

Fourth Year Evaluation of Riverboat Licensee for Harrison County, Indiana: Caesars Indiana January-December 2002

March 2003

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Introduction

The 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 over time the economic impacts and fiscal returns from each riverboat operation.

On May 20, 1996, the Commission issued a Certificate of Suitability for a Riverboat Owner's License for a riverboat to be docked in Harrison County, Indiana. Caesars Indiana (Caesars) formerly known as RDI/Caesars Riverboat Casino, LLC opened on November 20, 1998. This report is an evaluation of its fourth year of operation.

Project Development and Investment

Development Activities

In the Certificate of Suitability (Certificate), Caesars committed to spend approximately \$228.2 million on project development, in addition to pledging to Harrison County other incentives totaling millions of dollars. As Table 1 illustrates, through December 2002, it had spent \$434.4 million, over \$206 million more than projected.

The 5,000-passenger riverboat opened with 93,000 square feet of gaming space, a 170,000 square-foot permanent pavilion and a 1,650-space parking garage. The golf course, Chariot Run, opened in October 2002. Caesars has spent more than \$11 million on an archaeological dig on its property. The presence of the dig delayed construction on the 500-room hotel. It was scheduled to begin construction immediately after substantial completion of the guest pavilion, but opened in September 2001. Caesars also completed a 3,000-space parking garage in 2001. The gift shop and coffee shop opened in January and April 2000, respectively. The porte cochere (front entrance) opened in February 2000. A high-end restaurant opened in July 2000, and a dining and entertainment venue opened in September 2000. The people mover and buffet opened in December 1999.

Table 1: Actual Versus Predicted Development Costs

Development	Certificate of Suitability	Actual thru 12/99	Actual 2000	Actual 2001	Actual 2002	Difference
Land	\$20,000,000	\$20,697,056	\$23,125	\$1,341,675	\$0	\$2,061,856
Site improvement	\$9,284,000	\$19,512,024	\$2,197,620	\$2,484,989	\$941,785	\$15,852,418
Temporary facilities, parking, transportation	\$23,680,000	\$19,319,746	\$33,064	\$22,866,487	\$375,490	\$18,914,787
Construction: support facilities	\$40,425,000	\$45,137,215 ¹	\$19,254,115	\$2,743,564	\$253,713	\$26,963,607
Construction: boat and marine facilities	\$49,416,000	\$87,753,558	\$4,597,714	\$1,113,066	\$26,367	\$44,074,705
Furniture, fixtures, and equipment	\$31,100,000	\$43,811,047	\$0	\$183,968	\$0	\$12,895,015
Hotel, furniture and fixtures	\$35,950,000	\$1,325,825	\$15,936,390	\$31,868,096	\$1,157,741	\$14,338,052
Tennis and golf complex	\$7,000,000	\$4,451	\$0	\$6,606,366	\$5,300,232	\$4,911,049
Pre-opening expenses	\$5,000,000	\$21,085,275	\$424,344	\$361,153	\$0	\$16,870,772
Working capital	\$2,000,000	\$0	\$0	\$0	\$0	(\$2,000,000)
Financing and related expenses	\$4,303,000	\$42,676,168	\$6,378,405	\$6,613,819	\$0	\$51,365,392
Total development	\$228,158,000	\$301,322,365	\$48,846,777	\$76,183,183	\$8,055,328	\$206,247,653

Other Commitments

As Table 2 illustrates, Caesars is current with regard to all of its additional commitments.

Table 2: Schedule and Description of Incentive Payments

Incentive	Promised Amount	Recipient	Amount Paid Through 12/99	Amount Paid 2000	Amount Paid 2001	Amount Paid 2002	Status
Contribution	\$5,000,000	Harrison County Community Foundation	\$5,000,000				Completed Year 1
Contribution	1.5% AGR \$0-100,000,000 2.25% AGR \$100,000,001- \$150,00,000 3.75% AGR \$150,000,001- \$200,000,000 7.5% Annual AGR over \$200,000,001	Harrison County Community Foundation	\$1,660,441	\$3,921,655	\$5,592,117	\$9,355,574	Ongoing
Contribution	.5% AGR \$0-100,000,000 .75% AGR \$100,000,001- \$150,00,000 1.25% AGR \$150,000,001- \$200,000,000 2.5% Annual AGR over \$200,000,001	Floyd County Foundation (now Caesars Riverboat Casino Foundation)	\$553,480	\$1,307,218	\$1,864,039	\$3,118,525	Ongoing
Advance to the county	\$1,750,000	Harrison County	\$1,750,000				
Road improvements	Not specified	NA	\$6,403,365		(974,768) ¹		Completed Year 1
Contribution to utilities	\$2,640,000	Elizabeth Water Co.	\$0	\$1,050,276	\$2,270,879		Ongoing
Emergency response requirements	Not specified	Fire, Police, Ambulance	\$540,588				Completed Year 1
County legal fees	\$250,000	Harrison County	\$211,228				Completed Year 1

¹Total cost for road improvements were less than estimated causing INDOT to issue Caesars a refund.

The Certificate called for Caesars to make contingent contributions to foundations in Harrison and Floyd counties in the amounts described above. The Floyd County Foundation was and is now known as Caesars Riverboat Casino Foundation, Inc. To avoid duplication of effort, Harrison County and Caesars have amended the development agreement to allow the portion that was originally allocated to a newly

created Harrison County Foundation to be given to the previously established Harrison County Community Foundation. This saves administrative costs and allows for more efficient use of resources.

As listed above, Caesars provided a \$5 million incentive to the Harrison County Community Foundation as well as continuing funding. Table 3 lists the \$2.9 million in grants that were awarded by the foundation from those funds in 2002. Table 4 lists the \$245,162 in grants that were awarded by the Caesars Riverboat Casino Foundation, Inc. in 2002.

Table 3: Harrison County Community Foundation 2002 Grants

Organization	Purpose	Award
American Heart Association	Purchase Automated External Defibrillator for Milltown police vehicle	\$4,000
Bellarmine University	Matching scholarships for Harrison County residents	\$12,000
Big Brothers Big Sisters	Support growth of Big Brothers Big Sisters mentoring program	\$10,000
Blue River Services, Inc.	Renovation of the Palmyra Habilitation Facility	\$32,000
Blue River Services, Inc.	Matching funds for federal and state public transportation grant	\$30,000
Blue River Services, Inc.	Matching funds to supplement the Child Care Initiative Grant	\$25,000
Blue River Services, Inc.	Purchase forklift	\$17,135
Boy Scout Troup 525	Purchase equipment	\$1,700
Buffalo Trace Park Advisory Board	Complete lighting of the paved walking trail	\$16,000
Community System Wide Response	Matching funds for State Juvenile Accountability Block Grant for the Juvenile Diversion Program	\$2,220
Community System Wide Response	Support juvenile first time offenders program	\$2,222
Community Unity	Support of the quarterly diversity newsletter and diversity booklet	\$2,500
Corydon Central High School	"After-Prom"	\$500
Corydon Central Junior High School	Provide books for the Sustained Silent Reading Initiative	\$5,000
Corydon Police Department	Purchase equipment for law enforcement officers	\$2,050
Friends of Harrison County Youth	Grading, drainage, and seeding of the Keller Fields property	\$68,000
Furthering Youth, Inc./Gerdon Youth Center	Begin arts program at the Gerdon Youth Center	\$6,158
FYI, Inc./Gerdon Youth Center	Exterior building renovations	\$10,000
Habitat for Humanity	Matching funds for public donations to build Habitat's first house	\$30,000
Harrison County Chaplain's Association	Help fund the HCCA assistance program	\$5,000
Harrison County Community Services, Inc.	Support service delivery and community planning	\$31,500
Harrison County Community Services, Inc.	Support one full-time client specialist staff person's salary	\$29,725
Harrison County Hospital EMS	Purchase safe care seats for low-income families	\$3,040
Harrison County Prosecutor's Office	Provide training on child victim interviewing skills	\$3,995
Harrison County Renaissance	Provide training for students to develop a Leadership Retreat	\$9,780
Harrison County School Corporations	Provide local newspapers in Harrison County classrooms	\$2,500
Harrison County Youth Philanthropy Council	Provide youth grants to Harrison County agencies	\$10,000
Harrison Township Volunteer Fire Department	Purchase pagers and hand held radios	\$15,975
High School Scholarships 2002	Scholarships	\$200,000
Hoosier Hills PACT	Help provide sex offender treatment services in Harrison County	\$6,000
Junior Achievement of Kentuckiana	Conduct economic education program in Harrison County schools	\$7,500
Junior Achievement of Kentuckiana	Conduct economic education program in Harrison County schools	\$1,500
Kentuckiana 211 Partnership	Provide Indiana 211 start-up and program sustaining costs	\$11,613
Kentucky Art and Craft Foundation	Support art education workshops in Harrison County	\$8,320
Lanesville Community School Corporation	Purchase two computer servers	\$21,576
Lanesville High School	"After-Prom"	\$500
Lanesville Youth Baseball/Softball	Matching funds to install lighting on ball field	\$19,000

Table 3: Harrison County Community Foundation 2002 Grants (continued)

Organization	Purpose	Award
Leadership Harrison County	Support Harrison County 2016 planning project	\$25,000
Leora Brown School	Support a Louisville Orchestra concert in Harrison County	\$5,000
Leora Brown School	Provide matching funds for Louisville Orchestra concert in Harrison County	\$2,531
Lifespan Resources, Inc	Provide matching funds to purchase a lift-equipped van	\$7,000
Lifespan Resources, Inc.	Provide an Activities Coordinator to implement activities for senior citizens	\$16,516
Lifespring Mental Health Services	Purchase furniture, supplies, and client events	\$13,039
Madera Ministries	Purchase computers and office supplies	\$4,220
Main Street Corydon	No information given	\$1,500
Morgan Elementary School	No information given	\$1,500
North Harrison Babe Ruth, Inc.	Provide matching funds for paving walkways	\$12,500
North Harrison Elementary School	Build a playground for children with multiple disabilities	\$38,700
North Harrison High School	"After-Prom"	\$500
North Harrison High School	Band	\$1,500
Ogle Center/Indiana University Southeast	Support the family programming of arts events for students of Harrison County	\$15,000
Our Place	Support Teen Pregnancy Prevention programs in Harrison County Schools	\$570
Prosser School of Technology	No information given	\$1,500
Repair Affair of Harrison County	Purchase materials for 2002 Repair Affair event	\$2,500
Southern Indiana Regional Alliance to Prevent Exploitation, Inc.	Establish regional sexual assault center for medical/forensic examinations	\$30,000
St. John's Lutheran School	No information given	\$1,500
St. Joseph School	Purchase library books, a computer, and literacy bags	\$22,000
St. Joseph School	Expand the school's technology department	\$10,350
St. Joseph School	Purchase geography equipment	\$10,000
The Center for Women and Families	Harrison County Domestic Violence and Sexual Assault Outreach Services	\$15,000
Thompson's Chapel United Methodist Church	Purchase materials to repair church steeple	\$1,400
Town of Elizabeth	Complete sidewalk and curb construction in the Town of Elizabeth	\$18,000
YMCA Capital Campaign	Construction of new YMCA	\$2,000,000
TOTAL		\$2,921,335

Table 4: Caesars Riverboat Casino Foundation, Inc. 2002 Grants

Organization	Purpose	Amount
New Albany High School Band Boosters	Supplement the purchase of five new timpani (kettle drums).	\$10,000
Providence Retirement Home	Replacement of poor conditioned carpet and eliminate severe safety issues for residents.	\$24,544
New Albany City Little League	Update restroom, repair fencing.	\$15,000
YMCA of Southern Indiana	Purchase a 15-passenger school bus.	\$8,300
Grantline Girls Softball League	Purchase and Installation of lights and poles for one of the fields. Purchase of bleachers for all four fields.	\$24,200
Mary Anderson Center for the Arts	Funding for Masterpiece in a Day, an event featuring artists creating works of art. The public is invited to participate or view the process.	\$3,000
Providence Self Sufficiency Ministries, Inc.	To benefit Safety Net, a program that helps people obtain long-term medications for chronic conditions; cleans the homes of elderly and/or disabled residents; provides health screenings and coordinates a community garden.	\$5,000
Greenville Elementary PTO	Pave a walking trail and to purchase materials to build a pavilion on the grounds of the school.	\$9,000
Rauch, Inc.	To build an assisted technology activity center/computer lab for citizens who have mild to severe disabilities. Purchase of furniture, computers, and software as well as construction of the room.	\$25,000
Noah's Ark	Purchase necessary household furniture and equipment for the children that are Floyd County Residents.	\$25,000
Floyd Central Jr/Sr High School	Upgrading the school planetarium for use of the K-12 school population and the general public	\$25,000
Floyd County 4-H Corp, Inc.	New roof and new entry doors.	\$23,600
Boy Scout Troop 20	Fund a community service project, landscaping three Habitat for Humanity houses.	\$1,833
Carnegie Center for Art and History	Develop permanent exhibition titled "Piecing Together History: The Floyds of Floyd County"	\$25,000
Kendel Theatre Company, Inc.	To stage a full theatrical season, including one play, one musical and various student acting workshops	\$7,500
Clark County Youth Shelter and Family Services, Inc.	Program materials for the Floyd County Safe Place program	\$1,685
Our Place Drug and Alcohol Education Services, Inc.	Engaging a firm to assist the Board of Directors in reviewing their board structure, programs, staffing patterns, stakeholder surveys, current grant writing, donor development and recognition, fundraising events and accountability	\$1,000
In Heaven's Eyes	Purchase a large used box van adapted for their needs.	\$10,500
TOTAL		\$245,162

Table 5 details Harrison County's expenditures from the riverboat fund. Caesars payments of the statutorily required admission tax and gaming tax to the county are deposited into this fund. The percentages next to each category indicate how much is appropriated to that category from the riverboat fund's total receipts. Each category currently has an unspent balance, which totals \$16 million. In addition to the funds distributed from revenue sharing (18 percent of receipts) (detailed below in Table 6), the county also distributes 2 percent of the fund each year divided among the towns in Harrison County for infrastructure (these amounts are included in the infrastructure totals below), according to a formula based on population.

Table 5: Harrison County Expenditures from the Riverboat Fund

Category	1999	2000	2001	2002	Total
Infrastructure (35%)	\$3,687,209	\$5,261,738	\$5,312,884	\$7,746,138	\$22,007,969
Education (17%)	\$306,500	\$2,526,570	\$2,705,516	\$2,402,740	\$7,941,326
Human Services (10%)	\$307,078	\$1,357,472	\$2,130,282	\$3,240,213	\$7,035,045
Economic Development (5%)	\$350,000	\$403,008	\$238,851	\$1,457,957	\$2,449,816
Contingency (15%)	\$60,000	\$1,516,866	\$4,550,851	\$5,203,816	\$11,331,533
TOTAL	\$4,710,787	\$11,065,654	\$14,938,384	\$20,050,864	\$50,765,689

Harrison County shares 18 percent of its riverboat funds with three other counties (Crawford, Washington, and Floyd) and 12 local municipalities. Table 6 details the revenue sharing distributions.

Table 6: Harrison County's Revenue Sharing of Riverboat Revenue

	1999	2000	2001	2002	Total
Crawford County	\$1,152,596	\$1,449,066	\$1,681,013	\$1,911,408	\$6,194,083
Washington County	\$288,149	\$362,267	\$420,253	\$477,852	\$1,548,521
Floyd County	\$144,075	\$181,133	\$210,127	\$238,926	774,261
New Albany	\$432,224	\$543,400	\$630,380	\$716,778	\$2,322,782
Georgetown	\$144,075	\$181,133	\$210,127	\$238,926	774,261
Corydon	\$43,222	\$54,340	\$63,038	\$71,678	\$232,278
Crandall	\$43,222	\$54,340	\$63,038	\$71,678	\$232,278
Elizabeth	\$43,222	\$54,340	\$63,038	\$71,678	\$232,278
Laconia	\$43,222	\$54,340	\$63,038	\$71,678	\$232,278
Lanesville	\$43,222	\$54,340	\$63,038	\$71,678	\$232,278
Mauckport	\$43,222	\$54,340	\$63,038	\$71,678	\$232,278
Milltown	\$43,222	\$54,340	\$63,038	\$71,678	\$232,278
New Amsterdam	\$43,222	\$54,340	\$63,038	\$71,678	\$232,278
New Middletown	\$43,222	\$54,340	\$63,038	\$71,678	\$232,278
Palmyra	\$43,222	\$54,340	\$63,038	\$71,678	\$232,278
TOTAL	\$2,593,339	\$3,260,399	\$3,782,280	\$4,300,670	\$13,936,688

Community Activity

Caesars senior management is represented on many boards in the area, including Junior Achievement Board, Harrison County Chamber of Commerce, Harrison County Hospital Foundation Board, Leadership Harrison County, Louisville Ballet, Kentucky Derby Festival, Harrison County Metro United Way, and Harrison County Habitat for Humanity. Caesars has contributed in-kind donations and monetary contributions to over 60 organizations, including AIDS Walk, Fund for the Arts, City of New Albany-Riverfront, YMCA of Harrison County, Junior Achievement, and United Way. Caesars also sponsored several events including Kentucky Derby Thunder, Lanesville Heritage Weekend, and the Harvest Homecoming Festival.

Minority/Women Business Enterprise

In the Indiana riverboat legislation, the Indiana General Assembly stated that the opportunity for full minority and women's business enterprise participation in the riverboat industry is essential if social and economic parity is to be obtained by minority and women business persons and if the economies of the riverboat cities are to be stimulated as contemplated by this legislation. The goals of the legislation are for the companies to expend 10 percent of the dollar value of their contracts for goods and services from minority-owned businesses and 5 percent from women-owned businesses. According to unaudited information provided to the Indiana Gaming Commission, for the year ending December 31, 2002, 30.7 percent of Caesars expenditures were to minority-owned businesses and 6.75 percent were to women-owned businesses.

Economic and Fiscal Impacts

Employment and Earnings Impacts

Caesars began hiring and training the majority of its employees in May 1997. Caesars leased a building in Corydon and contracted with Ivy Tech and Indiana University Southeast to provide space for training. Caesars conducted its own training for all riverboat-related positions, including dealers, cashiers, slot representatives and technicians, and surveillance personnel.

In its application, Caesars estimated employment of 2,440 persons in the casino and hotel for annual wages totaling approximately \$56.0 million (Table 7). As of December 2002, Caesars had 2,278 employees, including those in the hotel. For 2002, salaries and wages were \$68.9 million, including tips to dealers (but not to bar and wait staff). Full- and part-time employees receive benefits including medical, dental, vision, life insurance, short-term disability, tuition reimbursement, and matching contributions to a 401k program.

As Table 7 illustrates, in 2002, Caesars had gross gaming receipts of \$264.7 million, which is \$26 million more than its application estimate. Caesars began flexible boarding in August 2002. This means that while previously a patron who was on the riverboat for two one two-hour cruises was counted as two admissions. With flexible boarding, each patron is counted only when they go through the turnstile. Therefore, the attendance numbers are not directly comparable to past years or projections. Attendance was more than 700,000 greater than expected, even with the change in admissions policy. Total local taxes (city and county admission taxes plus local gaming tax) were \$24.7 million, or \$3.9 million more than projected in Caesars' application.

Table 7: Comparison of Forecast to Actual Caesars Operation, Year 4 (2002)

Category	Application Forecast Year 4	Actual 2002	Difference
Employment as of 12/31/02	2,440	2,278	(162)
Total Wages, Tips, & Benefits	\$55,951,000	\$68,926,677	\$12,975,677
Attendance	4,457,000	5,164,537 ²	707,537
Gross Gaming Receipts	\$238,809,000	\$264,740,992	\$25,931,992
Gaming Tax (State)	\$35,821,350	\$43,161,565	\$7,340,215
Gaming Tax (Local)	\$11,940,450	\$14,387,188	\$2,446,738
Admission Tax (State)	\$4,457,000	\$5,164,537 ²	\$707,537
Admission Tax (County) ¹	\$8,914,000	\$10,329,074 ²	\$1,415,074

¹No incorporated city

²Reflects flexible boarding attendance since August 2002.

Tables 8, 9, and 10 compare forecast to actual for Years 1, 2 and 3.

Table 8: Comparison of Forecast to Actual Caesars Operation, Year 3 (2001)

Category	Application Forecast Year 3	Actual 2001	Difference
Employment as of 12/31/01	2,440	2,259	(181)
Total Wages, Tips, & Benefits	\$53,744,000	\$74,783,156	\$21,039,156
Attendance	4,370,000	5,383,147	1,013,147
Gross Gaming Receipts	\$229,556,000	\$214,561,575	(\$14,994,425)
Gaming Tax (State)	\$34,433,400	\$32,232,485	(\$2,200,915)
Gaming Tax (Local)	\$11,477,800	\$10,744,162	(\$733,638)
Admission Tax (State)	\$4,370,000	\$5,383,147	\$1,013,147
Admission Tax (County)	\$8,740,000	\$10,766,294	\$2,026,294

Table 9: Comparison of Forecast to Actual Caesars Operation, Year 2 (2000)

Category	Application Forecast Year 2 (2000)	Actual 2000	Difference
Employment as of 12/31/00	2,440	2,147	(293)
Total Wages, Tips, & Benefits	\$51,677,000	\$63,336,186	\$11,659,186
Attendance	4,284,000	4,553,679	269,679
Gross gaming receipts	\$220,626,000	\$184,404,968	(\$36,221,032)
Gaming tax (state)	\$33,093,900	\$27,686,617	(\$5,407,283)
Gaming tax (local)	\$11,031,300	\$9,228,872	(\$1,802,428)
Admission tax (state)	\$4,284,000	\$4,553,679	\$269,679
Admission tax (county)	\$8,568,000	\$9,107,358	\$539,358

Table 10: Comparison of Forecast to Actual Caesars Operation, Year 1 (1999)

Category	Application Forecast Year 1 (1999)	Actual 1999	Difference
Employment as of 12/31/99	2,440	2,065	(375)
Total Wages, Tips, & Benefits	\$50,148,000	\$49,565,741	(\$582,259)
Attendance	4,200,000	4,250,267	50,267
Gross gaming receipts	\$210,000,000	\$157,349,624	(\$52,650,376)
Gaming tax (state)	\$31,500,000	\$23,605,196	(\$7,894,804)
Gaming tax (local)	\$10,500,000	\$7,868,398	(\$2,631,602)
Admission tax (state)	\$4,200,000	\$4,250,267	\$50,267
Admission tax (county)	\$8,400,000	\$8,500,534	\$100,534

Table 11 compares Year 1, Year 2, Year 3, and Year 4. As Table 11 illustrates, Caesars increased in every category from Year 3 to Year 4, except for attendance and admission tax, which could be explained by the adoption of flexible boarding in August 2002.

Table 11: Comparison Of 1999, 2000, 2001, and 2002

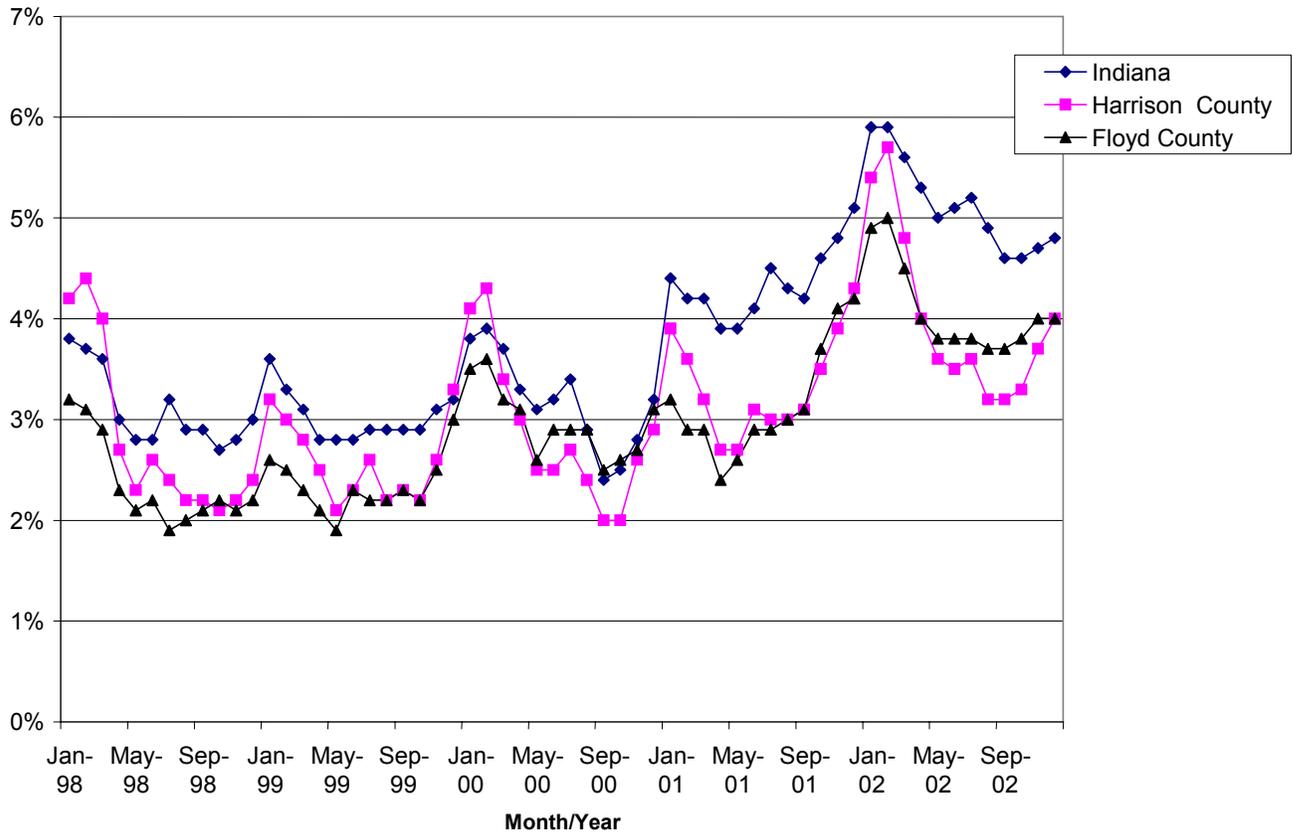
Category	Actual 1999	Actual 2000	Actual 2001	Actual 2002	Difference 2001-2002
Employment	2,065	2,147	2,259	2,278	19
Total Wages, Tips, & Benefits	\$49,565,741	\$63,336,186	\$74,783,156	\$68,926,677	(5,856,479)
Attendance	4,250,267	4,553,679	5,383,147	5,164,537	(218,610) ²
Gross gaming receipts	\$157,349,624	\$184,404,968	\$214,561,575	\$264,740,992	\$50,179,417
Gaming tax (state)	\$23,605,196	\$27,686,617	\$32,232,485	\$43,161,565	\$10,929,080
Gaming tax (local)	\$7,868,398	\$9,228,872	\$10,744,162	\$14,387,188	\$3,643,026
Admission tax (state)	\$4,250,267	\$4,553,679	\$5,383,147	\$5,164,537	(\$218,610) ²
Admission tax (county) ¹	\$8,500,534	\$9,107,358	\$10,766,294	\$10,329,074	(\$437,220) ²

¹No incorporated city

²Reflects flexible boarding attendance since August 2002.

As Figure 1 illustrates, the unemployment rate in Harrison County was above the state average in early 1998, but both Harrison County's and Floyd County's unemployment rates have generally stayed below the state average through 2002. In December 2002, Harrison County had an unemployment rate of 4.0 percent, Floyd County had an unemployment rate of 4.0 percent, and the state average was 4.8 percent.

Figure 1: Unemployment Rates in Harrison County, Floyd County and Indiana 1998-2002



As of December 2002, 49.9 percent of Caesars employees were women, 13.6 percent were minorities, 70 percent were from Indiana, with 21.8 percent from Harrison County, 17.8 percent from Clark County, 21.8 percent from Floyd County, and 6 percent of employees came from other Indiana counties. In its application, in addition to making an overall commitment to hire women and minorities, Caesars made commitments to hire women and minorities at different levels for different types of positions. As Table 12 illustrates, it has met or exceeded all of its commitments. While it did not make a commitment to hire administrative employees, they are included for illustrative purposes.

Table 12: Caesars Indiana Hiring Commitments, December 2002

	Minority			Female		
	Commitment	Actual	Difference	Commitment	Actual	Difference
Managers	5.0%	15.4%	10.4%	20.0%	47.3%	27.3%
Gaming Employees	10.0%	13.9%	3.9%	45.0%	45.1%	0.1%
Hospitality	10.0%	14.2%	4.2%	45.0%	47.6%	2.6%
Custodial Maintenance	10.0%	9.9%	(0.1%)	20.0%	44.3%	24.3%
Service Workers	9.4%	13.6%	4.2%	45.0%	55.9%	10.9%
Administrative	0.0%	11.5%	11.5%	0.0%	74.1%	74.1%
TOTAL	9.4%	13.6%	4.2%	33.6%	49.9%	16.3%

Local Economic Impact

In addition to the gaming taxes paid to the city and state in 2002, Caesars paid \$1,256,153 in sales and use taxes and \$1,228,655 in property taxes. Payroll of \$68.9 million and local purchases in Harrison County of \$4.7 million also contributed to the local economy. A total of \$7.4 million was spent in Indiana. Chamber of Commerce officials indicated that the growth of more than 20 new businesses, while not directly attributable to the riverboat, is well beyond what is typical.

County riverboat funds were used to extend infrastructure (water, wastewater, roadways) to a site as an incentive for Lucas Oil, which began construction of an 80,000 square foot facility. They will open in mid-2003 and employ 50 people. This extension served two additional companies that were in the area but not connected to a sewer or county road. It also serves an additional 20 acres that are still available and zoned industrial.

Impact on Tourism

In 2002, according to Caesars player card records, Indiana residents made fewer than 30 percent of the trips to Caesars. In 2002, Caesars had 5.2 million admissions. This attendance was greater than the attendance projection that Caesars estimated in its application, even with the change in boarding policy.

According to the Harrison County Convention and Visitors Bureau, hotel occupancy in Harrison County has increased since the boat opened. The Convention and Visitors Bureau partially attributes this to the visitation to the riverboat. Caesars opened its hotel in September 2001 and the occupancy rate in 2002 was 85 percent.

Legal Issues

Caesars had eight lawsuits filed against it in 2002. Six were personal injury claims by patrons, one was an employment discrimination case and one was a mechanics lien. There were a total of 45 arrests for incidents on Caesars property in 2002. The largest categories were public intoxication and disorderly conduct. Less than .001 percent of visits in 2002 resulted in an arrest. Caesars checked the identification

of 198,717 guests and turned away 2,715 for no identification and 159 for being under age 21. Thirteen patrons who were under age 21 and tried to gain entry were referred for prosecution because they showed a false or fictitious identification.

According to the Harrison County Sheriff's office, the area surrounding the riverboat has not experienced additional criminal activity that can be attributed to Caesars presence.

Other Impacts

Caesars has made efforts to minimize the negative impacts of gambling. It provides a one-hour training course to all of its employees on how to recognize and refer problem gamblers. This training will help employees identify possible compulsive gamblers among patrons and employees. Caesars is a member of the Kentucky Council on Compulsive Gambling (KCCG) and its managers and executives attend KCCG forums and seminars for additional training. It also has a self-exclusion program in which, upon request by a patron, he or she is removed from personal check cashing privileges, credit privileges, direct mail marketing materials, and promotional mail at Caesars. The minimum amount of time this exclusion period can last is six months, and after that time, if the patron wants to be reinstated, he or she must request reinstatement in writing. In 2002, 114 guests requested self-exclusion.

Summary of Findings

Caesars has met or exceeded the requirements of its Certificate in the following areas:

- Caesars has spent a total of \$434.4 million on the development of the project, over \$206 million more than estimated.
- Caesars is on schedule with all of its incentive payments.
- Caesars has made monetary and in-kind contributions to many community organizations and sponsored many community events. Its senior management is represented on several local, regional, state, and national boards.
- In 2002, Caesars paid wages of \$68.8 million, \$13.0 million more than projected.
- Caesars has met, or exceeded all of its minority and female hiring goals.
- In 2001, Caesars had 5.2 million admissions. This attendance was slightly higher than Caesars project in its application, even with the new flexible boarding policy.
- Caesars paid state and local gaming taxes totaling \$73 million, \$11.9 million more than the amount projected.
- Caesars paid \$1,256,153 in sales and use taxes, \$1,228,655 in property taxes, and made local purchases of \$4.7 million in Harrison County.
- According to unaudited information provided to the Indiana Gaming Commission, 30.7 percent of Caesars expenditures were to minority-owned businesses and 6.75 percent were to women-owned businesses, higher than the 10 percent and 5 percent recommended in the legislation.
- The hotel occupancy rate was 85 percent.
- Caesars has been proactive in developing programs for compulsive gambling, including providing self-exclusion for 114 guests in 2002.

Caesars has not met its projections in the following areas:

- Employment totaled 2,278 employees, 162 less than projected.