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Chicago's casino bet

Gamble could raise millions of dollars, but questions leave experts wondering about the price

By David Heinzmann, [Kathy Bergen](#) and John Chase, Tribune reporters
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Chicago could soon become the first big city in America to own a casino — a gamble that could add hundreds of millions of dollars to City Hall's bottom line but comes with a host of questions.

Where will a casino be located, and who will run it? How soon could the city get at least a temporary casino up and running? Will it attract tourists and business travelers or thrive on locals? Will the revenue it generates for the city budget be worth the social costs that go hand in hand with legalized gambling?

New Mayor [Rahm Emanuel](#) has emphasized that legalized gambling is only part of his plan to dig Chicago out of a financial hole. But while he is eager to see the revenue, he is not elaborating on his vision of how casino gambling would look in Chicago until the deal is done.

His caution comes as Democratic [Gov. Pat Quinn](#) hedges on whether he will veto the statewide gambling expansion that contains the Chicago casino, which lawmakers approved Tuesday. Quinn said Wednesday that the public opposes "excessive gambling."

Emanuel, like retired [Mayor Richard Daley](#) before him, has pitched the idea of a casino as an economic development tool and city ownership as the best way to maximize those benefits.

"My hope is that the governor, when he weighs the equities here, will see the benefit economically, both in job creation as well as revenues that we can then use to make further investments in the city's physical infrastructure and in schools," Emanuel said.

But gambling opponents said city ownership of the casino puts government in the questionable position of running gambling instead of just regulating it.

"You now have a government owning an operation whose sole purpose is to make people losers," said the Rev. Tom Grey, a longtime gambling opponent. "When government accepts the role that it will use an addictive product on its own citizens, it becomes a predator."

Chicago would be the only municipality in the nation to own a casino, according to supporters and opponents. Kansas authorized state-owned casinos in 2007, but only one has opened, in Dodge City.

The city will surely succeed in raising new revenue from a casino, but wider economic development is uncertain, said William Thompson, a gambling expert at the University of Nevada at [Las Vegas](#).

"This is all aimed at public revenue, revenue for the city, revenue for the state," Thompson said. "It'll do the business. It'll make gross profits. The tax money will flow. But economic development? I don't see it."

The city's tourist attractions, world-class museums, restaurants and professional sports venues may lose some revenue to the slots and tables, he said.

Nevertheless, the Chicagoland Chamber of Commerce and the Chicago Convention & Tourism Bureau endorsed the casino and are pushing for a downtown site.

"From a business standpoint, we need it in the heart of downtown as an economic engine," said urban planner Kim Goluska, a consultant to the chamber.

Emanuel has not said publicly where he thinks the casino should be built, but the decision will not be a simple one. A downtown casino would have a greater chance of attracting tourists but could draw criticism for tarnishing the city's world-class image. While building it in an outlying area could reduce any impact on the city's image, it could invite criticism for possibly exploiting working-class and poorer Chicagoans.

Speculation has been swirling about potential locations, ranging from such Loop sites as the struggling Block 37 mall and the Congress Plaza Hotel to prominent properties such as the old main post office, riverfront property near the [Merchandise Mart](#), the former Michael Reese hospital acreage, the U.S. Steel South Works site and a 62-acre parcel at Roosevelt Road and Clark Street.

The underused East Building at [McCormick Place](#) has resurfaced as well, but as a potential temporary site while a permanent casino was under construction. A temporary casino could be up and running there in three to six months, said Ald. [Robert Fioretti](#), 2nd.

Convention officials have bristled at the idea of a permanent casino at the convention center, saying trade shows do not want a distraction so close. McCormick Place officials declined to comment Wednesday.

Chicago would also have the opportunity to put some of the 4,000 gambling positions — from slot machines to video poker — at O'Hare International and [Midway](#) airports.

Emanuel has signaled he could move quickly to name commissioners to oversee gambling with a goal of establishing a temporary casino location or locations that could begin pumping revenue

into his first budget next year. The bill calls for Chicago's commission, working with the state Gaming Board, to select a casino operator through competitive bidding.

Because the possibility of a Chicago casino has been around for a long time, there are already several developers thinking about whether they would want to be involved. Some of them have strong ties to Emanuel.

A check of Emanuel's campaign fund found more than \$275,000 in contributions connected to gambling interests.

More than \$70,000 came from businesses associated with hotel and casino magnate Neil Bluhm, who confirmed Tuesday that his Midwest Gaming & Entertainment LLC might be interested in the Chicago casino management contract.

"Yeah, we will take a look at it," Bluhm said. "We are in the business of running casinos, but there will be a variety of people interested, I am sure."

Bluhm said the contributions to Emanuel had nothing to do with influencing any casino deal.

"Absolutely not," he said. "I am a longtime supporter of Democratic politicians. There will be many bidders, and I am sure it will be an open and fair process."

Until recently, Bluhm said, he opposed a Chicago casino because it would compete with his \$445 million casino set to open in July in Des Plaines. Bluhm said he changed his mind after lawmakers agreed to significant reductions in casino taxes to compensate for the increased competition. The legislation could more than triple the amount of gambling at existing casinos, horse tracks and other locations around the state.

The Pritzker family, which counts gambling among its widespread business interests, has contributed more than \$200,000 to Emanuel. Nicholas Pritzker, chairman of Hyatt Development Corp. and head of its gambling interests, and his wife, Susan, together contributed \$50,000 to Emanuel's campaign last year. Other members of the Pritzker family contributed the rest.

"I would be hard-pressed to imagine a scenario where they would not be interested in any casino in Chicago," said one source close to the family who spoke on the condition of anonymity.

Emanuel said the city would establish procedures to do it "the right way" and avoid favoritism if Quinn signs the bill.

"We will make sure that it's done aboveboard so people know and have the confidence," Emanuel said.

Tribune reporters Monique Garcia, Kristen Mack and David Kidwell contributed.