

# Casinos behind upturn

Legalized gambling has returned as one of the few industries driving the economic recovery from disastrous hurricanes in Mississippi and Louisiana, a survey commissioned by the American Gaming Association found.

The survey, released Wednesday as part of the American Gaming Association's sponsored G2E Institute in New Orleans, painted a mixed picture of the economic state in the areas of Mississippi and Louisiana most damaged when hurricanes Katrina and Rita slammed the Gulf Coast in the late summer of 2005.

The Washington, D.C.-based lobbying organization had its pollster ask about two dozen leading Gulf Coast citizens, including bank presidents, college professors, chamber of commerce directors and economic recovery experts, about the region's state of affairs.

Although none of the respondents said the Gulf Coast's current economic conditions are excellent, 60 percent believed they were „very good“ while 30 percent thought the conditions were „not so good.“ Ten percent considered the economy in the region poor.

Meanwhile, an open-ended question about industries leading the recovery effort found 36 percent citing casinos and 23 percent citing construction.

„While we in the gaming industry realize the process of recovery on the Gulf Coast is far from over, this (survey) indicates how instrumental our industry has been in the recovery efforts to date and how bright the future is for the region,“ American Gaming Association President Frank Fahrenkopf Jr. said.

In the Mississippi communities of Biloxi, Gulfport and Bay St. Louis, a dozen casinos were either destroyed or heavily

damaged by Hurricane Katrina on Aug. 29, 2005. Post-Katrina flooding that struck New Orleans shut down three casinos in the city and destroyed a fourth. Hurricane Rita, on Sept. 24, 2005, destroyed two casinos in Lake Charles, La., and damaged several others.

Ten casinos have since reopened on the Mississippi Gulf Coast while three of the four casinos in New Orleans have returned. Harrah's Entertainment closed two hurricane-damaged casinos in Lake Charles.

Harrah's Chairman and CEO Gary Loveman, the chairman of the American Gaming Association, said Wednesday the company will unveil plans next month to build a new land-based casino in Biloxi, where it operates the Grand Biloxi in a temporary gambling facility that reopened last August.

„We wanted to take our time to investigate exactly what type of property makes sense for the market,“ Loveman said. „We've been operating (the Grand) on a fairly limited scale since we were able to get it reopened after the storm.“

In the region, gaming revenues have slowly been climbing to their prehurricane levels. In 2006, casinos on the Mississippi Gulf Coast won USD 909.8 million from gamblers, compared to more than USD 1.22 billion in 2004, the last full year before the hurricane.

Brian Sanderson, president of the Mississippi-based Gulf Coast Business Council, said the casinos' return helped jump-start the economy. He said efforts are under way to bring other industries and businesses to the region. Infrastructure also needs to return. Loveman cited construction on the two bridges that lead into Biloxi, both of which were knocked out by the hurricane.

Initially after the storm, Sanderson said, state and local governments focused efforts on bringing back essential services to their communities.

„There was an urgency to rebuild the tax base and services,“ Sanderson said. „Now, there is a lot of activity being focused on attracting new businesses and increasing tourism.“

Affordable housing is the key concern in much of the region, especially for casino employees, Loveman said. During the news conference releasing the survey, he took several jabs at the insurance industry, which has been slow to pay out claims.

„The insurance industry has been ineffective,“ Loveman said. „We need to work on affordable housing both collectively and creatively. Folks have found a multiplicity of ways to keep families together but (affordable housing) is the paramount issue for our employees in this region.“

Although most analysts said Mississippi is on the road to recovery, Loveman said New Orleans needs to take steps to bring back conventions, large events and other attractions that brought visitors to the city. He said Harrah’s New Orleans, which was closed for five months following Hurricane Katrina, now draws about 80 percent of its revenues from the area’s residents.

Before the hurricane, the casino, the largest in Louisiana, drew about 40 percent of revenues from residents while 60 percent came from regional and national visitors.

„I think there is a bright future for New Orleans,“ Loveman said. „But critical steps have to be taken to help enhance the public perception that New Orleans is a welcoming place.“