

*THE POTENTIAL EFFECTS ON GAMING IN SOUTHERN NEVADA
DUE TO ACTIVITIES ASSOCIATED WITH THE YUCCA MOUNTAIN PROJECT*

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A Research Proposal Submitted to:

Nuclear Waste Division
Department of Comprehensive Planning
Clark County

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1. Project Goals

- A. To review, assess, and analyze previous research on the gaming industry and the potential impacts of a Nuclear Waste Repository and/or Temporary Waste Repository on the industry.
- B. To clearly define unassessed questions regarding impacts of waste repositories on the gaming industry of southern Nevada.
- C. To survey and collect attitudes, ideas, opinions, studies, and plans of the gaming industry decision makers relative to impacts of waste repositories including but not limited to: perceptions of conditions of most likely scenarios and worst-case scenarios (*these scenarios will be defined by the interviewees*); costs of scenarios to on-going business activity (for example, costs explicit with interruptions of commercial activity for certain periods of time, or costs inherent in lost patronage due to customer reluctance to come to southern Nevada); the impacts of perceptions upon business planning, particularly planning for site expansion and new site location.

1a. Focus of Study

The study will focus upon organizational and institutional responses and behaviors. The focus will be upon ideas and attitudes and decision making perceptions of leaders of the largest public corporations, private corporations, and independent operators of casino-tourist facilities, gaming equipment and supplier companies who are located in Nevada and also ones located elsewhere who interact with Nevada concerns or who potentially may be investors in southern Nevada.

2. Overview

The general need for better understandings about investment decisions in this fast expanding gaming and tourism industry is juxtaposed with the advent of planning for nuclear waste disposal in southern Nevada and the potential transportation of nuclear waste materials though the southern Nevada area. There is a need to describe how planners and decision makers in the local gaming tourism industry and the gaming industry generally perceive the potentialities of siting nuclear waste facilities in Nevada. How do they view the expected likely scenario and potential worst-case scenario.

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Gaming drives the economy of southern Nevada. The gaming industry and related tourist industry provide the largest share of employment and the largest sector of the taxation base of southern Nevada (Clark County). The southern Nevada economy also drives the economy of the State of Nevada. The local economy is among the fastest growing economies in the Nation. The local casino industry is the leading site for the casino industry and general gaming industry in the United States. Visitor volumes (for Clark County) have grown steadily for the past decade from 11.6 million per year in 1983 to over 22 million in 1993. Gross gaming revenues have climbed from \$1.88 million to \$4.66 million over the same time. This growth has propelled the construction of mega-hotels giving the Las Vegas metropolitan area the largest number of hotel rooms of any area in the nation. There are now over 86,000 rooms, up from 53,000 just ten years ago.

Nevada enjoyed a monopoly status in the casino industry from 1931 to 1978. From the latter date until 1990, the industry maintained a regional and western United States monopoly. However, now all that has changed. Ten states located in all regions of the country permit commercialized casino gambling. Indian reservations in a score of states have casino gambling as a result of the Indian Gaming Regulatory Act passed by Congress in 1988.

The casino industry is open. It is no longer confined to a few geographical areas. Customers (or gamers) can participate in legalized gambling in many locations, most of which are closer to their homes than southern Nevada. The industry's entrepreneurs can make capital and managerial investments in casinos throughout the Nation and across the globe. An artificial restriction on local industry participation in gaming outside of the state of Nevada (The "Foreign Gaming Rule") was completely removed in 1993 by legislative action. Moreover the success of the industry has led to desires for expansion and also released capital funds controlled by banks, bonding houses, and equity markets for investments in casino expansions. Current expansion of tourism activity in southern Nevada is occurring as a result of concerted efforts to reach new customer bases and to capitalize on a full range of activities that are afforded the visitor to a location with a multitude of large companies offering many attractions that go beyond merely gambling activity.

Two time lines need to be presented to these decision makers. There is the possibility that a temporary nuclear waste storage facility could be located in southern Nevada in year 1998, and that a potential permanent repository facility could be located in the area in year 2010. Are these time lines affecting planning today? Do they affect site location or expansion plans? Do industry decision makers foresee public perceptions of waste sites affecting public patronage of their industry locations? What costs do they anticipate and what economic impacts on their operations do they anticipate because of the potential location of a waste site, or in event of actual siting of waste facility?

3. Research Plan, Methodology, and Activities

This study will complement existing surveys of impacts and the gaming industry. The basic methodology will consist of collecting information from leading decision makers in the casino gaming industry of southern Nevada, decision-makers of the gaming industry in northern Nevada and in other jurisdictions. These other decision makers will be ones who potentially view southern Nevada as a site for their gaming business activities in the future.

A list of interviewees' businesses which will be contacted will be drawn from lists of gaming properties in the state of Nevada generated by the Gaming Control Board as well as lists published in trade media. All public corporations with casinos in southern Nevada will be contacted, in addition to all other major properties (ones with gaming revenues over \$72 million annually). There are approximately 20 such companies (companies with multiple properties will be subject to singular interviews). A one-half sample of medium sized properties will be selected, with an attempt to balance those interviewed between three areas--the Las Vegas Strip, Downtown Las Vegas, and the surrounding parts of the urbanized area (Boulder Highway, northeast and northwest suburban area). This will constitute about 20 interviews. A sample of 20 additional smaller casino properties will be approached as well. Some corporate offices (for example, Caesars, Aztar, Boomtown, Elsinore, Hilton, Promus) are located in other places--California, Arizona, Tennessee, New York--so the interview process may involve some travelling.

Also some major casino companies that do not presently operate facilities in southern Nevada may also be contacted. These include public corporations that offer major products to the industry, and ones which operate casinos elsewhere but may contemplate developing or purchasing facilities in southern Nevada. These include properties located in northern Nevada, in New Jersey, and Colorado, in riverboat jurisdictions, and on Indian reservations. Corporate organizations are listed in Casino Journal magazine, as well as the Nevada Gaming Abstract. Lists of potential interviewees are attached in item seven below. Before the interview process is initiated with contacts to specific organizations, the list will be reviewed with the Nuclear Waste Division of the Clark County Department of Comprehensive Planning, along with the specific individuals or offices of the casino organizations that will be contacted. The Division will approve the list of organizations (and officers) contacted.

Also with direction from the Nuclear Waste Division specific companies and properties will be selected out for initial interviews, so that the question format can be subjected to feedback and review prior to selection of the full interviewee list.

The Nuclear Waste Division will also review and approve of the questionnaire format to be utilized in the personal interviews. It is intended that both open ended and closed ended questions will be presented to decision makers at their business sites. Information gathered from the interviews will be analyzed and interpreted and presented in written report focusing upon potential impacts of various scenarios, especially impacts upon future industrial growth and economic growth in southern Nevada.

The format developed will be one that can be utilized to establish baseline industry attitudinal assessments of economic impacts of potential temporary or permanent repositories on industry decision making and assessments of various scenarios outlined. This study will be made in a manner which can be replicated at future times, perhaps periodically, in order to discern patterns or trends in industry perceptions.

3a. Activities (D=Deliverable)

- A. *Kick-off meeting to discuss details of the work plan.*
- B. Review of other studies. Studies will include ones which indicate processes of gaming industry decision making regarding property locations and analysis of other factors of risk or uncertainty in entrepreneurial planning regarding gaming. Several of the proposer's studies of the spread of casino gaming legalization will be included in the review (see biography). More general business studies regarding site location and risk factors will also be examined. Analysis of this literature will be offered in a written report. (D). 3 months from start of project. 20 hours.
- C. Develop interview strategy and schedule. Identify pertinent questions and interviewees. Lists will indicate 100% of large southern Nevada casinos, 50% of medium sized companies, and 20% of smaller properties, with additional companies not now presently operating in southern Nevada casinos. Submit lists to Nuclear Waste Division for Review. Finalize lists and questionnaire format. (D). 3 months from start of project. 10 hours.
- D. Contact interviewees and schedule interviews. 6 months from start of project. 10 hours.
- E. Conduct initial interviews. Write and present an interim report on interviews. The report will indicate both qualitative and quantifiable information from contacts made in first two months of interview process. It will essentially be a survey and summary rather than an analytical report. (D). 4 months from start of project. 60 hours.
- F. Complete Interviews. Write summary report of total interview information. 6 months from start. (D). 30 hours.

- G. Analyze interview data, secondary data, integrate results into draft report. This analytical report will offer the proposer's expertise and opinion regarding questions raised, along with recommendations for policy considerations regarding the potential nuclear waste repositories (temporary and permanent). 7 months from project beginning. (D). 20 hours.
- H. Interact with Nuclear Waste Division and Peer Review Committee; revise, refine, and produce final report. 9 months from start of project. (D). 20 hours.
- I. Present final report to Nuclear Waste Division. (D). 9 months from start of project. 5 hours.

4. Time Line and Deliverables

4a. Deliverables

- A. *Kick Off.*
- B. Literature review and written report.
- C. Interview Schedule (Questionnaires) and identify Interviewees.
- D. Contact interviewees, schedule interviews.
- E. Preliminary interim summary of interviews.
- F. Written report summarizing full interview information.
- G. Draft Report.
- H. Interaction with Division and Peer Review Committee. Revise report.
- I. Final Report presented to Nuclear Waste Division.

4b. Time

MONTH	1	2	3	4	5	6	7	8	9
SIGN CONTRACT	*								
A. Kick Off		D							
B. Review Literature/Write Report.....									D
C.Id.Interviewees.....									D
D.Make Contacts									
E.Prelim.Interviews Report									D
F.Summary Intervw.Report									D
G.Draft Report									D
H.Review,Revise Report									D
I. Present Final Report									D

5. Payment Schedule
 (Based Upon Deliverables)

A. Kick Off	\$300.
B. Analysis of Literature, other reports & research	2200.
C. Identification of Interviewees and Preparation of Interview Schedule/Contacts	2200.
D. Preliminary Report of first interviews	3300.
E. Report of total interview information	7700.
F. Draft Report	1925.
G. Presentation to Peer Review Committee	1155.
H. Final Report	<u>770.</u>
Total	\$19,550.

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6. Biography of William N. Thompson

(Attached)

7. Casinos and Gaming Corporations

From Nevada Gaming Abstract 1992 (Carson City, NV: State Gaming Control Board, January 1993), p. iii.

(In 1992) Fifteen publicly held corporations own(ed) thirty four Nevada casino properties which have gross gaming revenues in excess of \$12 million per year. These include the following twenty four southern Nevada casinos:

Tropicana--Las Vegas Strip
Ramada Express--Laughlin
Bally's--Las Vegas Strip
Caesar's Palace--Las Vegas Strip
Circus Circus--Las Vegas Strip
Colorado Belle--Laughlin
Excalibur--Las Vegas Strip
Slots-A-Fun--Las Vegas Strip
Four Queens--Downtown Las Vegas
Golden Nugget--Downtown Las Vegas
Golden Nugget--Laughlin
The Mirage--Las Vegas Strip
Flamingo Hilton--Las Vegas Strip
Las Vegas Hilton--Las Vegas Strip
Flamingo Hilton--Laughlin
Harrah's Casino--Las Vegas Strip
Harrah's Casino--Laughlin
Rio Casino--Las Vegas Strip
Hacienda Casino--Las Vegas Strip
Sahara Casino--Las Vegas Strip
Pioneer Gambling Hall--Laughlin
Santa Fe--outer Las Vegas
Showboat--Boulder Highway
Union Plaza--Downtown Las Vegas

Additionally new casino hotels with public corporate ownership in southern Nevada include: The M.G.M., Luxor, Treasure Island, and Boomtown.

All publicly traded corporations engaged in the gaming industry are listed monthly in Casino Journal a trade publication. A copy of one listing appears on the following page.

The Las Vegas Strip has (according to the 1992 Abstract) 37 properties with revenues in excess of one million per year. Fourteen had revenues over 72 million dollars; six between 36 and 72

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million dollars; and seventeen others. Nineteen downtown Las Vegas casinos have revenues over one million dollars, eleven of these revenues in excess of 12 million dollars. Ten Laughlin casinos have revenues in excess of one million dollars; and there are ten such casinos on the Boulder Highway area and another twenty-five in other parts of Clark County.

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3235,941 to 3225,899

Only three casinos, Sands, and Trump Taj Mahal, increase over February. The other casinos, Trump Grand and Claridge, posted losses of over 10%.

Mississippi Tax Commission said it collected \$8.1 million in February, on casino earnings of \$7.1 million. Despite the fact the state collected \$9.2 million in January, casino operators are positive about February's performance because it is historically one of the best months of the year.

Only 10 casinos were open for the month and two casinos during the month. Tunica's six casinos were affected by a winter storm that cut its earnings to \$25 million, down from \$35 million in January.

During the last 15 months, six new casinos have opened in Tunica, and are expected to transform the poverty-stricken county into a far more prosperous one. Unemployment has fallen from 22% to 4.5%. The number of food stamp recipients has fallen by more than 1,000. The county took in \$12 million from casinos last year, and this will double next year.

Tunica changes the current gaming fee tax structure to one based on a percentage of gambling receipts, instead of head count. The funds will be used for the school system and raises for county employees, the sheriff's office.

Florida Gaming Corp. was the top performing stock in our gaming industry for the second month in a row with a gain of 94.7%. The stock, formerly Lexicon Corp., changed its name and its ticker symbol to BETS. The company completed the purchase of a new fronton and intertrack pari-mutuel wagering facility in Fort Pierce, Florida, on February 1. Since the purchase, the stock has risen from \$2.1875 to a high of \$9.25. Investors are speculating on the likelihood of legalized casino gaming in Florida. Two petitions have been filed calling for a constitutional amendment to permit gaming in the state. The Proposition for Choice Gaming seeks to legalize casinos via a county option, allowing voters in any Florida county to legalize casinos on riverboats, at

Ticker	1 Mos. % Chg	1 Yr % Chg	52 Week High	52 Week Low	% Chg from	Price 2/25/94	Price 2/25/94	Price 2/25/93
Florida Gaming Corp	BETS	94.7%	311.1%	-24.5%	640.0%	\$9.25	\$4.75	\$2.25
Casino Resource Corp.	CSNR	78.9%	466.7%	-2.9%	126.7%	\$8.50	\$4.75	\$1.50
Nona Morelli	NONA	53.5%	NA	-80.6%	120.0%	\$4.13	\$2.69	NA
Casino Data Systems	CSDS	43.4%	NA	-1.4%	407.1%	\$35.50	\$24.75	NA
Crown Casinos	DICE	36.7%	2240.2%	-3.5%	2633.3%	\$10.25	\$7.50	\$0.44
Global Casinos	GBCS	34.7%	433.3%	-21.0%	540.0%	\$4.00	\$2.97	\$0.75
Casino America	CSNO	29.6%	136.0%	-6.7%	180.0%	\$35.00	\$27.00	\$14.83
Anchor Gaming	SLOT	23.4%	NA	-3.6%	33.3%	\$16.50	\$13.38	NA
Intl. Thoroughbred	ITB	21.6%	59.0%	-6.1%	93.8%	\$7.75	\$6.38	\$4.88
Las Vegas Entertainment	LVEN	20.0%	-20.0%	-73.5%	38.5%	\$2.25	\$1.88	\$2.81
Resorts International	RT	16.7%	86.6%	-54.8%	47.4%	\$1.75	\$1.50	\$0.94
Capital Gaming	GDFI	15.7%	42.1%	-19.8%	88.4%	\$10.13	\$8.75	\$7.13
Grand Casinos	GRND	14.6%	7.3%	-39.7%	53.0%	\$31.38	\$27.38	\$29.25
Boardwalk Casinos	BWLK	13.6%	NA	-4.3%	52.3%	\$8.38	\$7.38	NA
Europa Cruises	KRUZ	12.5%	-25.0%	-53.8%	140.0%	\$2.25	\$2.00	\$3.00
Blackhawk Gaming	BHWK	10.0%	NA	-41.0%	35.0%	\$13.50	\$12.28	NA
Acres Gaming	AGAM	9.5%	NA	-11.5%	35.3%	\$11.50	\$10.50	NA
Alpha Hospitality	ALHY	9.3%	NA	-20.8%	28.3%	\$14.75	\$13.50	NA
WMS Industries	WMS	9.1%	32.7%	-16.5%	44.6%	\$28.38	\$26.00	\$21.38
Argosy Gaming	ARGY	8.8%	22.1%	-28.6%	50.0%	\$26.25	\$24.13	\$21.50
Mikohn Gaming	MIKN	7.9%	NA	-5.6%	19.3%	\$17.00	\$15.75	NA
Azstar Corp	AZR	7.7%	-6.7%	-30.9%	16.7%	\$7.00	\$6.50	\$7.50
Sands Regent	SNDS	7.7%	-15.2%	-37.1%	30.2%	\$14.00	\$13.00	\$16.50
Casino Magic	CMAG	7.7%	22.7%	-44.2%	70.3%	\$15.75	\$14.63	\$12.83
Boontown Inc.	BMTN	7.1%	-2.6%	-42.3%	31.6%	\$18.75	\$17.50	\$19.25
California Jockey Club	CJ	6.9%	55.6%	-6.0%	72.8%	\$17.50	\$16.38	\$11.25
G-Tech Corp.	GTK	6.3%	15.6%	-8.8%	31.4%	\$36.13	\$34.00	\$31.25
Delta Queen Steamboat	DQSB	5.7%	23.8%	-28.3%	30.0%	\$16.25	\$15.38	\$13.13
Showboat Inc	SBO	5.5%	-15.9%	-22.3%	25.2%	\$19.13	\$18.13	\$22.75
Primadonna Resorts	PRMA	4.7%	NA	-22.9%	46.1%	\$27.75	\$26.50	NA
Intl. Gaming Mgmt.	IGMM	4.3%	69.0%	-44.3%	71.9%	\$6.13	\$5.88	\$3.63
Harveys Casinos	HVY	4.0%	NA	-3.7%	20.6%	\$16.13	\$15.50	NA
Innovative Gaming Corp	IGCA	3.9%	NA	-2.9%	84.7%	\$16.63	\$16.00	NA
Intl. Totalizator Systems	ITSI	3.4%	135.9%	-43.2%	178.8%	\$11.50	\$11.13	\$4.88
Ameristar Casinos	ASCA	3.3%	NA	-6.0%	75.0%	\$15.75	\$15.25	NA
Resort Income Investors	RII	3.0%	15.7%	-5.5%	22.6%	\$12.88	\$12.50	\$11.13
Intl. Game Technology	IGT	2.6%	-6.8%	-29.3%	12.0%	\$29.25	\$28.50	\$31.38
Scientific Games Holdings	SGIH	2.2%	NA	-11.5%	41.5%	\$23.00	\$22.50	NA
Hollywood Casino Corp	HWCC	2.0%	NA	-61.1%	6.3%	\$12.75	\$12.50	NA
President Riverboat Casinos	PREZ	1.5%	-6.8%	-48.7%	11.5%	\$17.00	\$16.75	\$18.25
Sahara Gaming	SGM	0.9%	NA	-38.7%	21.1%	\$11.50	\$11.40	NA
Players International	PLAY	0.5%	107.6%	-19.7%	135.8%	\$23.88	\$23.75	\$11.50
Casino & Credit Services	CACS	0.0%	NA	-11.1%	67.4%	\$9.00	\$9.00	NA
Monarch Casinos	MCRI	0.0%	NA	-16.3%	51.9%	\$10.25	\$10.25	NA
Creator Capital (Skygames)	SKYCF	0.0%	NA	NA	NA	\$5.63	\$5.63	NA
American Casino Enterprises	ACES	0.0%	69.1%	-56.0%	100.0%	\$1.38	\$1.38	\$0.81
Hollywood Park	HPRK	-0.6%	51.5%	-36.8%	55.3%	\$22.13	\$22.25	\$14.60
Lottery Enterprises	LOTO	-1.0%	NA	-37.5%	63.8%	\$11.88	\$12.00	NA
Alpine Gaming	ALPN	-2.0%	NA	-22.6%	71.4%	\$6.00	\$6.13	NA
United Gaming	UGAM	-3.0%	14.0%	-31.6%	35.4%	\$8.13	\$8.38	\$7.13
Jackpot Enterprises	J	-3.9%	-26.9%	-46.8%	4.2%	\$12.38	\$12.88	\$16.93
MGM Grand	MGG	-4.0%	9.0%	-39.2%	15.2%	\$30.25	\$31.50	\$27.75
Circus Circus Ent.	CIR	-4.3%	10.1%	-27.9%	30.5%	\$35.88	\$37.50	\$32.58
Lone Star Casino	LONE	-5.1%	48.0%	-42.2%	60.0%	\$4.63	\$4.88	\$3.13
Stratosphere Tower	TOWV	-5.4%	NA	-17.2%	1.9%	\$6.63	\$7.00	NA
Boyd Gaming	BYD	-5.7%	NA	-36.1%	29.1%	\$16.63	\$17.63	NA
Video Lottery Technologies	VLTS	-5.7%	43.3%	-19.0%	106.9%	\$18.63	\$19.75	\$13.00
Gaming Corp. of America	GCAM	-5.8%	11.0%	-41.3%	15.7%	\$10.13	\$10.75	\$9.13
Rio Hotel & Casino	RIOH	-6.7%	27.6%	-18.3%	45.3%	\$15.63	\$16.75	\$12.25
Bally Manufacturing	BLY	-7.0%	11.9%	-35.3%	29.4%	\$8.25	\$8.88	\$7.38
Station Casinos	STCI	-7.3%	NA	-21.6%	43.4%	\$19.00	\$20.50	NA
Sodak Gaming	SODK	-7.7%	NA	-39.2%	37.1%	\$24.00	\$26.00	NA
Elsinore	ELS	-7.9%	48.9%	-47.8%	75.0%	\$4.38	\$4.75	\$2.94
Shuttle Master	SHFL	-8.3%	208.0%	-45.4%	220.8%	\$9.63	\$10.50	\$3.13
Country World Casino	CWRC	-8.3%	NA	-20.0%	37.5%	\$5.50	\$6.00	NA
Mirage Resorts	MIR	-8.4%	53.0%	-13.9%	75.5%	\$23.25	\$25.38	\$15.20
Bally Gaming International	BGII	-10.0%	21.3%	-43.8%	58.8%	\$13.50	\$15.00	\$11.13
Hilton Corp	HLT	-10.6%	36.7%	-12.0%	56.9%	\$65.13	\$72.88	\$47.63
Caesars World	CAW	-11.8%	11.5%	-15.9%	31.9%	\$49.63	\$56.25	\$44.50
Promus Corp.	PRI	-15.2%	80.1%	-22.9%	91.6%	\$42.63	\$50.25	\$23.67
Winners Entertainment	WINS	-16.1%	-20.3%	-58.8%	88.0%	\$5.88	\$7.00	\$7.38
Pratt Hotel Corp.	PHC	-16.7%	42.0%	-68.0%	25.0%	\$5.00	\$6.00	\$8.63
Autotote Corp.	TOTE	-21.4%	116.0%	-30.2%	125.0%	\$20.25	\$25.75	\$9.38
Lady Luck Gaming	LUCY	-25.5%	NA	-48.0%	36.2%	\$9.88	\$13.25	NA
Aspen Marine	AMC	-41.7%	-93.5%	-96.4%	14.3%	\$0.25	\$0.47	\$3.88
S&P Index	SPX	-1.2%	2.2%	-3.2%	7.6%	460.6	466.1	450.9
DJII	DJIA	-1.7%	9.7%	-5.1%	12.0%	3774.7	3838.8	3440.0
SBS Riverboat Gaming Index	SBSRVB	-8.6%	56.7%	-14.9%	68.3%	213.7	233.8	136.4
SBS Gaming Equipment Index	SBSSEQP	1.5%	8.3%	-18.3%	11.8%	110.8	109.2	102.4
SBS Gaming Index	SBSGA	-4.2%	22.3%	-17.5%	26.3%	134.5	140.4	109.9

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 GAMING CORPORATIONS (S)