

THE CALIFORNIA WIN-WIN PROJECT: OPPORTUNITIES ASSOCIATED WITH A SAN DIEGO AREA REGIONAL AIRPORT IN THE IMPERIAL VALLEY

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ABSTRACT

The San Diego Regional Airport Authority is currently considering several potential sites for a regional airport to replace or supplement the current San Diego International Airport, which is unable to expand in order to accommodate increasing needs for air transportation in the area. One location being considered is the so-called "Desert Site" in Imperial County. This area offers an abundance of undeveloped land, but the eighty-five mile distance from San Diego makes the viability of this site largely contingent on the construction of a high speed magnetic levitation train system. Arguments have been made that this train system would attract only a limited proportion of travelers. This analysis questions this conclusion and suggests that a regional airport and high speed train system would make feasible synergistic several developments that would benefit a diverse group of stakeholders across California and the nation. Suggested projects include a regional medical center and a federally chartered multi-tribe resort development.

INTRODUCTION

This paper sketches a vision of opportunities associated with the construction of a regional airport, multi-tribe Native American resort, factory outlet complex, and medical center in the Imperial Valley.

Despite the large amount of traffic passing through the San Diego International Airport, its current site has only one runway. Due to high land costs and hardships that would be imposed on local residents, expansion of the current location is not considered feasible. Therefore, the San Diego Regional Airport Authority is

investigating sites for a major new San Diego area airport that would either supplement or entirely replace the existing one.

One site that has been considered is located in the Imperial Valley, some eighty-five miles east of San Diego. There are several problems associated with this site, most notably its large distance from San Diego. However, the Imperial Valley, with its vast reserves of contiguous undeveloped land, offers opportunities for other developments that, in combination with a major regional airport, could benefit a large number of people throughout California and the nation.

One way that has been proposed to make the Imperial Valley location feasible is the construction of high speed, magnetic levitation train system that could bring passengers from San Diego to the airport in approximately twenty minutes. The required technology, at this point, is largely experimental. Currently, there is only one short railway system in operation in China and a technical demonstration site in Germany. National interest in developing this kind of technology, however, suggests the potential for extensive federal funding.

The airport, in combination with high speed rail access to the area, raises opportunities for a number of highly synergistic developments. This document outlines possibilities for a regional medical center and a multi-tribe Native American-run resort with a factory outlet center. A “win-win” approach is suggested that would allow numerous stakeholders to benefit.

The following description illustrates the idea with somewhat arbitrary figures. These numbers—or the specifics of the idea—should be regarded only as a starting point. The extent to which the parties proposed for involvement would be interested is also far from certain. It is thus fully understood that the vision described here reflects only a possible beginning point for ideas. **It should be further emphasized that the scope, structure, and orientation of any resort/factory outlet center should be decided by any Native American groups involved.** Details are presented in this paper only to provide an illustration of what this type of venture could involve.

THE MAGNETIC LEVITATION TRAIN SYSTEM

The technology required for the construction and operation of an eighty-five mile magnetic levitation train system is currently not well developed. The writer does not have technical background required to meaningfully assess the technological merits of such a system. Thus, the central idea is largely contingent on its feasibility.

Because of the national importance of the development of high-speed railway traffic across the nation, significant federal funding for this type of project is possible. The Washington, D.C.-Boston corridor has been identified as an initial route for implementing this technology. With the tremendous population density that exists along that route, there is clearly a much larger ridership potential in that

region. Yet, precisely because of the importance of a well tested and developed system, fine-tuning of the technology in a less critical area may be appropriate. Reportedly, a major advantage of magnetic levitation is the ability of this kind of rail system to handle sharp increases in elevation. This may make the Imperial Valley a well suited terrain for the development of this technology.

Some critics of the Desert location have suggested that a high speed train system might only attract some fifteen percent of travelers, leaving others to travel on the freeway. Although many travelers would undoubtedly object to effectively adding another leg to the desired route, it should be noted that efficiencies associated with a well-run magnetic levitation train system would significantly reduce the added time needed for travel. It is suggested that check-in, baggage checks, and security screening could potentially be done on the train. In addition, arrangements could be made for low cost delivery of baggage to local area hotels, sparing the traveler the need to wait for baggage to arrive in the claim area. While in the air, travelers could have their ticket claim stubs scanned, entering a local destination for delivery. Robust weather conditions and the opportunity, with abundant land, to develop a large capacity are likely to significantly reduce flight delays. Finding space for a train station with adequate parking capacity in San Diego could, of course, be a challenge. For more price sensitive travelers and those traveling for extended periods, direct shuttles could be run from low cost satellite parking areas to the train departure point.

It might be noted that although considerably longer distances are involved, the use of trains for travel to and from airports is not new. The Washington National Airport, for example, is on a convenient stop of the local Metro. The Seattle Tacoma airport relies on an extensive train system for moving passengers between terminals.

THE AIRPORT

A significant advantage of locating an airport in the Imperial Valley is the large amount of space available for complementary developments in the immediate neighborhood. Weather conditions in the Imperial Valley appear to be highly favorable, with little or no airport downtime required because of fog or other unpredictable conditions that affect airports in most regions. This also makes the airport an attractive site for diversions from other airports and for emergency military use.

Creating a completely new airport with supporting infrastructure makes a number of experimental programs feasible. It may be possible, for example, for passengers to check-in to their flight and undergo security-checking while traveling on the train to the location. Having the high speed train servicing the airport, it may be possible to allow passengers to skip the traditional lengthy baggage claim process. Passengers could proceed immediately from the airport with subsequent quick delivery of baggage to area hotels and residences at a modest cost.

Ample capacity and low landing costs may make the site an attractive gateway for airlines—foreign and domestic—into California. With large numbers of passengers arriving into this airport, direct flights to many other California destinations would be feasible. Thus, it is likely that the entire state would benefit significantly from increased foreign and domestic tourism.

The Imperial Valley, which suffers from high levels of unemployment, offers a low cost, bilingual labor pool.

The airport and high speed train system, in combination, have the potential to bring a large number of individuals into an area which has tremendous potential for development. Two main additional projects are suggested, but it should be noted that these developments, in turn, would encourage other types of growth.

MULTI-TRIBE RESORT AND FACTORY OUTLET CENTER

Background. Since the passage of the *Indian Gaming Regulatory Act* in 1988, Native American-run casinos have enjoyed dramatic growth across the United States. These gaming operations are, however, controversial. Aside from adverse effects of gambling on society, many local communities are concerned about the increases in traffic, demands on local infrastructure, and costs of local services. There also appears to be a public perception that despite the large revenues taken in, many gaming operations may only benefit a small proportion of Native Americans. A recent study by Harvard University concluded that the economic benefits of casino operations may, on the average, have been less than what had been initially believed. This conclusion, however, is complicated by the recognition that lack of profitability, and even some bankruptcies, may have resulted to a large extent from problems in anticipating and controlling costs. A well developed project with economies of scale may do better.

Minimizing Opposition. The construction of a multi-tribe run resort community near an airport in the Imperial Valley could potentially provide significant benefits for a large number of Native Americans while minimizing the types of objections associated with many existing casinos.

To the extent that a large proportion of guests would arrive through the high speed train and/or the airport, demands on infrastructure outside the resort would considerably reduced. It is possible that the local portion of sales-tax revenue from sales in the associated factory store center could cover many of the additional local government service costs. In addition, the resort, factory outlet center, airport, and regional medical center would generate a large number of jobs for the local community that currently faces 25% unemployment. The resort would, of course, be responsible for its own internal infrastructure and security. Because of the tremendous economic benefits offered to the community and the state, it is thus

hoped that there would be no public challenge to complete tax exemption for all operations other than the factory outlet center.

On June 7, 2005, residents of the City of Calexico passed Measure N, a proposal that allows the city to negotiate with the Manzanita Band of the Kumeyaay tribe for the construction and operation of a “gaming and entertainment resort” within the city limits. The vote was relatively close, with 56% voting in favor. With a low turnout of only 28%, it is difficult to assess the level of public support based on this election outcome. Opponents are currently exploring political and legal challenges, including an assertion approval of voters in the entire County of Imperial is required. The plan calls for a 200 room hotel and 270,000 square feet for an entertainment complex. The measure has considerable local support, including that of the Calexico Chamber of Commerce. Proponents claim that that the development will bring \$175 million into the local economy and generate 175 construction jobs. It is estimated the facility would have a payroll of \$75,000,000 and create, directly and indirectly, 3,370 jobs. Although Calexico may be motivated specifically by an expected increase in visits from Mexico, it appears that the economic contributions of tribal gaming are recognized in the Imperial Valley.

Many local communities across the United States have expressed concern about potential Native American gaming developments in their midst. Several municipalities in the Oakland area, for example, orchestrated a joint campaign to avoid a development within twenty miles of the Oakland Airport. Vocal opposition to gaming projects have also been experienced in other states including, but not limited to, New York, Colorado, Ohio, Minnesota, and Massachusetts. Concerns about tribal gaming tend to center around increased crime, increased demands on local infrastructure, increased traffic, and certain tax exemptions that limit the revenue that local governments receive. Remnants of these concerns may exist in the Imperial Valley, but relatively speaking, local problems resulting from a resort are likely to be modest and could be easily outweighed by tremendous opportunities for local economic growth.

California Governor Arnold Schwarzenegger has recently announced that he will oppose the spread of Native American gaming into off-casino sites in urban areas. The Governor, however, has indicated that he would be willing to accept expansions in more rural areas when the affected community is in support of the development. Although this project is technically envisioned as a federally chartered development which could be seen effectively as reservation land, the Governor’s support for the project is nevertheless essential. The Governor’s reluctance to allow new gaming in urban areas increases the attractiveness of a rural, but readily accessible, location. In addition, having foreclosed opportunities in urban areas, the Governor may perceive an obligation to make good on his promise to support locations that have community support.

Potential Organizational Structure. It is envisioned that a Federal charter would grant a number of tribes—perhaps ten—the opportunity to jointly run the

resort. Whether there would be an interest among tribes in this type of arrangement is a question that the writer is not able to assess. It is possible that there would be opportunities for non-California based tribes to participate, increasing national support for the charter. This specific structure of this project would be most appropriately settled within the Native American community, and thus this proposal does not presume to offer details.

Financing. A large project like this would obviously require considerable investments. Some tribes, in seeking funding for large scale developments, have sought to involve non-tribal partners. Although this is a ultimately a decision that should be made by the tribes, it is hoped that any dilution of earning potential that would result from outside equity holders could be minimized. Debt financing for casinos may entail some challenge due to concerns about bankruptcy issues resulting from tribal sovereignty. Standard & Poor started in 2003 to rate a few Native American gaming ventures, with their rankings falling in the B to BB range, or short of the "investment grade" standard. Tax exempt municipal bonds have been issued for casino construction in some areas, but this is a highly controversial practice. Thus, financing may represent a challenge.

Securing Public Support. To secure public support for the program, a vision of the distribution of income is proposed. Tribes and other stakeholders would clearly have greater insight into needs and priorities. **Thus, the present figures are presented only as way to present one possible arrangement that might win public support.** *As an illustration,* an allocation could be as follows:

Funds for use among and between tribes as desired	50%
Training programs in the resort	20%
Support of schools on reservations or with large Native American enrollment	15%
Scholarships for higher education for Native Americans	15%

It is hoped that, in addition to traditional gaming, the resort would offer other entertainment and educational programs. A museum of Native American history, for example, could be included.

The U.S. Commission on Civil Rights issued a report in 2003 that chastised government neglect of the Native American community, indicating that spending has grown at rates less than inflation. Thus, spurring economic development in the Native American community is especially compelling and an objective worthy of public support.

Having a large resort would create considerable training and educational opportunities. Training programs in hotel management, for example, would provide opportunities for Native Americans going into careers with hospitality businesses, whether associated with tribal operations or not. Training in culinary arts, cosmetology, technology, and logistics are only a few other opportunities. In

cooperation with the airport, it might be possible to train aircraft mechanics and to train individuals to become commercial pilots without having to join the military as way to obtain the necessary training. With the medical center, there would also be opportunities for medical training. Currently, for example, there is growing shortage of nurses across the nation. A program combining theoretical education and practice could be funded by resort revenues. A summer residence program for high school students interested in entering the medical profession could also be offered.

Positioning. Native American casinos often try to infuse some measure of heritage into the facilities. However, with the overriding purpose of these casinos being the maximization of gambling revenue, there is often less emphasis on the Native American theme. A very large development of this nature, however, provides enhanced opportunities for a more complete and immersive experience. Using the Florida example of Walt Disney World, it is possible to set a very large amount of land aside for gradual development. While many space constrained resorts have had to resort to multi-story hotels, it may be possible here to develop hotel rooms and suites that imitate traditional Native American housing. There is even the possibility for different “villages” that feature contrasting styles. A theme park could be involved—possibly developed over time—featuring traditional Native American games and leisure activities. Theaters could feature traditional Native American dance and entertainment, and Native American art could be displayed throughout the development. In addition, crafts, food products, and other products from tribes across the nation could be sold in theme stores.

A resort of this nature may well appeal to individuals from across the world who like to support socially responsible causes, drawing a large amount of potential traffic. A vacation that would be both educational and enjoyable would be available as a desirable family resort.

An image of social responsibility would likely appeal to organizers of medium sized conferences. This would also make the resort an attractive setting for corporate retreats and training, especially in the area of diversity.

Clientele. The resort, with the construction of the high speed train, would be easily accessible from San Diego. Tourists could conveniently fly into the area, either for the primary purpose of visiting the resort or for some other purpose, with a visit to the resort at the beginning or the end of the trip being included. Although population in the Imperial Valley is sparse, the area has enjoyed a large influx of tourists from Mexico. Mexicali, right on the other side of the border, is a large city with a population of one million. It is anticipated that more affluent members of that community will account for a large portion of sales in newly constructed Imperial Valley Mall. It is believed that Wal-Mart’s recent opening of a “super center” in Calexico was motivated to a large extent by the large influx of Mexican shoppers.

Factory Outlet Center. An associated factory outlet center would provide many opportunities. This setting would allow both profits on the sales of traditional

merchandise and, in addition, the opportunity showcase Native American designs from across the country. A computerized system in all stores could identify the costs of shipping merchandise bought directly back to the customer's home, either in the U.S. or abroad, with appropriate duties identified. For passengers choosing to carry the merchandise home themselves, arrangements could be made to have the packages delivered directly back to the airport at the time and day of the customer's departure.

The Viejas Casino currently features a large factory outlet mall and many other casinos feature smaller scale retailing operations. In a reverse approach, interest has been expressed in introducing a casino into the Mall of America, but this is a controversial proposition for a mall in an urban location. The combination of a resort, airport, and a factory outlet center is clearly one of synergy

REGIONAL MEDICAL CENTER

The San Diego area is experiencing increasing needs for medical care. Yet, the costs of construction and operation in San Diego are very high. It is also difficult to find enough contiguous land to allow for a large medical center.

Costs of land in the Imperial Valley are much lower than those in Metropolitan San Diego. The Imperial Valley offers low labor costs and a bilingual labor pool. Although many physicians may not want to live in the Imperial Valley, with its excessive summer heat, the high speed train would make commuting from San Diego readily feasible.

A location very close to the airport would make the site attractive as a way to transport critical patients who need specialized care. An ambulance could meet medical flights on the runway and proceed immediately to the hospital without traffic delays. Favorable weather conditions for landing would also guarantee reliable access.

A benefit of this location is that relatives of people undergoing treatment of serious conditions—especially children— may find some relief at the resort. For families where one member needs lengthy medical treatment, there may also be other opportunities for employment.

A 2004 report by the U.S. Commission on Civil Rights chastises the current state of medical services available to Native American communities. Tribal facilities might house individuals flown in for care not available in their home communities. The hospital, in cooperation with the resort, could also offer opportunities to train Native Americans for the medical profession—whether as interns, nurses, technicians, therapists, other medical personnel, or support staff.

BENEFITS FOR SAN DIEGO

A high speed rail connection from San Diego to the Imperial Valley would make it feasible for individuals who work in San Diego to live more affordably in the Imperial Valley. This, in turn, would reduce the upward pressure on home prices that make buying a home unaffordable for a large portion of the San Diego population. With rapid transportation from San Diego, the development of a regional medical center would increase the availability of locally accessible health care without requiring the use of a large area of local land.

If the regional airport were to become a cost effective gateway for entry into California, it is also likely that San Diego would experience increased tourism.

In part because of the attractiveness of the San Diego area, demand for spots at local colleges and universities is heavy. San Diego State University is heavily impacted with little opportunity for growth of the campus. The Imperial Valley Campus of the University does, however, have ample space to grow, especially at its new two-hundred acre Brawley campus. The high speed train system would allow students to commute from San Diego to the Imperial Valley to attend college.

BENEFITS FOR THE IMPERIAL VALLEY

The Imperial Valley is an economically depressed community that currently suffers from 25% unemployment. A large number of jobs would result from these projects, both in terms of direct employment and in terms of jobs created by supporting businesses.

High speed transportation would enable more firms to set up manufacturing facilities in the Imperial Valley to take advantage of low costs of land and a large labor pool. Manufacturing in the Imperial Valley would become especially attractive in view of the rapidly growing costs of land in the San Diego region. A location close to a major airport—without the congestion that tends to occur in more urban areas—would also be highly attractive.

The Imperial Valley is highly dependent on agriculture for its economy. Unfortunately, the valley has mostly emphasized low value crops such as alfalfa. It is estimated that as much as 90% of the value of food products is added post-farmer, but the valley has so far not been able to attract the food processing industry to the area. Supplying a resort and hospital would provide considerable opportunities for adding value to local agricultural products. In addition, air-freight capacity could make it possible to ship lettuce out of the area. Demand for this high-value crop has increased dramatically in recent years; yet, the valley has benefited little from this development due to this crop's high level of perishability.

High speed transportation would allow many individuals who live in the Imperial Valley to commute to employment opportunities in San Diego. It would also be possible for local students to gain access to a larger selection of colleges in San Diego without having to shoulder the high cost of living in that city.

BENEFITS FOR NATIVE AMERICAN GROUPS

The primary benefit for Native American groups of the resort would clearly be the considerable revenue that could be used for purposes chosen by the tribes. In addition, however, opportunities for training programs have been suggested. Again, it should be emphasized that any goals pursued by Native Americans through this project should be set by that group.

A large resort of this nature would provide opportunities for educating the public about Native American culture and the challenges facing Native Americans across the nation. An immersion into the resort facility would provide not only an opportunity to dispel myths held by a large portion of the U.S. population about Native Americans (see Darian-Smith 2004 for examples), but also to educate about diversity among tribes and the rich history of Native America.

In addition to the employment opportunities for Native Americans that would be created directly by the resort and indirectly by its suppliers, it should be noted that this type of development could attract a large number of Native American businesses into the area. The concentration of numerous Native American businesses into one area may provide additional opportunities for collaboration and growth among disparate firms.

This proposal, as a way to secure public support, envisions an arrangement whereby at least fifty percent of the profits would be spent on education and training. The income could support both local schools in Native American communities and Native American students seeking higher education. Money could be directly issued as scholarships to students both at the graduate and undergraduate levels. Alternatively, grants might be made directly to institutions such as the Harvard Native American studies program and the Native Nations Law and Policy program at UCLA.

A few years back, California voters elected to ban the use of ethnicity as an affirmative action factor in college admissions. An especially unfortunate consequence of this decision is the increasing importance of standardized tests in admissions evaluations. Evidence has shown that short term, expensive "crash" courses that aim to prepare students to take these standardized tests appear to have limited effectiveness. However, it is possible that educational programs could help develop test taking abilities over time, starting modestly in late elementary or junior high years. The relevance of skills supposedly measured on standardized admissions tests is open to serious question and the extent to which individuals should be

encouraged to master techniques primarily for the purpose of doing well on a test raises troubling philosophical issues. The reality is, however, that test scores may affect college admissions, with a lower score foreclosing opportunities otherwise available.

POTENTIAL OPPOSITION

This project has been proposed to benefit as many stakeholders as possible while minimizing potential threats to and negative impact on others. Nevertheless, some interests might have concerns about the project.

Las Vegas and Atlantic City have had to contend with competition from a rapidly growing Native American casinos since the passage of the *Indian Regulatory Gaming Act* of 1988, which greatly expanded the potential for on and off-reservation gaming. Growth in the market so far appears to have allayed the concern of commercial gaming firms. However, there may be limits to potential future growth, and established interests may view with considerably greater concern a large scale development with a highly enhanced infrastructure. Non-tribal card clubs in the state have also voiced concern about the proliferation of Native American gaming.

Pathological gambling is a serious problem in our society. Although it is hoped that the resort would derive a large part of its profits from lodging, dining, entertainment, conference hosting, and merchandising, introducing any additional opportunities for gambling is a matter of some concern. This is a problem that cannot, even with the best of intentions, be completely overcome. It is hoped, however, that a large resort, with the significant resources it would have available, could become a leader in the identification and treatment of problem gamblers. As one step, for example, some casinos have developed a program of "voluntary expulsion" wherein identified potential problem gamblers are encouraged to leave the facilities. The tribal management could, at its option, pursue other measures such as shunning ATM machines, check cashing services, and other means for securing unplanned cash on site.

Several other tribes maintain casinos with some proximity to the proposed airport site. The Viejas Band of the Kumeyaay Nation, for example, maintains a casino and factory outlet mall east of El Cajon in eastern San Diego County, about fifty miles west of the airport site. The Campo Band of the same tribe maintains the Golden Acorn casino some thirty-five miles west. As previously discussed, the Manzanita Band, with the support of the Calexico Chamber of Commerce, is currently seeking voter approval to construct a casino development in Calexico, a border town with Mexico some twenty miles south-east of the airport. Assuming a fixed size market, the resort development would clearly represent competition for these casinos. However, it is hoped that, with additional tourist flow into the area, a significant *net increase* in business would result for these established operations.

Development of land in an area that is entirely dependent on water from the Colorado River raises certain environmental problems. An environmental impact study may be needed to assess this question.

CONCLUSION

This vision was presented only as tentative one, with many issues to be settled by appropriate stakeholders. There are serious questions about technological and political feasibility and about the potential interest of potential participants. Nevertheless, it should be noted that many stakeholders across California and the United States as a whole could benefit. A low cost gateway into California could considerably increase tourism to the state, creating a large number of jobs. Many universities in California may be able to establish associated research centers (e.g., related to magnetic levitation technology). If part of the resort revenues were to be devoted to Native American college scholarships, colleges across the U.S. would be able to attract more students and increase their diversity. Certain political groups may find the opportunity to appeal to affected stakeholder constituencies attractive.

It is hoped that others will be able to refine, modify, or add to ideas presented or that this vision may inspire ideas for other projects with similar aims.

REFERENCE

Darian-Smith, Eve (2004), *New Capitalists: Law, Politics, and Identity Surrounding Casino Gaming on Native American Land*, Belmont, CA: Wadsworth.