

# CRAIN'S DETROIT BUSINESS

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## THIS JUST IN

### Prentice to reopen Shiraz

Bingham Farms-based **Matt Prentice Restaurant Group** plans to reopen **Shiraz** today, less than a month after closing the restaurant and two others because of declining sales.

**Morels, an American Bistro** and Shiraz shared 15,000 square feet in Bingham Farms. The company closed those restaurants on July 2, along with **Thunder Bay Brewing Co.** in Auburn Hills, saying that road construction in the "mixing bowl" area of I-696 had caused business to fall off sharply in the Bingham Farms restaurants.

President Matt Prentice said Friday that his company worked out a deal with Bingham Farms-based **Burton-Katzman Development Co.** to lease only the 5,000 square feet previously occupied by Shiraz.

"We could not justify 15,000 square feet in that location any longer," said Prentice, who told *Crain's* that Shiraz was making money before it closed.

Chef Dave Viviano will remain at Shiraz, and the restaurant will operate under the same schedule as before it closed. Shiraz also will pick up Morels' retail wine program, which was introduced a year ago and lowered wine prices at the restaurant.

— Sheena Harrison

### New bankruptcy judge

Daniel Opperman, of **Braun Kendrick Finkbeiner plc**, has been appointed as a judge for the **U.S. Bankruptcy Court for the Eastern District of Michigan** in Detroit by the **U.S. 6th Circuit Court of Appeals**.

Opperman, who will handle cases in Flint and Bay City, is a graduate of **Wayne State University Law School** and **Eastern Michigan University** and has been a lawyer since 1981 in commercial litigation, real estate, bankruptcy and corporate matters.

Bankruptcy judges are appointed for 14-year renewable terms; annual salary is \$151,984.

— Robert Ankeny  
See *This Just In*, Page 2

In  
the  
Google  
spotlight

Move could give metro Detroit's  
growing interactive-marketing industry  
a national name

BY ANDREW DIETDERICH AND BILL SHEA  
CRAIN'S DETROIT BUSINESS

**G**oogle Inc. plans to move its AdWords division to Ann Arbor with a promise of 1,000 new jobs, possibly the tipping point for an interactive-marketing industry gaining momentum in Southeast Michigan.



### OTHER PLAYERS

**EPrize, Fry Inc.** are just two of the local stars in the interactive-marketing industry. See **Page 34**.

companies engaged in interactive and database marketing, though it's hard to extract the total number of employees.

Membership in **Glima**, the former Great Lakes Interactive Marketing Association, is at nearly 1,000. Glima, run by Troy-based **Automation Alley** for individuals in the industry, was launched in 1996. The Ann Arbor chapter focuses on interactive marketing, said Phil Bertolini, executive director of Glima.

Bertolini

See *Google*, Page 34

# State cash for casino ads?

*Biz divided on whether to promote*

BY JENNETTE SMITH  
CRAIN'S DETROIT BUSINESS

Business executives aren't prepared to go all in on promoting casinos in Michigan but nearly half would bet more advertising money on it.

Nearly three-quarters of those surveyed for a study completed by Lansing-based **EPIC-MRA** for *Crain's Detroit Business* and **Honigman Miller Schwartz and Cohn L.L.P.** oppose opening more casinos, but 48 percent agreed casinos should be included in state-sponsored advertising — 49 percent thought they shouldn't. Detroit's three casinos and the state's 17 tribal casinos had combined gaming revenue of more than \$2 billion last year.

EPIC-MRA polled a random selection of 500 management-level *Crain's* subscribers spread across

### MIDYEAR ECONOMIC REPORT



How Michigan's economy is coloring the governor's race. See the Midyear Economic

Report beginning on **Page 11**.

### MORE TO COME

This is the first in a series of surveys co-sponsored by *Crain's Detroit Business* and **Honigman Miller Schwartz and Cohn L.L.P.** on key business issues in Michigan. Full results are available under the features heading at the Web site [www.crainsdetroit.com](http://www.crainsdetroit.com).

the state during the last week of June. Results carry a margin of error of 4.4 percent.

Many people don't gamble but casinos provide a place for people to go and are a draw for entertain-

See *Survey*, Page 36

# Groups push to add Detroit events to Woodward Cruise

BY SHERRI BEGIN  
CRAIN'S DETROIT BUSINESS

It's taken 12 years, but the Motor City may finally become part of the **Woodward Avenue Dream Cruise**.

When the cruise began, it spanned Ferndale, Pleasant Ridge, Berkley, Huntington Woods, Royal Oak, and Birmingham. It since has expanded northward to Pontiac, but hasn't moved south of Eight Mile Road.

Now, **Detroit Synergy**, a nonprofit dedicated to revitalizing Detroit, is planning a road tour of seven historic automotive sites along Wood-

ward Avenue in Detroit on Aug. 19, the day of the cruise.

It's also working with the **Hard Rock Café** to present "Cars and Guitars" at Campus Martius downtown on Aug. 17 as well as another related event at the adjacent Cadillac Square if a sponsor is signed. A drive-in theater or classic car show are possibilities, said Andrea Schroeder, who is president of condominium rental agency **A Place Downtown** and heading up the Campus Martius event for Detroit Synergy.

If permits filed with the city are

See *Cruise*, Page 37

Automakers' 'nuclear option' keeps supply lines open,

Page 28



CRAIN'S LIST  
Largest architects,

Page 24



NEWSPAPER

## OPINION

# Casinos should help state promote tourism

Should Michigan spend more tax dollars on tourism promotion that includes casinos? Maybe the better question is: Should casinos help pay for tourism marketing for the state?

The majority of *Crain's* subscribers surveyed in a recent poll don't want more casinos to open in the state. But they're almost evenly split on whether Michigan's tourism promotion should use casinos as a tourist-attraction tool.

(The survey, conducted by EPIC-MRA, was co-sponsored by the Detroit law firm Honigman Miller Schwartz and Cohn L.L.P. Full details appear in a story on Page 1.)

The three state-licensed casinos in Detroit make payments based on revenue to local and state governments. But the 17 Indian casinos operate on land considered sovereign and aren't subject to the same level of regulation. Originally, Indian tribes paid the state 8 percent of slot machine revenue under "compacts" with the state. Today, the tribes say they owe the state nothing because Detroit's casinos and the state lottery's own keno game violate the "exclusivity" clauses in the compacts.

Why not find a way to persuade or require Indian-owned casinos to contribute toward state tourism promotion? With nearly \$1 billion a year collectively in revenue, they can probably afford it. If even half of that revenue comes from slot machines, the state's theoretical share would be about \$40 million a year. Even a portion of that sum could go a long way in promoting tourism.

## We're feeling lucky

Hail to the victors!

News last week that Google Inc. plans to move its AdWords division to Ann Arbor is almost as important symbolically as it is from a nuts-and-bolts real estate and payroll perspective.

It's also a solid home run in Gov. Jennifer Granholm's reelection campaign.

As Andrew Dietderich and Bill Shea point out in a story on Page 1, the move could be a small tipping point in Southeast Michigan's growing interactive marketing sector. More interactive marketing companies may be attracted to the region because of Google's presence.

This is a sector Michigan should seize and promote. Michigan offers ingredients that Silicon Valley would be hard-pressed to beat: low cost of living and salaries lower than the East and West coasts. And now it has the most recognizable online brand of all: Google.



## LETTERS

# Detroit needs soccer's energy

Editor:

I wanted to send a note over commenting on Christopher Crain's recent column about bringing Major League Soccer to Detroit ("Let's bring pro soccer to Detroit," June 19). I truly enjoyed reading it and am beginning to find people I talk to around the city who agree with your thoughts and would love to see the MLS in Detroit.

He suggested the Tiger Stadium site as a location for a new soccer-specific stadium, and I agree that's a great choice; however, I would also throw out Wayne State University's campus as a viable location. I'm not sure how familiar you are with the Home Depot Center out in California, but it's on the campus of California State University, Dominguez Hills and has done wonders for the community and the school. It's a great opportunity to put the campus "on the map" so to speak, also something that Rowan University in New Jer-

**Crain's Detroit Business** welcomes letters to the editor. All letters will be considered for publication, provided they are signed and do not defame individuals or organizations.  
**Write:** Editor, *Crain's Detroit Business*, 1155 Gratiot Ave., Detroit, MI 48207-2997.  
**E-mail:** cgoodaker@crain.com  
**Message boards:** Share your views in our online community. forums.crainsdetroit.com.

sey is looking to do in partnership with the MLS.

Bottom line, as a proud team member of a sports architectural firm (the Chicago Fire's new stadium, Home Depot and the designs for Red Bull and Real Salt Lake's soon-to-be homes as examples), I have to say it's exciting to hear people talk about bringing soccer to the city.

I think the excitement of soccer could be great for Detroit and enjoyed your enthusiasm for the

sport as well as Detroit athletics in general.

**Leslie Broughton**  
Marketing manager  
Rossetti Associates Inc.  
Southfield

## Detroit redlines itself

Editor:

In reading Mary Kramer's June 26 column, "Detroit has many great neighborhoods, I noticed that she left out a few facts that might be the reason Detroit suffers from "relocation redlining."

While I agree that Detroit has some absolutely beautiful neighborhoods with the quality of homes that don't get built in this day and age, Detroit also has an astronomical property tax millage rate and city income taxes and almost nonexistent city services.

When shopping for homes just two years ago, my partner and I considered Palmer Woods, Palmer

See Letters, Page 9

# CHRISTOPHER CRAIN: Share costs, benefits of water system

Water can unite us or it will divide us.

After 30 years of oversight control of the Detroit Water and Sewerage Department because of a federal lawsuit, time is expiring on U.S. District Judge John Feikens' tenure and, with it, his ability to control and therefore provide stability to the department, which now serves nearly 4.5 million customers throughout Southeast Michigan.

In 30 years, no one in the state has had more experience dealing with this issue than he has. So when he shares his insight, we

should all sit up and take note. In a recent opinion that denied Oakland County's motion to replace the department's court-appointed special administrator with a joint-management committee, he wrote:

"Now, DWSD's system, vital as it is to the health and quality of life in southeastern Michigan, has faced repeated challenges from some suburban communities who are prevented by the state's constitu-



tion from having any say in the ownership or operation of DWSD. At the same time, the people of Detroit who provide this valuable service are barred by state law from receiving any financial benefit or profit for doing so. This tension underlies the disputes that continue to come before this court. This dilemma will not be resolved by legislation or litigation. It demands cooperation on the part of the Southeast Michi-

gan communities and the agreement by DWSD to modify the protection given to it by the state's constitution as a part of a regional settlement."

As the city of Detroit struggles to meet its annual budget year after year, its leadership has recognized that the city's responsibilities to its residents lay in providing core services: police, fire, and public works. Other services might be better operated by a private entity.

The strategy seems to be working, but water and sewers are not services that should be privatized. If Detroit residents, who own the

water department, estimated to be worth \$2.3 billion by the Mackinac Center for Public Policy, were willing to accept an equal voice in determining its management from its largest customer base — the suburban wholesale customer — those customers should be willing to accept an additional cost of use.

That would provide the city with a source of revenue, which could then be used for costly federal- and state-mandated capital improvements in the water system's infrastructure or perhaps some other regional asset.

# Survey: Biz split on state promoting casinos

■ From Page 1

ment, food and other attractions, said Ed Sarpolus, vice president of EPIC-MRA. Of those surveyed, 30 percent said they did not visit Michigan casinos.

"Obviously we're not a Las Vegas but there are additional attractions that can be brought in,"



Serino

serino, an interactive-marketing consultant for the hospitality industry who was among those surveyed. His Pinckney-based company, **Gammet Interactive**, works on behalf of clients like hotels and tourism groups.

Serino said he's hopeful the permanent Detroit casino hotels will up the ante with entertainment offerings and work alongside other draws like the **Fox** and **Gem** theaters. Beyond Detroit, Serino said he'd like to see much more promotion of Michigan's natural resources, beauty and history.

"I tell people northern Michigan is one of the best-kept secrets in the country," he said.

George Zimmermann, senior vice president of **Travel Michigan**, said the importance of promoting casinos varies by market. For example, casinos are emphasized in Cleveland because because locals don't have an outlet for gambling.

Zimmermann said as Detroit's permanent casino hotels are completed, it will open the door to more casino promotion.

A coalition called **Tourism Improving Michigan's Economy** is pushing for the Michigan Legislature to increase the state's annual promotional spending to \$30 million from \$5.7 million. **Travel Michigan** has a two-year, \$15 million infusion, but even with that extra funding, the Great Lakes State has far less to work with than many other states. Illinois, for example, has a \$48 million appropriation.

"Everybody recognizes that we need to spend a heck of a lot more on promotion than we do," said Don Holecek, director of the tourism resource center at **Michigan State University**. In addition to more money, other issues that need to stay top-of-mind include collaboration between tourism groups and continued hospitality training, he said.

Holecek said he believes Detroit and the state need to promote existing assets rather than add more attractions. Holecek said while casinos still are perceived as a competitive threat by some businesses, some of the broad-brush negative perceptions have improved with the rise in popularity of gambling, including online gambling.

"The general public finds casinos more acceptable," he said.

Robert Russell, senior gaming analyst with **Fraser Trebilcock Davis & Dunlap** in Lansing, said the *Crain's* survey results show a lack of understanding on how tourism and casinos boost Michigan's economy. Of those surveyed, 62 percent said tourism has no impact on their business.

Russell said casino operators should improve their public-relations efforts. Detroit's three casin



PHOTO COURTESY OF OLYMPIA ENTERTAINMENT

27-year-old Joe Louis Arena is the oldest of the area's major sports stadiums.

## Poll: Wings must stay if taxpayers must pay

Business says no to a new Joe — at least if it requires public funding. Sixty-two percent of executives surveyed oppose using some taxpayer funding to build a replacement for Joe Louis Arena for use by the **Detroit Red Wings**. Thirty-four percent were in favor of such a plan.

Chris Ilitch, president and CEO of **Ilitch Holdings Inc.**, the holding company for the Wings, has said he'd like to make a decision by year-end on whether renovation or building a new stadium is the best option. The 20,000-seat arena was built in 1979 and cost \$57 million.

Professionals say it could cost somewhere around \$350 million for all aspects of a new arena including land acquisition, design and construction.

The lack of public support isn't a surprise to stadium consultant Lou Beer, president of **First Public Corp.** in Saginaw.

"What usually happens is governments find a way to make it appear the cost does not fall on taxpayers," he said. "There's a lot of creativity."

For example, Comerica Park and Ford Field used a combination of private and public sources.

Ford Field's \$500 million in financing included public funding from the **Detroit/Wayne County Stadium Authority**, the city of Detroit and the **Downtown Development Authority**, the **National Football League**, and the sale of naming rights. The project also used financing arranged by the Lions. Comerica Park, a \$300 million project, also received funding from the authority, state strategic fund, DDA and naming rights, but was more than 60 percent privately financed by Mike Ilitch.

The stadium authority receives funding from hotel room and car rental taxes.

Nationwide, the trend is the same, with creative financing packages that find a way to get beyond resident opposition, Beers said.

"There are a lot of ways to skin a cat," he said.

— Jennette Smith

nos recorded combined gaming revenue of \$1.2 billion in 2005, making Michigan the fourth-largest U.S. casino market, according to the **American Gaming Association's** annual survey.

Beyond Detroit's building boom of three permanent casino hotels, there are lobbying efforts underway to add more casinos in Michigan. Most notably, the **Match-E-Ben-Nash-She-Wish Band of Pottawatomis** is fighting opposition groups over a new casino in Wayland Township, south of Grand Rapids.

The American Indian tribe, also known as the **Gun Lake Tribe**, has its land-into-trust application approved but the compact with the state is on hold in the Legislature.

In New Buffalo Township, north of the Indiana border along Lake Michigan, the **Pokagon Band of Potawatomi Indians** began construction on its **Four Winds Casino Resort**, scheduled to open in mid-2007.

Also, in Battle Creek, the **Notawaseppi Band of Huron Potawatomi** seeks to place land into trust for a casino, said Eric Bush, administrative manager of the Indian gaming section of the **Michigan Gaming Control Board**. Bush said tribal gaming revenues are up, reported at \$983 million in 2005.

Tribal casino resorts, on sovereign land, do not pay state taxes. Casinos established before the opening of Detroit's three commercial casinos are no longer required to pay an 8 percent share of slot machine gaming revenue to the state because the "exclusive rights" ended. Newer casinos are in court over the revenue-sharing question.

However, tribes pay 2 percent of electronic gaming revenue to surrounding local municipalities, said Nelson Westrin, partner in the gaming and hospitality practice group of Honigman Miller. For example, the **Saginaw Chippewa Indian**

## THE REAL JEWELS? MOSTLY UP NORTH, SURVEY SAYS

Michigan as a whole fared better than Southeast Michigan among survey respondents as a place to take a vacation.

Ninety-three percent recommended the state as a travel destination, while only half said they would recommend Southeast Michigan.

The top reasons among the 47 percent who wouldn't recommend Southeast Michigan were that there's "nothing to do" and "other areas are better."

The top-ranked visitor destinations in Southeast Michigan among those polled were **Greenfield Village**, **Henry Ford Museum** (right), casinos and sports stadiums.

The top-ranked visitor destinations in the state — not surprisingly — were Mackinac Island (below) and Traverse City, followed by Detroit.

Top-ranked strategies to boost tourism in Michigan were more advertising, better business environment, out-of-state promotion, and a positive media image.



**Tribe's Soaring Eagle Casino & Resort** in Mt. Pleasant pays 2 percent of these gaming revenues to local government entities, with the specifics at the tribe's discretion.

Westrin said the survey results show sentiment in Michigan toward casinos remains conservative, yet they also show businesspeople recognize casinos as part of the entertainment to offer visitors.

The completion of permanent casino hotels in Detroit was ranked as the top new attraction expected to boost tourism in Southeast Michigan. Outstate, casinos also are viewed as a critical link to tourism and economic development, Westrin said.

"If you travel in northern Michigan or over to Traverse City, part of the expanding tourism experience is the availability of casinos," Westrin said. "All of the tribal casinos are quite successful."

Assuming amenities were the same, survey respondents preferred state-licensed commercial casinos over tribal-owned casinos, but 38 percent were undecided and 30 percent reported that they do not visit casinos.

Jim Townsend, executive director of the **Tourism Economic Development Council**, said, "Detroit, with three major permanent casinos, is going to have a position." Packages that highlight not only gambling, but nightlife and restaurants in the metro area will make sense.

"We're in the midst of research, looking at the trips visitors take and what sort of activities they bundle together," he said.

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## MOTOWN MUSIC IS STILL MAGIC

We may have only heard it through the grapevine, but Detroit is still Motown in the hearts and minds of Michiganders.

Sixty-one percent of business executives polled said they believe Detroit still has a Motown image and 20 percent believe a Motown experience center would be a good draw for tourists.

The idea would move beyond what's available at the **Motown Historical Museum** and offer expanded exhibits, live music and a chance for visitors to star in their own Motown studio recording.

Earl Moore, owner of Detroit-based janitorial service **Jani-King**, said something reminiscent of Cleveland's **Rock and Roll Hall of Fame** could attract visitors nostalgic about the Motown sound.

Jim Townsend, executive director of the **Tourism Economic Development Council**, said the council, an arm of the **Detroit Metro Convention & Visitors Bureau**, is looking at a music experience idea and plans to share information in the fall about data it is gathering through focus groups and surveys.

"Music is something that spreads across a lot of generations," said Dave Serino, owner of Pinckney-based **Gammet Interactive**, an interactive marketing company that works on behalf of clients like hotels and tourism groups.

Serino said a trend toward leisure vacations with an educational twist would help a new Detroit music attraction. "There's some great history and heritage here we can play up," he said. "We have a very good product."

Nancy Cain, public-relations manager for Dearborn-based **AAA Michigan**, said a Motown experience center would "draw on the roots that made the Motown sound" and is an idea AAA would support.

"It makes sense to capitalize on something that makes you unique," she said.

Other possible attractions supported by those polled were permanent casino hotels (31 percent); an aquarium (12 percent); an interactive sports experience venue or hall of fame (9 percent); and a year-round Cirque du Soleil-style show (8 percent).

Andrea Soultanian, a West Bloomfield Township-based manufacturer's representative who was polled for the survey, said she'd like to see a cleaned-up Belle Isle or revived salt mine tours as draws for Detroit tourism. Hard economic times make it difficult, but the region needs to do more to polish its historical assets, she said.

"I don't know what it's going to take," she said. "I certainly wish somebody could come up with a plan."

— Jennette Smith