Racinos in Rural Canada: Economic Impacts of the Grand River Raceway on Elora, Ontario, Canada

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Abstract
Facilities that combine electronic slot machines and pari-mutuel racetracks (i.e. racinos) have been introduced to rural North America to stimulate local economies and/or racetrack patronage. This study examines the economic impacts of one racino on the community of Elora, Ontario, Canada. Renowned as a heritage tourist destination, Elora experienced economic decline during the 1990s. A racino was constructed by the Grand River Agricultural Society in 2003 to offset this downturn and to promote increased visitation to the village. Using a variety of data published by the Ontario Lottery and Gaming Corporation and the Grand River Agricultural Society, we first estimate the impact of the facility on employment and revenue generation (primary impacts). Survey data, collected from local business owners, and visitors to the historic downtown, are then used to describe and explain the perceived impacts of racino patrons on the economic well-being of local firms (secondary impacts). Recommendations to increase the facility’s impacts are then drawn from comments provided by key informants. Our analysis finds that the facility has generated not only employment and revenue, but also sponsorships and in-kind financial benefits. We find, however, that secondary impacts are minimal, with few businesses perceived to benefit from patron expenditures. We attribute this to visitors’ motivations and origins, and spatial placement of the facility. Four recommendations are provided to attract gamblers and their partners to the shopping district. It is advised, however, that these actions be undertaken with caution to ensure retention of the historic ambiance that draws the heritage-seeking consumer.

Keywords: racino, pari-mutuel racetrack, heritage tourist destination, historic ambiance, rural regeneration, visitation

1.0 Introduction
During the past two decades, racinos have become increasingly commonplace in communities of rural North America. These attractions, which combine electronic slot machines (also referred to as video lottery terminals) with a pari-mutuel racetrack (where winners divide the total amount bet, less management expenses),
have been introduced both to reverse declining racetrack attendance and to stimulate rural economies (Pentikainen & Brunger, 2010; Thalheimer & Mukhtar, 1995; Timmons, 2002). Their introduction reflects the growing popularity of casino and casino-related wagering across both Canada and the United States (Thalheimer, 2008).

Racinos have been operating in North America since 1990. In that year, slot machines were added to Mountaineer Park, an existing thoroughbred racing facility (Thalheimer, 2008). Racinos were subsequently introduced to other states, including Rhode Island (1992), Delaware (1995), Iowa (1995), New Mexico (1998), Louisiana (2002), and New York (2002) (Thalheimer, 2008). In Canada, the first racino, Assiniboia Downs, opened in Manitoba in 1992 (Alberta Gaming Research Institute, 2011). Today, Canada boasts twenty-eight facilities, seventeen of which are located in Ontario, and five of these seventeen are found in towns or villages supported by fewer than 10,000 residents (Clinton, Dresden, Fraserville, Hanover and Elora; Ontario Lottery and Gaming Corporation, 2010).

Elora is one such community. This historic village is located at the junction of the Grand and Irvine Rivers in the Township of Centre Wellington, an amalgamated municipality of 26,049 residents (Statistics Canada, 2006). The village is situated approximately one hour from the Greater Toronto Area, Canada’s largest urban region (Figure 1). Since the 1960s, Elora has evolved into a popular tourist destination. The combination of scenic landscapes and historic streetscapes, replete with unique cultural, dining and shopping opportunities, has proved to be an irresistible lure to the heritage-seeking consumer (Mitchell & Singh, 2010).

Figure 1. Location of Elora

Like many tourist destinations, however, Elora’s popularity fluctuates with the economic cycle. The recession of the 1990s, for example, was clearly felt in Elora, as evidenced by reduced tourist numbers and the closure of several heritage shops (O’Hearn, 2000). As proprietors struggled with reduced sales the local town council broached the possibility of constructing a racino. Proponents argued that the facility would increase visitation and give Elora a competitive edge over other
rural locales that offered similar heritage products (Eedy, 2001). The proposal was highly contested, however, with residents warning that the facility would detract from Elora’s heritage identity, and potentially lead to congestion, crime, and gambling addiction (Centre Wellington Citizens Coalition, 2002). Despite this contention, council approved its construction in 2001. The Grand River Raceway (GRR) subsequently opened in 2003, and today provides Elora visitors “gaming entertainment in a charming, rural setting” (Grand River Raceway at Elora, 2011).

The racino is situated on a 68-acre parcel of land on the outskirts of the village (Figure 2). The property is owned and operated by the Grand River Agricultural Society (GRAS), a non-profit organization, which leases the facility to the Ontario Lottery and Gaming Corporation (OLGC). The facility’s exterior is designed to blend architecturally with the surrounding agrarian landscape (Figure 3). Inside this 45,000 square foot structure, users are provided with 200 slot-machines, seasonal live harness racing, fine casual dining and party, and conference services (Grand River Raceway at Elora, 2011). These activities add much to the village’s product mix and have the potential to contribute much to the local economy.

*Figure 2. Location of the Grand River Raceway*

![Figure 2](image_url)

*Source. Authors.*

The purpose of this study is to assess some of the facility’s direct economic impacts on the Municipality of Centre Wellington and, more specifically, on the village of Elora. Although our study does not consider the indirect or induced impacts of racino construction, our findings, nonetheless, will contribute to the growing literature that has emerged in recent years on gaming impacts (e.g. Stokowski, 1993; Thalheimer, 2008; Thalheimer & Mukhtar, 1995, 2003, 2008), and to the limited literature on impacts of Canadian racinos (see, for example, Pentikainen et al., 2010). These results should also prove useful to economic developers considering gaming as an alternative means of generating employment and revenue within a rural economy.
2.0 Methodology

Three objectives guide the research. The first is to uncover the primary impact of the gaming facility on the village and Municipality. We define this as local employment generated, or revenue contributed, by the GRR to the Township of Centre Wellington, and Elora in particular. The second is to assess the secondary impact of the GRR on local businesses. This is defined as the contribution of racino patrons to Elora firms, as perceived by local business owners and other stakeholders. The third is to provide recommendations to increase GRR visitor patronage of downtown retailers. A variety of data sources was consulted in conjunction with each objective.

Figure 3. The Grand River Raceway, Elora

Objective one was met by analyzing information provided in the 2008-2009 annual report published by OLGC, and information provided by the GRAS. Key informant interviews yielded additional information on the facility’s impact on local employment, tax revenues and various community organizations. Among those interviewed were representatives from the Business Improvement Area (BIA), the GRR, the Elora Chamber of Commerce, the Centre Wellington Economic Development department, the Mayor of Centre Wellington, the President, and General Manager, of the GRAS, and the Site Manager of the OLGC. Questionnaire surveys were used to gather information relevant to objective two. One-hundred and seventy-eight questionnaires were collected from visitors, over a three-month period (June-August, 2009). Surveys were distributed in the historic shopping district to determine, among other things, if GRR patrons shop in Elora’s downtown. In addition, seventy-five questionnaire surveys were completed by Elora businesses to gauge opinions on the economic impacts of visitors to the facility. Key informants also were consulted to reveal local perceptions of the GRR’s economic implications. Recommendations to encourage patronage of local firms (objective 3) are derived from comments provided by these key informants.
3.0 Primary Economic Impacts

Primary economic benefits take the form of employment and revenue generated for the municipality. Our research finds that in 2008-2009, the GRR provided employment for 146 individuals (Ontario Lottery and Gaming Corporation, 2011), with an additional 61 seasonal employees hired during the racing season (T. Clarke, personal communication, August 28, 2009). According to the OLGC Site Manager, however, less than one-third of the facility’s full-time employees (29%) are residents of the municipality (C. Hodgson, personal communication, August 28, 2009). This represents 0.3% of the municipality’s total labour force (Statistics Canada, 2006). The majority of employees commute daily from surrounding communities, including the cities of Guelph (26%), Kitchener-Waterloo (17%), Toronto and Hamilton (4%). Thus, although providing employment, the facility does not draw its employees exclusively from the municipality in which it is located. This may be a reflection of local resident inability (i.e., lack of required skills/experience), unwillingness (i.e., no interest), or moral aversion to work at a gaming facility.

While local employment benefits are relatively small, revenue benefits are somewhat greater (Table 1). The manager of the Economic Development department provided information on the tax benefits that arise from the GRR (D. Rushton, personal communication, July 20, 2009). According to Rushton, the facility pays approximately $1.6 million dollars annually in taxes, a value he suggests that is double what is contributed by local residents. He indicated that 20% of this amount is used to support social services, such as policing, health care and infrastructure. He also revealed that capital projects are financially supported by these tax dollars, with roughly $800,000 allocated for this use since the facility’s opening. Thus, as stated by the Chamber of Commerce representative, taxes paid by the GRR are a “significant footprint” in the municipality (D. Dalziel, personal communication, July 20, 2009).

The main economic benefit, however, arises from non-tax sources. The OLGC slots generated approximately $44.5 million during the 2008-2009 season (Ontario Lottery and Gaming Corporation, 2011). Of this, five percent was granted to the Municipality of Centre Wellington. About one-fifth of this revenue (21%) was transferred to the County of Wellington to cover costs incurred due to the raceway (The Corporation of the Township of Centre Wellington, 2009). In 2008-2009, therefore, net proceeds to the Municipality were $1.78 million. When combined with tax revenue ($1.6 million), the OLGC contribution ($3.38 million) amounted to 12.3 percent of the 2009 municipal budget (The Corporation of the Township of Centre Wellington, 2009; Table 1).

In Elora, the majority of the non-tax revenue goes directly into community coffers where it is allocated based on need (P. Walker, personal communication, July 28, 2009). In recent years, the local hospital has been a recipient of these funds. Monies also have been provided to support recreation programs, to improve Elora’s streetscapes and green spaces, and to upgrade downtown infrastructure and signage (D. Rushton, personal communication, July 20, 2009).
Table 1. Economic Impact of the Grand River Raceway on the Municipality of Centre Wellington (2008-2009 fiscal year)

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxes paid to the municipality</td>
<td>1,600,000</td>
</tr>
<tr>
<td>Gross gaming proceeds received by the municipality (note: by agreement, 21% of this amount is given to the County of Wellington)</td>
<td>2,225,000</td>
</tr>
<tr>
<td>Net gaming proceeds received by the municipality</td>
<td>1,780,000</td>
</tr>
<tr>
<td>Payment to horse people</td>
<td>4,450,000</td>
</tr>
<tr>
<td>Payment to track</td>
<td>4,450,000</td>
</tr>
<tr>
<td>Payroll</td>
<td>6,310,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>19,035,000</strong></td>
</tr>
<tr>
<td>Total tax and net-gaming proceeds to the municipality</td>
<td>3,380,000</td>
</tr>
<tr>
<td>% of municipal 2009 budget ($27,765,904) sourced from the GRR</td>
<td>12.3</td>
</tr>
</tbody>
</table>


The racino’s impact on Elora extends beyond revenue generation. The Site Manager revealed that the OLGC is a willing sponsor of local events (C. Hodgson, personal communication, August 28, 2009). Between April 1st 2008 and May 31st 2009, for example, the corporation donated $44,000 to sponsor nine local activities. These included award ceremonies (e.g., the 7th Annual Business and Community Awards of Excellence), mayoral events (Centre-Wellington Chamber of Commerce Mayor’s Breakfast), shows (e.g., Fergus Truck Show), and several popular tourist draws (e.g., the Elora Festival, and Sensational Elora). The OLGC’s willingness to both sponsor, and promote, tourist-related activities is acknowledged by several informants. A member of the Elora Chamber of Commerce, for example, considered the OLGC “corporate partners” because they are “9 times out of 10, a leading tourism stakeholder” (D. Dalziel, personal communication, 2009). The Chamber of Commerce spokesperson indicated that not only is the GRR “community-minded,” and a significant financial contributor, but their “elbow grease” strengthens Elora’s tourism sector (D. Dalziel, personal communication, July 20, 2009). In fact, she also believed that increased tourist visitation may be attributed, in part, to the OLGC.

Visitors to the Elora Festival have indeed increased since sponsorship began. Between 1998 and 2009, for example, attendance nearly tripled from about 10,000 (Mitchell et al., 2000) to nearly 30,000 people (D. Rushton, personal communication, July 20, 2009). Furthermore, the number of attendees at the eleven-day “Sensational Elora” event have also increased since the facility was constructed (D. Dalziel, personal communication, July 20, 2009). Although difficult to prove, it is likely that the OLGC’s sponsorship programme has contributed, at least in part, to the increased popularity of these tourist-oriented events.

Similar to the OLGC, the GRAS also generates economic benefits. These benefits take two forms. First, the Society donates facility space to a variety of community
groups. This initiative emerged as a way to give back to the community while the facility debt was being paid off (K. Spencer, personal communication, August 28, 2009). The Mayor explained:

“In the beginning there was such a huge debt and it was difficult for the facility to give back to the community in a way that they had envisioned further down the road. However, all the time that we paid it (the debt) back, we focused on what we can do for nothing and so we started the “in kind” program. It was first opened to the rotary club to use our facility with TVs’ and audio equipment for bingos. The rotary club had volunteers and we provided the facility and they raised money to go to the hospital. This was an in-kind thing because at the time we didn’t have a lot of money because it was going to the debt so we tried to think of things that didn’t have to cost money” (J. Ross-Zuj, personal communication, August 11, 2009).

Facility rental thus allows the GRR to connect with the community while giving local organizations an “opportunity to make money themselves” (J. Ross-Zuj, personal communication, August 11, 2009).

As the debt has been reduced, the GRAS has donated funds to support local organizations (J. Ross-Zuj, personal communication, August 11, 2009). In 2008 and 2009 approximately 80 different donations were made to a variety of recipients including agricultural clubs (e.g., The Arthur Agricultural Society), civic groups (e.g., the Fergus-Elora Rotary Foundation), cultural organizations (e.g., The Elora Festival & Singers), health providers (e.g. Community Mental Health Clinic), and those promoting tourism (e.g., Elora-Fergus Tourism). As Table 2 demonstrates, both donations and “in-kind” economic contributions have grown significantly over time, reaching more than $50,000 in 2009 (K. Spencer and T. Clarke, personal communication, August 28, 2009).

Our results suggest, therefore, that Elora benefits economically from the actions of both the OLG and the GRAS. The former’s injection of more than 3 million dollars annually adds to the community’s coffers and facilitates a variety of local programs and actions. Furthermore, OLG sponsorship has contributed to the promotion of local tourist events and, in all likelihood, to increased tourist visitation. The latter’s donations and in-kind economic contributions have enhanced a variety of community organizations, which undoubtedly have contributed to both the social and economic well-being of local residents. These conclusions are verified by the Mayor of Centre Wellington. According to her, the GRR has had a huge economic and social impact on the community. She believes that these benefits will only continue to increase as the debt is paid down and more money becomes available to give back to the community (J. Ross-Zuj, personal communication, August 11, 2009).
Table 2. Economic Contributions of the Grand River Agricultural Society to the Township of Centre Wellington

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Donations or “in-kind” money</td>
</tr>
<tr>
<td>2004</td>
<td>14,045</td>
</tr>
<tr>
<td>2005</td>
<td>17,795</td>
</tr>
<tr>
<td>2006</td>
<td>35,530</td>
</tr>
<tr>
<td>2007</td>
<td>36,733</td>
</tr>
<tr>
<td>2008</td>
<td>42,132</td>
</tr>
<tr>
<td>2009</td>
<td>52,031</td>
</tr>
</tbody>
</table>


4.0 Perceived Secondary Economic Impacts

Secondary impacts are defined as the expenditures of racino visitors in the local community, as perceived by local businesses and other stakeholders. To meet this objective, questionnaires were distributed to the majority of local retailers to assess owners’ perceived impact of racino visitors on local business. Key informant interviews provided further evidence of visitors’ economic implications. Although these research methods preclude calculation of actual expenditures, they do provide us with an indication of the perceived relative importance of racino patrons to village retailers.

Racinos have significant drawing power. According to the 2008-2009 OLGC annual report, more than half a million patrons (557,000) visited the GRR during that fiscal year (OLGC, 2011, p. 45). The majority of local business owners believe, however, that these visitors have little impact on their financial well-being. Our survey finds that only 15% of participants (most located outside the historic district and in proximity to the facility) agree that GRR visitors provide them with economic benefits. This finding is not surprising, given that only 17% of respondents agree that racino patrons visit their business and only 8% of the sample agree that they experience an increase in business when the horse races are underway. Our survey results thus suggest that the racino’s secondary impacts are largely limited to adjacent firms. This conclusion is supported by a key informant at the Centre Wellington Economic Development department who believes that two adjacent fast food restaurants, and one adjacent convenience store, are the main beneficiaries of GRR patron expenditures (P. Walker, personal communication, July 28, 2009).

Three reasons may explain the absence of significant secondary benefits. First, according to the Marketing and Communications Manager of the GRR (as reported in Mitchell et al., 2010, pg. 246), the majority of racino patrons come “from nearby urban centers, namely Kitchener-Waterloo, Cambridge, Guelph; with most of the remainder coming from outlying rural communities”. Given the proximity of patrons’ residence, it is likely that few remain overnight, thus reducing the potential for spending locally. Furthermore, the Marketing and Communications Manager also believes that those coming to the facility from more distant locations
travel to Elora primarily to visit family and friends (cited in Mitchell et al., 2010), rather than to visit the racino. Thus, any contribution they might make to Elora’s businesses cannot be attributed to the GRR’s presence.

Second, our survey of shoppers found that raceway patrons appear to have little desire to shop in the historic district. Indeed, our findings reveal that only 1 surveyed shopper in Elora’s historic downtown came to the village primarily to visit the racino. This finding confirms the “widespread belief … that those who patronize the slots and the track don’t generally check out what else the town has to offer” (Harper, 2007). Furthermore, the survey further reveals that the vast majority (89%) of downtown patrons are drawn to experience Elora’s scenic, cultural or shopping amenities, with about 12% coming to visit family or friends. Since few GRR visitors appear to patronize the historic downtown, it is of no surprise that their economic contributions are minimal.

Finally, the raceway facility is located on the outskirts of the village (approximately 1.54 km from the historic shopping district) or, as a member of the Business Improvement Association articulated, “out in the middle of nowhere” (Anonymous, personal communication, July 2, 2009). This placement reduces the ease with which visitors can access the downtown shopping district, likely contributing to limited patronage of local firms. Thus, although the facility’s primary impacts are significant, spatial placement, patron motivation and patron residency, have likely contributed to the minimal secondary benefits reported here. Despite the negligible impacts on local retailers, however, the majority of proprietors we surveyed (63.7%) do agree that the GRR had been economically beneficial for the community. This opinion obviously arises from their recognition of the facility’s primary, rather than secondary, impacts.

5.0 Recommendations

Those who currently patronize Elora’s racino typically do not shop in the historic tourist district. Recognizing this, we suggest two options for the community: i) to attract a different target market to the facility, which might have a greater interest in recreational shopping, or ii) to integrate attractions into the downtown core that might appeal to the racino clientele. It is likely that the introduction of non-heritage venues in the downtown would detract from Elora’s existing identity, in the eyes of the heritage-seeking visitor (Mitchell et al., 2010). Given this, we suggest that a new target market can perhaps be attracted to the downtown. This market, we believe, could be comprised of gamers’ partners who might not enjoy gaming, but who might be lured to the village for other reasons. To encourage this clientele, several recommendations are offered.

First, casino coach tours could be encouraged to visit the racino. The province stipulates that these tours must offer at least one non-gaming activity (D. Dalziel, personal communication, July 20, 2009). Elora, therefore, could promote any number of its recreational/entertainment activities to gamers, and their partners, as an alternative option. At least two key informants believe that tour promotion would enhance Elora tourism and support downtown businesses (D. Dalziel, personal communication, July 20, 2009; P. Walker, personal communication, July 28, 2009).

Second, the connections between the GRR and the downtown could be improved. Several informants recommended a shuttle bus providing free service as a possible
intiative (D. Dalziel, personal communication, July 20, 2009; P. Walker, personal communication, July 28, 2009; C. Hodgson, personal communication, August 28, 2009). These individuals also suggested that the main sidewalk leading from the downtown could be extended to facilitate pedestrian movement between the two districts.

Introduction of a token program was a third recommendation that emerged from our key informant interviews. It was suggested by two individuals that visitors to the GRR could receive a $5.00 token that is only redeemable at businesses in Elora (D. Dalziel, personal communication, July 20, 2009; P. Walker, personal communication, July 28, 2009). This may encourage patrons of the facility to shop downtown. The success of the token program could be enhanced if proprietors were willing to extend their operating hours. Currently (at the time of fieldwork), only 10 businesses had agreed to stay open past five o’clock on Thursday, Friday and Saturday evenings. As a result, there are limited activities for overnight visitors. This situation could be remedied if proprietors were willing to adopt the final recommendation, which is the extension of retail operating hours (D. Dalziel, personal communication, July 20, 2009; P. Walker, personal communication, July 28, 2009).

6.0 Discussion

Our study of Elora sheds light on the economic impacts that may emerge in a rural setting from the introduction of a racino. Numerous studies have documented the economic benefits of gaming on local communities (e.g. Chhabra, 2009; Chhabra & Gursoy, 2007; Eadington, 1999; Ham, Brown, & Jang, 2004; Stokowski, 1993; Thalheimer 2008; and Thalheimer & Mukhtar, 1995, 2003, 2008). Studies have shown, for example, that gaming is a fulcrum for economic development that may help counteract rural decline (Nickerson, 1995; Pizam & Pokela, 1985; Stokowski, 1993). The topic of racinos, however, has been largely ignored in the academic literature (a recent exception is the work of Pentikainen et al., 2010), thus providing the rationale for the present study.

Our findings confirm what others suggest: slot machine parlours located at racetracks have the potential to generate economic benefits (Carnahan, 2003; Furchgott, 1996; Gallagher, 2002; Ghosh, 1999; Perlman, 2005; Timmons, 2002). Our findings also confirm what others have found: racinos do indeed have a beneficial impact on the local economy (Pentikainen et al., 2010). We have demonstrated here that the GRR has generated primary economic benefits through the actions of the OLGC and the GRAS. These benefits take the form of increased employment, revenue, donations, and in-kind expenditures. In contrast, we have found that the majority of proprietors believe that secondary benefits are limited to firms located adjacent to the facility. We attribute this to patron motivation and residency, and the geographic location of the raceway facility. These limitations could potentially be overcome, however, if the GRR targets a more diverse clientele.

Employment generation is frequently heralded as a direct impact of gaming facilities (Light, 2008; Park & Stokowski, 2009). This benefit is of particular interest in rural locales where youth retention is an ongoing issue (Bollman, 2000; Corbett, 2007). The racino does provide employment opportunities, of which about one-third are held by local community members. Thus, as predicted, racinos do generate local employment. However, it should be acknowledged that the impact
of racinos on the local labour market will depend on the ability and/or willingness of local residents to work at a gaming facility. Should outside residents demonstrate more experience or interest, then the employment benefits realized by the municipality may be slight, as we observed in this particular case.

Revenue generation is also heralded as a positive outcome for communities that support racino construction (Pentikainen et al., 2010). This revenue is often a necessity in rural locales, where fiscal constraints create low levels of social service provision and infrastructure development (Markey, Halseth, & Manson, 2008). Our findings demonstrate that funds provided by the OLGC represent more than 12% of the municipal budget, a significant contribution that has implications for the enhancement of both social services and infrastructure across the township, and, in particular, in Elora.

The provision of sponsorships and in-kind expenditures was not anticipated. Indeed, few studies have drawn attention to the former (Pentikainen et al., 2010) with no studies found that document the latter. The willingness of the OLGC to sponsor numerous community events not only benefits these organizations, but has likely contributed to the increased visitation of heritage-seeking tourists, whose expenditures subsequently benefit local retailers. Although we are unable to verify this correlation, it is clear that the facility’s presence has not deterred visitors from coming to the community, a fear expressed by those who opposed the facility proposal in 2000 (Davis, 2003; Eedy, 2000; Mitchell et al., 2010; Robinson, 2000). Furthermore, the willingness of the GRAS to provide the facility free-of-charge has also provided financial gains to various local groups. When combined with the other primary economic benefits recorded here, it is clear that the racino has had a variety of positive impacts on the community.

Our study finds, however, that secondary benefits are somewhat limited. Racino patrons do not typically visit downtown shopping venues, nor do they contribute financially to the vast majority of Elora businesses. We have attributed this to the motivations of patrons, their residency, and to spatial placement of the facility. While it is difficult to overcome the former issues, steps can be taken to enhance the attractiveness of the downtown area to patrons’ partners. It should be noted, however, that large numbers of shoppers may detract from the experience of heritage-seeking tourists who come to heritage villages, in part, to enjoy their quiet ambiance (Mitchell et al., 2010). Such negative externalities should be taken into account as development plans progress.

7.0 Conclusion

A racino was constructed in Elora in 2003 to boost the economy in the face of economic decline. We conclude from our investigation that the GRR has a beneficial primary impact on both the Municipality and, specifically, on the village of Elora. During the 2008-2009 fiscal year, for example, the racino provided more than 200 full-time and seasonal jobs (although the majority were filled by residents who live outside the municipality). Furthermore, the OLGC contributed more than 3 million dollars to the Municipality during this fiscal year, through both taxes, and a variety of non-tax sources, including sponsorships. This level of support, many believe, has contributed to the increased visitation that has recently been recorded at various cultural events. Primary benefits have also resulted from the GRAS, which owns the facility. Their in-kind and monetary donations have assisted
numerous organizations across the municipality. We conclude, therefore, that the racino’s primary economic benefits are significant.

Although the Municipality does indeed benefit from the GRR, these impacts do not extend directly to the majority of Elora’s retail firms. Indeed, our survey reveals that what benefits are received from visitor expenditures, accrue to firms located outside the historic district. We attribute this to patrons’ possible lack of interest in recreational shopping, their adjacent residency and the location of the facility on the village’s perimeter. Our findings demonstrate, therefore, that proponents’ claim that the facility would increase tourists in the downtown has not materialized to the expected extent; although, as noted above, we do recognize the role that sponsorships may have played in this regard.

Attracting a more diverse clientele is suggested as a means to enhance the GRR’s secondary impacts. Encouraging coach tours, improving the connection between the facility and downtown, implementing a token program and extending business hours are recommended to entice racino patrons and their partners to the historic shopping district. We advise, however, that these actions be undertaken with caution, to ensure retention of Elora’s idyllic rural setting. To compromise this setting may impact the experience of the heritage-seeking consumer upon which Elora depends. Should this occur, then the fears (e.g. congestion, crime etc.) of GRR opponents may well unfold.

Our investigation of Elora, therefore, shows that the introduction of a racino may indeed have benefits for the economy. On this basis alone, we encourage economic developers to consider this form of entertainment as one option for rural regeneration. However, we acknowledge that gaming has been vehemently criticized for causing a variety of negative social externalities (e.g. Barthe & Stitt, 2009; Miller & Currie, 2008; Mohsin & Lockyer, 2008; Nickerson, 1995; and Pearce, Mason, Hiscock, & Day, 2008). Our next task is to uncover if these impacts prevail in Elora and, if so, how they can be addressed.

8.0 References


