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Palm Springs bets future on casinos

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PALM SPRINGS - After decades as a desert hideaway for such celebrities as Frank Sinatra and Bob Hope, Palm Springs in the 1980s became a hot spot for mobs of college students on spring break and winter tourists seeking golf, sunshine and clean air.

By the early 1990s, the city was losing ground. Vacancy rates at its hotels rose to 50 percent, big investors were putting their money on neighboring towns -- Palm Desert, Rancho Mirage, Indian Wells and La Quinta -- and most people renting cars at Palm Springs International Airport were driving them out of town.

Now, like some other once-posh resorts with waning glamour, Palm Springs has decided to bet heavily on the slots. Civic boosters hope a bright, new casino that opened Nov. 6 in the heart of downtown Palm Springs -- along with a new and aggressively pro-business mayor and City Council majority just elected -- will restore the city's reputation.

"WHY VEGAS?" asks an advertisement by the Palm Springs Casino Association, which boasts of the area's 6,649 slot machines, 163 table games and "millions of dollars in cash prizes and merchandise."

Not everyone shares the thrill.

"I don't particularly like it," said former Mayor Frank Bogert. "It changes the whole picture for this town."

But even he concedes the decision to hitch the city's future to casinos has gone too far to reverse. "There's nothing we can do about it," Bogert said. "Gambling is here. The town has changed. We better make the most of it."

Along with the emphasis on gambling comes a new power structure for this town of 46,000 that annually attracts about 3 million visitors.

Newly elected mayor Ron Oden is Palm Springs' first openly gay mayor, and he will be joined by a gay majority on the council, reflecting the influx of gay and lesbian home buyers who flocked to the city during the 1990s, making its mid-century architecture and downtown village atmosphere suddenly trendy again.

Oden is also black, another notable first for a city with a long history of racial tension. Many black residents, for example, remain bitter over the actions of city officials in the early 1960s who demolished a heavily black neighborhood to make way for downtown development.

The other newly influential players are the leaders of the region's casino-owning Indian tribes. Eventually, according to economic projections, the tribes will employ nearly 10,000 workers in a region that has become a year-round gambling Mecca straddling Interstate 10, about 110 miles east of Los Angeles.

The Agua Caliente Band of Cahuilla Indians, which operates the downtown Palm Springs casino, is among the most prosperous and politically active tribes in the state. The band has donated millions of dollars over the past six years to local charities, civic programs and political campaigns.

At the recent celebration for the opening of the new \$95 million Spa Resort Casino, Agua Caliente tribal Chairman Richard Milanovich stood at center stage, flanked by outgoing Mayor William Kleindienst and Mayor-elect Oden.

Milanovich praised the elegance of his tribe's new casino, which is crowned with a massive dome shaped like an American-Indian basket. "The finer details incorporated into its decor have been likened to those at a little place in Las Vegas known as the Bellagio," he said.

For years, the Agua Caliente casino operated out of a huge tent. The 400-member Agua Caliente tribe established the first Spa Resort Casino in 1995, on a site adjacent to the new casino -- the only Indian gaming facility in the state operating inside a city. The tribe also operates a second casino in Rancho Mirage.

Tribal leaders say the new casino, which occupies a square block in the heart of Palm Springs, will help keep them competitive with the five other Indian casino tribes in the Coachella Valley area, which is experiencing a wave of such projects this year.

Just 20 miles to the west, the Morongo Band of Mission Indians is building a 23-story, \$250-million casino-resort hotel. About 20 miles to the east, the Cabazon Band of Mission Indians is building a 12-story resort hotel, and a 4,500-seat convention center.

At the southern end of the valley are casinos run by the Twentynine Palms Band of Mission Indians, and the Augustine Band of Cahuilla Mission Indians. The Torres-Martinez Desert Cahuilla Indians expect to open yet another casino along Interstate 10.

Palm Springs officials hope that, as the Agua Caliente prosper, so will their city. "This casino will be the catalyst that will spur new development in our downtown corridor," Oden said at the opening.

This month, the city started rebuilding its convention center, the main entrance of which will soon be moved to face the nearby cream-colored, 130,000-square-foot casino. Work crews are widening Palm Canyon Drive, the city's main drag, and putting new facades on commercial buildings.

The city still has a municipal budget shortfall of \$4.3 million, but housing starts are at an all-time high, as are property values. Roughly \$70 million worth of transportation projects are in the works.

But critics say all the gambling development inevitably will bring problems that the tribes should be obligated to pay for.

As semi-sovereign entities, Indian tribes do not pay taxes or have to follow state, county or city ordinances. Yet, they are entitled to full service from local police and fire departments, hospitals, roads and flood-control systems.

Employees at the Agua Caliente casino are not protected by U.S. labor laws and are often enrolled in government-subsidized health-care programs because the tribe does not offer coverage the workers can afford, according to studies paid for in part by unions that have sought to organize the workers.

"There are quality of life issues at stake here," said Pat Johansen, spokeswoman for Coachella Valley Coalition for Responsible Sovereignty, a local casino watchdog group. "We could be facing an additional 10,000 new low-wage employees in our desert. Yet, there are not enough schools, or enough adequate housing, to support this influx."

"Our local governments are only beginning to understand that is about more than just filling in some empty fields with development," Johansen said.

Two weeks ago, a local group called Citizens for Local Government Accountability filed a lawsuit in Riverside Superior Court against the city of Palm Springs over its lease arrangement with the Agua Caliente for land the tribe wants to use for 200 casino parking spaces.

Essentially, the lawsuit alleges that the agreement violates state laws prohibiting the use of redevelopment agency lands for promotion of gambling.

Coachella Valley high school teacher Michael Rosenfeld, a leader of the citizens group, said his goal is to have the court void the city's agreement with the tribe, and "put local governments on notice."

"They need to be responsive to their constituency," he said, "when it comes to dealing with casinos."

Palm Springs officials and business leaders, however, argue that the casino is an ideal downtown anchor and a critical part of the city's vision for the future now that things are starting to look up.

"The fact that tourism is a large part of the economy of the desert communities doesn't mean development has to mean just hotels and water parks," said Andy Linksi, a Palm Springs real estate agent of 11 years. "It can also mean gaming, which is a real plus for this city at a time when the future is very bright."

