

El Dorado County-Red Hawk Casino revised agreement doesn't help Lake Tahoe area

By Kathryn Reed

Red Hawk Casino and El Dorado County have rewritten their agreement from 2006 and still the Lake Tahoe Basin portion of the county isn't getting a dime.

"We've had the biggest negative impacts on the East Slope. They get all the positives and we get all the negatives," South Lake Tahoe City Councilman Tom Davis said of folks in the Placerville area.

The South Shore economy tanked for a variety of reasons – a big one being the proliferation of Indian casinos on the three main routes into the Lake Tahoe Basin – Red Hawk on Highway 50, Thunder Valley near Interstate 80, and Jackson Rancheria along Highway 88.



Red Hawk Casino has had financial issues since it opened in December 2008.

The 2006 agreement stemmed from a settlement involving a lawsuit the county had filed against the Shingle Springs Band of Miwok Indians in regards to the interchange that needed to be built to access the casino from Highway 50, along with

environmental concerns.

Ultimately, the Indians agreed to pay the county \$5.2 million a year for 20 years.

"All the money that the tribe paid to the county was for mitigation ... the negative impacts we expected when the casino went in," Ed Knapp, who today became chief county counsel, told *Lake Tahoe News*. "The original agreement hammered out with the tribe was the richest agreement ever in American history of a local public entity and an Indian tribe."

This was pre-recession, and although gaming was declining, it was still a huge reason to come to the South Shore. Red Hawk opened in December 2008.

While officials on the South Shore made noise about how the Indian casino would be bad for the basin section of the county, the supervisors only saw the potential dollar signs in front of them. What they didn't listen to were projections that gamblers stopping in Shingle Springs would never make it to Tahoe so it negatively impacted the county as a whole.

No money from the tribe has been used to mitigate that negative impact.

The money must be "spent on things impacted by the casino," Knapp said.

Davis told *Lake Tahoe News*, "I always advocated some of that money should come to the East Slope because our casino business is impacted."

Not a penny has been spent in Tahoe on Red Hawk's impact on the South Shore.

"The business community is unclear as to why El Dorado County would in essence subsidize poor business performance of one select business to the detriment of the county's citizens, especially those located in the Tahoe basin," B Gorman, CEO-

president of Lake Tahoe South Shore Chamber of Commerce, told *Lake Tahoe News*. "While we may not have all the relevant information, it is difficult to understand why such a concession would be given to a gaming business that has wrought such harm on our local economy."

The 2006 agreement said the money was to be used to build carpool lanes on Highway 50 near the casino to alleviate what officials' thought would be a dramatic increase in traffic. The traffic didn't materialize. And then the federal government offered stimulus money for the same roadwork.

Three payments by the tribe have been made to date. Half was spent to get what became the federal project shovel ready and the other half is sitting in the bank.

County Supervisors Jack Sweeney and Ron Briggs, who are on the Indian Gaming Special Distribution Funds committee, got the revised agreement on a November agenda. It passed 5-0.

Supervisor Norma Santiago said, "There is nothing to indicate Tahoe got screwed. (The money) can be used for specific roads in the area impacted by the casino. The entire county made out very well in the deal."

But neither she nor Knapp could explain how the entire county benefits.

The new deal calls for \$2.6 million to be paid by the tribe to the county for road improvements in the general area of the casino.

The other \$2.6 million will be given back to the Miwoks for the tribal health clinic. The clinic is open to all county residents.

However, instead of being billed for services rendered, the county is paying a flat fee for the health center even if not a single Band-Aid is ever used on a non-tribal county

resident.

In some respects, the new deal amounts to the county only collecting half of what it was originally promised.

This is good for a casino that is financially troubled and just recently renegotiated the deal it has with the state.

Then there is the little issue with the county budget having not been revised, so the \$2.6 million check that is due by Dec. 14 can't be written to the tribe.