

A TALE OF THREE CITIES

How Three Colorado Towns Have Been Transformed By Casino Gambling

Watching casinos turn a dying town around is fascinating in the same way as watching Plain Jane win a miracle makeover or seeing the Jones' win the Publisher's Clearinghouse Sweepstakes.

The trouble with casino boomtowns, much like lottery and makeover recipients, is that the winners don't always love their new looks or the strings that come attached to instant wealth.

Over the past 10 years three Colorado burghs have been subjects in an experiment to determine whether towns can reap the windfall of casino gambling without losing their pre-gaming identities. Unlike other Cinderella towns such as Tunica, Mississippi, Colorado is one of the few locations where an entire makeover wasn't desired; these towns actually hoped to retain their historic good looks while benefiting from modern casino gambling.

Black Hawk, Center City and Cripple Creek are communities that count their populations in the hundreds rather than thousands. All three were once genuine boomtowns -- roaring mining camps in the 1800's. All three took a hit when the mining boom ended. By the time the casinos arrived in 1991, they were struggling to survive on the ever-weakening, harshly seasonal tourism appeal of their historical pasts.

Then in November of 1990, Colorado voters approved a ballot measure to allow limited-stakes casino gambling in each of the three towns. The 53/47 vote followed the refusal of the Colorado legislature to authorize the expansion earlier that year.

By the fall of 1991 local establishments began offering poker, black jack and slot machines with a \$5 betting limit still in effect today.

The following year voters approved another measure to give localities the final say on casinos should a statewide gambling be passed some day. In 1994 and 1996 they rejected gaming for other Colorado towns and counties, and in 1997 a slots-at-tracks measure was defeated in the legislature. Most recently, Coloradoans agreed in the November 2000 vote to allow the state to join multi-state lottery games like Powerball.

While the legal landscape hasn't changed significantly in nine years, the geographical and economic layouts of the three towns are almost unrecognizable:

RAGS TO RICHES

The populations of the towns are still tiny – Black Hawk's new Isle of Capri hotel has more rooms than there are permanent residents in the town – but their streets are crammed with casinos.

The three towns operate around 45 casinos, drawing thousands of gamblers each day from areas like Denver and Colorado Springs. It's estimated that more than \$10 billion was wagered in the last fiscal year, with casinos reaping around \$595 million in profits.

The gambling halls have also been credited with creating over 6,000 jobs in Colorado, with most casino employees bussing to work from larger urban areas.

Nor are there signs of a plateau. This year's revenues are beating last year's by double-digit percentages, and new casinos are still being planned. The biggest yet is a \$160 million Hyatt project under construction in Black Hawk.

But not all Coloradoans believe that bigger is better.

SAVING FACE

As naïve as it might sound, one of the of the main reasons for brining casino gambling to Black Hawk, Center City and Cripple Creek (in addition to upgrading their public utility systems) was to fund a restoration of the towns' historical buildings.

The initial amendment legalizing gaming in Colorado actually mandated that 28 percent of tax revenue would be dedicated to historical preservation projects, and the text of the measure specified that casinos would have to conform to the "architectural styles and designs that were common to the areas prior to World War I."

Basically, the casinos were billed as a source of revenue for preservation projects, offering limited casino gambling in buildings that conformed to the historic mining theme.

Initially, development proceeded along those original lines; the first gambling locations were small casinos in restored buildings with one or two hundred slot machines. But the immediate success of those casinos and the clear potential of the Denver market drew big investors with big ideas.

As Mom and Pop were displaced by global entertainment corporations, many historical buildings were moved or gutted and streets were bulldozed to make way for towering glass and brick casinos. This change happened to varying degrees in each of the cities: Black Hawk underwent the most dramatic transformation, while Cripple Creek and Central City retained many of their old buildings, if only as facades.

The city that relinquished the most of it's past is the most prosperous today. Black Hawk, the smallest of the three towns, was the fastest growing gaming market in the nation last year, hosts 19 casinos and generated two thirds of the state's gaming tax revenue last year. Black Hawk's success is also attributed to its more lenient gambling regulations and convenience to Denver.

Central City, the largest of the three towns, is benefiting the least with fewer casinos (only seven remain open there today) and fewer licensed games than the others. It also has parking and road access issues, particularly since customers have to drive right through Black Hawk to reach it. Currently there are plans for a direct road to the town that does not pass through Black Hawk. In conjunction, the city plans to develop non-gaming retail shops and entertainment, to offer a better variety of opportunities than Black Hawk.

Cripple Creek fares better than Central City, but not nearly as well as Black Hawk. While it offers an impressive 17 casinos, more than 30 have closed in the past nine years. Those establishments mainly serve Colorado Springs and Pueblo.

COSTS AND BENEFITS

Architectural injustice isn't the only crime opponents point to in Black Hawk, Center City and Cripple Creek. Along with the influx of visitors to the cities has come an influx in population-related problems.

The Colorado Transportation Department figures average daily traffic into Black Hawk has increased fivefold since the casinos opened, with a corresponding increase in traffic violations, accidents and drunken driving.

In the county where both Black Hawk and Center City are located, total court filings have also multiplied around 300 percent since 1991. Most of these are petty crimes like check fraud and underage gaming, with most misdemeanor defendants residing outside the County.

Casinos would argue that they've been able to counterbalance both the increase in petty crime and the impact on historical property.

In all three towns, gaming revenues have funded corresponding increases in police forces, court staffs and other public agencies that monitor the casinos and deal with crime.

Gambling taxes have also paid for \$94 million in historic preservation projects since 1991. In Black Hawk, several of the historic buildings and houses displaced by the casinos have been moved to an area on the edge of town called Mountain City Historic park and are currently being restored to be offices and shops.

And of course the public utilities systems did get rebuilt.

Are these three cities gambling failures, or successes? It depends on whether one believes the economic and structural benefits of casino gambling were worth a few minor – and a few major – nips and tucks.

A final analysis will probably arrive the next time Colorado voters consider extending casino gambling in other mountain towns. When Black Hawk, Central City and Cripple Creek are commanded to parade before the scrutiny of the state's voters and lawmakers, we shall discover whether Coloradoans prefer the past or the present.