75 miles away. While there are no existing statistics which project the number of visits to casinos for the entire area, the leading authority (Jason Ader) suggests

that without this casino, the average California adult would make 3.2 visits and the average adult in the San Francisco area would make 3.0 visits to a casino each year, with losses of $69 per visit. The Sacramento area--one hundred miles away--should attract 4.0 visits per adult with losses at $80 per visit.

The Illinois adult within 50 miles of a casino makes an average of 3.5 visits per year to casinos, and loses just under $95 per visit.

In actuality, the visitation numbers from Chicago are lower than those from other urbanized areas with casinos, albeit losses per player are larger. New Orleans finds 8.0 visits per regional (within 50 miles) adult, St. Louis finds 7.2 visits, Kansas City 6.5, Minneapolis 5.2, and Cincinnati 5.0, and Buffalo 4.8.

In assessing visitation to a San Pablo casinos we must also consider visitation from persons living beyond the local area. The percentage of our of region participation for other areas ranges from a high of 80% to 85% in Las Vegas (not at all comparable to San Pablo) to percentages of about 40% in Atlantic City, Reno and over selected Mississippi and Louisiana jurisdictions which rely heavily upon drive in visitors from Texas, Arkansas, and points throughout the South--points that do not have accessible casino gambling. New Orleans has an outside market of 34%

For other jurisdictions the percentages of outside visitors are much lower. These jurisdictions include uban areas as well as areas surrounded in some cases with other casino jurisdictions. Examples include:

Kansas City 20%
Arizona 19%
Buffalo-Niagara Falls 17%
New Mexico 18%
San Diego 16%
Connecticut 13%
Sacramento 13%
Sioux City IA 14%
St. Louis 12%
Council Bluffs IA 12%
Detroit 12%
Chicagoland (including northern Indiana) 11%
Metropolis IL 11%
Oregon 9%
Washington 7%
Wisconsin 6%
So. Indiana 5%
Evansville 4%
Baton Rouge 0%
Greenville MS 0%

North Carolina 0%
Kansas 0%
Florida 0%
Peoria 0%
Des Moines 0%

Size of Gambling Areas

The square footage of gambling areas also serve as indicators of potential caisno wins, however, many factors attend using this one factor alone. Square footage is counted differently in different casinos--sometimes food service and bar areas may be counted if they are in the casino itself, other times not. Some times lobby areas and hall ways are counter, sometimes not. Here the measure will only be used to confirm projections using populationa nd visits and numbers of gambling devices (machines and tables).

Illinois has wins of $1.783 billion with square footage of 252,000. This yields annual gambling wins of $7079 per square foot of gambling space.

The Las Vegas Strip produces annual wins of only $1686 per year per square foot, however, the MGM Grand properties onthe Strip win $3523 per sqaure foot. Atlantic City properties win $3536, however, the best property, the Hilton, wins $5475.

Casino and Population Attributes

The core area of Contra Costa and Alameda counties have 2,462,166 which equates to 1,723,516 adults (we will consistenly use a 70% of full population factor for determining adult population)

The Regional area consisting of Marin, Napa, San Francisco, San Mateo, Santa Clara, Solarno, and Sonoma have 4,384,300 in full population and 3,069,010 adults.

The casino will have 125,000 sq feet and 2500 machines and 100 tables. The local residents will make 3.5 visits as they do in Illinois, while there will be 3.2 visits from the Region outside the local area. It is assumed, based upon the outside visits of jurisdictions indicated above, that 10% of the visits will be from outsiders, or may be considered.

CASINO GAMBLING REVENUES

Local players will devote 50% of their casino visits (3.5 per year) to the facility, while Regional visitors (outside the local area) will make 20% of their visits (3.2 per year) to the facility. The outside factor is 10%. That is, we will assume that 10% of the visits represent visits from partons who are residents of areas outside the region, and are visiting the casino specifically to gamble. They are not diverting their spending

away from other regional businesses. The 10% also includes visits from local residents who are substituting the San Pablo casino visit for a planned visit to a casino outside the region.

Each machine wins $442 a day bring annual machine wins to $403,325,000. Table wins of $2622 per day result in annual wins of $95,703,000. Total casino win for a year is $499,028,000.

There will be 4,980,320 visits to the casino with each player losing $100.20 per visit, just over five dollars more than lost in Illinois ($94).

There will be 3,016,153 visits from local adults (adults times 3.5 times 50%), discounted 10% to 2,714,538 visits or 54.5% (rounded) of the visits and revenues of $271,996,650.

Regional visits will number 1,964,166 (adults times 3.2 times 20%), discounted by 10% to 1,767,750 visits or 35.6% (rounded) of the visits and revenues of $177,128,550.

The 10% factor representing outside visits (or substitute visits) will bring in annual revenues of $49,902,800.

The square footage (125,000) win per square foot will be $4072.

EXPENSES AND PLACE OF DISTRIBUTION.

There is a variety of expenses that will be incurred by the casino as it collects gambling losses from players.

1. Taxes--State

The casino's existence is predicated upon a gain of revenues for the state government. The state of California will take 25% of the gambling revenues. All of the money will go out of the region to Sacramento. However, it is realized that the state returns services to local areas. While a significant portion of the state tax money will be absorbed by the Sacramento bureaucracy, we will simply assume that money is returned to the local areas in proportion to their population (vis-a-vis the state population). As the local area (Contra Costa County and Alameda County) has 6.9% of the state's population we see a return of 1.725% of revenues returned to the local area; The region outside the local area has 12.5% of the population, and therefore gets 3.125% of the full revenue returned in state services. Hence 20.150% of the casino gambling revenues are lost out of the region via state taxation.

2. Local Fees. Reports regarding the casino indicate that whatever revenues are earned, the casino will give $9,025,000 to local governments in the immediate San Pablo area.

3. Labor represents a big expense. We will assume that the 5000 machine casino will have 2500 employees, while the 2500 machine casino will have 2000 employees. The per employee cost will be $40,000 per year, $100,000,000 for the 5000 machine casino and $80,000,000 for the 2500 machine casino.

The base salary on average will be $32,000, with fringes of 25% or $8000 (which include social security and medicare--7.2% from the casino--$2304). The employee will have to pay 4% ($1280) in state income taxes, 20% ($6400) in federal income taxes, and 7.2% ($2304) in social security and medicare. $22,016 is retained by the employee. The extra fringes are worth $5696.

It is assumed that all employees live in the local area. Hence the local area retains $22,016. The local area keeps 6.9% of state taxes, or $88, while the region keeps $160 of this amount, and $1032 leaves the region for Sacramento and the rest of the state. The local area and the region lose the $6400 in federal taxes, and the $4608 in social security and medicare. Fringes are divided with half--$2848 staying in the local area, and half going to region.

Distribution of average salary of $40,000:
24,952 stays in local area
3,008 stays in region
12,040 leaves local-regional areas

4. Advertising, Complimentary Services, and Entertainment in Casino. 7%

While complimentary services are a major cost in Nevada casino (about 13% of revenue), in Nevada many of the costs are tied to bringing in outside highrollers, and furnishing them with not only transportation, but also rooms and high priced entertainment. The casino at San Pablo will cater to only drive-in customers. Costs here will include meals and drinks for the most part, but some limosine services. We suggest a 4% factor for San Pablo is appropriate. Another 2.5% will go for advertsing, and .5% for entertainment inside the casino. This combined 7% will be spent mostly in the local-regional area. We assign 3% of the expense to the local area, 3% to the region, and 1% to sources (media, bands, etc.) outside the local-regional area.

5. Buildings and Utilities. 4%.

The large Nevada casinos have large, sometimes massive, hotels representing major real estate investments. About 8% is spent on buildings and mortages and utilities. We assume that without massive hotel investments and space requirements, investments at San Pablo for buildings and utilities should be about 4% per year. As all construction and financial services are not likely to be made locally, we will assume that one half the expense will remain

in the local area,and the other half will go to the region.

6. Gaming Supplies will consume an average 4% of the revenues, and all this money will leave the region. Machines cost $14,000 each, with a three year life--or a cost of $4667 per year. For a 2500 machine casino, this means $11,667,500 per year being sent to manufacturers--all of whom are outside California, and most of whom are in Nevada. Others gaming supplies are also made outside the state.

7. Other Supplies and General Administrative Expenses will consume another 10% of the casino's gaming revenues. As the managers of the facility will be out-of-state firms, much of these expenses will end up in out of state hands. We will assume that 4% stays locally, 3% stays in the region, and 3% leaves to the outside.

PROFITS

Profits will be distributed to the tribal community and to the casino managers.

1. The Managers' share will be 30% of the net profits (Revenues minus all expenses). This money will go outside the local and regional areas.

2. The tribal share will be 70% of net profits. Of this amount, 60% (42% of net profits) will go to tribal government support. This money goes to the region as the tribal community is north of Santa Rosa in Windsor, California.

Tribal members will take 40% of the tribal share (28% of net profits) in per capita distributions. This amount will be reduced by 30% (8.4% of net profits) that will go outside area to federal government in income taxes, and 5% that goes to state taxes (80.6% of this--or 1.12% of net profits remains outside of local region, .18% of net profits goes to region, and .10% of net profits stays in local area). The retained per capita distribution equalling 19.4% of the net profits stay in the region.

Of net profits flowing through the tribe, .10% goes to the local area, 60.38% to the region, and 39.52% leaves the local-region areas.

THE ANALYSIS--EXPENSES

Revenue $499,028,000

State	124,757,000
Local	9,025,000
Labor	80,000,000
Advertis	34,931,960
Builds	19,961,120

Game Eq	19,961,120
Gen Admin	49,902,800
TOTEX	338,539,000
Net Prof	160,489,000

THE ANALYSIS: INPUTS--OUTPUTS--NET RESULTS

	LOCAL	REGIONAL	OUTSIDE	TOTAL
Revenue	271,996,650	177,128,550	49,902,800	499,028,000
Tax-St	8,608,233	15,594,625	100,554,142	124,757,000
Loc Fee	9,025,000			9,025,000
Labor	49,904,000	6,016,000	24,080,000	80,000,000
Adverts	14,970,840	14,970,840	4,990,280	34,931,960
Builds	9,980,560	9,980,560		19,961,120
Game Eq			19,961,120	19,961,120
Gen Admn	19,961,120	14,970,840	14,970,840	49,902,800
TOTEX	112,449,753	61,532,865	164,556,382	338,539,000
PROFITS	121,342	67,822,652	92,544,006	160,489,000
OUTPUT	112,562,095	129,355,517	257,100,388	499,028,000
Balance	-159,434,555	- 47,773,030	+207,207,588	0

The direct economic losses that will result from the presence of a major Las Vegas style casino in San Pablo with slot machines and house banked table games will result in almost 159 million dollars a year leaving the Contra Costa and Alameda County areas each year. An additional 48 million dollars will leave the surrounding regional counties, for a total direct regional economic loss of 207 million dollars a year. But these are only the direct losses from flows of money into and out of the casino. Additional indirect losses will flow outward because of the multiplier factor, and more losses will come from externalities, namely compulsive gamblers' behaviors, suicides, and crime associated with the presence of the casino.

It also must be noted that by offering Illinois revenues as comparables, this analysis is being conservative. The numbers suggested may be considered reasonable but certainly at the lower range of expectations. In contrast the casino near Roseville is producing per machine wins of $570 per day. Such a casino would win $520,125,000 from 2500 machines which with the table revenues projected from Illinois data ($95,703,000) would yield total gambling revenues of $615,828,000. This amount is 23.4% higher

that the figure ($499,028,000) being used for economic flows here. Higher revenues, comparable to those at the Thunder Valley casino in Roseville, can be expected to make the economic losses (for local area and region) and gains (for outside areas) comparably greater--ergo at least 20% more in both cases.

Stations Casino, Inc., manages Thunder Valley, for a fee of 24% of the "net" revenues. Their annual fees in 2004 were approximately $80 million, suggesting net revenues of $333.3 million for the facility. The report also that the EBITDA margin was 55% of revenues in one quarter of the year. An interpolation would find that the Thunder Valley gaming revenues were indeed in excess of $600 million, at least 20% greater than our analysis projects for San Pablo.

ECONOMIC COSTS ASSOCITED WITH NEGATIVE GAMBLING BEHAVIORS

Stories of compulsive gamblers are not just antedotes and conversation matters that we all can lamment. The stories are about a complex of behaviors that inflict economic damage upon communities. Additionally, the stories involve increased numbers of suicides, and along with monumental community grief to many many persons, each gambler suicide also inflicts severe economic damage upon a community. Crime that is driven by the appearance of new casinos in communities also impose real economic costs that are susceptible to measurement. All these costs must be considered along with the costs incurred by actual dollars as they flow into and out of the coffers of the casinos.

Compulsive (aka Pathological or addicted) gamblers and problem inflict costs upon other persons. The gamblers engage in a wide range of non-gambling behaviors that harm other people. Gaming scholar Henry Lesieur indicates that the activities of a single gambler afflict much social harm to at least fifteen people. Actually in cost terms the addicted or problem gambler hurts all the people living in a community. A money price tag can be placed on this hurt. Some of the hurt is directly to other people, while some of the harm is to the economy of a community. Here we will consider the harm to the core local area only: Contra Costa and Alameda counties--harm to others by compulsive gamblers and problem gamblers who will find their affliction developing because of the presence of this new casino property.

Calculations used here are based upon a major research finding of the National Gambling Impact Study Commission to the effect that the numbers of compulsive and problem gamblers DOUBLE when a casino is placed in their community (specifically within 50 miles of their home). Here we exclude some in this category--for instance in San Mateo--but recognize also that a small portion of the core population may be within 50 miles of the casino near Santas Rosa, albeit it is a much smaller casino than the one proposed for San Pablo.

1) Social and Economic Costs

This analyst has made many surveys to determine the social costs of compulsive and problem gambling. The methodologies used in the most recent survey in Nevada have been follwed also by a 1996 study in Wisconsin and by other studies in Connecticut and South Carolina, and Nevada. Others have applied the methodology in Illinois and Louisiana. The National Gambling Impact Study Commission utilized the methodology in its study of costs of compulsive gambling, albeit they did not use all the categories, nor did they make a cumulative cost finding.

The Nevada study was based upon questionnaire responses from 99 members of local Gamblers Anonymous groups.

Some of the costs identified are merely imposed upon others, however, matters such as missed work and government expenditures represent economic losses for a community. The categories representing economic (also called dead weight) losses represent 33.6% of the costs, while costs directly imposed upon governments represent 7.2% of the costs.

Table 1

Costs By Category: Economic(E), Government(G), and Social(S)

Cost of Missed Work	$2364	E,S
Cost of Quitting Jobs	1092	E
Cost of Fired Jobs	1581	E
Cost Unemploy Comp	87	G,S
Debt/Bankruptcy	9493	S
Costs of Thefts	3379	S
Cost Civil Suits	777	E,G,S
Costs of Arrests	95	E,G,S
Costs of Trials	85	E,G,S
Costs of Jail Time	80	E,G,S
Costs of Probation	170	E,G,S
Costs of Food Stamps	50	G,S
Costs of Welfare	84	G,S
Costs of Treatment	372	E,S

Total Cost.....	$19711	
Economic Cost.....	6616	(33.6%)
Government Cost.....	1428	(7.2%)
Social Cost.....	17036	(86.4%)

Westphal's research demonstrated that the costs of a pathological gambler in treatment are higher than those for one not in treatment. He indicates that the "on the street" gambler's costs are 51% of the average compuilsive gambler in treatment, hence here we use a social cost of $10,053. Also, research sponsored by the National
Gambling Impact Study Commission found that problem gambler costs were 49% of the costs of pathological (compulsive) gamblers, hence we consider the costs to be $4926.

XVII Projecting the Costs to the Full Society

2) How Many Gamblers Are Imposing Costs

There are 1,723,516 adults in the core area.

Rates of Compulsive and Problem gambling have been presented in the work of the NGISC as well as by the casino industry. The industry (American Gamign Association) found in its sponsored research that 1.14% of adults were compulsive gamblers, and 2.80% were problem gamblers.

The NGISC found .6% were pathological-compulsives, while .7% were problem gamblers.

We will use both sets of numbers, assuming the veracity fo the NGISC study that the rates will DOUBLE with the San Pablo Casino. Hence, an extra number of people will become compulsives and

problem gamblers. We will therefore have a range of costs for the local society.

Low Range (NGISC)

Numbers of NEW Compulsives .6%, 10,341 x $10,053= $103,958,073
Numbers of NEW Problem Gamblers.7%, 12,065 x $4926= 59,432,190
TOTAL $163,390,263

High Range (American Gaming Association)

Numbers of NEW Compulsives 1.14%, 19648 x $10,053= $197,521,340
Numbers of NEW Problem Gamblers 2.80%,48,258x$4926= 237,718,900
TOTAL $435,240,240

Range of Economic Costs--Losses (33.6%)--
Low $ 54,899,128
High 146,240,721
Range of Governmental Costs--Losses (7.2%)--
Low $11,764,099
High 31,337,297

Suicide Costs

We assume that one percent of compulsive gamblers will commit suicide. Of those in or survey 27% indicated they had made actual attempts at suicide. While this is a rolling number--they only do it once--we still assume that the current value of work of the person for his remaining lifetime is lost at point of death. This si an economic loss to the society--a value extracted from the society as a whole.

We assume a wage of $30,000 per year. Our GA members' average age was 42. They had 23 remaining years of work to do. Its value to society was therefore $690,000. At the low range with .6% of people becoming new compulsive gamblers (we account for 103 new suicides), the social costs is 103 x 690,000=(low range) $71,070,000.

At the high range 1% of 19,648, or 196 new suicides will occur, costing society 196 x 690,000= (high range) $135,240,000

Crime Costs

Economic costs associated with the presence of new or additional crime in a casino community (defined as a county) was found to be $17 per adult in a Wisconsin study. Ergo, we can expect for the core area, that there will be added economic losses of $29,299,722 (1,723,516 x $17) per year.

Citation: Casinos and Crime: What's the Connection, Wisconsin Policy research Institute, 1996, William Thompson, Ricardo Gazel,

Dan Rickman.

The Negative Compulsive/Problem costs, suicide costs, and crime costs are IN ADDITION to the ECONOMIC LOSSES identified in the input-output analyses.

TOTAL NET BENEFITS AND COSTS FROM THE PRESENCE OF A SAN PABLO CASINO

CORE AREA ECONOMIC LOSSES (LOW RANGE)

Direct Economic Losses: -$159,434,555
Economic Losses from Added Compulsive Gambling: -$54,899,128
Economic Losses from Added Crime: -$29,299,722

TOTAL CORE AREA ECONOMIC LOSS: (ANNUALLY) -243,633,405

REGION OUTSIDE OF CORE AREA

Direct Economic Losses: -$47,773,030
Compulsive Gambling and Crime: Not Calculated

REGION AND LOCAL DIRECT ECONOMIC LOSS (LOW RANGE): -$291,406,435.

CORE AREA LOSS DIRECT AND INDIRECT (USING A MULTIPLIER OF TWO)
-$487,266,810

FULL REGIONAL LOSS DIRECT AND INDIRECT (MULTIPLIER OF TWO)
-$582,812,870

A CONSIDERATION OF VULNERABLE GROUPS AND LIKELY SOURCES OF FUNDS LOST BECAUSE OF THE CASINO PRESENCE IN SAN PABLO

Poor People, Ethnic Minorities and college students will gamble more at the casinos than will people who live farther away. This very simple FACT is overlooked by local government officials who endorse casinos for their communities. They may think that the casino will mean extra revenues for their official budgets, but the casino really means that their residents will have less money in their pockets.

In 1995 this writer participated in conducting a survey of 639 players at Illinois casinos. Many lived within five miles of the casinos. On average, gamblers living within five miles of casinos made twice the number of visits that were made by players who lived more than 15 miles away. They also lost twice as much money as those living farther away. In terms of personal income, players living within five miles lost 2.8% of their annual income

in visists to the casinos. This means a loss of $700 a year for a person earning $25,000 a year, or $1036 for a person with a modest income of $37,000 a year. Those living within five miles made an average of 15 visits per year compared to fewer than eight visits per year for others.

1. The San Pablo Population

The vital question then is who are the San Pablo residents--who are the persons that will most likely frequent the casino the most?

They are poor people, they are minorities, and many are college students.

In relative terms San Pablo is a poor community. The median income is $37,000 compared to $47,493 for all of California, and $62,000 for the Bay area.

The median house value in San Pablo is $146,000 compared to $353,000 for the Bay area. Owner occupancy is 49.1% versus 56.9% in all of California. The average San Pablo household has 3.29 members, the California household 2.87.

The San Pablo population is 44.7% Latino or Hispanic, compared to 32.4% for California. African Americans make up 18.3% of San Pablo's population, 6.7% of California's. Asian people comprise 16.4% of the San Pablo community, and 10.9% of the people in California. Over forty percent of San Pablo residents were born in another country, for California the portion is 26.2%. Non-Hispanic people considering themselves "White Alone" at only 16.2% of San Pablo residents, while they are 46.7% of California's population.

Quite simply, the statistics cry out that poor people and ethnic minorities who live in San Pablo will be shifting their spending away from other businesses in San Pablo and the two-county core area designated in this study and spending that money in the casino.

Poor people do not have extensive savings that can go into casino play. Their expendable money is limited, and casino spending must divert funds from other local spending activity. Poor people do not spend a lot of money on travel, nor do they spend a lot of money on shoping ventures to high class stores in other venues. They do not shop on the internet (a study of internet shoppers found that their average incomes were "skewed toward $100,000 a year.") Poor people shop locally.

A study of 799 gamers at Wisconsin casinos found that 10% said they took gambling money from grocery spending, 25% from spending on clothing and household goods. Two-thirds said they spent money

in recreational pursuits--18% dined out--and a third of these diverted spending on recreation to casino play. (In other words, 20% of casino spending can be seen coming from other recreational suppliers). If we appled the numbers to our economic equation for the San Pablo casinos, we can see that out of the economic loss of $487 million that will annually be experienced by Contra Costa and Alameda counties because of the presence of the casino at San Pablo, 55% of this loss--$268 million--will be directly felt by other local businesses.

2. College Students

There are severla college campuses located in and around San Pablo. San Pablo itself is the home of Contra Costa College. The campus educates over 8000 students and it is located one mile from the casino site. The University of California's main campus is located in Berkeley, only seven miles from the casino site. UC Berkeley has 33,000 students, most of who will be age-qualified (over 21) to enter the casino. There can be no doubt that underaged students will be attracted to the casinos, and using ploys and adult appearances and false identifications, many will be able to enter the casinos. Underaged gambling IS a problem for every casino in every venue worldwide.

College students are an especially vulnerable population for gambling providers. The executive director of Baltimore's Compulsive Gambling Center, Dr. Valerie Lorenz, stated that "gambling is rampant on college campuses."

A Harvard University Medical School survey showed that students on campuses have the highest percentages of pathological and problem gambling of any segment of the American population. (Shaffer, 1997 Meta-analysis). The levels of pathological and problem gambling on four campuses of Connecticut State University was 11.4%, more than double that of the general population. Over 18% of male students had experienced at least one of the life impacting consequences of gambling. Over one-third of students surveyed had gone to casinos (Connecticut has the largest casino in the United States).

Connecticut is one venue, but the problem of student gambling at San Pablo on the immediate doorstep of the University of California's main campus is greater yet. The UC student body is very much attached to college sports activity, and many students participate on top level college teams sponsored by the University. The football and basketball teams are often in the top rankings of all American colleges. There is considerable betting on games in which UC athletes participate.

Gambling activity presents a significant threat to the integrity of college games. Gambling activity is quite high among student athletes. A University of Michigan national survey found that

48.2% of all student athletes made wagers at a casino, while 72% gambled at least somewhere. More troubling was the finding that 45% of male student athletes had gambled on sports, and 5% had actually given information to persons gambling on their own games.

The danger of having a casino so closely located to a major sports university has to be obvious. Students--including student athletes--will lose money at the proposed San Pablo casino. Given the statistics on problem gambling among students, we can expect that many will lose an excessive amount of money at the casino. They will seek sources of money to support their losses. Perhaps those with the sources of money they need will approach them. Students who are athletes may be directly compromises because they are gamblers, or because their friends on campus are gamblers. The casino presents a wonderful incentive for the forces of corruption to enter the UC-Berkeley sports scene. Lists of names of corrupted programs such as Tulane, Northwestern, Arizona State, Boston College may soon include the Golden Bears--siven miles away.

JOB LOSSES

Casinos are quite often endorsed as being creators of jobs. There is no question but that casinos do hire people. And some of the jobs in casinos are indeed "good" jobs. This analysis assumes that the caisnos jobs will carry decent benefit packages. However, the basic conclusion of any study which shows that a venture will take out money from a local economy must be that the venture will cause job losses in the community.

We find that the two county core area will be losing $487 million a year because of the caisno's presence in San Pablo. How many jobs is this--simple arithmetic. If the average job in San Pablo pays $37,000 a year, we can see the two county area losing 13,162 jobs a year. LOSSES--NET. (This means that if the casino hires 2000 people, another 15,162 workers in the two county area will be losing their jobs).

What Does a Casino for San Pablo Mean:

*$9,025,000 more for San Pablo local governments

*Over $487 million lost to the Contra Costa and Alameda local economies each year

*13,162 NET LOST Jobs in Contra Costa and Alameda Counties

*The introduction of an influence CORRUPTING the integrity of University of California-Berkeley SPORTS

*At LEAST 10,341 NEW Pathological gamblers

*At LEAST 12,065 NEW Problem gamblers

*Between 103 and 196 suicides IN ADDITION TO those otherwise expected.

*$268 million in lost revenues for local retail and entertainment businesses

RELEASES

Tustin Rally	10-12
Pacific Research	10-13
Kanner Release	10-16
Chamber Endorse	10-17
Demo Club Endorse	10-18
Redding Update	10-25
Mimi on FoX	10-30

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