

Pope County exec says city gets casino-deal perks

Written by Administrator
Saturday, 07 September 2019 03:42 -

Russellville was not left out of a nearly \$40 million incentive package negotiated before Cherokee Nation Businesses was endorsed last month for a casino license there, according to Ben Cross, county judge of Pope County.

"Quite to the contrary, Russellville will get a convention center, water park, and concert venue for absolutely free with no expense to the taxpayer, all of which, were conveyed to me by city residents as their priorities," Cross said in an email to the *Arkansas Democrat-Gazette*.

Messages left for Russellville Mayor Richard Harris were not returned as of late Friday.

The Pope County Quorum Court on Aug. 13 passed a resolution supporting Cherokee Nation Businesses for a state license to operate a casino there, one of four counties named in a constitutional amendment approved by voters in November.

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At that same August meeting, Cross presented an 11-page "Economic Development Agreement" he negotiated with the Cherokees.

The contract included a \$38.8 million "economic development fee" that would be disbursed among cities -- but not Russellville -- and some nonprofit organizations. Pope County is earmarked for a \$27.6 million piece of the pie.

While Russellville is not named in the agreement, Cross said the city is "actually the largest" beneficiary.

CASINO BENEFITS

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The \$225 million resort proposed by Cherokee Nation Businesses includes a 15,000-square-foot meeting and conference center, a pool, an outdoor music venue, a recreational-vehicle area and dog park, and an outdoor water park. The development would be just north of Russellville city limits.

A convention center has been in the works for Russellville for nearly two decades, but has never broken ground. Proceeds from a 1% sales tax set aside for a convention center sit in a Russellville bank waiting for disbursement.

"This action frees up some 2.4 million dollars in cash assets and 5 million dollars in real estate assets the city currently has for a convention center, for which, they can either refund to their citizens, or eventually be repurposed by city government for other infrastructure needs," Cross said.

Furthermore, the city is the "single biggest consumer of county services," Cross said.

Residents of the city of nearly 30,000 make up more than 50% of every intake into the county jail, Cross said. He added that 56% of all 911 calls and about 66% of all medical runs by the Pope County ambulance service originate in Russellville city limits.

"These numbers mean all five other municipalities and unincorporated Pope county combined, do not even achieve the 50% threshold of usage," Cross said.

Plans for the county's share of the Cherokees' economic development fee include the expansion of the 911 facility, a new emergency medical services center and a new jail, Cross said.

"You can easily recognize the citizens of Russellville are the prime beneficiaries of such action," Cross said.

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RUSSELLVILLE FUNDS

Furthermore, Cross said, Russellville receives 45.21% of a 1% county sales tax, while county government receives 40.67%.

"The rest is divided proportionally according to population to the other five municipalities," Cross said. "Assuming such a large development that has been proposed becomes a reality, one can also assume sales tax revenues will greatly increase in coming years, much also to the advantage of Russellville."

On Thursday, even though the county officials picked a casino applicant to back, the Russellville City Council adopted a resolution establishing a seven-member "Community Gaming Evaluation Committee" to collect and review applications for a Pope County casino license.

Two casino operators -- Warner Gaming of Nevada and Choctaw Nation Division of Commerce of Oklahoma -- encouraged Harris, the Russellville mayor, in separate letters Wednesday to conduct the city's own "open and transparent" vetting process and choose the best option.

One spot on the committee is reserved for a member of the Pope County Quorum Court.

"No one on the court has expressed an interest to serve in such a capacity, nor will I make such an appointment," Cross said Friday.

LOCAL BACKING

Amendment 100, passed by state voters in November, allows new casinos in Pope and Jefferson counties if they have the support of local officials. The amendment also allows Oaklawn Racing Casino Resort in Hot Springs and Southland Gaming and Racing in West Memphis to expand their operations into full-fledged casinos, but they aren't required to have

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local endorsements.

The state Racing Commission previously denied the five applicants for the Pope County casino license -- Gulfside Casino Partnership of Mississippi, Cherokee Nation Businesses of Oklahoma, Kehl Management of Iowa, Warner Gaming and Choctaw Nation -- because none contained endorsements by local officials. The Quorum Court backed the Cherokees after that meeting.

Gulfside's application included letters from previous local officials who left office in December. The company is now suing the Racing Commission in circuit court because the company says a commission rule passed earlier this year -- to require that the officials be in office at the time the application is made -- is unconstitutional.

The Legislature also passed Act 371, which became effective in March, that requires the same thing.

Gov. Asa Hutchinson said Friday that he was part of the discussion that led to the passage of that law.

"There was a general consensus that any application should be accompanied with the support of the current office-holder, and I agreed," Hutchinson said in an email. "As a result, the legislature passed a law making that requirement."

When Cherokee Nation Businesses obtained the county Quorum Court's endorsement in August, the Racing Commission opened a second 90-day window for applications for a license in Pope County.

Pope County voters soundly rejected Amendment 100 at the polls and passed an initiated county ordinance that said an election must be called to allow voters to decide if they want officials to back a casino applicant.

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Anna Stiritz, a member of the anti-casino group Citizens for a Better Pope County, said council members are assuming that voters' views have changed because of polls paid for by casinos.

"Before the council goes and vets more casinos, maybe they should look at what their constituents actually want," Stiritz said.

CITY INVOLVEMENT

Harris said at Thursday's City Council meeting that the city was "striving to get a revenue stream for the citizens of our community." Other council members said they wanted residents to have an open and transparent process in choosing a casino vendor.

Cross said he included Harris in the vetting of casino proposals early in the game.

"I reached out to all six mayors in Pope County and received input from those who responded. I greatly respect Mayor Harris, and in honoring his views on the casino, and as an added measure, I asked the CEO's of [Cherokee Nation Businesses] to personally reach out to him one on one as well," Cross said.

Cross maintains that the vetting process before the decision was made to back Cherokee Nation Businesses was open and transparent.

Members of the Quorum Court and Cross are facing a complaint filed by Hans Stiritz, on behalf of the anti-casino group Citizens for a Better Pope County, alleging that county officials held secret meetings to discuss casinos, in violation of the Freedom of Information Act.

Little Rock lawyer Jason Barrett has been appointed as a special prosecutor to review the complaint to determine if charges will be filed.

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"When compared to how a normal business prospect is recruited to an area by either a Chamber of Commerce or Regional Economic Development Authority, this was actually a quite open and transparent process," Cross said. "In any other realm of an economic development prospect, there would be signed confidentiality agreements, and such secrecy, the first knowledge of any new business would be when the groundbreaking is announced."

Cross added that he had an "open-door policy" to any vendor who chose to contact him and openly reported to the media as well as made each vendor's proposal available for public inspection every day of the week.

"As the privilege to operate in Pope County is at our discretion, and as there are no regulatory guidelines to follow from Amendment 100 in the selection process, I feel the process was in fact quite open for those vendors who chose to participate," Cross said. "Additionally, since the vendors intended to locate in unincorporated portions of the county, it would be incumbent upon each vendor to reach out to the justices individually if they chose to do so. Some vendors did, some didn't."

It wasn't necessarily who had the "deepest pockets," Cross said, but rather who of the five vendors had effectively presented their best business practices, and presented themselves in such a manner "as to develop an ongoing partnership of trust and mutual respect."

Cross said that after the Cherokees, it was clearly the Kehl family who came in second place out of the five contenders.

"Dan Kehl, and his approach as a potential vendor, was as professional and respectful as any business prospect you could ask for, but since Pope County's only ability to somewhat have control over its future lies with making only one selection, [Cherokee Nation Businesses] was ultimately the clear choice," Cross said. "With the state of Arkansas having made the majority of Pope county's decisions for us up until this point, the single vendor selection was an easy conclusion to come to."

Hutchinson weighed in on the issue Friday and said in an email that the Racing Commission is the one in charge of issuing casino licenses.

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"Now, I understand Russellville is considering opening up the application process further. In my view, this approach is consistent with Amendment 100, but any new applicant within Russellville will have to ultimately have the approval of the County Quorum Court or County Judge," Hutchinson said. "The window for applications to be submitted to the Racing Commission remains open, and the Commission rules will guide the final selection of a license for Pope County."

Neither representatives for Cherokee Nation Businesses nor Gulfside Casino Partnership returned messages left for comment.

Representatives from the three other applicants -- Kehl Management, Warner Gaming and Choctaw Nation -- said they will submit applications to the city's review committee.

"We look forward to presenting our project as part of an open and fair process," Warner Gaming CEO Bill Warner said.

The committee has until Nov. 5 to present a final report to the City Council, just before the Racing Commission's Nov. 18 closing of the second application window.

Metro on 09/07/2019

Read more <https://www.arkansasonline.com/news/2019/sep/07/county-exec-says-city-gets-casino-deal/>