

Could Chicago become the Midwestern Las Vegas? The Illinois legislature is currently considering a measure that would grant [five](#) additional state gambling licenses, including one for a 4,000-position land based casino in Chicago.

Gambling

revenue would be a boon to the city and it could spur development, but even in its infancy, this new industry poses problems. Notably, when it comes to development and revenue estimates, the city does not always have a pristine track record.

[Lobbyists](#) for the bill propose that the casino should be located within the Loop in a decidedly infamous location, [Block 37](#) . Recent construction has turned this once multipurpose lot into a rental/ retail complex with far too many vacancies on the retail side. According to the [Chicagoland Chamber of Commerce](#) , Block 37 would be the perfect location for a casino that would create some 17,000 jobs in the region.

Such robust job creation is a positive advancement but the Loop location is ill advised. The central business district is meant for exactly that, business and commerce, not gambling. Yes, State Street is a shopping avenue, but the addition of a casino adds an element of bawdiness that is inappropriate because of its proximity to the halls of power. Furthermore, other parts of the city are in need of development. The old Michael Reese Hospital, the U.S. Steel Plant in Southeast Chicago and Pullman are all viable options: where a casino, as a destination, would help diversify the tourist's offerings outside of downtown.

Nevertheless, besides development, the major reason that the casino deal may not offer the cure-all to the city's woes lies in ensuing revenue projections. Current estimates, predict that a city casino could generate \$950 million in annual revenue and billions of dollars for the metro area. Though these numbers are tempting, and there is no doubt that a complex would generate revenue, how will it be run and how much will it really make?

Though the city proposes owning the casino outright, with a bidding process to see who will manage the property, there is no guarantee Chicago will reap the full benefit from this arrangement. Consequently, in order to obtain a gambling license Chicago is responsible for paying the Illinois Gambling Board nearly \$800 million in fees. With debt on the books, such a deal might be rash because past lease agreements have turned into massive boondoggles.

If we look at the parking meter deal of 2008 and the [Skyway deal of 2005](#) one sees instances where the lack of control has stripped Chicago of a continuous revenue stream. The nearly \$2 billion Skyway lease and the \$1.7 billion parking meter lease were supposed to act as budgetary cushions for decades. Instead, a majority of the money has helped reduce deficits and balance a [reckless budget](#) .

City officials, unfortunately, want to rid themselves of administrative encumbrances, such as overhead costs, which is somewhat reasonable. Those burdens; however, allow the city to manage taxpayer funded projects and not lose control and consequent proceeds. According to a Morgan Stanley report, over the course of the 75-year parking meter lease the consortium shall generate roughly [\\$11.6 billion](#) in revenue. Compare that to the paltry sum the city received and high estimates of \$4 billion to \$5 billion by [Al d. Scott Waguespack](#) and it spells disaster.

Billions have been lost and now citizens must suffer the high fees and spotty service that are the result of badly vetted contracts. Chicago has lost control, what is next? Will the city try to contract out police, fire, snow removal, garbage and water? It is an outrageous proposal, but not out of line.

Liability does burden the administrative coffers and causes fiscal uncertainty, but greater uncertainty occurs when revenue sources are depleting by the month. If the mayor's office and the City Council continue to green light projects that strip the city of annual proceeds our overarching pension obligations will only be one of many concerns. Ultimately a casino could help our afflicted city but due diligence is crucial.

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