

# Detroit casinos' turnaround means millions for city

JC Reindl, Detroit Free Press 6:52 p.m. EST January 12, 2016

## City of Detroit expects about \$5.2 million in unbudgeted casino tax cash



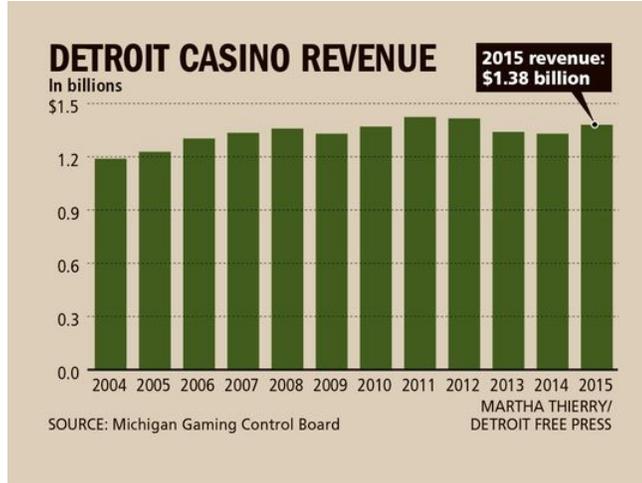
(Photo: Jessica J. Trevino Detroit Free Press)

Detroit's three casinos turned their fortunes around last year, posting year-over-year revenue gains for the first time since 2011.

The revenue figures also mark the best year for Detroit's casinos since 2012, when several casinos started opening in Ohio and possibly took away some business. The numbers do not capture the actual profits for each Detroit casino, including non-gaming revenues from food, beverages and hotel stays.

But the City of Detroit's tax revenue from casino gambling is based on the raw revenue figure and for 2015 represents an unexpected \$5.2 million for the city.

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Detroit casino revenue (Photo: Martha Thierry Detroit Free Press)

Low gas prices and an improved economy helped Detroit's three casinos last year overcome a downward revenue trend and produce extra cash for the post-bankrupt city.

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"This is a business that is dependent almost entirely on discretionary income," said Alex Calderone, managing director of Birmingham-based Calderone Advisory Group. "Money that's not spent at the pump is money that can be spent at the casino."

The generally improving economy also is likely playing a role in the casinos' reversal of fortunes. Automakers had a [phenomenal year in 2015](#) ([/story/money/cars/chrysler/2016/01/05/fca-sales-rose-13-2015-record-year-autos/78268882/](#)) and Michigan's unemployment rate [stood at 5.1% in November](#). ([/story/money/business/michigan/2015/12/16/michigan-economy-unemployment-workforce/77428096/](#)) compared with 6.5% in November 2014.

Total revenues from gambling activities at MGM Grand Detroit, MotorCity Casino Hotel and Greektown Casino-Hotel came in at \$1.38 billion in 2015, or 3.3% higher than the year before, according to figures announced Tuesday by the Michigan Gaming Control Board. Of that money, 83% came from slot machines and 17% from table games, said Executive Director Richard Kalm.

Even though 2015 outperformed 2014 as a whole, the casinos' revenue rebound actually can be traced to the last quarter of 2014, when gas prices plummeted across the U.S. and in Michigan from more than \$3.50 a gallon to about \$2 a gallon. Prices today are just under \$2 a gallon at many service stations.

Taxes from casino gambling have been a key revenue source for the City of Detroit, which exited bankruptcy in December 2014. In recent years, they represented about 16% of all city revenue.

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Greektown Casino-Hotel in Detroit saw revenue rise 1% in 2015 (Photo: Jessica J. Trevino Detroit Free Press)

The three casinos reported submitting \$174.3 million in taxes for 2015 to the city, or \$5.2 million more than Detroit had budgeted for its fiscal year that ends June 30, 2016.

"This is certainly an important revenue stream for the city and the increases are favorable news for the city's general fund," Detroit Finance Director John Naglick Jr. said in an e-mail Tuesday.

Unionized workers at the casinos last month [ratified a new five-year labor contract \(/story/money/business/2015/12/13/detroit-casino-workers-ratify-new-contract/77261084/\)](#) that provided \$4,250 signing bonuses and modest wage increases in the fourth and fifth years.

An executive with Greektown Casino's Rock Gaming said the 2015 casino revenue increase is great news for Detroit. Greektown Casino is nearly finished with a \$60-million renovation to modernize its interior, add 400 slot machines and install a new air-handling system.

Representatives for the other two Detroit casinos were not available for comment and year-end results for Caesars Windsor have yet to be released.

Hollywood Casino Toledo experienced a 5% year-over-year increase in gambling revenue in 2015 to \$192.7 million, according to the Ohio Casino Control Commission.

#### Year-end gambling revenues for Detroit's three casinos

**2015:** \$1.38 billion

**2014:** \$1.33 billion

**2013:** \$1.34 billion

**2012:** \$1.42 billion

**2011:** \$1.42 billion

**2010:** \$1.37 billion

**2009:** \$1.33 billion

#### Individual casino results for 2015 vs. 2014

**MGM Grand Detroit:** up 3.7% to \$582 million

**MotorCity Casino Hotel:** up 4.4% to \$464.5 million

**Greektown Casino-Hotel:** up 1% to \$329.9 million

Source: Michigan Gaming Control Board

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