

# SURVEY OF URBAN GAMING IN AMERICA



Economic Evidence on Gaming  
in 19 Urban Areas

## EXECUTIVE SUMMARY *(excerpted from full report)*

The **Gabrielino-Tongva Tribe** (“**Gabrielino Tribe**”) is a state-recognized tribe in California with a well-documented ancestry in Los Angeles County. While the Tribe is currently landless, it intends to establish a reservation in a host city in Los Angeles County, where the Tribe holds geographic, cultural, and historical ties to the land.<sup>1</sup> If approved by the governing agencies, the Tribe proposes to build and operate a state-of-the-art resort casino (“**Gabrielino Casino Resort**”) on its reservation. The Gabrielino Casino Resort is likely to be situated within 20 miles of the geographic center of the Los Angeles metropolitan area, and consequently, would be considered “urban gaming.”

### DEFINING “URBAN GAMING”

The phrase “urban gaming” has been often used but rarely defined. In order to define “urban gaming,” it is first necessary to identify what is meant by an urban area. Given the national movement toward suburbanization, an “urban area” is defined as the central metropolitan area within a heavily-populated county.

To lend precision and practicality, this report defines “urban gaming” along three dimensions: the size of the urban area; the distance between the geographic center of the urban area and available gaming; and the type of gaming.

- Size of the urban area – In order to capture and limit the sprawling nature of 21st Century metropolitan areas, an urban area is identified as a large, primary city located within a county with total population over 500,000. Thus, only larger cities with sufficient population in the metropolitan area are captured as urban areas.

- Distance between the geographic center of the urban area and available gaming –

In order to reflect varying sizes of metropolitan areas and restrict the inclusion of gaming facilities to those within reasonable driving distances, “urban gaming” includes only those urban areas with at least one gaming facility within a 20-mile radius. The 20-mile radius is measured as a straight-line distance from the geographic center of the primary city.



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<sup>1</sup> The Tribe is currently conducting discussions with host city candidates in Los Angeles County on a confidential basis. The Tribe insists that all potential sites be surrounded by suitable zoning, be sufficiently removed from residential areas and schools, and be served by a grid of at least three freeways.

The 20-mile radius reflects a conservative estimate of suburbanization in the metropolitan area and assures that the gaming facility is accessible to most residents of the urban area. The geographic center is a chosen point in the downtown area of the primary city, which often has high-rise office buildings or is otherwise viewed as the city center.

- **Type of gaming** – Only casino gaming (i.e., commercial casinos, racinos, or Indian casinos) is considered to be “urban gaming.” Casino gaming is the most prevalent form of gaming and what is being proposed by the Gabrielino Tribe in Los Angeles County. While other forms of gaming, such as lotteries, pari-mutuel wagering, and cardrooms, may exist in many urban areas, they are not included in our restrictive definition of “urban gaming.”

This definition is intended to be both comprehensive and well-suited to the practical facts of urban gaming around the nation. By defining urban gaming in a straight-forward and easy-to-understand manner, this survey reaches large cities with casino gaming, as well as large gaming facilities in metropolitan areas. However, it does not include many smaller cities with casino gaming, non-casino gaming facilities in major metropolitan areas such as card rooms and traditional horseracing tracks, or outlying casinos that target urban populations.

## THE DISTINCTION BETWEEN “URBAN GAMING” AND “OFF-RESERVATION GAMING”

Urban gaming is distinct and independent from off-reservation gaming.

Unfortunately, much of the debate surrounding “urban gaming” centers on “off-reservation gaming.”

“Off-reservation gaming” is Indian gaming on land where a tribe has no geographic, cultural, or historical ties to the area where the casino is located.<sup>2</sup> On the other hand, “urban gaming” is casino gaming in a large metropolitan area, as defined above. Both Indian and commercial gaming can be considered urban gaming.



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<sup>2</sup> This definition is based upon a bill recently introduced in the U.S. House of Representatives. Source: Common Sense Indian Gambling Reform Act, H.R. 2353 (proposed bill in U.S. House of Representatives, 109th Congress), May 12, 2005.

## A SURVEY OF EXISTING URBAN GAMING

In many cases, urban gaming is discussed as if it were a new phenomenon. However, in addition to casinos in Las Vegas, urban gaming has existed for over two decades in some urban areas across the country. Analysis Group's survey of gaming jurisdictions revealed 19 metropolitan areas with existing or developing gaming, some of which were commercial and others of which were tribal.<sup>3</sup>

Metropolitan Areas with Urban Gaming			
Metropolitan Area	County	Type of Gaming	# of Casinos
Albuquerque, New Mexico	Bernalillo	Indian casinos	4
Chicago, Illinois	Cook	Riverboats	4
Detroit, Michigan	Wayne	Land-based	3
Ft. Lauderdale, Florida	Broward	Indian casinos	3
Kansas City, Missouri	Jackson (mostly)	Riverboats	4
Milwaukee, Wisconsin	Milwaukee	Indian casino	1
Minneapolis/St. Paul, Minnesota	Hennepin/Ramsey	Indian casino	1
Oakland/San Francisco, California	Alameda	Indian casino	1
Oklahoma City, Oklahoma	Oklahoma	Indian casinos	2
Philadelphia, Pennsylvania*	Philadelphia	Racinos/land-based	at least 2
Pittsburgh, Pennsylvania*	Allegheny	Racinos/land-based	at least 1
Phoenix, Arizona	Maricopa	Indian casinos	4
Sacramento, California	Sacramento	Indian casino	1
San Bernardino/Riverside, California	San Bernardino/Riverside	Indian casino	1
San Diego, California	San Diego	Indian casino	1
St. Louis, Missouri	St. Louis	Riverboats	5
Tampa, Florida	Hillsborough	Indian casino	1
Tucson, Arizona	Pima	Indian casinos	3
Tulsa, Oklahoma	Tulsa	Indian casinos	4

\* Indicates metropolitan areas in which casino gaming is planned but not yet operating as of the time of this study.

The survey set forth in this report provides various demographic data on the metropolitan areas along with data on nearby casino gaming. To the extent available, casino data include the number of casinos, casino opening dates, distances from the geographic center of the metropolitan areas, the number of gaming machines and table games, gross gaming revenue at the casinos, tax revenue generated for state/local governments, number of casino employees, and wages paid by the casinos.

<sup>3</sup> This list is not intended to be an exhaustive, but rather a survey of major urban gaming markets for which data were readily available.

## URBAN GAMING IN CALIFORNIA

Urban gaming is nothing new in California. It has existed in the state since 1982, when the Sycuan Casino opened 19 miles from the geographic center of San Diego. Based upon the definition above, there are four metropolitan areas with existing or planned urban gaming: Oakland/San Francisco, Sacramento, San Bernardino/Riverside, and San Diego.

Urban Gaming in California					
Metropolitan Area	Casino Name	Open Date <sup>1</sup>	Distance <sup>2</sup>	Machines <sup>3</sup>	Tables <sup>3</sup>
Oakland/San Francisco	San Pablo Lytton Casino <sup>4</sup>	2005	11/13	500	33
Sacramento	Thunder Valley Casino	2003	20	2,700	200
San Bernardino/Riverside	San Manuel Bingo & Casino	1989	17/15	2,000	99
San Diego	Sycuan Resort & Casino	1982	19	2,000	69
<b>Total</b>				<b>7,200</b>	<b>401</b>

<sup>1</sup> Obtained from casinos and news sources.

<sup>2</sup> Straight line distances from city centers. When two cities are listed for the metropolitan area, the distances are from the cities that are identified in the name of the metropolitan area. Source: MapQuest (2005).

<sup>3</sup> Casino City Press (2005) for all but machines at San Pablo Lytton Casino, which were provided by the casino.

<sup>4</sup> San Pablo Lytton Casino is expected to add up to 500 more Class II gaming machines.

### Oakland/San Francisco Metropolitan Area

The San Pablo Lytton Casino is located 11 miles from the geographic center of the Oakland metropolitan area, and 13 miles from geographic center of the San Francisco metropolitan area. Oakland is located in Alameda County, which has a population of 1.5 million. San Francisco is located in San Francisco County, which has a population of 744,230. The San Pablo Lytton Casino has been open for some years now as a card-room that only offers poker and Californian/Asian style table games (e.g., Pai Gow poker and Pai Gow tiles), a type of gaming that would not otherwise be included in this survey. However, in 2003, the Lytton Band of Pomo Indians acquired the card-room. In 2004, the federal government took the land into trust and the Tribe successfully negotiated a tribal-state gaming compact with Governor Schwarzenegger. While the compact provided for Class III slot machines, it was never ratified by the state legislature. Consequently, on August 1, 2005, the Tribe installed and began operating 500 Class II gaming machines, for which a gaming compact is not required. While less lucrative than Class III gaming machines, Class II machines have proven successful in many Indian casinos across the country. The Tribe is planning to add up to 500 more Class II gaming machines in the near future.

### Sacramento Metropolitan Area

Thunder Valley Casino is located 20 miles from the geographic center of the Sacramento metropolitan area. It offers 2,700 slot machines and 200 table games. It is located in Sacramento County with a population of 1.4 million. It opened in 2003 and, with its location in an affluent metropolitan area, is considered to be one of the more successful Indian casinos in the country.

## San Bernardino/Riverside Metropolitan Area

San Manuel Bingo & Casino is located 17 miles from the geographic center of the San Bernardino metropolitan area and 15 miles from the geographic center of the Riverside metropolitan area. It offers 2,000 slot machines and 99 table games. San Bernardino is located in San Bernardino County, which has a population of 1.9 million. Riverside is located in Riverside County, which also has a population of 1.9 million. San Manuel Bingo & Casino opened in 1989 and is also considered to be one of the more successful Indian casinos in the country.

## San Diego Metropolitan Area

Sycuan Resort & Casino is located 19 miles from the geographic center of the San Diego metropolitan area. It offers 2,000 slot machines and 69 table games. It is located in San Diego County, which has a population of 2.9 million. There are also other nearby Indian casinos just beyond a 20-mile radius (e.g., Barona Valley Ranch Resort & Casino is 22 miles away). Sycuan Resort & Casino opened in 1982.

## POTENTIAL BENEFITS OF URBAN GAMING

State and local governments have approved urban gaming in their communities for two primary reasons:

- 1) To provide a new revenue source for state, local, and tribal governments; and
- 2) To spur economic development, including jobs, wages, real estate investment, and tourism.

Evidence demonstrates that these benefits are actually being realized in metropolitan areas with urban gaming:

- Casinos in the Chicago metropolitan area generated \$313 million in gaming tax revenue to state and local governments in 2004.
- Detroit casinos employed 7,572 employees and generated \$279 million in gaming tax revenue to state and local governments in 2004.
- Casinos in the Kansas City metropolitan area employed 5,124 employees, paid \$138 million in wages, and generated \$141 million in gaming tax revenues to state and local governments in 2004.
- Minnesota Indian casinos, including the one located in the Minneapolis/St. Paul metropolitan area, employed 13,339 workers and paid \$280 million in wages and benefits in 2000.
- Oklahoma Indian gaming facilities, including those in the Oklahoma City and Tulsa metropolitan areas, supported 3,857 jobs and \$43 million in wages in 2000.



- Arizona Indian casinos, including those in the Phoenix and Tucson metropolitan areas, employed 8,876 in 2001.
- Casinos in the St. Louis metropolitan area employed 6,363 employees, paid more than \$113 million in wages, and generated \$244 million in gaming tax revenue to state and local governments in 2004.

## THE IMPACT OF GAMING ON TOURISM

Another important component of economic development in many gaming jurisdictions is tourism:

- Nationwide, a significant percentage of tourists participate in gambling activities during their trips – 7 percent of domestic tourists and 29 percent of international tourists.<sup>4</sup>
- Las Vegas visitors spent an average of \$777 per trip on lodging, food and drink, local transportation, shopping, shows, and sightseeing in 2004.
- Between the introduction of casinos in 1978 and 1996, the number of visitors to Atlantic City grew over 385 percent.
- In 2004, 78 percent of gaming revenue in Mississippi came from out-of-state tourists and 77 percent of casino patrons were from out of state.
- In Indiana, almost 75 percent of casino patrons came from outside Indiana.
- It was estimated that out-of-city residents would account for 91 percent of direct spending by all patrons during casino visits in Detroit.
- At Foxwoods Casino in Connecticut, 73 percent of patrons were out-of-state visitors in 1999/2000.
- In Oklahoma, Indian gaming facilities close to the border reported that about half to three-quarters of their customers were non-Oklahomans in 2000.
- In Massachusetts, residents spend approximately \$820 million annually at gaming facilities in Connecticut and Rhode Island since there is no casino gaming in Massachusetts.
- Starting in 1999, the Michigan Legislature licensed three urban casinos in Detroit, Michigan in order to attract tourists and recapture gaming dollars being spent by Michigan residents outside of the state in Windsor, Ontario.
- In 2004, the Pennsylvania Legislature licensed casino gaming in Philadelphia, Pittsburgh, and other urban areas in part to enhance tourism in those areas.




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<sup>4</sup> Domestic tourists are defined as visitors that travel 50 or more miles one-way from home or include an overnight stay for one or more nights. Source for percentage of domestic tourists that gamble: Travel Industry Association of America (2000). Source for percentage of international tourists that gamble: LA INC (2005), which sources the Office of Travel and Tourism in International Trade Administration of the U.S. Department of Commerce and CIC Research, Inc.

For questions regarding the Gabrielino Tribe, please contact:

**Jonathan Stein**

Tribal Development Officer

Gabrielino-Tongva Tribal Administrative Offices

501 Santa Monica Boulevard, Suite 500

Santa Monica, CA 90401-2490

Telephone: 310-587-2203

Fax: 310-587-2281

Email: [jstein@jsteinlaw.com](mailto:jstein@jsteinlaw.com)



[www.tongvatribes.org](http://www.tongvatribes.org)

## Survey of Urban Gaming in America: Economic Evidence on Gaming in 19 Urban Areas

*Submitted to:*  
Gabrielino-Tongva Tribe

*Submitted by:*  
Analysis Group, Inc.

*Submitted:*  
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*Contact:*  
Alan Meister, Ph.D.  
601 S. Figueroa Street, Suite 1300  
Los Angeles, CA 90017  
213-896-4500 (phone)  
213-623-4112 (fax)  
[ameister@analysisgroup.com](mailto:ameister@analysisgroup.com)

Dr. Meister is an economist specializing in the application of economics to complex business issues and commercial litigation.

Analysis Group, Inc. provides economic, financial, and business strategy consulting to corporations, law firms, and government entities.

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Las Vegas, NV • 702-873-0249