

Third Year Evaluation of Riverboat Licensee for East Chicago, Indiana: Harrah's East Chicago Casino May 1999-December 2000

May 2001

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Introduction

The Indiana Riverboat Gambling Act, effective July 1, 1993, authorized the Indiana Gaming Commission to issue licenses for the express purpose of riverboat gambling in the state of Indiana. One of the statutory criteria for issuance of these licenses is the applicant's ability to promote economic development in the home dock area while best serving the interest of the citizens of Indiana. As an aid to fulfilling its legislative requirements, the Indiana Gaming Commission (Commission) contracted with the Center for Urban Policy and the Environment (Center) of Indiana University's School of Public and Environmental Affairs to perform the economic impact, fiscal impact, financial, management, and other analyses required to assist the Commission in awarding licenses. As part of that contract, the Center has committed to monitor the economic impacts and fiscal returns from each riverboat operation.

On January 8, 1996, the Commission issued a Certificate of Suitability for a Riverboat Owner's License in East Chicago, Indiana. Showboat Mardi Gras Partnership (Showboat) received its owner's license on April 15, 1997, and commenced gaming activities on April 18, 1997. During its first year of operation, Harrah's East Chicago Casino (Harrah's) entered into negotiations with Showboat to purchase the company. The sale was finalized in June 1998 and the riverboat is now Harrah's East Chicago Casino. Two previous reports were based on the first two years of operation. The Center and Commission are currently in the process of converting all of the evaluation reports to a calendar year basis. In this interim period, this report will cover 20 months of operation (May 1999 through December 2000) but, unless otherwise noted, will consider 2000 its third year of operation for comparison.

Project Development and Investment

Development Activities

In the Certificate of Suitability (referred to throughout as Certificate), Showboat originally committed to spend approximately \$154.5 million on project development, in addition to pledging to the city of East Chicago other incentives totaling several million dollars. At the end of December 2000, Harrah's reported that \$223.4 million has been spent on project development, over \$68.8 million more than agreed upon in the Certificate.

Currently, Harrah's riverboat is approximately 53,000 square feet and accommodates 4,250 passengers. Harrah's permanent pavilion is approximately 112,000 square feet and was completed and opened with the launching of the riverboat. Prior to the additional capital improvements, the property had a 1,800-car parking garage, 1,000-car surface parking lot, 200-seat buffet restaurant, and 54-seat fine dining restaurant. They are currently constructing a 15 story, 293-room hotel, which is planned to open in December 2001. Harrah's received a ten-year property tax abatement for two-thirds of the value of the hotel project. The percentage of taxes abated will range from 100 percent in the first year to 5 percent in the 10th and final year. The tax revenue from the remaining one-third of the project will be used to fund a Tax Increment Financing District (TIF). The revenues from the TIF will be used for the city's water filtration plant as well as improvements to the Guthrie Street corridor south of Pastrick Marina.

Other Commitments

In addition to impacts on the local economies of the surrounding communities through employment, property tax base, and admissions and wagering tax revenues, all current riverboat licensees in Indiana provide voluntary incentive payments to local governments and nonprofit organizations. Incentive payments are commitments made by the riverboat license applicants during the negotiation of licenses. Table 1 shows the additional commitments, or incentive payments, promised in the original Certificate. Harrah's is current with most of the commitments. The only pending obligation is the \$5.5 million committed in the original Certificate for homebuyers' assistance. The initial project was delayed due to difficulty in locating a partner bank. A partner bank has been found and Blackburn and Associates of Indianapolis finished designs for 64 single-family market rate homes to be developed by Second Century Development, Inc. The development is the first of its kind in East Chicago in more than 20 years. In addition to the projects that have been completed, Harrah's is committed to ongoing contingent incentives to the city of East Chicago, East Chicago Community Foundation, Twin City Education Foundation, and East Chicago Second Century, Inc.

Table 1: Schedule and Description of Incentive Payments (\$000)

Incentive	Promised Amount	Recipient	Amount Paid 1997-98	Amount Paid 1998-99	Amount Paid 2000	Status
A) Projects or Programs	\$1,270	East Chicago	\$1,371	\$0		Completed (Year 1)
B) Contributions to Cline Avenue Overpass	\$3,500	East Chicago	\$3,441	\$59		Completed (Year 1)
C) Job Training	\$1,544	East Chicago	\$1,544	\$0		Completed (Year 1)
D) Homebuyer Assistance	\$5,500	East Chicago	\$0	\$0	\$40	Ongoing
E) Economic Development Initiatives	\$4,558	East Chicago	\$3,689	\$869		Completed (Year 2)
F) Contingent Initiatives	1% of adjusted gross gaming receipts	East Chicago	\$1,609	\$1,779	\$2,468 ¹	Ongoing
G) Contingent Initiatives	1% of adjusted gross gaming receipts	East Chicago Community Foundation, Inc.	\$1,609	\$1,779	\$2,468 ¹	Ongoing
H) Contingent Initiatives	1% of adjusted gross gaming receipts	Twin City Education Foundation, Inc.	\$1,609	\$1,779	\$2,468 ¹	Ongoing
I) Contingent	0.75% of	East	\$1,207	\$1,334	\$1,851 ²	Ongoing

Initiatives	adjusted gross gaming receipts	Chicago Second Century, Inc.				
J) Replacement of Bathhouse	\$155 ³	Jerose Park	\$0	\$155		Completed (Year 2)
K) Marina Entrance	Not in certificate	Marina			\$311	Completed (Year 3)

¹ An additional \$1,375,000 not shown in the table was paid between 5/99 and 12/99.

² An additional \$1,031,000 not shown in the table was paid between 5/99 and 12/99.

³ The first year evaluation of Showboat Mardi Gras Casino Partnership indicated an estimate of \$195 million. As shown, the actual cost of the replacement bathhouse was \$155,000.

From the contingent incentives paid to East Chicago Community Foundation Incorporated and Twin City Education Foundations Incorporated, grants are awarded to local organizations for various projects. Tables 2 and 3 show the organization, project, and amount awarded by each foundation in the year 2000. The remainder of the funds are used for administration or contributed to an endowment.

Table 2: East Chicago Foundations Grants in 2000
East Chicago Community Development Foundation

Organization Name	Project/Program Title	Grant Amount
Tri-City Comprehensive Community Mental Health Center	Women's Health Education Initiative/Women In the Middle	\$12,000
International Quality Leadership Institute	Building Community Capacity (Youth as Catalyst)	\$15,000
EC Fraternal Order of Police	Retirement Program	\$3,000
EC Cardinal Basketball Camp	EC Cardinal Basketball Camp	\$5,000
Healthy East Chicago, Inc. / Health Committee	Community Health Screenings	\$2,800
Community Reinvestment Project of East Chicago, Inc.	Rental Rehabilitation Program	\$50,000
Community Reinvestment Project of East Chicago, Inc.	Counseling & Technical Assistance Program	\$8,500
East Chicago Parks and Recreation District	The Great Easter Egg Hunt	\$2,000
East Chicago Parks and Recreation District	Hook a Kid on Golf	\$4,100
St. Mary Church	Building for the Third Millennium (match fund)	\$10,000
Junior Achievement	Elementary School & H.S. Economic Education Programs	\$2,500
Christmas In April East Chicago	New Addition Xmas In April 2000	\$15,000
Christmas In April East Chicago	Crackhouse Rehab	\$25,000
East Chicago Police Dept. Community Police Division	EC Community Police Grand King & Queen Pageant 2000	\$2,000
Northern Indiana Arts Association	Arts Education Partnership	\$8,375
East Chicago Civic Little League	Safety Equipment and Supplies	\$4,140
A.S.C. Contact Football Camp	Football Camp	\$10,000
East Chicago Girls Basketball Association	E.C. Girls Basketball Association	\$12,000
St. Catherine Hospital	Heart Project 2000	\$40,000

Puerto Rican Parade & Cultural Organization of NWI	Kick-off Picnic - Cultural	\$2,000
East Chicago Civic Little League	Big League Equipment	\$700
School City of East Chicago - Administration Bldg	Qualified Zone Academy/SUCCESS	\$100,000
Workforce Dev. Services a Division of Ivy Tech State College	IRA	\$1,000
East Chicago Police Department	A Day With Our Youth Annual Picnic	\$3,500
East Chicago Fraternal Order of Police, Lodge #59	2000 F.O.P. Softball Team/Equipment	\$500
St. Luke African Methodist Episcopal Church	Y.P.I.C." (Young People In Control)	\$4,725
City of East Chicago Youth Gov't & Building Trades Committee	Property Acquisition/Student Building Trades Program	\$4,635
City of East Chicago Office of Public Information	Masterpiece 2000	\$5,000
Ballet Folklorico De Holy Rosary Church	Mexican Folkloric Dance Troupe	\$5,000
City of East Chicago	Children of Promise Festival	\$5,000
Iglesia de Dios Pentecostal M.I.	General International Convention	\$10,000
Bishop Noll Institute Foundation, Inc.	Warriors 2000	\$3,770
Calumet College of St. Joseph	Healthy Women 2001	\$10,000
Meek Baptist Church	Food Ministry	\$6,500
Puerto Rican Parade & Cultural Organization of Northwest IN, Inc.	Cultural Awareness Festival	\$5,000
East Chicago Chaplain Police Division	Chaplain Training	\$5,984
Office of Public Information & Special Events	4th of July Program	\$4,000
Roxana Civic Club	Roxana Fest 2000, A Day F.O.R. Family Fun	\$5,000
School City of East Chicago - Central High School	Supporting a Job Shadow Experience	\$250
St. Patrick's Church	St. Patrick's Church	\$5,000
East Chicago Fire Department	Picnic in the Park for Children	\$6,050
St. Stanislaus School	Breezeway Safety Improvements	\$3,500
East Chicago Urban Enterprise Assoc.	Demolition Program	\$50,000
East Chicago Urban Enterprise Assoc.	Home Improvement Program	\$20,000
Holiday Help Foundation, Inc.	Holiday Help	\$15,000
Workforce Dev. Services a Division of Ivy Tech State College	CABS-Computer Assisted Basic Skills	\$12,000
Family Center of Catholic Charities	Homelessness Prevention Project	\$10,000
Antioch Baptist Church	People United to Fight Hunger	\$5,000

Table 2: East Chicago Foundations Grants in 2000, continued
East Chicago Community Development Foundation

Organization Name	Project/Program Title	Grant Amount
House of Glory Word Outreach Center	House of Glory Care Kitchen	\$10,000
East Chicago Parks and Recreation District	Reach for Tomorrow/Millennium Games Coordinator	\$12,500
East Chicago Parks and Recreation District	Celebration of Lights	\$5,150
East Chicago Parks and Recreation District	Winter Wonderland Holiday Ball	\$1,990
City of East Chicago	NW Indiana Economic Transformation	\$35,000
Cesar Chavez Community House	Christmas Dinner for the Needy	\$2,000

East Chicago City Federation of Colored Women	Improving Positive Communication with Rehab. Residents	\$3,000
City of East Chicago	City Hall Christmas Tree Lighting	\$1,500
City of East Chicago	Senior Citizen Christmas Party	\$5,000
LACASA of NWI, Inc.	LACASA East Chicago Youth Program	\$9,900
LACASA of NWI, Inc	Food Pantry	\$5,000
East Chicago Committee on Disabilities	Disability Awareness in Employment Month	\$1,100
East Chicago Committee on Disabilities	Disability Awareness in Employment Month	\$2,400
100 Women of NW IN Million Women Movement, Inc.	Cultural Emersion	\$10,000
Zion CDC	Zion CDC Safety Zone	\$20,000
East Chicago Cultural Heritage & Historical Society	Riley Center for the Arts	\$100,000
Total		765,069

Table 3: East Chicago Foundations Grants in 2000
Twin City Education Foundation

Organization Name	Project/Program Title	Grant Amount
East Chicago Public Library/East Chicago Room	Faces of East Chicago	\$15,575
East Chicago Health Department & Human Rights Commission	Meet Eleanor Roosevelt	\$3,000
School City of East Chicago - Central High School Computer Club	Afterschool Computer Lab	\$10,000
East Chicago Parks and Recreation District	Youth Sports Development Program	\$4,500
School City of East Chicago - Central H.S. Football Program	Building for the Future	\$13,750
School City of East Chicago - Carrie Gosch	Lice Awareness & Prevention	\$13,903
St. Mary Parish	St. Mary Summer Enrichment Program	\$5,000
School City of East Chicago	Northwest Indiana Writing Project Institute	\$3,200
School City of East Chicago	Reading Intervention for the Intermediate Grades	\$25,263
School City of East Chicago - Central High School	Indiana Black Expo College Tour	\$2,000
School City of East Chicago	U-CLIP: Urban Career Ladder Incentive Program	\$65,000
Northern Indiana Arts Association	Arts Education Partnership	\$8,375
Junior Achievement	Elementary School & High School Economic Education Programs	\$2,500
St. Mary/St. Stanislaus School - St. Mary Campus	New Beginnings	\$15,000
School City of East Chicago - Central High School	Peer Mediation	\$10,000
School City of East Chicago - Central High School	Graphing Calculators in Today's Classroom	\$5,397
Purdue University Calumet	Engineering and Science Summer Program 2000	\$10,000
City East Chicago - Public Information	Summer Internship	\$6,000

Office		
African-American History Club	Historically Black College Tour 2000	\$5,000
School City of East Chicago - Field Elementary School	Honors for Academic Achievement	\$1,200
School City of East Chicago - Indiana Sailing Association, Inc.	Buffington Harbor Youth Sail Racing	\$10,000
East Chicago Police Department	The ECPD Primetime Prom Message	\$900
School City of East Chicago - Administration Bldg	Qualified Zone Academy/SUCCESS	\$100,000
East Chicago Civic Little League	Big League Equipment	\$700

Table 3: East Chicago Foundations Grants in 2000, continued
Twin City Education Foundation

Organization Name	Project/Program Title	Grant Amount
Calumet Council Boys Scouts of America	Learning for Life: Career Awareness	\$1,464
St. Mary/St. Stanislaus School - St. Stanislaus Campus	Physical Education & Afterschool Athletic Program Needs	\$6,400
St. Mary/St. Stanislaus School - St. Mary Campus	Pre-Kindergarten	\$1,409
St. Mary/St. Stanislaus School - St. Mary Campus	Health Instruction (Grades 5-8)	\$1,847
St. Luke African Methodist Episcopal Church	Y.P.I.C." (Young People In Control)	\$4,725
City of East Chicago	Children of Promise Festival	\$5,000
Ivy Tech State College	Special Topics in Business Administration	\$2,000
Shedd Aquarium	High School Marine Biology	\$5,678
Bishop Noll Institute	Bishop Noll/Ivy Tech Computer Classes	\$3,500
East Chicago Fire Department	East Chicago Fire Safety House Program	\$5,000
School City of East Chicago - Central High School	Peer Mediation	\$6,000
School City of East Chicago - Central High School	Youth Development Planning Grant	\$5,000
East Chicago Police Department	A Day With Our Youth Annual Picnic	\$3,500
Twin City Community Services (Bessie Owens Center)	Summer 2000, New Addition Summer Days Project	\$5,000
Iglesia de Dios Pentecostal M.I.	General International Convention	\$10,000
East Chicago Girls Basketball Association	East Chicago Girls Basketball	\$1,350
School City of East Chicago - Block Junior High School	John Hernandez Charger Challenge	\$2,000
School City of East Chicago - Central High School	A.S.T.I. E. Reading Program	\$1,000
School City of East Chicago - Carrie Gosch	Sharing Student Perspectives	\$1,500
East Chicago Police Department	Drug Abuse Resistance Education	\$4,200
School City of East Chicago - Field Elementary School	MegaSkills Leadership Training	\$10,250
St. Mary/St. Stanislaus School - St. Stanislaus Campus	LITERACY 2000	\$5,100
Girl Scouts of the Calumet Council	Council sponsored "In School" Program	\$5,000
St. Mary/St. Stanislaus School - St. Mary Campus	My Buddy	\$1,000
St. Mary/St. Stanislaus School - St. Stanislaus Campus	Magic School Bus	\$3,750
Purdue University Calumet	Engineering & Science Summer Program	\$10,800

School City of East Chicago - Central High School	ECCHS Environmental Justice Partnership	\$3,000
Calumet Regional Science Fair and Associated	Science and Art Fair 2001	\$2,500
LULAC National Education Service Centers	LNESC Leadership Opportunity Program	\$10,000
Zion Baptist Church	Zion Academic Academy Registered Day Care	\$10,000
East Chicago Police D.A.R.E Program	Drug Abuse Resistance Education	\$3,766
School City of East Chicago - Washington Elementary	WE COPE	\$7,975
School City of East Chicago	Youth Development Extra Curricular	\$38,750
School City of East Chicago - Central High School	Cheerleading	\$2,500
School City of East Chicago - Harrison School	On the Road Again	\$8,500
School City of East Chicago - Franklin Elementary School	Study Buddies	\$740
School City of East Chicago - Franklin Elementary School	Newhounds	\$9,520
East Chicago Education Foundation	Earth Camp-School Session	\$3,095
Ivy Tech State College	Ivy Tech State College Scholarship Support	\$8,000
School City of East Chicago - McKinley Elementary School	Reading Counts	\$5,000
School City of East Chicago - McKinley Elementary School	Computer Programming & Geometry	\$1,909
School City of East Chicago - McKinley Elementary School	Elementary Instrumental Music	\$5,000
School City of East Chicago - Lincoln Elementary	Lessons for Life	\$1,640
Total		\$585,631

Community Activity

In addition to the foundation contributions agreed upon in the Certificate, Harrah's contributed over eight million dollars to over 200 organizations through corporate sponsorships, in-kind donations, and monetary grants. Harrah's employees volunteered their services for several community activities and were represented on 18 boards of directors at the national, state, and local levels. Local board participation includes: St. Catherine Hospital, St. Catherine Hospital Foundation, Red Cross, Boys and Girls Clubs of Northwest Indiana, Girl Scouts of Calumet Council, Hoosier Boys Town, Hoosier Boys Town Fund Development Committee, Partners in Contracting Corporation, Northern Indian Arts Association, East Chicago Library Board, Lake Area United Way, Northwest Indiana Forum, East Chicago Education, and Community Development Foundations. Harrah's employees committed nearly \$60,000 to the Lake Area United Way.

Minority/Women Business Enterprise

The Office of Minority Business Development and the Indiana Gaming Commission are currently reviewing the information provided by Harrah's to determine compliance.

Economic and Fiscal Impacts

Employment and Earnings Impacts

Harrah's not only began changing the physical attributes of the property after completing the ownership transfer from Showboat, Inc. in February 1999, but also began retraining a majority of its employees. The training is based on a corporation-wide program. In addition to training, full-time employees may receive educational assistance reimbursement for continuing education.

Table 5 shows a comparison of application forecasts originally estimated by Showboat and actual operations reported by Harrah's in the third year of operation. As shown, it was estimated that 2,000 persons would be employed at the casino with annual wages totaling approximately \$46.7 million. As of December 2000, Harrah's employed 245 persons less than was originally projected. In turn, total salaries, wages, and tips to dealers (but not to bar and wait staff) were \$45.8 million, slightly less than projected. All full-time and part-time employees receive benefits.

Table 5: Comparison of Forecast to Actual Harrah's Casino Operation (Year 3)

Category	Application Forecast	Actual 2000	Difference
Employment as of 12/31/00	2,000	1,755	(245)
Total Wages, Tips, & Benefits	\$46,742,000	\$45,825,750 ¹	(\$916,250)
Attendance	4,998,237	5,633,578	635,341
Gross Gaming Receipts	\$249,911,850	\$247,702,909	(\$2,208,940)
\$ Per Patron per Cruise	\$50	\$44	(\$6)
Gaming Tax (State)	\$37,486,776	\$37,155,435 ²	(\$331,341)
Gaming Tax (Local)	\$12,495,592	\$12,385,145 ³	(\$110,447)
Admission Tax (State)	\$4,998,237	\$5,633,578 ⁴	\$645,341
Admission Tax (County)	\$4,998,237	\$5,633,578 ⁴	\$645,341
Admission Tax (City)	\$4,998,237	\$5,633,578 ⁴	\$645,341

¹An additional \$37,352,286 in wages were paid from April-December 1999.

²An additional \$24,311,744 in gaming taxes was paid from April-December 1999.

³An additional \$8,103,915 in gaming taxes was paid from April-December 1999.

⁴An additional \$3,991,679 in admission taxes was paid from April-December 1999.

Gross gaming receipts and dollars per patron were slightly less than originally estimated for the riverboat's third year. The riverboat paid a total of \$42.8 million in state taxes and \$23.7 million in local taxes, both of which were slightly higher than the projected \$42.5 million and \$22.5 million, respectively. Tables 6 and 7 detail the first two years of operation.

Table 6: Comparison of Forecast to Actual Harrah's Casino Operation (Year 2)

Category	Application Forecast	Actual 1998-1999	Difference
Employment as of April	2,000	1,512	(488)
Total Wages, Tips, & Benefits	\$46,742,000	\$33,543,858	(\$13,198,142)
Attendance	4,964,438	4,845,809	(118,629)
Gross Gaming Receipts	\$248,221,900	\$190,118,734	(\$58,103,166)
\$ Per Patron per Cruise	\$50	\$39	(\$11)
Gaming Tax (State)	\$37,233,285	\$28,517,810.10	(\$8,715,475)
Gaming Tax (Local)	\$12,411,095	\$9,505,936.70	(\$2,905,158)
Admission Tax (State)	\$4,964,438	\$4,845,809	(\$118,629)
Admission Tax (County)	\$4,964,438	\$4,845,809	(\$118,629)
Admission Tax (City)	\$4,964,438	\$4,845,809	(\$118,629)

Table 7: Comparison of Forecast to Actual Harrah's Casino Operation (Year 1)

Category	Application Forecast	Actual 1997-1998	Difference
Employment as of April	2,000	1,333	(667)
Total Wages, Tips, & Benefits	\$46,742,000	\$33,038,468	(\$13,703,532)
Attendance	5,381,780	4,910,876	(470,904)
Gross Gaming Receipts	\$290,616,068	\$160,913,549	(129,702,519)
\$ Per Patron per Cruise	\$50	\$33	(\$17)
Gaming Tax (State)	\$45,392,409	\$24,137,031	\$19,455,378
Gaming Tax (Local)	\$14,530,803	\$8,045,677	\$6,485,126
Admission Tax (State)	\$5,381,780	\$4,910,876	(\$470,904)
Admission Tax (County)	\$5,381,780	\$4,910,876	(\$470,904)
Admission Tax (City)	\$5,381,780	\$4,910,876	(\$470,904)

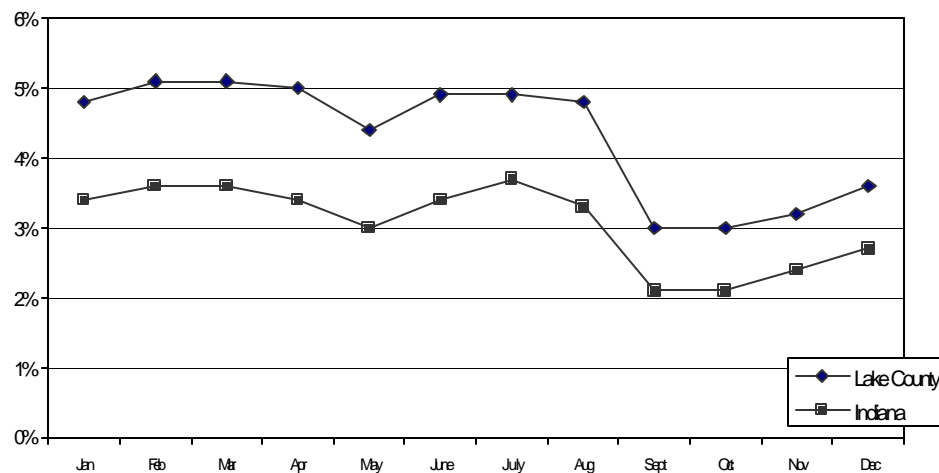
Table 8 compares the first three years of riverboat operations in East Chicago. As Table 8 illustrates, Harrah's has increased in every category from Year 2 to Year 3, including 30 percent in gross gaming receipts and 37 percent in wages.

Table 8: Comparison of Year 1 to Year 2 to Year 3

	Actual Year 1	Actual Year 2	Actual Year 3	Difference Year 2 and 3
Employment as of April	1,333	1,512	1,755	243
Total Wages, Tips, & Benefits	\$33,038,468	\$33,543,858	\$45,825,750	\$12,281,892
Attendance	4,910,876	4,845,809	5,633,578	787,769
Gross Gaming Receipts	\$160,913,549	\$190,118,734	\$247,702,909	\$57,584,160
\$ per Patron per Cruise	\$33	\$39	\$44	\$5
Gaming Tax (State)	\$24,137,031	\$28,517,810	\$37,155,435	\$8,637,625
Gaming Tax (Local)	\$8,045,677	\$9,505,937	\$12,385,145	\$2,879,208
Admission Tax (State)	\$4,910,876	\$4,845,809	\$5,633,578	\$787,769
Admission Tax (County)	\$4,910,876	\$4,845,809	\$5,633,578	\$787,769
Admission Tax (City)	\$4,910,876	\$4,845,809	\$5,633,578	\$787,769

Figure 1 compares Lake County's unemployment rate to the unemployment rate of the entire state of Indiana. The figure shows that the Lake County unemployment rate, while consistently higher than the state total unemployment rate, decreased over the time period. By the end of 2000, Lake County's unemployment rate was 3.6 percent while total state unemployment was 2.7 percent.

Figure 1: Unemployment Rate: Indiana and Lake County 2000



As of December 31, 2000, 61 percent of Harrah's employees were women and 65 percent were minorities. Eighty-eight percent of the employees were residents of Indiana, and approximately 80 percent were from the Lake County area. Of the 80 percent of Harrah's employees living in Lake County, roughly 25 percent resided in East Chicago. Almost all of the employees who did not live in Indiana were from the Chicago, Illinois area. There was not a specific employment goal stated in the original application.

Local Economic Impact

In addition to the gaming taxes paid to the city and state, Harrah's paid \$47,329 in sales and use taxes. Additionally, Harrah's paid \$3,102,090 in property taxes in 2000. The riverboat's payroll of \$45.8 million and local purchases of \$16.6 million in Lake County also contributed to the local economy. City officials indicated that the boat's existence continues to have positive impacts on development in East Chicago. Several examples of relocating and expanding firms whose investment can be attributed to the boat's presence were cited.

Impact on Tourism

According to the Lake County Convention and Visitors Bureau, the hospitality industry is thriving in Lake County. The Convention and Visitors Bureau attributes much of the rise in hospitality to the existence of Lake County riverboats. However, it is difficult to determine how each of the four Lake County riverboats individually contributes to tourism in the county. The first visitors bureau was completed in 1999 at the interchange of Kennedy Avenue and I80/I94.

Legal Issues

Harrah's had ten lawsuits in 2000, eight patron lawsuits and two employees lawsuits. There were 52 persons arrested by the State Police from April 1998 through December 1999. The majority of arrests were for fraud, theft, and check fraud. Harrah's security reported checking 28,896 identifications and turning away 1,574 patrons for improper or no identification, leading to three arrests.

According to East Chicago's chief of police, the neighborhood has not experienced any additional criminal activity that can be attributed to the riverboat's presence. Most of the change in public safety has been increased traffic and a notably higher incidence of accidents.

Other Impacts

There are other possible impacts that can result from the location of a riverboat in a community. For example, compulsive gambling might become a problem. There also might be decreases in patronage for existing businesses, higher rates of bankruptcy, and a greater need for social services. As an indicator for possible increases in compulsive gambling behavior, data provided by Indiana Family and Social Services Agency on the number of calls made to the state sponsored referral line were collected. In 2000, LaPorte County residents made nine calls for help with gambling problems to the "Deal With It" line, compared to 20 calls the previous year. There also have been 70 calls from Lake County, down from 75 in the prior year; 20 calls from Porter County, compared to 24 in the prior year; and 41 calls from Chicago, down from 94 calls in the prior year. These calls cannot be attributed to a specific boat in the area.

Harrah's has made efforts to minimize negative impacts. Following the Harrah's Entertainment Guidebook for Responsible Gaming, Harrah's provides training for its employees on compulsive gambling. Harrah's has implemented two responsible gaming programs: Operation Bet Smart and Project 21. Operation Bet Smart is an awareness campaign that targets employees, guests, and the industry by addressing gambling problems and providing recommendations and information on how to get help. The Project 21 program is an initiative to teach casino employees, minors, parents, and guardians about the consequences of gambling under legal age. In addition, Harrah's has a self-eviction program where patrons can evict themselves from any and all Harrah's properties as well as restrict the marketing incentives they receive.

Summary of Findings

Harrah's has met or exceeded the requirements of its Certificate in the following areas:

- Over \$68.8 million more has been spent on project development than promised in the Certificate.
- Harrah's is on schedule with almost all of its incentive payments.
- Harrah's continues to sponsor many community events; its senior management is represented on several boards.
- Even though it did not state specific employment goals, 65 percent of Harrah's employees were minorities, 80 percent were from Lake County and 25 percent were from East Chicago.
- Harrah's has met projections of gaming taxes at both the state and local level.
- In addition to the gaming taxes, Harrah's paid \$47,329 in sales and use taxes and \$3,102,090 in property taxes.

Harrah's has not met its projections in the following areas:

- Employment totaled 1,755 employees, 245 less than the amount projected while wages were slightly lower than projected (\$45.8 million compared to a projection of \$46.7 million).
- The only pending obligation is the \$5.5 million committed in the original Certificate for homebuyers' assistance. The initial project was delayed due to difficulty in locating a partner bank but a partner bank has now been found.