**State cash for casino ads?**

**Biz divided on whether to promote**

**BY JENNETTE SMITH**

**CRAN’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 Cran’s Detroit Business and Horigan Miller Schwartz and Cohn LLP, 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 Cran’s subscribers spread across Michigan’s economy is coloring the governor’s race. See the Midyear Economic Report, Page 31.

**Groups push to add Detroit events to Woodward Cruise**

**BY SHERRI BEGIN**

**CRAN’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 Woodward Avenue in Detroit on Aug. 19, the day of the cruise. It’s also working with the Hard Rock Cafe to present “Cars and Giuliettas” 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 granted, go and are a draw for entertainers. See Survey, Page 36.

**Midyear Economic Report**

This is the first in a series of surveys co-sponsored by Cran’s Detroit Business and Horigan Miller Schwartz and Cohn LLP, on key business issues in Michigan. Full results are available under the features heading at the website 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 entertainers. See Survey, Page 36.
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 LLP. 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. 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 significant 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 re-election 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 Jersey 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
Russell Associated Inc.
Southfield

Detroit redlines itself

Editor:

In reading Mary Kramer's June 26 column, "Detroit has some absolutely beautiful neighborhoods, I noticed that she left out a few facts that might be the reason Detroit suffers from "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 vs. Detroit. This soon-to-be homes as examples), I have to say it's exciting to hear people talk about bringing soccer to the city.

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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 trouble 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 constitution 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 Michigan 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 than be used for costly federal and state-mandated capital improvements in the water system's infrastructure or perhaps some other regional asset.

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Survey: Biz split on state promoting casinos

From Page 1

ment, food and other attractions, said Ed Surplus, 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 they could bring in,” said Dave 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 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 $10 million from $5.7 million. Travel Michigan has a two-year, $15 million infusion, but even with that funding, the Great Lakes State has far less to work with than many other states. Illinois, Zimmermann said, has $48 million appropriation.

“Everybody recognizes that we need to, be on the lead in more of a promotion than we do,” said Don Holecek, director of the tourism office 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 and other authors of the survey said casinos still are perceived as a competitive threat by some businesses, some of which have had 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 interactive analyst with Fraser Trebesch Davis & Dunlap in Lansing, said the Cran’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 casinos combined recorded gambling 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 under way to add more casinos in Michigan. Most notably, the Match-E-Be-Nash-She-Wish Band of Potawatomi 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 still in hold in the Legislature.

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

Also, in Battle Creek, the Potawatomi Band of the Chicago lake of that tribe, has its land-into-trust application approved but the compact with the state is still in hold in the Legislature.

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The real jewels? Mostly up north, survey says

Business says no to a new Joe — at least if it requires public funding.

Sixty-two percent of executives surveyed oppose using any 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 $37 million.

Professionals say it could cost somewhere around $300 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 doesn’t 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, HDA 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, Beer said.

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

Jennette Smith

Poll: Wings must stay if taxpayers must pay

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Jennette Smith

Motown music is still magic

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

A package of business executives polled said they Dave Serino, owner of the Motown sound and 20 percent believe a Motown exhibit and a chance to see it at their own Motown studio recording.

Earl Moore, owner of Detroit-based Jani-King, said something reminiscent of Christmas Rock and Roll Hall of Fame could attract tourists 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 concept and plans to share information in the fall about a data it is gathering through focus groups and surveys.

“Music is something that spreads across a lot of generations,” said Townsend, who has created a music-based Gammet Interactive, an interactive marketing company that works on experience centers like hotel chains and tourism groups.

Serino said a trend toward leisure vacations with an educational twist would help a new Detroit music experience concept.

Nancy Cain, public-relations manager for the Bloomfield Township-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 center (10 percent); an interactive music and experience center (9 percent); and a year-round Cirque du Soleil-style show (8 percent). Andrae Sonderegger, Jr.

Bloomfield Township-based manufacturer's representative who was polled for the survey, said she’d like to see a cleaned-up Belle Isle or a revived sailboat park 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. “It’s a NAVY and nobody could come up with a plan.”

Jennette Smith