

## Harrah's promises 500 new jobs from planned expansion, but key lawmaker has doubts

BY TYLER BRIDGES

House Speaker Taylor Barras is pushing the Legislature to approve a 30-year, no-bid extension to Harrah's exclusive contract to operate a casino in New Orleans with the promise that the casino will invest \$350 million and create new jobs and additional tax revenue for the state and city.

But whether the investment will generate a net increase in jobs is unclear.

Harrah's officials say they would create 500 full-time jobs by building a new 340-room hotel and adding a food court and nightclub at the casino at the foot of Canal Street.

Under a 2001 state law, Harrah's must employ at least 2,400 workers as part of its deal to operate the only land casino in New Orleans.

But despite the company's promise of 500 more jobs, Barras' House Bill 553 would not raise Harrah's guaranteed employment minimum.

That's a mistake, said Senate President John Alario, R-Westwego, who said he believes Harrah's officials might reduce staffing in the casino yet still meet the current minimum.

"They might have more hotel employees and cut back on the number of people in the gaming facility," Alario said in an interview. "I wouldn't want them to do a shell game on us."

Asked whether the \$350 million investment would produce a net increase of 500 jobs, Dan Real, Harrah's general manager, said, "That's the plan right now."

Real noted that in his eight years as general manager, he has never laid off an employee. "I have no plans of doing that ever," he added.

Barras, R-New Iberia, won overwhelming support for HB553 in the state House with little debate, and the bill is now awaiting a hearing before the Senate Judiciary B Committee.

Sen. Gary Smith Jr., D-Norco, the committee chairman, said he won't hear the bill when the panel meets Tuesday. HB553 would have to pass that committee and the full Senate before it can become law.

House passes bill to extend Harrah's contract in New Orleans; company 'shall' invest \$350M

A key feature of the bill is that Harrah's wants lawmakers to renew its contract with the state six years before it expires in 2024.

Its lobbyists quietly lined up support from Barras and a cross-section of state lawmakers through presentations that touted the jobs and taxes they said the \$350 million investment would generate. The company treated New Orleans-area lawmakers to lunch in November at Ruth's Chris Steak House, which is in the Harrah's hotel across Poydras Street from the casino.

Gov. John Bel Edwards supports HB553.

When The Advocate first reported Harrah's hotel plan in February, lawmakers lavished praise on the \$350 million investment but had little information about other details of the company's effort to win the extension of the 30-year license six years early.

Five senior legislators, asked about HB553, said they have not considered whether the legislation should increase the minimum employment level.

"If somebody wanted to amend the bill in the Senate, I'd certainly take a look at it," said Rep. Walt Leger III, D-New Orleans, a supporter of the bill. "I'd want to have a conversation broadly about what is the appropriate amount."

Joseph Jaeger Jr., a major New Orleans hotel owner and developer, has emerged as the biggest critic of HB553, arguing that lawmakers would wring more money out of the deal by waiting and forcing Harrah's to compete in a public bid process for the license renewal with other casino companies.

'Below-the-radar' New Orleans hotel owner steps reluctantly into limelight to oppose Harrah's deal

The Louisiana Restaurant Association, Greater New Orleans Hotel & Lodging Association, New Orleans Chamber of Commerce and other business groups — plus the Greater New Orleans AFL-CIO — have written letters of support, citing the planned investment.

Real said Harrah's needs a second hotel because its existing 450-room hotel operates at 100 percent occupancy year-round. The company has to

pay for thousands of favored gamblers to stay at other hotels, he added.

A second Harrah's hotel means those other hotels would presumably lose business, which would cost them jobs, Alario said.

"Anybody that would build a hotel in New Orleans would create the same number of jobs," Alario said. "Anybody that would build restaurants in New Orleans is going to create the same number of jobs. I don't know what difference it makes (if it's) them putting it up or somebody else doing it."

David Satz, a senior vice president and attorney for Caesars Entertainment, Harrah's owner, said it is unfair for Harrah's to have to employ a minimum number of workers.

"One of the biggest mistakes in the initial legislation was setting a number," he said. "You tell me any other business that has a statutorily prescribed number (of jobs) that is predicated on stuff from the year 2000. Things change in business."

He added, "There's no need (now for people) to count coins. There's no need for slot attendants to put in coins."

Harrah's now has more than 2,400 employees, but thanks only to a change in how they are counted. The company's lobbyists requested the change after the New Orleans City Council passed a smoking ban in January 2015 that included Harrah's. The ban caused business to drop by 20 percent to 30 percent, the company said.

Harrah's gross gaming revenue was \$30.2 million in March 2015 but dropped to \$26.8 million in March 2018.

In May 2015, then-Sen. Edwin Murray, D-New Orleans, tried but failed to reduce the casino's minimum employment to 2,000.

Harrah's returned in 2016 with a different approach, winning legislative approval to reclassify how it counts employees to reach the 2,400 minimum, under a bill sponsored by Sen. Karen Carter Peterson, D-New Orleans. That measure allowed the casino to count "any related non-gaming entity, including hotel operations, third-party tenants and corporate employees."

According to State Police figures, Harrah's employed 2,522 workers at the end of March, but that number included 386 "third-party vendors" and 12 "corporate employees." Without them, the employee count was

2,124, down significantly from the March 2001 count of 2,667.

In 2011, The Times-Picayune cited State Police figures to report that 78 percent of Harrah's employees were full-time, down from 84 percent in 2008, while 15 percent were half-time and another 6 percent were "on call," meaning they might work eight hours in a biweekly pay period.

In response to a public records request for current information, Suzanne Bourgeois, an assistant attorney general in the gaming division, said she could not provide the most recent breakdown of full-time versus part-time and on-call Harrah's employees, saying the figures are confidential.

Peterson refused to talk about the casino's employment figures.

Louis Reine, who heads the AFL-CIO in Louisiana, sides with Harrah's executives on the employment minimum question.

"We think they should have an adequate number to do the job, and they should be paid fairly," Reine said. "If you create a situation where an employer has more employees than they need, then it's difficult to negotiate a wage increase."

Reine noted that the Harrah's hotel is one of only three in New Orleans that has a collective bargaining agreement to establish salaries and benefits for its unionized employees.