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Washington Indian tribes becoming economic powers

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By ROLF BOONE

The Olympian

OLYMPIA, Wash. —

A year from now, American Indian tribes from throughout the Puget Sound area will converge on Budd Inlet in Olympia for the culmination of the canoe journey, a weeklong event in which regional tribes assemble to celebrate American Indian culture.

They will find ample reasons to celebrate in South Sound, which is home to three growing tribes: the Squaxin Island Tribe of Mason County, which will host the 2012 canoe journey, and two Thurston County tribes, the Nisqually and the Chehalis.

All three have transformed themselves in recent years by emphasizing long-term economic development goals - propelled by high-profile casino operations and other business interests. As a result, the tribes are now among the largest employers of tribal members and nonmembers in the two counties. Roughly 3,400 people are employed by the tribes - more than those employed by Providence St. Peter Hospital, for example - and more growth is on the way.

Some examples:

-The Squaxin Island, perhaps best known for the Little Creek Casino resort near Shelton, will open Salish Cliffs this summer. It's an 18-hole golf course that will become part of the resort.

-The Nisqually Tribe is to begin work this month on a \$20 million, 300-bed correctional facility limited to low-risk offenders that will create 90 to 100 jobs. It is being financed with grants from the U.S. Department of Justice and a 40-year loan from the U.S. Department of Agriculture. The tribe will receive revenue from other jurisdictions in the region for housing their inmates, Tribal Planning Director Joe Cushman said.

-The Chehalis Confederated Tribes have started expansion work on the Eagles Landing Hotel at Lucky Eagle Casino, with plans to add 90 rooms.

Thurston County Economic Development Council Executive Director Michael Cade said that no matter how you view the tribal operations, the three tribes play a significant role in the area's economy.

"Many communities would absolutely love to have those economic drivers in their community," Cade said.

But the economic development the tribes are experiencing today is a far cry from where they started.

Squaxin Island Tribal Administrator Don Whitener remembers his tribe's humble beginnings, a time when the tribe's annual budget was no more than \$350. Whitener, born in Shelton in 1941, grew up in Kamilche - the tribe's base of operations - in a house with no running water and an outhouse, he said.

Today, based on earnings from its Island Enterprises division, a collection of businesses that includes the Kamilche Trading Post, Skookum Creek Tobacco and Salish Seafoods, the tribe can provide a monthly stipend to tribal elders, and tribal members receive three payments a year based on earnings from the casino. The tribe declined to disclose amounts.

As the Squaxins' business interests have grown, so, too, has their membership, which now numbers about 1,000. Most of that growth has come from adults who have joined the tribe by meeting the requirement of being one-eighth American Indian and having documented ties to the tribe. But tribal growth was so strong that the tribe had to reduce that rate to 2 percent to make sure it is in line with tribal resources.

Nisqually Tribal Chairwoman Cynthia Iyall remembers that as a young mother, she was unable to find a job on the Nisqually reservation, so she lived in Federal Way and ran her own sporting goods business. She later returned to lead the tribe and watched as it became less reliant on federal funds and started creating jobs in archiving, health care and its court and law enforcement system. Tribal membership has grown to 713 as a result.

More opportunities are in store for the Nisqually tribe.

In addition to the corrections facility, the tribe's next project is the Valley Market, a new business it expects to open 18 months to two years from now in the Nisqually Valley, not far from the restaurant Norma's. The tribe also plans more development across from and near Red Wind Casino, including a new administrative building.

Although Nisqually economic conditions have improved, the tribe is unable to provide elders with a monthly check, though there is funding for education, Iyall said.

"There is funding for any member to enhance their educational desires," she said. "We offer assistance for tuition, books and some additional expenses. The tribe offers as much as we can to nurture educational experiences for our members."

Perhaps no tribe was struggling more - and no tribe has come further since - than the Chehalis when David Burnett, previously executive director of the Squaxins, signed on as treasurer in 2000 and became chairman in 2002.

Like the Nisqually, the Chehalis largely were reliant on federal funds and one convenience store for economic development before the casino opened in 1995. The tribe then had an operating budget that was about \$638,000 in the red, Burnett said.

Since, the Chehalis have opened Lucky Eagle Casino and Eagles Landing Hotel, two more convenience stores, a construction company, an RV park, a storage warehouse and Great Wolf Lodge, the 400-room resort, waterpark and convention center that the tribe jointly operates

with Great Wolf Resorts of Madison, Wis. Tribal membership has grown to 850 from 425 in 2000, and the tribe employs about 1,400 in the county, more than 90 percent of whom are nontribal.

"In 2000, outside grants and contracts accounted for approximately 80 percent of our revenues," Burnett said. "In the past 10 years, this has fallen to approximately 30 percent."

Contributing to growth are the tribes' casino operations: Red Wind Casino for the Nisqually, Lucky Eagle for the Chehalis and Little Creek for the Squaxin. The tribes would not disclose revenue figures, but the state Gambling Commission, which provides data on gambling receipts, shows that estimated tribal casino net receipts statewide grew to \$1.74 billion in 2010 from \$1.57 billion in 2009.

Red Wind General Manager Quinton Boshoff said the casino had its best year ever last year, generating double-digit growth in revenue and profit in 2010. To get there has meant an emphasis on customer service, helped by reducing staff turnover by 50 percent, and boosting the number of gaming machines to 975, he said.

All three casinos have taken a similar approach to marketing, one that has helped them during the recession and has given them a proximity advantage over gambling destinations such as Las Vegas.

"Once you draw from farther afield, there are other costs," said Boshoff.

Lucky Eagle Casino, in southwestern Thurston County, started slowly, Chairman Burnett said. In its first years, the casino met payroll, made its debt payments and generated about \$100,000 a year in revenue, but it wasn't making a profit, he said. Lucky Eagle is not on Interstate 5, so it can't rely on the volume business that exposure brings. Instead, it has relied on management consistency - John Setterstrom is the longtime general manager - and customer service, and has reached out to private bus companies. About 100 buses a month deliver customers to the casino, Burnett said.

Lucky Eagle also expanded at the right time, adding 200 machines and generating more business just as the economic downturn arrived.

Not as much is known about Little Creek Casino, except that it employs about 770 people and opened in 1993. Unable to get financing for the casino project, the Squaxins partnered with the Mashantucket Pequot, a tribe that operates the Foxwoods Resort Casino in Connecticut. Of Little Creek's 770 employees, 45 to 50 are tribal members, Whitener said.

With growth has come controversy, and no tribe has felt this more than the Chehalis, with its joint operation of Great Wolf Lodge. The county has tried to levy property taxes because the resort is not entirely owned by the tribe, which has responded by filing suit in federal court. A federal judge decided in favor of the county, but the tribe appealed that decision. The two sides are in mediation.

"Individual Indian citizens are subject to the same taxation as other citizens," Burnett said. "We pay income taxes, sales taxes, property taxes and payroll taxes. The only exception is for income generated from assets held in trust by the federal government."

Although limited in what he can say because of the litigation, Burnett defends the tribe, especially when he is asked to speak in public, repeatedly saying that the tribe is more than a resort and casino, that it is responsible for the jurisdiction it encompasses and provides

education, health care, police and court services to members.

High school graduation rates are improving for the tribe. Students are enrolled in the local school district, and the tribe provides tutors. Those who decide to go on to college are eligible to receive tuition, Burnett said.

The tribe also contributes 2 percent of its table gambling receipts to support public services, such as 911 emergency services, and 1 percent of slot machine revenue to charities, said Jeff Warnke, a tribe spokesman.

"We do not find cities, counties, or even some sub-divisions, such as public authorities formed to govern utilities, for example, having to continually assert their right to govern, and to be recognized as a government," Burnett said. "However, the tribe often finds itself having to explain that it is a government and not simply a minority special interest group."

Information from: The Olympian, <http://www.theolympian.com>