

# BUFFALO BONANZA

By Matt Connor

**F**or decades Buffalo, N.Y., has been in a near-perpetual state of economic malaise, the victim of a slow decline in the Northeast industrial base that stretched from central Pennsylvania through New England. For more than 30 years, manufacturers downsized, shut down altogether or moved overseas, leaving the rusting hulks of their factories behind — along with a sizeable population of unemployed blue-collar workers.

But the Seneca Nation of Indians hopes to be the catalyst for a renaissance in this city in Western New York. Thanks to a compact the tribe signed five years ago with then-Gov. George Pataki, in 2010 Buffalo will see the debut of a major new \$333 million destination resort. The Seneca Nation already operates two successful casino projects in Niagara Falls and Salamanca, N.Y.

“In the area of the city where we’re going to build, there hasn’t been a whole lot of investment and development taking place over the last number of years,” said Phil Pantano, director of public relations and public affairs for Seneca Gaming Corp. “We feel very encouraged by the comments and support we get one-on-one from people who stop us at the facility in Niagara Falls, who stop us at the temporary facility in Buffalo, and who send us letters and e-mails telling us, ‘Thank goodness you people are willing to do something.’”

“From a company point of view,” he added, “we’re hoping our colleagues in the public and private sectors will capitalize on what we’re doing and make their investments to complement it.”

Additionally, a revenue-sharing agreement the tribe has with New York state will mean the direct payment of millions of gaming dollars to the city.

“Our estimate is that the local share that goes back to the city of Buffalo will be \$5 million to \$7 million per year for the permanent Buffalo project,” Pantano said. “The percentage that gets paid to the state is on an escalating scale. For the first four years of our operation, the percentage paid to the state was 18 percent of our net slot revenue. On Jan. 1, 2007, it grew to 22 percent. Then on Jan. 1, 2010, it will grow to 25 percent.”

“But of the money that New York state takes in,” he added, “it returns 25 percent back to the host community, based on what each facility generates. The nation makes one payment to the state, and then the state comes in and makes the payment to the local communities.”

In late 2007, the Seneca Nation made its most recent payment to the state, which represented New York’s share for all of 2006 and the first half of 2007. The total: \$135.6 million.

“It’s a significant stream of new revenue that can really help the communities in which we operate here in Western New York,” Pantano said.

The Buffalo project is the third leg in the tribe’s overall gaming plan in the Empire State. Each of the three casinos will retain a

distinct character, Pantano says, and will offer something new and fresh for customers.

Seneca Niagara is seen as a destination for tourists, as it is based in one of the most-visited vacation areas in the state. Seneca Allegheny offers excellent skiing, hunting and fishing for folks looking to get into the outdoors when not playing the slots.

But Pantano says Buffalo is definitely a more urban setting. “There you’ve got the arena, the theater and the entertainment districts. There’s great architecture and a great cultural community,” he explained. “So Seneca Buffalo Creek is going to have a much more cutting-edge design and feel to it. And what we’re hoping happens is it spurs other people to take another look at Buffalo and make their investments and capitalize on what we’re doing.”

Unlike the hit-the-ground-running facility the Seneca launched at Niagara Falls a few years ago, which opened in the massive old Niagara Falls Convention Center, the Buffalo project started much more modestly. In October 2007, the Seneca Gaming Corp. opened a 135-slot facility in the city six to eight weeks ahead of its Dec. 9 deadline.

“Timing was a big issue with Buffalo,” Pantano said. “Based on the terms of the Seneca Nation’s compact agreement with New York state, all three of our operations had to be open by Dec. 9, 2007. And with the various challenges we faced regarding the Buffalo project, we wanted to be sure we’d be in operation well ahead of that deadline, to get something built, equipped and in operation as quickly as we could. That’s why we went with the smaller scale. We wanted to make sure the nation was in complete compliance with its compact agreement.”

The challenges Pantano mentions relate to local opposition, which fought the casino development with the standard anti-gaming arguments that the facility would increase crime and gambling addiction and impact the moral character of the community.

“There’s been some vocal opposition to our plans in Buffalo, even dating back to five years ago, when the nation first signed its agreement and was looking for different sites in Buffalo,” Pantano said. “As vocal as it’s been, we really think it’s been a vocal minority.”

He added that there continues to be some legal challenges aimed at stopping the project.

“Back in January 2007 a federal judge sent the issue back to the National Indian Gaming Commission (NIGC) for review and clarification,” he said of one such legal challenge. “Before the NIGC came back with its ruling, we couldn’t operate. And we were well to the point where we were approaching our opening, nearing the end of construction. We didn’t know how long it would take for the NIGC to come back with its ruling, so that really made timing critical because we were facing our December deadline. But the NIGC came back with its ruling in July, and we opened up in the fall.”

An artist's rendering of the Seneca Buffalo Creek resort. The resort is scheduled to open in 2010.



Off-reservation gaming has been a contentious issue for 20 years now. The 1988 Indian Gaming Regulatory Act put in place the process by which tribes could develop gaming properties off of their ancestral homelands, and anti-gaming forces and community activists have made it the focus of their challenges to gaming expansion ever since.

"Opposition to large-scale projects has become increasingly common in Western New York," Pantano said. "I guess the city of Buffalo, in particular, has faced opposition for one reason or another. I'm talking about the casino project, but there has also been opposition to other development projects not related to the casino."

"From our standpoint, the key is to follow the appropriate processes, working as best you can with your partners — whether they be city, state or county governments — and just put your effort into bringing forth a quality project that will be beneficial from a business standpoint and pay ancillary benefits to the community."

To that end, Pantano says the Seneca Nation was determined to stick closely to the letter of its compact.

"What we've done in Buffalo, as well as in Niagara Falls, is we've played by the rules first and foremost," he said. "There's a process spelled out in the nation's compact regarding where and how these facilities would be built. There's a federal process for making an application for taking land into trust with the federal government."

"We were as diligent and transparent as possible in acquiring the land, making the applications to the Department of the Interior, and giving the appropriate notifications to the local jurisdictions."

"From a government standpoint, the cities of Niagara Falls and Buffalo have been 100 percent onboard, and certainly the state has been supportive of what we're doing."

"We just stayed focused on our goal, which was developing world-class projects, putting people to work and creating opportunities."

In addition to the casino projects in Buffalo and Niagara Falls, the Seneca are investigating other off-reservation business ventures, Pantano says.

For instance, he said: "We're building a championship golf course in Niagara County, about 10 miles away from the Niagara Falls casino. It's a

\$20 million project being designed by Robert Trent Jones Jr. It's certainly going to be an amenity for our patrons, but it's a project that doesn't currently exist locally unless you want to head into Ontario, where there are some higher-caliber golf course projects. It will be an additional amenity for our patrons, but we also think it's a project that will stand on its own here in Western New York."

Additionally, he says the tribe is "definitely looking at opportunities to extend our management expertise to other entities — whether it be tribal or commercial organizations — that are either currently operating or are thinking of getting into the casino industry."

The Seneca Nation recently signed an agreement with the Aquinnah Wampanoag Tribe in Massachusetts, to partner with them in their mission to secure one of the three casino licenses that were proposed by the governor of that state last year.

"That is, I think, the next step in the economic development and corporate development processes," Pantano said, "taking what we know and what we do very well and building that reach and building partnerships that will help us expand that."

He added: "For the nation itself, it's always looking at opportunities to improve the quality of life for its 7,600 members and looking at endeavors that it may undertake to build on the economic and financial momentum that's been created by the casino industry."

As for the Seneca Gaming Corp's properties, Pantano says the tribe doesn't see Buffalo as a separate, isolated operation.

"We look at all three of our properties as part of the corporate picture," he said. "They're three different experiences that we want our patrons to enjoy. Destinations like Atlantic City and Las Vegas have multiple casinos in close proximity to each other. People like to go from facility to facility to experience the differences between properties. We definitely see Buffalo as playing that role."

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