

Port Canaveral bets on return of casino ships

Plans surface for a new gambling vessel at Port

BY WAYNE T. PRICE • FLORIDA TODAY • June 18, 2010

PORT CANAVERAL — Casino cruise ships haven't been a good investment at Port Canaveral lately.

Three gambling ships once based here have called it quits over the past two years, leaving behind unpaid bills to local vendors, thousands of dollars in uncollected port fees and hundreds of unemployed workers.

But Canaveral Port Authority officials, noting the potential for revenue and job creation and insisting on additional financial safeguards, are rolling the dice once again.

On Wednesday, the five-member commission approved allowing a newly formed group to start making plans to operate a casino ship from the port starting in November. The two sides are expected to firm up the deal and sign a contract in July.

The arrangement will include a new level of financial protection for the port: \$300,000 in advance payments leading up to November and a \$250,000 security deposit once the ship begins sailing. Port officials also are working to ensure "exclusivity" for the venture, limiting casino ships at the port to prevent the market from getting diluted.

"I think you have one more bite at the apple," Eric Rahn, a Boca Raton-based casino consultant who is the spokesman for the investment group, told commissioners.

Rahn declined to disclose details of the group for now, other than to say that it features investors from across the United States who are "well capitalized, have the best in class as far as trained employees, and have a product that you'll be proud of and that you're going to endorse."

They want to operate a vessel that has occupancy of at least 1,200 passengers. That would place it in t

he middle of the three ships the port once hosted. The biggest was the 1,700-passenger Ambassador II from Sterling Casinos; the smallest was the 800-passenger Liquid Vegas. The Surfside Princess from SunCruz Casino had room for 1,200.

Port Canaveral Chief Executive Officer J. Stanley Payne, who finished negotiations with Rahn Wednesday afternoon, just before the monthly Canaveral Port Authority meeting, said he estimates the gambling operation eventually would draw about 500,000 passengers annually generate about \$2.5 million in revenues for the port.

It would operate out of Cruise Terminal No. 2 on the port's south side.

Casino cruise ships have not been a healthy venture in Florida during the last few years. At one point, 11 different companies operated so-called "cruises to nowhere," where vessels sailed three miles into international waters, allowing patrons to play slots and card games and bet on sporting events.

With the growth of land-based casinos on Seminole tribal lands in South Florida and the Tampa area, as well as the increased popularity of adult entertainment arcades offering slot-machine-like games, only two casino ship operators remain in business in the Sunshine State.

At Port Canaveral, the last gambling ship to sail was the Surfside Princess. It halted excursions last December and filed for Chapter 7 bankruptcy soon

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after, knocking more than 300 people out of work.

Prior to SunCruz's problems, a steady decline in passengers led to former Port Canaveral tenant Sterling Casinos leaving in the summer of 2008, and to the demise of Las Vegas Casino Lines' Liquid Vegas operation in May 2009.

Each of those failed ventures cost the port several hundred thousand dollars in missed revenue guarantees, fees and attorney expenses.

Payne said that's why the port demanded the up-front \$300,000, to be paid in installments between now and November. If the ship doesn't sail, the port still keeps that money.

"This is basically what I call goodwill money," Payne said at the commission meeting.

That part of the deal went down far easier with commissioners than the notion of exclusivity.

Chairman Tom Goodson, who approved negotiating with Rahn's group, said exclusivity could lead to problems.

"When you restrict free enterprise, you're going to have a fight," Goodson said. "It ain't going to be pretty."

Harold Bistline, attorney for the Canaveral Port Authority, said he believes the port can make a solid case for limiting the casino ships at the port.

Port officials soon will travel to Washington, D.C. to meet with representatives of the Federal Maritime Commission to discuss the situation.

Michael Soll, executive vice president of The Innovation Group, a Winter Park gaming and leisure services consulting firm, said Port Canaveral could only support one large, solid gambling operation. Another ship, even it was smaller, would hinder both operations and likely drive both out of business.

"The healthiest outlook is one vessel," Soll said.

Soll said his analysis of the market was unbiased and that neither he nor The Innovation Group are involved in the investment group looking at Port Canaveral.

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A sign sits outside the SunCruz Casino's Surfside Princess in December, when money troubles caught up with the gambling cruise line. Port officials are rolling the dice on another casino cruise, which hopes to start offering cruises in November. (2009 FLORIDA TODAY file)

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