

Falls' gamble on casino hasn't paid off - City & Region

Written by Administrator

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Like a desperate gambler with one last roll of the dice, Niagara Falls a decade ago bet on casino gambling to turn its hard luck into good fortune.

The towering Seneca Niagara Casino came with a promise of jobs, money and development – which all seemed foreign to the struggling city.

But as the casino's first decade ends this week, not many of the hopes have turned to reality – and the city has mixed feelings about the gamble.

“At this point, it's probably fifty-fifty,” said State Sen. George D. Mazarz, who pushed for the casino. “It's had some positives and negatives.”

The Seneca Nation cashed in on the deal, and the casino is one of few large employers or tourist magnets on the American side of the international attraction of the falls.

But the city is broke, on life support without \$60 million in slot machine payments the Senecas haven't paid over three years because of their fight with New York State.

Unemployment rates in Niagara Falls are among the highest in the state, and only one major development project – the Niagara Falls Culinary Institute – has occurred in the last 10 years.

Much of the area around the casino remains empty and blighted.

In addition, law enforcement officials have pointed to some high-profile embezzlement cases that anti-gambling voices blame on casinos.

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Those problems weren't envisioned on New Year's Eve 2002, when the doors of the new casino were flung open.

People waited for hours to get inside the city's former convention center, which seemed to transform overnight into a resplendent gambling hall.

"This is the biggest thing to happen in Niagara Falls in my lifetime," said one casino construction worker.

Even Assembly Speaker Sheldon Silver played a hand of blackjack that day, joining Gov. George E. Pataki as a happy partner with the Senecas.

Ten years later, the idea of Seneca, state and city leaders raising their glasses together seems ridiculous.

State and Seneca leaders are locked in a legal battle over state casino expansion and encroachment.

And the Cataract City – the supposed winner in the casino deal – is trying to survive without the withheld slot machine payments.

"It's extremely unfortunate, and it's extremely unfair," said Mayor Paul A. Dyster. "We're holding up our end of the agreement and are not receiving the benefits."

A promising beginning

The casino money was a boost to the city in the early years.

When the casino opened a decade ago, the yearly slot revenues the Senecas paid were like a

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lifeline to the city.

Casino money – \$70 million in all over the first few years – helped repave the city's cratered roads and fund its economic development staff. It also bankrolled blight-clearing teams and a new tourism agency.

"That casino was a lifesaver, actually, for the city," historian Paul Gromosiak said.

What's more, the casino gave tourists something to do after they finished gazing at the majestic waterfalls.

The casino employs 3,700 employees – nearly a third of whom live in the city – and pays out more than \$100 million in yearly salaries, mostly to workers in Erie and Niagara counties.

Seneca leaders also say the casino draws 46 percent of its yearly customers from outside Western New York.

"We're a regional tourism destination that's probably second to none in this area," said Kathy Walker, president and chief executive of Seneca Gaming.

The casino also stands as a pillar of state development efforts along Old Falls Street.

But those arguments mean little to the people who live and operate businesses in the neighborhoods around the casino.

"I don't see how I'm benefiting from any of this," said Joey Sedore, who lives a block from the towering Seneca hotel.

Sedore, 35, has lived downtown all his life, and he still doesn't feel safe walking his kids down the streets around the casino.

"It really hasn't transformed anything except that property right there," he added, pointing to the casino.

Seneca leaders boast of the casino's 10 restaurants, refurbished \$8 million buffet and luxury spa as proof of their commitment to the region.

But it's the unfulfilled hope of major spinoff development that angers many of the city's residents.

Catalyst or competitor?

Ten years ago, Chamber of Commerce leaders said the casino would be a "great catalyst" for development in the city.

It's hard to find out what many of the restaurant owners around the casino now think – 10 years later, many have gone out of business.

And while others have popped up, the common refrain among business owners is they can't compete with the Senecas' tax-free status.

"All the non-Indian businesses in Niagara Falls have all suffered," said developer Carl P. Paladino. "They just can't compete with someone who is tax-free."

The tax advantages enjoyed by the Senecas keep hotels like the Giacomo – restored by Paladino in 2009 – from flourishing, he said.

"We were hoping Niagara Falls would take off," Paladino said, "but Niagara Falls hasn't taken off for so many reasons, including the gift that was given to the Senecas."

You can't blame all the city's problems on the casino, Seneca leaders say.

"We can [only] do so much," said Seneca President Barry E. Snyder Sr.

"Our effect on Niagara Falls has been medium," he added. "There was this expectation that we would be the golden goose, we would create all this stuff flourishing in the city, and that hasn't happened."

The Senecas can be counted as a partner in outside developments such as the culinary arts center, Snyder said, but they won't be the main driver of those efforts. "If they would make a move, we would be a partner in what they do," he said. "But we don't want to take the first step."

Looking toward 2016

The overall effect of the casino is sure to be debated in 2016, when the gaming compact with New York State is up for renewal.

But 10 years after the casino is built, the main focus is on resolving the bitter debate between the Senecas and state.

"The city has nothing to do with it. It's between us and the state," Snyder said, declining to comment further.

But if the casino dilemma isn't resolved, city leaders said, another fiscal crisis will greet Niagara Falls next year.

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"If the Senecas and the state could come to an agreement before the end of arbitration," Dyster said, "that would be the best thing for the city."

"If they can't come to an agreement before the end of arbitration, then, I think, that's a failure of the compact."

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