

Appendix B  
Socioeconomic Information

Appendix B-1  
Economic Impact Study for  
Shiloh Resort and Casino



# Global Market Advisors

Impact Study for the Shiloh Resort & Casino  
Sonoma County, California

GMA 010-22

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Prepared for:

Koi Nation of Northern California

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# IMPACT STUDY OVERVIEW

The Koi Nation of Northern California (“Koi Nation”) is interested in developing a casino on Shiloh Road in Santa Rosa, California (“Shiloh Road Casino” or “Project”). The Project’s proposed location is on a 68.6-acre site at 222 E. Shiloh Road. Koi Nation has begun working on the Fee to Trust (“FTT”) process for the Shiloh Road site and has engaged Acorn Environmental (“Acorn”) to assist in the preparation of an Environmental Assessment (EA) pursuant to the National Environmental Policy Act (NEPA).

Acorn has engaged Global Market Advisors (“GMA”) to prepare an Impact Study for the Shiloh Road Casino. This impact study includes three separate reports that examine various impacts:

1. The **Socioeconomic Analysis** examines relevant demographic data and the social impacts that a casino may have on a community.
2. The **Economic Impact Statement** examines the local economic impact of the Project in terms of total output, employment, and labor income on Sonoma County. Impacts were completed for:
  - a. The Construction Phase – illustrates economic impacts stimulated by the construction of the Project and the development of its products, which are considered a non-recurring, one-time impact on the regional economy.
  - b. The Operational Phase – economic impacts stimulated by the operation of the Project’s facilities and products, which are considered recurring, continuous stimuli to the local economy.
3. The **Competitive Effects Study** examines the projected substitution effects on other regional gaming facilities.

Global Market Advisors is the leading international provider of consulting services to the gaming, entertainment, sports, and hospitality industries with offices located in Las Vegas, NV; Denver, CO; and Singapore. The company’s market experience extends throughout all regions of the Americas, Eastern and Western Europe, Australia, and Asia. GMA provides clients with strategic planning, market feasibility studies, primary research, due diligence, general counsel, payroll control, operations analyses, government relations, responsible gaming initiatives, business and marketing plans, and reward program design. GMA’s clients consist of the majority of public gaming companies, more than 80 Native American tribes, commercial and investment banks, and government agencies from around the world.

# **SOCIOECONOMIC ANALYSIS**

## I. SOCIOECONOMIC OVERVIEW

A socioeconomic analysis is necessary to gain a full understanding of the economic and social effects that a development may have on its host community. As such, GMA researched and evaluated population data for Sonoma County, California. Additionally, the Consulting Team quantified regional income levels to illustrate the relative affluence of the regions surrounding the site. Regional average annual household income levels (“AAHI”) were quantified for 2021, 2026, and 2033. Given that educational levels are directly correlated to income levels, the Consulting Team additionally evaluated educational attainment levels for the selected region. Various metrics were also examined for the State of California as a whole to determine how the host county compares against a broader measure.

Along with these statistics, other key economic indicators were analyzed including historical housing values to illustrate how the region has recovered from the decline in home values experienced during the 2008 housing crisis, as well as potential impacts of the COVID-19 pandemic. In addition to housing values, GMA compared housing vacancy rates and total housing units available within the region.

GMA also evaluated empirical evidence regarding the social impact that a casino would have on its customers, employees, and the community. Casinos are generally believed to impose social costs such as increased crime, bankruptcies, and problem or pathological gambling, all of which are issues that can cause measurable economic costs to the host community when they occur. These costs may offset some of the benefits with respect to increased economic activity and tax revenues from gaming developments.

Despite the volume of research that this subject has generated, it is still difficult to draw clear conclusions about many of the social costs addressed in gaming research literature. Part of this difficulty stems from the nature of the subject. Many studies attempt to measure complex intangibles, which result in a wide array of conclusions. In addition, the majority of work has been written by proponents or opponents of casino gambling, resulting in skewed methodologies and biased conclusions. When reading the literature, such differences in perspectives must be kept in mind.

The Consulting Team identified those research studies that appeared to offer conclusions that were not predisposed to bias. In addition, the Consulting Team interviewed key constituents in communities that currently host casinos to better understand the impact those casinos have had on those communities. The goal was to present a reasonably clear view of the social impact that a casino can have on its host community.





## II. ECONOMIC ANALYSIS

GMA analyzed historical housing values to better understand the region’s economic activity and trends. Housing values are key economic indicators that allude to the strength and stability of a regional economy. Housing value fluctuation often impacts expected population growth and disposable income. GMA also evaluated this data to understand how the most recent recession impacted the local economy and how the region has recovered. The Consulting Team also analyzed the number of total housing units and the associated housing vacancy rates to understand the overall health of the housing market. GMA utilized statistics collected by the U.S. Census Bureau to understand these housing market trends.

### POPULATION

The Consulting Team analyzed regional population estimates and projections to illustrate regional growth potential and trends within the analyzed areas. The Consulting Team also evaluated the region’s total adult population (age 21 or older) to illustrate the number of potential gaming customers within the market area. Statistics in this report were derived primarily from PCensus/Claritas demographic mapping software, along with other publicly available and reliable sources.

Sonoma County was home to an estimated total population of 492,770 in 2021. Of that total, 379,842 were adults aged 21 years or older, representing 77.1% of the county’s total population. The population is expected to gradually increase over five years, reaching 498,576 by 2026, and upwards of 506,820 by 2033. This represents a projected compound annual growth rate (“CAGR”) of 0.23%. The adult population is expected to grow at a similar yet marginally higher rate, with a projected CAGR of 0.44% through 2026. The adult population of Sonoma County is expected to reach 388,220 in 2026, representing 77.9% of the total population. By 2033, the adult population is expected to increase to 400,261, or roughly 79.0% of the total population. With an adult population growing at a higher rate compared to the total population, this indicates an overall aging trend within the local population. The following table illustrates trends in the local and statewide population.

Total Population				
	2021	2026	2033	CAGR
Sonoma County, CA	492,770	498,576	506,820	0.23%
State of California	39,740,046	40,757,275	42,225,288	0.51%

Source: PCensus, GMA

Adult Population (Age 21+)				
	2021	2026	2033	CAGR
Sonoma County, CA	379,842	388,220	400,261	0.44%
State of California	29,204,220	30,202,006	31,656,437	0.67%

Source: PCensus, GMA

## INCOME

Average annual household income (“AAHI”) was evaluated for Sonoma County, and the State of California as a whole. By evaluating regional AAHI, the Consulting Team can better understand a market’s economic expectations and evaluate a region’s economy. Typically, higher income levels correlate to higher disposable income levels, leading to a greater spend on entertainment, which may include gambling. GMA analyzed AAHI estimates for 2021, projections for 2026 as well as 2033, and projected annual growth rates.

Sonoma County AAHI was estimated at \$121,522 in 2021, and it is expected to grow somewhat significantly through 2026 at a projected CAGR of 2.79%. Overall, AAHI in Sonoma County is slightly higher than the statewide average, both in terms of its value, as well as in terms of expected growth. In 2021, it is estimated that the Sonoma County residents earned roughly 100.6% of the average household income achieved in the State of California. This figure is expected to be 6.0% higher than the statewide average by 2033.

Average Annual Household Income				
	2021	2026	2033	CAGR
Sonoma County, CA	\$121,522	\$139,429	\$169,017	2.79%
State of California	\$120,852	\$135,653	\$159,469	2.34%

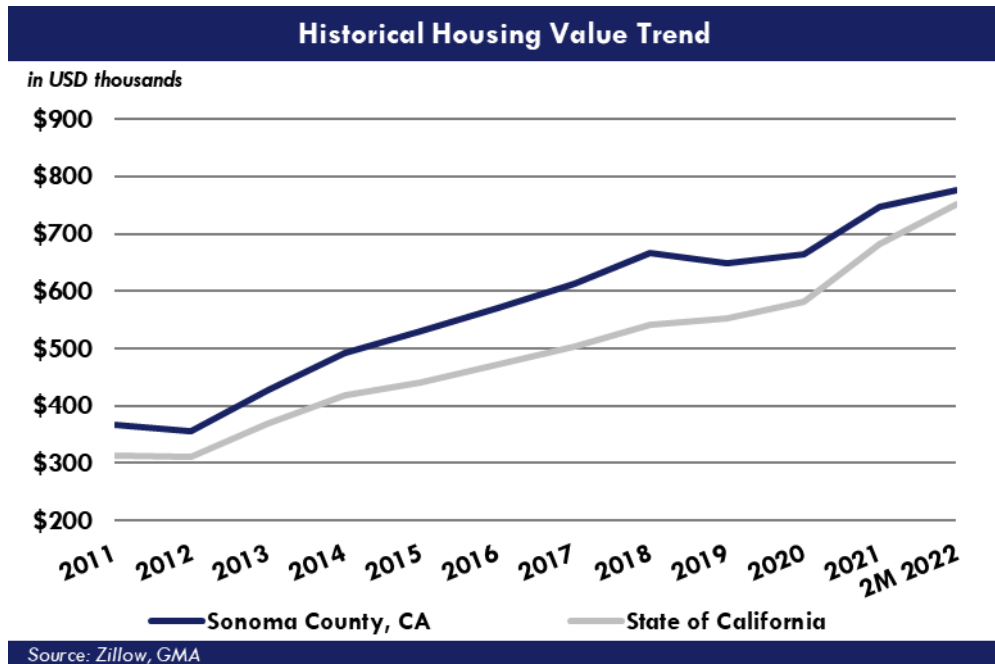
Source: PCensus, GMA

## HOUSING

GMA analyzed historical housing values to better understand the region’s economic activity and trends. Housing values are key economic indicators that allude to the strength and stability of a regional economy. Housing value fluctuation often impacts expected population growth and disposable income. GMA also evaluated this data to understand how the most recent recession impacted the local economy and how the region has recovered. The Consulting Team also analyzed the number of total housing units and the associated housing vacancy rates to understand the overall health of the housing market. GMA utilized statistics collected by the U.S. Census Bureau to understand these housing market trends.

For both Sonoma County and the State of California, housing values reached their lowest levels in 2012. Since then, both housing values in either area have increased at a CAGR of at least 8.0% through 2021. In 2021, the median housing value for Sonoma County was estimated at \$746,123. This represents an increase of 12.8% from the previous year’s median housing value of \$664,505. Currently, housing values in Sonoma County are significantly higher than both pre-recession and pre-pandemic levels. As of February 2022, median housing values are estimated to be \$776,379, representing an increase of 109.4% since 2012. In comparison to the State of California as a whole, the housing values in Sonoma County are slightly higher, and have recovered at a higher rate since the recession.

In 2010, total housing units in Sonoma County were quantified at 204,572, while the number of housing units in the State of California were quantified at 13.7 million. While the number of housing units in the state had increased by 712,059 from 2010 to 2020, only 170 new homes were added to Sonoma County, indicating a relatively stable housing market.



### Total Units and Housing Vacancy Rates

	2010		2020	
	Total Units	% Vacant	Total Units	% Vacant
Sonoma County, CA	204,572	9.2%	204,742	8.1%
State of California	13,680,081	8.3%	14,392,140	6.4%

Source: U.S. Census Bureau, GMA

## EMPLOYMENT

GMA analyzed employment data for Sonoma County, and the State of California as a whole. The Consulting Team focused on evaluating regional unemployment rates, as this key economic indicator characterizes the strength and stability of a local economy. Additionally, GMA evaluated the largest employers in each respective county to understand the regional population’s reliance on certain industries.

### UNEMPLOYMENT RATE

The unemployment rate in Sonoma County was quantified at 2.7% in 2019, maintaining the same level of unemployment as the previous year. The county’s unemployment rate had steadily decreased from the post-recessionary high of 10.2% in 2011. Unemployment levels reached a ten-year low in 2019, before rising to 7.9% in 2020 as a result of the COVID-19 pandemic and related impacts. Unemployment levels have since improved slightly to 5.5% in 2021. The following table illustrates the ten-year unemployment trend for Sonoma County and the State of California.

Annual Unemployment Rates										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Sonoma County	8.9%	7.1%	5.6%	4.5%	4.0%	3.4%	2.7%	2.7%	7.9%	5.5%
State of California	10.4%	8.9%	7.5%	6.2%	5.5%	4.8%	4.2%	4.2%	10.1%	7.3%

Source: U.S. Bureau of Labor Statistics, GMA

GMA also analyzed unemployment rates on a monthly basis to understand more recent and seasonal trends in unemployment. When examining the past 24 months, unemployment levels peaked in April of 2020 for Sonoma County as well as the State. While unemployment rates have remained relatively higher over the course of the pandemic, Sonoma County reported unemployment levels near or below 3.0% prior to the pandemic, indicating a high level of economic vitality in the region under stable conditions. The unemployment rate in Sonoma County prior to the pandemic was 2.8% in February 2020, before rising to 15.4% two months later. While unemployment rates have yet to return to pre-pandemic levels, unemployment levels in 2022 have reached as low as 3.0%, and appear to be normalizing. Additionally, the rate of unemployment in April and May of 2021 significantly improved over the prior year. The following table illustrates unemployment rates for the trailing 12-month period versus the prior 12-month period.

### Sonoma County Monthly Unemployment Trend

Trailing 12-Month		Prior Year		% Change
Month	Rate	Month	Rate	Y-O-Y
Mar-22	3.0%	Mar-21	5.9%	-49.2%
Feb-22	3.5%	Feb-21	6.3%	-44.4%
Jan-22	4.0%	Jan-21	7.1%	-43.7%
Dec-21	3.5%	Dec-20	6.6%	-47.0%
Nov-21	3.7%	Nov-20	5.7%	-35.1%
Oct-21	4.2%	Oct-20	6.9%	-39.1%
Sep-21	4.4%	Sep-20	7.8%	-43.6%
Aug-21	5.3%	Aug-20	8.7%	-39.1%
Jul-21	5.6%	Jul-20	10.0%	-44.0%
Jun-21	5.8%	Jun-20	11.4%	-49.1%
May-21	5.3%	May-20	13.4%	-60.4%
Apr-21	5.7%	Apr-20	15.4%	-63.0%

Source: U.S. Bureau of Labor Statistics, GMA

#### MAJOR EMPLOYERS

Sonoma County lies on the northern edge of the greater San Francisco Bay Area, and it is home to a diverse and robust economy. As is typical for a larger metropolitan area, the largest employers in the region are primarily in the government, education, and healthcare industries. However, as Sonoma County is located within the heart of California wine country, hospitality and food & beverage constitute a large portion of employment in the county, estimated at 22,340 jobs in 2019. Major employers in these fields included the Graton Resort and Casino, which accounted for 2,000 employees and was one of the ten largest employers in the county. However, as a result of the COVID-19 pandemic, tourism and hospitality related businesses were among the hardest hit by the fallout from the pandemic. This included operational limits set by state and local governments and the need to socially distance that limited the ability of these facilities to operate with full employment. The following table lists the ten largest employers in Sonoma County prior to the pandemic.

### Major Employers in Sonoma County, Pre-Pandemic

	# Employee	Industry
County of Sonoma	3,857	Government
Kaiser Permanente	3,508	Healthcare
St. Joseph Health	2,500	Healthcare
Graton Resort and Casino	2,000	Gaming/Hospitality
Santa Rosa City Schools	1,691	Education
City of Santa Rosa	1,307	Government
Keysight Technologies	1,300	Electronics
Jackson Family Wines	1,152	Food & Beverage
Sutter Santa Rosa Regional Hospital	1,050	Healthcare
Amy's Kitchen	988	Food & Beverage

Source: Sonoma County CAFR, GMA

### EDUCATIONAL ATTAINMENT

Understanding the educational attainment of the local populace is useful to define the types of potential gaming customers in a specific region. GMA analyzed the estimated educational attainment data for Sonoma County as well as the State of California in 2021. In Sonoma County, 29.7% of the adult population obtained a high school degree or less, while 35.7% earned a bachelor's degree or higher in that year. The educational attainment in Sonoma County is relatively higher than the statewide average, with Sonoma County reporting that a higher share of its population had achieved an education beyond a bachelor's degree. The following table details educational attainment statistics for Sonoma County, as well as the State of California overall.

### 2021 Educational Attainment (Est. Population Aged 25+)

	Sonoma County, CA		State of California	
	Total	% Total	Total	% Total
9th Grade	22,596	6.3%	2,469,650	9.1%
Some High School	17,569	4.9%	2,010,073	7.4%
High School Graduate (or GED)	66,013	18.5%	5,610,259	20.7%
Some College, no degree	89,430	25.0%	5,683,919	21.0%
Associate Degree	34,111	9.5%	2,142,068	7.9%
Bachelor's Degree	78,708	22.0%	5,727,450	21.1%
Master's Degree	31,794	8.9%	2,360,153	8.7%
Professional School Degree	11,129	3.1%	657,655	2.4%
Doctorate Degree	6,170	1.7%	442,656	1.6%
<b>TOTAL</b>	<b>357,520</b>	<b>100.0%</b>	<b>27,103,883</b>	<b>100.0%</b>

Source: PCensus, GMA

The following table shows the size of education systems in Sonoma County.

<b>Sonoma County Educational Facilities</b>	
School Districts	40
Elementary	102
Middle	24
Alternative	13
High	18
Ind. Study	5
<b>TOTAL</b>	<b>162</b>
<i>Source: Sonoma County Office of Education</i>	

### III. SOCIAL IMPACT ANALYSIS

Understanding the social impact of gaming on a community is a difficult task and one that is not easily measured. Despite the growth and magnitude of the gaming industry and the widespread participation of the general population in gaming activities, there is not a large amount of scientific research on the subject. Much of what exists is not rigorous because of insufficient data, under-developed methodologies, or researchers' biases.<sup>1</sup> More specifically, studies are often commissioned by industry associations, non-profit advocacy groups, and other organizations that are predisposed to strong opinions either against or in favor of gaming.

To better understand the impact of a casino project on a community, the Consulting Team continuously performs an extensive review of literature including studies conducted for the U.S. government, industry-sponsored research, university research and research sponsored by political and religious institutions. Through this process, GMA attempts to identify those research studies that offer the most thorough analysis and could provide the host community with an understanding of how a casino would impact the region.

After careful review of various reports, the Consulting Team ultimately relied on the findings presented in the National Gambling Impact Study Commission ("NGISC") in its Report to the U.S. Congress and President that was completed in 1999<sup>2</sup> as well as a report titled "The Impact of Gambling: Economic Effects More Measurable Than Social Effects," prepared by the General Accounting Office (GAO) and presented to the Honorable Frank Wolf of the U.S. House of Representatives.<sup>3</sup> The latter report was viewed with a certain degree of skepticism by the gaming industry when it was released, since Representative Wolf had been an ardent opponent to the expansion of gaming in the United States. Nevertheless, the Consulting Team found that it was a well-researched study that both questioned and validated the findings of the NGISC report. Together, these studies provide an overview of best practices, a basis for how the concerns surrounding social impacts have evolved, and a sound understanding of how these issues are addressed in markets across the United States today.

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<sup>1</sup> "Gambling's Impacts on People and Places," National Gambling Impact Study Commission, June 1999, pp. 7-1.

<sup>2</sup> National Gambling Impact Study Commission, June 1999.

<sup>3</sup> "The Impact of Gambling: Economic Effects More Measurable Than Social Effects," General Accounting Office.



## UNDERSTANDING CASINO CUSTOMER BEHAVIOR

Gambling, in one form or another, is now legal in every state except Hawaii and Utah. A NGISC contractor stated that about 86% of Americans reported having gambled at least once during their lifetimes and 63% of Americans reported having gambled at least once during the previous year.<sup>4</sup> This estimate is based on participation in all forms of gambling including lotteries, poker, internet gambling, pari-mutuel wagering as well as casino gambling.

Before examining problem gambling, the Consulting Team believes it is best to first understand the various kinds of people who visit casinos and their motivations for doing so. Industry expert Andrew M. Klebanow published an article on the subject, and the article's findings are summarized in the following paragraphs.<sup>5</sup> Its purpose is to give the reader an understanding of casino customers from a psychographic standpoint.

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### THE FIVE BEHAVIORAL SEGMENTS OF CASINO CUSTOMERS

The notion of examining gaming customers based on behavior was first broached by casino operators in Atlantic City in the mid-1980's. Casinos wanted to better understand what motivated people to visit their properties and how to better meet their needs. This behavior-based approach to customer segmentation was refined by the author to include five distinct behavior segments.

Early studies identified three basic behavioral segments among casino customers: Recognition Seekers, Escapists, and Reward Seekers. With the proliferation of local casinos throughout the United States over the past decade, additional behavioral segments have become evident. These include Socializers and Professionals.

### RECOGNITION SEEKERS

Recognition Seekers represent a small share of total players, yet they command a considerable amount of attention from a casino. These players have a high expectation of recognition from the property they patronize. They expect floor supervisors, restaurant maître D's, and dealers to quickly recognize them and acknowledge their presence. They expect hosts to promptly greet them when they appear on property. Player Development departments are designed, in large part, to provide the recognition and service that this segment demands. They are an expensive segment to attract, and it is the reason why casinos spend so much on luxury suites, fine dining

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<sup>4</sup> GAO Report, p. 4.

<sup>5</sup> "A Behavior Based Approach to Market Segmentation," Andrew M. Klebanow, Indian Gaming Magazine, October, 2003, pp. 62-63.

venues, and lush environments. The reward to the casino property is an intensely loyal, profitable, and frequent visitor.

### ESCAPISTS

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Escapists seek a getaway that does not resemble their everyday routine. Escapists visit a casino to get away from their everyday lives. They go to a casino to escape the pressures of their jobs, family, and the world around them. By their nature, Escapists prefer to remain anonymous. In other words, they enjoy coming into a casino and playing with minimal interaction with casino personnel. They share their loyalty among a small number of properties and require minimal maintenance in the form of personal attention and complimentary services. This group of consumers is therefore a very profitable segment. The Escapist is an excellent example of a player that may not have previously visited a bingo hall due to the social atmosphere of a bingo game. However, with the advent of slot machines, Escapists can go to a gaming facility and simply play a machine in solitude. Those games that are less social are generally preferred by the escapist.

### REWARD SEEKERS

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Reward Seekers are driven to visit a property by the casino's player rewards program or promotions that compensate them for their play. They believe they have a vested interest in the promotions and bonuses that casinos have to offer. It is their ability to identify the best "gaming value" that validates their superiority over other players and the casino in which they play. Reward seekers are also capricious in that they will patronize the casino that has the best monthly offer. Their gaming play goes to the casino with the best deal.

### SOCIALIZERS

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Socializers visit a casino in order to escape the mundane world around them and to be around others. Even though gambling can sometimes require serious concentration and little distraction, it is the overall social environment of casinos that attracts these people to a particular property. One need only walk through a bingo hall prior to the start of a session to understand the social nature of the game.

Socializers are intensely loyal and build relationships with floor personnel and other gamblers. Once they identify with a particular property, they become a very loyal, very profitable segment with high levels of visitation and require very few marketing dollars to maintain their loyalty. Day in and day out, they are the casino's best player segment.

### PROFESSIONALS

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With the proliferation of liberal table game rules and full-pay video poker machines, a small cadre of players makes a living gambling in casinos. They pay very close attention to the types of games

casinos offer. They closely scrutinize the pay tables on video poker games, the value of the cash-back component of a casino's player rewards program, and casino complimentary policies.

Professionals generate large coin handle volume and accumulate voluminous amounts of slot club points. While an analysis of their theoretical win may indicate a profitable customer, more often than not their actual win/loss is difficult to gauge. Professionals readily pull their cards from reader boxes in the middle of a video poker hand if the outcome looks favorable in order to hide the true payout. This segment understands how reward programs work and how casino managers evaluate play.

Professionals will employ a variety of techniques to defend their position in a casino. They brag to hosts about the friends they bring who are not knowledgeable gamers. They readily turn to hosts for upgraded rooms and meals without debiting their comp dollar balances. This segment also poses the greatest threat to local gaming properties seeking to broaden their destination gambler segment. They prey on unsuspecting hosts eager to demonstrate their ability to bring in "big players."

Professionals also share their knowledge in internet discussion groups. Since their goal when visiting a casino is to consistently make money, they become resentful when a casino tightens up their promotional policies. Casinos do not make money off professionals and their loyalty goes to the casino where they can make the most money.

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#### SUMMARY OF CUSTOMER BEHAVIORS

Gaming customers are motivated to visit a casino for a variety of reasons. Some of those reasons may be viewed as criteria that define one as a problem gambler. However, as will be revealed in succeeding sections, the psychiatric community, in attempting to identify the characteristics of problem gamblers, sometimes misinterprets certain behaviors that are normal to people who participate in casino gaming activities. While the author of the article and the Consulting Team do not challenge those definitions, the reader is asked to keep an open mind to the subject and understand that, to many people who participate in gaming activities, their behaviors are not viewed as problems. Behavioral scientists and the psychiatric community's understanding of people's behavior with regards to casino gambling is evolving as casinos continue to open across the United States.

## PATHOLOGICAL GAMBLING

There are several terms used to describe “pathological gamblers.” Currently, the American Psychiatric Association in its Diagnostic and Statistical Manual of Mental Disorders (“DSM-IV”) classifies pathological gambling as an impulse control disorder and describes ten criteria to guide diagnoses. These range from repeated unsuccessful efforts to control, cut back or stop gambling to committing illegal acts such as forgery, fraud, theft or embezzlement to finance gambling.<sup>6</sup> The diagnostic criteria and their associated behavior patterns are listed in the following table.

Criteria for Pathological Gambling	
Diagnostic Criteria	Behavior Pattern
Pre-Occupation	Is pre-occupied with gambling (e.g. pre-occupied with reliving past gambling experiences, handicapping or planning the next venture, or thinking of ways to get money with which to gamble.
Tolerance	Needs to gamble with increasing amounts of money in order to achieve the desired excitement.
Withdrawal	Is restless or irritable when attempting to cut down or stop gambling.
Escape	Gambles as a way of escaping from problems or relieving dysphoric mood (e.g. feelings of helplessness, guilt, anxiety or depression).
Chasing	After losing money gambling, often returns another day in order to get even (“chasing one’s losses”).
Lying	Lies to family members, therapists or others to conceal the extent of involvement with gambling.
Loss of Control	Has made repeated unsuccessful efforts to control, cut back or stop gambling.
Illegal Acts	Has committed illegal acts (e.g. forgery, fraud, theft or embezzlement) in order to finance gambling.
Risked Significant Relationship	Has jeopardized or lost a significant relationship, job, educational or career opportunity because of gambling.
Bailout	Has relied on others to provide money to relieve a desperate financial situation caused by gambling.

Source: National Gambling Impact Study Commission Report, p. 4-2  
 American Psychiatric Association Diagnostic and Statistic Manual of Medical Disorders (DSM-IV)

The American Psychiatric Association uses the following criteria to classify gaming behaviors based on the previously listed criteria.

<sup>6</sup> National Gambling Impact Study Commission, p. 4-1-4-2.

### Classification of Gaming Behaviors

# of Behavior Criteria	Diagnosis
1 to 2	At risk
3 to 4	Problem Gambler
5 to 10	Pathological Gambler

Source: DSM-IV

The NGISC Study reported on three studies completed in 1997 and 1998 that estimated the percentage of US adults classified as pathological gamblers, which ranged from 1.2% to 1.6%. An NGISC contractor, who conducted one of the three studies, estimated that about 2.5 million adults are pathological gamblers and another 3.0 million adults should be considered problem gamblers. The GAO study estimated that in 1990, 1.2% of New Jersey residents were probable pathological gamblers.<sup>7</sup>

#### BI-PRODUCTS OF PATHOLOGICAL GAMBLING

The social effects of gambling on communities are more difficult to measure than the economic effects, primarily because of the limited quality of data on social effects, the complexity of identifying and measuring the social effects and the difficulty of establishing a cause-effect relationship between gambling and social problems.<sup>8</sup>

The NGISC reported that pathological gambling often occurs in conjunction with other behavioral problems, including substance abuse, mood disorders, and personality disorders. The NGISC further noted that mood disorders such as depression, suicidal thoughts, and anti-social hyperactivity often co-exist with pathological gambling. Joint occurrences are referred to as “co-morbidity.”

Co-morbidity presents a wealth of challenges to the medical researcher. How does one isolate the effects of pathological gambling on say, marital stability, from the effects of co-existing conditions like substance abuse? Is pathological gambling a bi-product of say, substance abuse? Is substance abuse a bi-product of problem gambling or is the combination of disorders caused by a more fundamental personality disorder? Is the severity of one disorder related to the other?

Even if one were able to isolate the effects of problem gambling in people who suffer from co-morbidity, how does one then isolate the effects of casino gambling from other forms of gambling? Casino gambling is only one form of gaming that also includes lotteries, internet gambling, pari-mutuel gaming and card clubs. In fact, the most prevalent forms of gambling are the ones found in most neighborhoods: lottery scratch cards, lotto and video lottery terminals.

<sup>7</sup> GAO Report, p. 4.

<sup>8</sup> GAO Report, p 26.

For the researcher, the challenge is to first identify the preferred gaming venue and then to determine that venue's effects on the pathological gambler.<sup>9</sup>

The Consulting Team presents these issues to the reader to better illustrate the challenges that medical and social researchers face when attempting to identify the social costs of gaming and the effects that pathological gamblers have on their communities. It is simply not an easy task to quantify their effects. However, for the purposes of the Project, it is important to note that gaming has existed in many forms in the subject market area for decades. A strong baseline of protections exists through Tribal gaming enterprises in the market today, whereas a newly established market would have no existing framework in place. As such, there is no sound research that would indicate that a new casino in an established market would have any discernable impact on social costs such as problem gaming. Rather, the introduction of a casino to such a mature market would only bring more resources to supplement the responsible gambling measures that exist in the market today.

## MEASURING SOCIAL COSTS

In its report, the Federal Reserve Bank of Philadelphia categorizes social costs from problem gambling or other socially undesirable behaviors potentially triggered by casinos, into three specific categories:

- (1) Costs borne by the individual exhibiting that behavior
- (2) Costs borne by the family and friends of that individual
- (3) Costs borne by society

The first category is considered to be private expenses of the individual. In other words, if a gambler knowingly, or rationally, undertakes certain behavior and subsequently assumes the full cost of his or her behavior, there are no social costs associated with that behavior. Gambling losses, even if they are disproportionately borne by some individuals in a society, are not social costs any more than the cost of a ticket to a concert or sports event.<sup>10</sup>

The second and third categories are both external costs, but those that affect only the individual's family and friends may fall outside the scope of measurable costs. To the extent that we can quantify the increase in crime associated with a casino, we can then quantify the police, judicial, and penal costs associated with that crime. If problem gambling increases the suffering of the

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<sup>9</sup> National Gambling Impact Study Commission, p. 7-4.

<sup>10</sup> "Economic and Social Impact of Introducing Casino Gambling," Federal Reserve Bank of Philadelphia p. 19

gambler's family, that cost is as real as the cost of the police time needed to apprehend a criminal but may be impossible to quantify.<sup>11</sup>

Finally, the question of how much of any given cost is actually attributable to the casino is not straight-forward. Simply observing that gambling is correlated with such problems does not imply that gambling causes them. If gambling were not an option, a person who has a pathological disorder may still find ways to cause harm to the community. This idea of co-morbidity was addressed in the previous section and enforces the difficulty in measuring the different social costs. The following list addresses specific social issues and the impact that casino gaming has on the host community.

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#### SUICIDE

The NGISC reported that the suicide rate among pathological gamblers is higher than for any other addictive disorder but questioned whether a link existed between gambling and suicide in general. The report stated that it heard repeated testimony and received various reports about suicide and attempted suicide on the part of individuals suffering from pathological gambling.

The GAO report stated that the suicide rate in Atlantic County, the county where Atlantic City's casinos are located, was higher than the overall suicide rate in New Jersey, but lower than the national rate.<sup>12</sup>

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#### DIVORCE

An assumed byproduct of pathological gambling is divorce. Marriages, under financial and emotional strains when one or both spouses are pathological gamblers, often end in divorce. Both the NGISC and GAO reports examined divorce rates among pathological gamblers. The NGISC reported that, in one survey it examined, 53.5% of pathological gamblers reported having a divorce versus 18.2% for non-gamers and 29.2% for low-risk gamblers. The GAO report examined divorce rates in Atlantic County and found that the county's divorce rate was lower than the national average, but higher than New Jersey's rate in 1977, 1980, and 1990.<sup>13</sup>

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#### CRIME

There is a general belief that the introduction of legalized gambling in a community will increase crime within that community. Another belief is that legalized gaming reduces crime because it

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<sup>11</sup> "Economic and Social Impact of Introducing Casino Gambling," Federal Reserve Bank of Philadelphia p. 20

<sup>12</sup> GAO, p. 34.

<sup>13</sup> GAO, p. 31.

eliminates incentives for illegal gambling.<sup>14</sup> Both these beliefs are based more on anecdotal rather than empirical evidence.

Destination casinos, by their nature, increase the volume of people into a given community. Whenever that volume of people is introduced into a community, the volume of crime is expected to increase. This holds true for any large-scale development, whether it is a shopping mall, family-oriented water park or destination casino. While more people bring more crime, for most communities, the crime rate stays the same or declines.

The NGISC Report investigated the causal relationship between casinos and crime. It stated:

Jeremy Margolis, a former director of the Illinois State Police, who also served as assistant US attorney for the Northern District of Illinois and was the Illinois inspector general, published a comprehensive review of available information on gambling and crime. His study, "Casinos and Crime, an Analysis of the Evidence," was based upon ten jurisdictions that have commercial casinos. In testimony before the Commission, he stated that he found little documentation of a causal relationship between the two. Taken as a whole, the literature shows that communities with casinos are just as safe as communities that do not have casinos.<sup>15</sup>

Despite the statements made in the NGISC Report, the Consulting Team believes it is important to further understand the relationship of crime and casinos. In order to understand that relationship, it is first necessary to define the types of crime typically associated with destination casino gambling. These are generally divided into petty crime, violent crime, white collar crime and prostitution.

#### PETTY CRIME

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Petty crime includes vandalism, burglaries, purse snatching, pick-pocketing, and other non-violent crimes. These are the types of crime that are typically exhibited in any high-traffic development. They are common wherever large volumes of people gather, whether at an outdoor concert, water park, shopping mall or casino. Part of the reason is that within any large group of people there is a segment that is prone to commit petty crimes. Also, any gathering of people creates opportunities for petty crimes for people who are predisposed towards crime.

Casinos are slightly more susceptible to petty crimes due to the type of customers they attract. Casinos are attractive environments to mature adults who may have limited or reduced mobility. Women who leave their handbags near gaming devices are attractive targets for purse snatchers. People who display or count cash may also be targets for "grab and dash" thieves.

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<sup>14</sup> National Gambling Impact Study Commission p. 7-42.

<sup>15</sup> National Gambling Impact Study Commission, p. 7-14.



Petty crime is sometimes associated with pathological gambling. Petty thieves, having exhausted their money, may see a crime as an opportunity. However, the NGISC found little empirical data to support this argument. Nevertheless, the Consulting Team believes that a casino, regardless of its size, will experience petty crimes solely because of the volume of people that will visit the facility.

#### VIOLENT CRIME

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Violent crime is criminal behavior that involves physical violence on victims. Such crime is often associated with gangs and other forms of organized crime as well as armed robberies by individuals. Despite the large amounts of cash that are normally stored in casinos, there is a limited amount of violent crime inside casino properties. The highly visible security presence coupled with sophisticated surveillance systems that are normally found in casinos, preclude would be robbers from targeting casinos. Nonetheless, casinos are periodic targets of armed robberies and casinos in both Las Vegas and regional markets as these markets have been attacked by these types of criminals. Violent criminal behavior is not normally associated with pathological gamblers. Rather, these types of crime exist within the broader society.

#### WHITE COLLAR CRIME

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White collar crime is one form of crime that is often associated with pathological gambling. Pathological gamblers, having exhausted savings, may resort to fraud and embezzlement to support their gambling compulsion. These types of crime do not occur in a casino but at the workplace. However, the NGISC Report stated the following:

An examination of arrest trends for embezzlement, forgery and fraud in nine of the largest casino markets shows no consistent pattern, although more jurisdictions report more decreases than increases in arrests.<sup>16</sup>

The GAO report came to a different conclusion. It analyzed the Atlantic City market and stated that embezzlement arrests in Atlantic City were higher in the city than New Jersey or the United States and presented the following table as evidence.

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<sup>16</sup> National Gambling Impact Study Commission, p. 7-14.

Embezzlement Arrests Per 10,000 Population Atlantic City Market			
Year	United States	New Jersey	Atlantic City
1977	0.36	0.58	0.23
1978	0.38	0.55	0.92
1979	0.40	0.52	0.94
1980	0.42	0.25	0.00
1981	0.42	0.17	0.00
1982	0.39	0.16	0.00
1983	0.38	0.21	0.26
1984	0.40	0.23	0.00
1985	0.48	0.15	0.00
1986	0.52	0.18	0.27
1987	0.53	0.29	0.55
1988	0.61	0.22	4.36
1989	0.65	0.20	0.85
1990	0.61	0.20	0.00
1991	0.55	0.15	0.00
1992	0.55	0.16	0.00
1993	0.56	0.12	0.00
1994	0.57	0.09	0.00
1995	0.60	0.12	2.44
1996	0.65	0.15	0.00

Source: GAO Report p. 39

The table indicates that, during certain years, embezzlement arrests in Atlantic City increased over both the statewide average and national average. However, in most other years, there were no arrests in Atlantic City for such crimes.

It is impossible for a casino operator to determine which patrons participate in such forms of criminal behavior. However, the casino operator can provide valuable information to law enforcement personnel if an individual is suspected of fraud or embezzlement. A casino operator can investigate a suspect’s spending patterns including check cashing habits, payment of markers and general spending patterns through the casino’s player tracking system.

### PROSTITUTION

Prostitution is endemic in both Nevada and Atlantic City. In Nevada, prostitution is legal in certain rural counties through state sanctioned brothels. Prostitution also occurs illegally in urban counties through escort services, call girls, street prostitutes and prostitutes that loiter in casino bars. While the latter is limited by casino security and surveillance, the former forms do operate with only minimal hindrance by law enforcement. Demand for prostitution is probably greater in Las Vegas since the city attracts a large proportion of male visitors attending conventions. Prostitution also exists in Atlantic City, primarily in the form of street prostitution and the city suffers from a higher prostitution rate than the state or the U.S. as a whole.

Prostitution Arrests Per 10,000 Population Atlantic City Market				
Year	United States	New Jersey	Atlantic City Pop Adjusted(1)	Atlantic City Pop Unadjusted(2)
1977	4.34	1.44	14.26	20.89
1978	4.49	1.07	31.08	53.08
1979	4.49	1.03	20.73	42.61
1980	4.24	1.18	12.89	37.13
1981	5.07	1.34	15.67	55.52
1982	5.93	2.30	31.76	122.88
1983	5.94	2.27	23.88	100.27
1984	5.66	1.91	23.54	107.60
1985	5.53	3.15	36.35	169.33
1986	5.23	3.66	28.33	138.67
1987	4.99	2.31	16.82	88.89
1988	4.25	2.41	19.97	106.15
1989	4.42	2.56	14.12	76.58
1990	4.64	3.44	18.02	92.40
1991	4.53	3.33	21.20	105.69
1992	4.37	3.33	20.80	102.94
1993	4.43	3.99	19.55	96.97
1994	4.17	3.29	18.90	95.60
1995	4.46	2.97	12.93	69.38
1996	4.25	3.02	11.36	61.43
1997	4.19	3.91	9.59	52.08
<b>Avg</b>	<b>4.74</b>	<b>2.57</b>	<b>20.08</b>	<b>85.53</b>

(1) Population was adjusted to include visitors and nonresident workers  
(2) Population was not adjusted and is based solely on the local resident population.

The prostitution rate in Atlantic City is high for a number of reasons. First, the casinos are bordered to the east by large, poor residential neighborhoods where the incidence of substance abuse and street crime has historically been very high. Second, dark and poorly lit side streets to the west of the casinos create ideal conditions for street prostitution. Third, the casinos serve a purely adult market and attract male customers who may be predisposed to participating in street prostitution. While prostitution is found on the streets near the casino, casino security and surveillance systems are able to monitor and evict prostitutes from their properties.

The casino scenario under examination in this report do not lend themselves to street prostitution. Each of the proposed casinos is isolated from urban areas and/or is surrounded by rural or major roads. There are few sidewalks, buildings or other edifices that would lend themselves to street prostitution and a vigilant security presence on property will deter these crimes on property.

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## SOCIAL SERVICES

According to a PricewaterhouseCoopers survey titled, “Gaming Industry Employee Impact Survey,” the introduction of casino gaming eliminated the need for specific social services offered to local residents.<sup>17</sup> The survey polled nearly 178,000 employees, which represented more than half of the commercial casino industry workforce in the United States. The results of the survey indicated that 16% had used their casino jobs to replace unemployment benefits, 63% had improved their access to health care benefits and 43% had better access to day care for their children. In addition, 65% had developed new job skills as a result of their employment, and 78% indicated that their employer provided them with training to perform their job.

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## BANKRUPTCY

On the issue of bankruptcy, there have been conflicting reports regarding the connection with casino gaming. The NGISC established that there was a connection in the location of a casino and the rate of bankruptcy filings in that area.<sup>18</sup> This was measured by either jurisdiction or proximity, for example, a 50-mile radius. However, this study has its share of opponents who say that the report did not factor in the additional number of visitors that the casino draws in.

The NGISC also acknowledged a counter argument made by Rudy Cerone, an active member of the American Bankruptcy Institute and the immediate past chair of the Bankruptcy Section of the Louisiana State Bar Association. Cerone told the Commission:

The increase in consumer bankruptcies has little or nothing to do with gambling in the gross amount. It’s mainly credit card companies pushing their products on the consumers and the ease of the bankruptcy laws allowing consumers an easy way out. Those are the two main factors for the great rise in bankruptcies, not only here in Louisiana, but across the country.<sup>19</sup>

Furthermore, the National Opinion Research Center at the University of Chicago performed a survey for the commission, compiling and examining information from 100 randomly selected communities as well as 10 communities within 50 miles of a casino. This survey found that casino proximity did not contribute to increased bankruptcy.<sup>20</sup>

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<sup>17</sup> PricewaterhouseCoopers, 1997

<sup>18</sup> National Gambling Impact Study Commission

<sup>19</sup> National Gambling Impact Study Commission

<sup>20</sup> National Opinion Research Center (NORC)

## IV. PUTTING SOCIAL COSTS IN PERSPECTIVE

Although casino gaming comes with its share of social costs, it is important to put these costs in perspective when compared to other social problems. Industry expert Andrew Klebanow compares these numbers to other social problems in his report titled, “Putting Problem Gambling in Perspective.”<sup>21</sup> A summary of his findings are listed in the following paragraphs.

In August of 2010 the U.S. Center for Disease Control issued a report stating that 27% of the U.S. population (72.5 million Americans) are now classified as obese. Unlike problem gambling, where the costs on society are hard to measure, obesity has some very real and significant costs. On average, an obese person incurs \$1,400 more a year in medical costs than a person of normal weight. The U.S. Centers for Disease Control report estimates the costs to U.S. society at \$147 billion a year. And unlike problem gambling, whose physical effects are for the most part, unknown, obesity is known to lead to heart disease, stroke, diabetes, cancer and premature death.

Restaurant companies and food manufacturers have essentially adopted strategies developed by the tobacco industry, which is to deny their responsibility to the epidemic and oppose policies that would limit or tax consumption. It is common knowledge now that for over a half century, U.S. tobacco companies denied that their products were unhealthy and funded scientific studies to support their claims. Only in the face of overwhelming scientific evidence have tobacco companies modified those strategies. Nevertheless, tobacco companies continue to lobby against initiatives, such as bans on indoor smoking that would restrict exposure to second-hand smoke. Today, roughly 20% of adults smoke and their costs, both social and economic, are a significant burden on society.

To put problem gambling in perspective, one must only look at three numbers: 1.4% (the percent of adults who are problem gamblers, 27% (the percent of adults who are obese) and 20% (the percent of adults who smoke). Problem gambling is real, and the casino industry acknowledges it, but its impact on society and on the lives of Americans is relatively small when compared to obesity and tobacco use.

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<sup>21</sup> “Putting Problem Gambling in Perspective,” Andrew M. Klebanow, Indian Gaming Magazine, pp. 50-51, September 2010.

# **ECONOMIC IMPACT STATEMENT**

## I. ECONOMIC IMPACT STATEMENT OVERVIEW

The Economic Impact Statement (“EIS”) examines economic impact projections that the Project would be expected to generate. To do so, it is first necessary to define an impacted region to calculate the economic impacts of development and operations in the projected scenario. There is no rule of thumb for this definition, as impacts would likely extend throughout the state of California and could be examined more finitely at the host city level. For the purposes of this analysis, GMA utilized Sonoma County as the defined subject region. The expected impacts are measured in terms of the net change in total spending (output), household incomes (labor income), and job creation (employment) in the county. The statistical information contained in the Socioeconomic Analysis was further utilized to understand relative effects on employment, housing, schools, and select municipal services.

### METHODOLOGY

GMA employed IMPLAN’s Input-Output/Social Accounting Matrix Model (“I-O/SAM”) to determine the potential economic impact of the Project. The Input-Output economic model depicts how the total output of each industry in an economy depends on inter-industry demands and final demands by putting transactions in a matrix framework. In other words, a tourism project, like a casino, has significant effects on other industries in its trade area. The I-O/SAM model measures those effects by using a series of multipliers. These multipliers consider all aspects of the input-output framework, including which inputs and outputs will come from the subject region.

The impacts of the Project will occur in two phases: the Construction Phase and the Operations Phase. Construction impacts are temporary in that they only are experienced during the construction and development of the Project, with some ripple effects<sup>22</sup> in the local economy for a short period after construction is completed. The second phase will result from the ongoing operations of the Project and will have an annual, recurring impact to the county. For each phase, GMA calculated the impacts on Total Output, Employment, and Labor Income for the construction phase and operations phase.

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<sup>22</sup> Ripple effects are essentially a multiplier effect, meaning that money earned by construction employees and materials suppliers will then be re-spent in the local economy, further benefiting other businesses in the region, as well as the benefits resulting from the incremental spending ability of those businesses, and so on.

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## DIRECT, INDIRECT, AND INDUCED EFFECTS

Throughout this report, GMA will refer to three types of effects: the Direct Effect, the Indirect Effect, and the Induced Effect. These effects are used to describe the types of output generated by the Project, and these terms are best defined in the context in which they are used. The effect on employment (jobs created) offers a very clear example:

### DIRECT EFFECT ON EMPLOYMENT

In this context Direct Effect refers to jobs created by patron expenditures in the study region. As an example, if 10,000 people a day visit a casino or casino-hotel, those people would be served by employees working at the property. In addition, some people may choose to spend the night at an area motel, eat at a nearby restaurant, shop in a local store or purchase fuel at a nearby service station or convenience store. Their demand for goods and services at these businesses would create additional employment. Direct Effect on Employment includes those jobs created by the casino as well as jobs created by businesses around the Project that service the casino's patrons.

### INDIRECT EFFECT ON EMPLOYMENT

Technically, the Indirect Effect is caused by *inter-industry transactions*. Simply put, in providing goods and services to its customers, the casino needs inputs from other sources such as utilities, food suppliers, laundry and janitorial supplies. A local food distributor will have to hire additional delivery drivers and warehouse personnel to properly serve the casino or casino-hotel. A local laundry provider will have to hire additional staff to keep up with the demands of the resort's restaurants and hotel. The demands of the Project for other industries' goods and services create jobs in other industrial sectors. This is the Indirect Effect on Employment.

### INDUCED EFFECT ON EMPLOYMENT

Induced Effects are the *factor-institution interactions of labor and capital*. Simply put, when newly employed people receive their paychecks, they go out and spend money. They shop at the local supermarket and buy products and services from other local and regional businesses. That consumption, which obviously has nothing to do with casino's customers' expenditures, creates another set of jobs at retail stores and service establishments. In addition, those new workers hired by merchants to service the casino's employees in turn spend their money at other area merchants, creating more jobs. This is the Induced Effect on Employment.

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## KEY INPUTS

GMA based its construction impact forecasts on the construction and development costs prepared by other consultants hired by Koi Nation. These development costs were appropriately adjusted to account for factors such as local vs. non-local purchases. It is important to note that



since the preparation of these construction and development cost estimates, prices of goods and services in this industry have grown considerably due to macroeconomic impacts.

GMA based its operating impact forecasts on a financial ProForma Income Statement analysis prepared by other consultants hired by Koi Nation. In accord with this analysis, it is important to note that all operating impact forecasts assume that the Project will perform to a level of \$473.0 million in gross gaming revenue and \$575.3 million in gross property revenue in a stabilized year of operations. In GMA's analysis of impacts from operations, GMA considered the impacts of casino resort revenues, staffing, and employee earnings as the Direct impacts, in addition to small amounts of spending by casino patrons in the county that would take place as a result of the casino trip. Indirect impacts are calculated based on the projected spending by the proposed Project on goods and services, as well as the ripple effects that result from this spending. Induced impacts are calculated through the IMPLAN model based on changes in consumption, driven by the Project's employees' earnings and the earnings of businesses benefiting from indirect expenditures.

## II. ECONOMIC IMPACT ANALYSIS

This chapter illustrates the projected economic impacts of construction and operations of the Shiloh Road Casino. This analysis assumes that the Project will feature a casino with 2,750 Class III gaming devices and 105 table games, as well as a 400-key hotel, approximately 74,000 sq. ft. of meeting space, a roughly 2,800-seat event center, seven (7) food & beverage outlets, spa facilities, and other amenities.

### CONSTRUCTION IMPACTS

The first phase of economic impacts will be the construction phase. As previously discussed, construction employment and spending are only temporary but can have substantial impacts on the regional economy. It is anticipated that the construction phase will last for a period of approximately 24 months. GMA notes that employment counts below are presented in terms of man-years of employment.<sup>23</sup>

#### CONSTRUCTION COSTS

Construction expenditures generally fall into several different categories, each of which has some local and non-local components. Hard costs reflect the actual construction materials and labor. Soft costs reflect architectural services, other professional services, financing costs, start-up expenses, and other non-material expenses. Based on estimates provided to GMA by other consultants to the Project, the total construction cost for the Project is estimated at \$689.2 million. In evaluating the inputs for this phase of the analysis, GMA paid close attention to those components of the development that would be considered non-local expenses and would not have an impact on the subject region. As such, GMA assumed that all hard costs would stem from within the state of California, and that only a fraction of soft costs would consist of in-state purchases. GMA further discounted these costs to consider only those components of the development that would stem from within Sonoma County.

#### TOTAL OUTPUT

Total output measures the value of goods and services that go into the construction of the gaming facility, including the induced and indirect impacts experienced in the regional economy. The direct impact from construction related activities and local procurement is estimated at \$308.5 million. The indirect outputs resulting from development are estimated at \$57.2 million. The generation of direct and indirect employment will increase household incomes in the region. As a result, there will be an increase in consumption for the region. The increase in consumption,

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<sup>23</sup> A “man-year” is a unit of measurement that amounts to the work of one person over one year.

or induced output, is estimated at \$128.6 million. Overall, GMA projects that a total of approximately \$494.3 million in economic output would be generated within Sonoma County during the construction phase.

<b>Total Output from Construction</b>				
<i>in USD millions</i>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>TOTAL*</b>
55 - Construction of new commercial structures including farm structures	\$308.5	-	-	\$308.5
449 - Owner-occupied dwellings	-	-	\$22.6	\$22.6
447 - Other real estate	-	\$5.0	\$5.2	\$10.2
396 - Wholesale - Other durable goods merchant wholesalers	-	\$7.2	\$0.8	\$8.1
490 - Hospitals	-	-	\$6.5	\$6.5
457 - Architectural, engineering, and related services	-	\$5.3	\$0.4	\$5.7
448 - Tenant-occupied housing	-	-	\$5.3	\$5.3
509 - Full-service restaurants	-	\$0.3	\$4.1	\$4.4
441 - Monetary authorities and depository credit intermediation	-	\$1.2	\$2.7	\$3.9
483 - Offices of physicians	-	-	\$3.3	\$3.3
534 - Other local government enterprises	-	\$0.6	\$2.8	\$3.3
510 - Limited-service restaurants	-	\$0.1	\$3.1	\$3.1
413 - Retail - Nonstore retailers	-	\$0.1	\$2.7	\$2.8
400 - Wholesale - Other nondurable goods merchant wholesalers	-	\$1.1	\$1.6	\$2.8
394 - Wholesale - Household appliances and electrical and electronic goods	-	\$2.3	\$0.4	\$2.7
453 - Commercial and industrial machinery and equipment rental and leasing	-	\$2.4	\$0.2	\$2.6
472 - Employment services	-	\$1.1	\$1.4	\$2.5
512 - Automotive repair and maintenance, except car washes	-	\$0.4	\$2.1	\$2.4
469 - Management of companies and enterprises	-	\$1.2	\$1.2	\$2.3
455 - Legal services	-	\$1.0	\$1.3	\$2.3
417 - Truck transportation	-	\$1.7	\$0.5	\$2.2
399 - Wholesale - Petroleum and petroleum products	-	\$1.3	\$0.7	\$2.1
406 - Retail - Food and beverage stores	-	\$0.0	\$2.0	\$2.0
456 - Accounting, tax preparation, bookkeeping, and payroll services	-	\$1.1	\$0.9	\$2.0
442 - Other financial investment activities	-	\$0.1	\$1.8	\$2.0
28 - Stone mining and quarrying	-	\$1.9	\$0.0	\$1.9
207 - Other concrete product manufacturing	-	\$1.8	\$0.0	\$1.8
405 - Retail - Building material and garden equipment and supplies stores	-	\$1.1	\$0.7	\$1.8
47 - Electric power transmission and distribution	-	\$0.6	\$1.2	\$1.8
444 - Insurance carriers except direct life	-	\$0.2	\$1.6	\$1.7
Other	-	\$18.2	\$51.4	\$69.6
<b>TOTAL</b>	<b>\$308.5</b>	<b>\$57.2</b>	<b>\$128.6</b>	<b>\$494.3</b>

Source: IMPLAN, GMA

\* minor inequalities due to rounding

## TOTAL JOBS (MAN-YEARS)

The following table summarizes the estimated man-years of employment that could be generated as a result of the development of the Shiloh Road Casino. The direct impact of construction is expected to result in 2,196 man-years of employment. Each of these direct jobs is anticipated to be generated in construction related fields. An additional 269 man-years of employment are projected to stem from indirect impacts, with an additional 751 man-years through induced impacts. In total, the construction phase is projected to result in 3,217 man-years of employment.

<b>Total Employment from Construction (Man-Years)</b>				
	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>TOTAL*</b>
55 - Construction of new commercial structures including farm structures	2,196	-	-	2,196
509 - Full-service restaurants	-	3	51	54
447 - Other real estate	-	23	24	48
493 - Individual and family services	-	-	36	36
457 - Architectural, engineering, and related services	-	32	2	34
510 - Limited-service restaurants	-	1	32	33
396 - Wholesale - Other durable goods merchant wholesalers	-	27	3	30
472 - Employment services	-	12	15	27
490 - Hospitals	-	-	27	27
511 - All other food and drinking places	-	1	20	22
406 - Retail - Food and beverage stores	-	0	21	21
483 - Offices of physicians	-	-	21	21
512 - Automotive repair and maintenance, except car washes	-	3	16	19
491 - Nursing and community care facilities	-	-	18	18
411 - Retail - General merchandise stores	-	0	15	16
456 - Accounting, tax preparation, bookkeeping, and payroll services	-	8	6	14
412 - Retail - Miscellaneous store retailers	-	0	14	14
417 - Truck transportation	-	11	3	14
413 - Retail - Nonstore retailers	-	0	14	14
455 - Legal services	-	6	8	14
517 - Personal care services	-	-	14	14
409 - Retail - Clothing and clothing accessories stores	-	0	13	13
418 - Transit and ground passenger transportation	-	3	10	13
405 - Retail - Building material and garden equipment and supplies stores	-	7	5	13
521 - Religious organizations	-	-	12	12
525 - Private households	-	-	12	12
442 - Other financial investment activities	-	1	11	11
484 - Offices of dentists	-	-	11	11
477 - Landscape and horticultural services	-	6	4	10
534 - Other local government enterprises	-	2	8	10
Other	-	122	305	427
<b>TOTAL</b>	<b>2,196</b>	<b>269</b>	<b>751</b>	<b>3,217</b>

Source: IMPLAN, GMA

\* minor inequalities due to rounding

## TOTAL LABOR INCOME

As a result of the creation of the direct jobs, \$192.4 million in labor income is projected to accrue to Sonoma County residents. Indirect wages are projected at approximately \$18.8 million. Incremental regional consumption attributable to these earnings is projected to create an induced impact of \$41.9 million in regional earnings, for a total impact of \$253.1 million in regional labor income.

<b>Total Labor Income from Construction</b>				
<i>in USD millions</i>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>TOTAL*</b>
55 - Construction of new commercial structures including farm structures	\$192.4	-	-	\$192.4
490 - Hospitals	-	-	\$3.4	\$3.4
457 - Architectural, engineering, and related services	-	\$2.7	\$0.2	\$2.9
396 - Wholesale - Other durable goods merchant wholesalers	-	\$2.1	\$0.2	\$2.4
483 - Offices of physicians	-	-	\$2.2	\$2.2
509 - Full-service restaurants	-	\$0.1	\$1.8	\$1.9
512 - Automotive repair and maintenance, except car washes	-	\$0.3	\$1.6	\$1.9
447 - Other real estate	-	\$0.9	\$0.9	\$1.8
469 - Management of companies and enterprises	-	\$0.7	\$0.7	\$1.3
472 - Employment services	-	\$0.6	\$0.7	\$1.2
534 - Other local government enterprises	-	\$0.2	\$0.9	\$1.1
486 - Outpatient care centers	-	-	\$1.1	\$1.1
510 - Limited-service restaurants	-	\$0.0	\$1.0	\$1.1
406 - Retail - Food and beverage stores	-	\$0.0	\$1.0	\$1.0
455 - Legal services	-	\$0.4	\$0.6	\$1.0
491 - Nursing and community care facilities	-	-	\$0.9	\$0.9
417 - Truck transportation	-	\$0.7	\$0.2	\$0.9
456 - Accounting, tax preparation, bookkeeping, and payroll services	-	\$0.5	\$0.4	\$0.9
493 - Individual and family services	-	-	\$0.9	\$0.9
441 - Monetary authorities and depository credit intermediation	-	\$0.3	\$0.6	\$0.8
511 - All other food and drinking places	-	\$0.0	\$0.7	\$0.7
484 - Offices of dentists	-	\$0.0	\$0.7	\$0.7
405 - Retail - Building material and garden equipment and supplies stores	-	\$0.4	\$0.3	\$0.7
521 - Religious organizations	-	-	\$0.7	\$0.7
400 - Wholesale - Other nondurable goods merchant wholesalers	-	\$0.3	\$0.4	\$0.7
517 - Personal care services	-	-	\$0.6	\$0.6
453 - Commercial and industrial machinery and equipment rental and leasing	-	\$0.6	\$0.1	\$0.6
411 - Retail - General merchandise stores	-	\$0.0	\$0.6	\$0.6
513 - Car washes	-	\$0.1	\$0.5	\$0.6
207 - Other concrete product manufacturing	-	\$0.6	\$0.0	\$0.6
Other	-	\$7.5	\$17.9	\$25.4
<b>TOTAL</b>	<b>\$192.4</b>	<b>\$18.8</b>	<b>\$41.9</b>	<b>\$253.1</b>

Source: IMPLAN, GMA

\* minor inequalities due to rounding

## OPERATIONAL IMPACTS

For the operational phase, projections were prepared for calendar year 2033, representing a full year of fully stabilized operations of the Project. In 2033, the Project is anticipated to achieve a gross revenue level of \$575.3 million. In preparing impact projections, GMA evaluated the percentage of net revenues (defined as gross revenues less promotional credits) that will have an impact on Sonoma County, in comparison to those that will be distributed outside of the county. Additionally, GMA considered the amount of ancillary revenue the Project could expect to generate inside and outside of the casino. This portion of the analysis also evaluated the Project's potential impact on hotel expenditure, food & beverage expenditure, retail expenditure and gas/local transport expenditure in the subject region.

The following table illustrates the projected revenue and expense levels that GMA utilized to estimate total salaries, employment, and other expenses associated with Project operations. A portion of these incomes – along with the other development expenditures made possible by the casino resort revenues and other direct spending by out of region customers – constitute the gross direct impacts of operations. This section of the report outlines the total output, jobs, labor income, and fiscal impact of Project operations as calculated using the IMPLAN model.

<b>Shiloh Casino &amp; Resort ProForma Income Statement (2033)</b>	
# Slots	2750
Win Per Slot	\$396
# Tables	105
Win Per Table	\$1,971
<b>REVENUES</b>	
Slot Revenue	\$ 397,485,000
Table Revenue	\$ 75,547,000
<b>Gross Gaming Revenue</b>	<b>\$ 473,032,000</b>
Ancillary Revenue	\$ 102,260,000
<b>GROSS REVENUE</b>	<b>\$ 575,292,000</b>
Promotional Allowances	\$ 66,224,000
<b>NET REVENUE</b>	<b>\$ 509,068,000</b>
<b>EXPENSES</b>	
Casino Expenses	\$ 78,050,000
Ancillary Expenses	\$ 89,699,000
Undistributed Operating Expenses	\$ 194,616,000
<b>Total Expenses</b>	<b>\$ 362,365,000</b>
<b>EBITDA</b>	<b>\$ 146,703,000</b>
Margin (Net)	28.8%
<i>Source: Meister Economic Consulting, Hospitality and Gaming Solutions</i>	

## TOTAL OUTPUT

Direct output measures the total spending by the gaming facility patrons, including labor income from gratuities, less expenditures that occur outside of the study area. The net direct impact from operations is estimated at \$185.6 million. The indirect output resulting from operation, which emanates from economic activities of suppliers and vendors and has a ripple effect in the regional economy, is estimated at \$57.5 million. The induced spending, reflecting increased consumption attributable to the direct and indirect earnings, is projected to result in \$48.9 million of output. Overall, GMA projects that approximately \$292.0 million in economic output would be generated within Sonoma County on an annual basis once the gaming facility is operational, in 2033 dollars. The following table demonstrates these impacts on various sectors that would result from operational spending and employee spending, as well as the ripple effects throughout the economy.

<b>Total Output from Operations</b>				
<i>in USD millions</i>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>TOTAL*</b>
503 - Gambling industries (except casino hotels)	\$127.8	\$0.0	\$0.2	\$128.0
509 - Full-service restaurants	\$38.2	\$0.5	\$1.6	\$40.3
507 - Hotels and motels, including casino hotels	\$18.5	\$0.0	\$0.0	\$18.5
449 - Owner-occupied dwellings	-	-	\$8.6	\$8.6
455 - Legal services	-	\$7.4	\$0.5	\$7.9
447 - Other real estate	-	\$5.7	\$2.0	\$7.7
511 - All other food and drinking places	-	\$3.5	\$0.5	\$4.0
469 - Management of companies and enterprises	-	\$3.2	\$0.4	\$3.7
456 - Accounting, tax preparation, bookkeeping, and payroll services	-	\$2.5	\$0.3	\$2.8
432 - Cable and other subscription programming	-	\$2.2	\$0.3	\$2.6
490 - Hospitals	-	-	\$2.4	\$2.4
534 - Other local government enterprises	-	\$1.2	\$1.1	\$2.3
476 - Services to buildings	-	\$1.9	\$0.2	\$2.1
448 - Tenant-occupied housing	-	-	\$2.1	\$2.1
499 - Independent artists, writers and performers	-	\$1.8	\$0.1	\$2.0
441 - Monetary authorities and depository credit intermediation	-	\$0.9	\$1.0	\$2.0
472 - Employment services	-	\$1.4	\$0.5	\$1.9
400 - Wholesale - Other nondurable goods merchant wholesalers	-	\$1.2	\$0.6	\$1.8
411 - Retail - General merchandise stores	\$1.0	\$0.0	\$0.5	\$1.6
47 - Electric power transmission and distribution	-	\$1.0	\$0.5	\$1.5
445 - Insurance agencies, brokerages and related activities	-	\$0.9	\$0.5	\$1.4
510 - Limited-service restaurants	-	\$0.1	\$1.2	\$1.3
483 - Offices of physicians	-	-	\$1.3	\$1.3
479 - Waste management and remediation services	-	\$1.0	\$0.2	\$1.2
433 - Wired telecommunications carriers	-	\$0.7	\$0.5	\$1.2
444 - Insurance carriers except direct life	-	\$0.6	\$0.6	\$1.1
413 - Retail - Nonstore retailers	-	\$0.1	\$1.0	\$1.1
60 - Maintenance and repair construction of nonresidential structures	-	\$0.8	\$0.3	\$1.1
477 - Landscape and horticultural services	-	\$0.9	\$0.2	\$1.1
512 - Automotive repair and maintenance, except car washes	-	\$0.2	\$0.8	\$1.0
Other	-	\$17.6	\$18.9	\$36.5
<b>TOTAL</b>	<b>\$185.6</b>	<b>\$57.5</b>	<b>\$48.9</b>	<b>\$292.0</b>

Source: IMPLAN, GMA

\* minor inequalities due to rounding

## TOTAL JOBS (FTE)

The following table summarizes the expected total employment impact, in terms of full-time equivalent (“FTE”) jobs, that is anticipated to stem from Project operations. The direct impact of operations reflects the staffing level that will create incremental jobs to Sonoma County, which equates to 1,571 jobs primarily in the gambling, food & beverage, hospitality, and retail industries. An additional 364 jobs are projected to be generated through indirect impacts, with an additional 285 jobs through induced impacts. Based on the IMPLAN results, key sectors that are expected to experience indirect and induced employment impacts include other food & beverage establishments, real estate, and professional services.

<b>Total Employment from Operations (FTE)</b>				
	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>TOTAL*</b>
503 - Gambling industries (except casino hotels)	915	-	1	916
509 - Full-service restaurants	472	6	19	497
507 - Hotels and motels, including casino hotels	173	0	0	173
511 - All other food and drinking places	-	49	8	56
455 - Legal services	-	44	3	47
447 - Other real estate	-	27	9	36
499 - Independent artists, writers, and performers	-	25	2	26
476 - Services to buildings	-	21	2	23
472 - Employment services	-	15	6	21
456 - Accounting, tax preparation, bookkeeping, and payroll services	-	18	2	20
411 - Retail - General merchandise stores	11	0	6	17
469 - Management of companies and enterprises	-	13	2	14
510 - Limited-service restaurants	-	1	12	14
493 - Individual and family services	-	-	14	14
477 - Landscape and horticultural services	-	9	2	10
490 - Hospitals	-	-	10	10
500 - Promoters of performing arts and sports and agents for public figures	-	7	2	9
406 - Retail - Food and beverage stores	-	1	8	9
496 - Performing arts companies	-	7	2	8
512 - Automotive repair and maintenance, except car washes	-	2	6	8
483 - Offices of physicians	-	-	8	8
491 - Nursing and community care facilities	-	-	7	7
462 - Management consulting services	-	6	1	7
534 - Other local government enterprises	-	4	3	7
418 - Transit and ground passenger transportation	-	3	4	6
412 - Retail - Miscellaneous store retailers	-	1	5	6
413 - Retail - Nonstore retailers	-	1	5	6
520 - Other personal services	-	2	3	6
517 - Personal care services	-	-	5	5
465 - Advertising, public relations, and related services	-	5	1	5
Other	-	100	128	228
<b>TOTAL</b>	<b>1,571</b>	<b>364</b>	<b>285</b>	<b>2,220</b>

Source: IMPLAN, GMA

\* minor inequalities due to rounding



## TOTAL LABOR INCOME

As a result of the creation of new direct jobs, \$59.5 million in annual labor income is projected to accrue to Sonoma County residents. Net indirect wages in other sectors is projected at \$21.5 million, and incremental regional consumption attributable to these direct and indirect earnings is projected to result in an induced impact of \$15.9 million. Overall, the Project is expected to generate \$96.8 million in labor income on an annual basis, in projected 2033 dollars.

<b>Total Labor Income from Operations</b>				
<i>in USD millions</i>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>TOTAL*</b>
503 - Gambling industries (except casino hotels)	\$35.1	\$0.0	\$0.0	\$35.2
509 - Full-service restaurants	\$16.6	\$0.2	\$0.7	\$17.5
507 - Hotels and motels, including casino hotels	\$7.3	\$0.0	\$0.0	\$7.3
455 - Legal services	-	\$3.2	\$0.2	\$3.4
469 - Management of companies and enterprises	-	\$1.8	\$0.2	\$2.1
511 - All other food and drinking places	-	\$1.7	\$0.3	\$1.9
447 - Other real estate	-	\$1.0	\$0.3	\$1.4
490 - Hospitals	-	-	\$1.3	\$1.3
456 - Accounting, tax preparation, bookkeeping, and payroll services	-	\$1.1	\$0.2	\$1.3
472 - Employment services	-	\$0.7	\$0.3	\$1.0
476 - Services to buildings	-	\$0.8	\$0.1	\$0.9
483 - Offices of physicians	-	-	\$0.8	\$0.8
512 - Automotive repair and maintenance, except car washes	-	\$0.2	\$0.6	\$0.8
534 - Other local government enterprises	-	\$0.4	\$0.4	\$0.8
432 - Cable and other subscription programming	-	\$0.6	\$0.1	\$0.7
411 - Retail - General merchandise stores	\$0.4	\$0.0	\$0.2	\$0.7
477 - Landscape and horticultural services	-	\$0.5	\$0.1	\$0.6
499 - Independent artists, writers, and performers	-	\$0.5	\$0.0	\$0.5
431 - Radio and television broadcasting	-	\$0.4	\$0.1	\$0.5
462 - Management consulting services	-	\$0.4	\$0.1	\$0.4
400 - Wholesale - Other nondurable goods merchant wholesalers	-	\$0.3	\$0.1	\$0.4
510 - Limited-service restaurants	-	\$0.0	\$0.4	\$0.4
439 - Nondepository credit intermediation and related activities	-	\$0.3	\$0.2	\$0.4
526 - Postal service	-	\$0.3	\$0.1	\$0.4
479 - Waste management and remediation services	-	\$0.4	\$0.1	\$0.4
441 - Monetary authorities and depository credit intermediation	-	\$0.2	\$0.2	\$0.4
486 - Outpatient care centers	-	-	\$0.4	\$0.4
445 - Insurance agencies, brokerages, and related activities	-	\$0.3	\$0.2	\$0.4
406 - Retail - Food and beverage stores	-	\$0.0	\$0.4	\$0.4
60 - Maintenance and repair construction of nonresidential structures	-	\$0.3	\$0.1	\$0.4
Other	-	\$5.9	\$7.8	\$13.7
<b>TOTAL</b>	<b>\$59.5</b>	<b>\$21.5</b>	<b>\$15.9</b>	<b>\$96.8</b>

Source: IMPLAN, GMA

\* minor inequalities due to rounding

## FISCAL IMPACT

There will be fiscal impacts resulting from the construction and operation of the gaming facility at the local, county, state, and federal levels from a variety of taxes. At the state and local level, adjustments were made to sales taxes, property taxes, and State/Local non-taxes by the ratio of indirect and induced output to total output to reflect the likely exemption status of direct spending occurring at the facility. In some cases, there may be tax exemptions due to purchases by the Koi Nation. The IMPLAN model creates a projection of the total taxes, such that these discounts are not reflected in the resulting tables. Additionally, the Project will have a fiscal impact related to the agreed upon revenue sharing structure that is negotiated as a part of the gaming compact.

### CONSTRUCTION

The total federal tax contribution during the construction phase is projected at \$51.4 million, primarily consisting of social insurance and personal income taxes. The state and local taxes during the construction phase are projected at \$18.1 million, the majority of which would be taxes on construction materials and property taxes.

Tax Revenue from Project Construction						
<i>in USD millions</i>	Employee Compensation	Proprietor Income	Production & Imports	Households	Corporations	TOTAL
<b>FEDERAL</b>						
Social Insurance Tax- Employee Contribution	\$15.3	\$0.5	-	-	-	\$15.9
Social Insurance Tax- Employer Contribution	\$14.1	-	-	-	-	\$14.1
Tax on Production and Imports Excise Taxes	-	-	\$0.6	-	-	\$0.6
Tax on Production and Imports Custom Duty	-	-	\$0.5	-	-	\$0.5
Corporate Profits Tax	-	-	-	-	\$1.2	\$1.2
Personal Tax: Income Tax	-	-	-	\$19.1	-	\$19.1
Personal Tax: Estate and Gift Tax	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$29.4</b>	<b>\$0.5</b>	<b>\$1.1</b>	<b>\$19.1</b>	<b>\$1.2</b>	<b>\$51.4</b>
<b>STATE &amp; COUNTY</b>						
Social Insurance Tax- Employee Contribution	\$0.5	-	-	-	-	\$0.5
Social Insurance Tax- Employer Contribution	\$0.8	-	-	-	-	\$0.8
Tax on Production and Imports Sales Tax	-	-	\$5.6	-	-	\$5.6
Tax on Production and Imports Property Tax	-	-	\$2.0	-	-	\$2.0
Tax on Production and Imports Motor Vehicle License	-	-	\$0.1	-	-	\$0.1
Tax on Production and Imports Severance Tax	-	-	\$0.0	-	-	\$0.0
Tax on Production and Imports Other Taxes	-	-	\$0.6	-	-	\$0.6
Tax on Production and Imports Special Assessments	-	-	\$0.0	-	-	\$0.0
Corporate Profits Tax	-	-	-	-	\$0.6	\$0.6
Personal Tax: Income Tax	-	-	-	\$7.5	-	\$7.5
Personal Tax: Motor Vehicle License	-	-	-	\$0.2	-	\$0.2
Personal Tax: Property Taxes	-	-	-	\$0.1	-	\$0.1
Personal Tax: Other Tax (Fish/Hunt)	-	-	-	\$0.0	-	\$0.0
<b>TOTAL</b>	<b>\$1.3</b>	<b>-</b>	<b>\$8.4</b>	<b>\$7.9</b>	<b>\$0.6</b>	<b>\$18.1</b>

Source: GMA

\* minor inequalities due to rounding

## OPERATIONS

During the operations phase, the Project is expected to generate \$21.8 million in federal taxes and \$13.1 million in state and local taxes annually. It is important to note that the Koi Nation is a sovereign nation that receives tax exemptions. As such, the actual tax benefits will likely vary from those presented in the following tables addressing tax revenues during the operations phase for the Project.

### Tax Revenue from Project Operations

<i>in USD millions</i>	Employee Compensation	Proprietor Income	Production & Imports	Households	Corporations	TOTAL
<b>FEDERAL</b>						
Social Insurance Tax- Employee Contribution	\$5.6	\$0.4	-	-	-	\$6.0
Social Insurance Tax- Employer Contribution	\$5.1	-	-	-	-	\$5.1
Tax on Production and Imports: Excise Taxes	-	-	\$0.6	-	-	\$0.6
Tax on Production and Imports: Custom Duty	-	-	\$0.5	-	-	\$0.5
Corporate Profits Tax	-	-	-	-	\$2.0	\$2.0
Personal Tax: Income Tax	-	-	-	\$7.5	-	\$7.5
Personal Tax: Estate and Gift Tax	-	-	-	-	-	-
<b>FEDERAL TOTAL</b>	<b>\$10.8</b>	<b>\$0.4</b>	<b>\$1.1</b>	<b>\$7.5</b>	<b>\$2.0</b>	<b>\$21.8</b>
<b>STATE</b>						
Social Insurance Tax- Employee Contribution	\$0.2	-	-	-	-	\$0.2
Social Insurance Tax- Employer Contribution	\$0.3	-	-	-	-	\$0.3
Tax on Production and Imports: Sales Tax	-	-	\$5.4	-	-	\$5.4
Tax on Production and Imports: Property Tax	-	-	\$0.2	-	-	\$0.2
Tax on Production and Imports: Motor Vehicle License	-	-	\$0.2	-	-	\$0.2
Tax on Production and Imports: Severance Tax	-	-	\$0.0	-	-	\$0.0
Tax on Production and Imports: Other Taxes	-	-	\$0.5	-	-	\$0.5
Tax on Production and Imports: Special Assessments	-	-	-	-	-	-
Corporate Profits Tax	-	-	-	-	\$0.9	\$0.9
Personal Tax: Income Tax	-	-	-	\$2.9	-	\$2.9
Personal Tax: Motor Vehicle License	-	-	-	\$0.1	-	\$0.1
Personal Tax: Property Taxes	-	-	-	\$0.0	-	\$0.0
Personal Tax: Other Tax (Fish/Hunt)	-	-	-	\$0.0	-	\$0.0
<b>STATE TOTAL</b>	<b>\$0.5</b>	<b>-</b>	<b>\$6.2</b>	<b>\$3.1</b>	<b>\$0.9</b>	<b>\$10.7</b>
<b>COUNTY</b>						
Social Insurance Tax- Employee Contribution	-	-	-	-	-	-
Social Insurance Tax- Employer Contribution	-	-	-	-	-	-
Tax on Production and Imports: Sales Tax	-	-	\$0.5	-	-	\$0.5
Tax on Production and Imports: Property Tax	-	-	\$1.8	-	-	\$1.8
Tax on Production and Imports: Motor Vehicle License	-	-	-	-	-	-
Tax on Production and Imports: Severance Tax	-	-	-	-	-	-
Tax on Production and Imports: Other Taxes	-	-	\$0.2	-	-	\$0.2
Tax on Production and Imports: Special Assessments	-	-	\$0.0	-	-	\$0.0
Corporate Profits Tax	-	-	-	-	-	-
Personal Tax: Income Tax	-	-	-	-	-	-
Personal Tax: Motor Vehicle License	-	-	-	-	-	-
Personal Tax: Property Taxes	-	-	-	\$0.0	-	\$0.0
Personal Tax: Other Tax (Fish/Hunt)	-	-	-	-	-	-
<b>COUNTY TOTAL</b>	<b>-</b>	<b>-</b>	<b>\$2.5</b>	<b>\$0.0</b>	<b>-</b>	<b>\$2.5</b>

Source: GMA

\* minor inequalities due to rounding

Based on the revenue share structure set forth in recent gaming compacts for other tribes, it is assumed that the Tribe would annually pay 4.0% of net gaming revenue directly to the State in exchange for the right to offer Class III gaming at the Project site. Based on the projected \$473.0

million in gaming revenue, the revenue share payment to the state is estimated at \$16.3 million in a stabilized year.

## COMMUNITY EFFECTS

### EMPLOYMENT

The construction and operation of the subject facility will have a positive impact on local employment (thereby reducing the unemployment level). As the incremental number of people employed represents a comparatively small percentage of the unemployed population within the county, there is likely a good degree of availability of people currently residing in the area to fulfill the available positions. Furthermore, a large influx of new residents to the host county and/or workforce is not expected to occur due to the construction of the facility as the Project site is proximate to a sizeable workforce in the subject county as well as nearby counties.

### HOUSING AND SCHOOLS

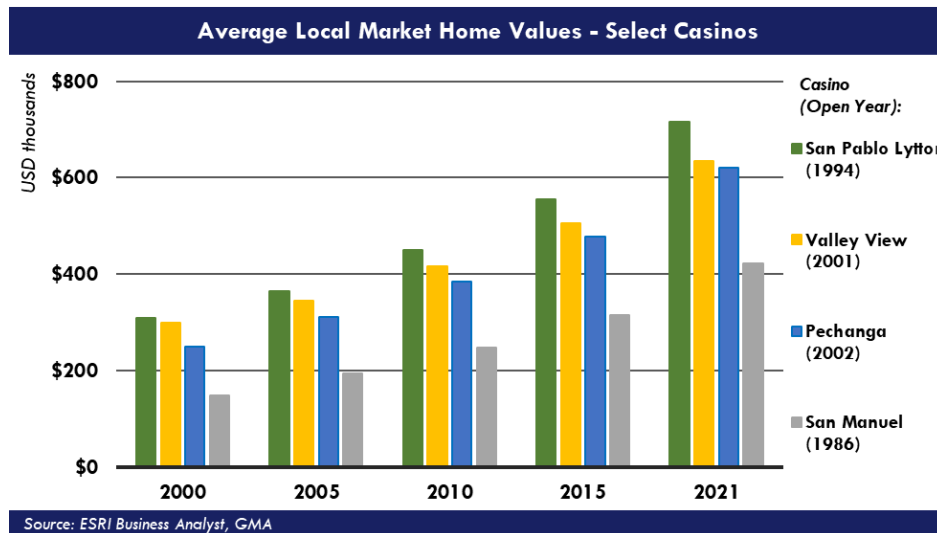
As the economic activity of the Project represents only a small percentage of the Sonoma County economy, the subject development would be expected to have, at best, a nominal impact on the housing market. This is attributable to two primary factors. For a housing market to experience changes, a change in population must occur, and/or existing residents need to have large increases or decreases in wages. These factors generally result in residents seeking improved housing options or a forced downsize. As the subject development would not require a large influx of residents to fill positions, and as the new positions will only have a small impact on the amount of unemployed, the housing market will not experience a large increase in home values or demand for new homes, and there would be only a nominal impact on the school system.

Sonoma County is a densely populated area that has a sufficient labor force focused on the hospitality industry. With many other casino resorts in the market area, as well as other hospitality developments, the population already consists of people that are seeking casino and/or hospitality-based employment. The population of Sonoma County was nearly 500,000 in 2021 and is located adjacent to another large county: Marin County. As the Project will only employ 1,859 individuals (with 1,571 stemming from Sonoma County), which represents 0.25% of the combined Marin County and Sonoma County total population, there are more than enough people in the region to provide employment to the Project. As a result, GMA does not believe there will be a need for increased housing or any growth in population due to the employment needs of the resort.

The only increase in population that could potentially occur would stem from senior level management needs. These individuals may not live in the region and may require a move to the region. However, the total impact associated with these positions would not total more than 10 families. The Sonoma County Economic Development Board recently posted that housing

vacancy rates have risen to 9.3% in the market, from 8.2% in 2020, which indicates there are more than enough homes in the area to accommodate these individuals.

The following chart illustrates housing prices within a five-mile radius of select casinos in California from 2000 through 2021. Overall, these housing value trends have shown minimal, if any, deviation from the market average. The openings of Valley View and Pechanga in particular did not appear to have a material impact on housing values.



#### POLICE, FIRE, AND EMS

As with any commercial development of this scale, a casino opening can generate an increase in local emergency services, including police, fire, and emergency medical services. Through an evaluation of historical staffing levels, activity volume, and anecdotal commentary by department officials in comparable jurisdictions, GMA finds that casinos do not generally require additional emergency services staff or costs to manage casino related incidents. Fluctuations in staffing levels may be attributable to events such as recessions and other factors, and the volume of incident calls and arrests varies from market to market, although the types of crime reported remain fairly consistent. Traffic related incidents and DUI/DWI arrests were the most common and prevalent issues reported.

In 2014, when a new casino resort was being contemplated for Orange County, NY, the county conducted a study on the possible impact of the facility, particularly to address any potential increases in DUI/DWI cases and felony crimes such as murder and assault. In this study, the Orange County Department of Emergency Services contacted numerous emergency services agencies in New York and Connecticut to understand the impact that casinos have had in these jurisdictions. According to that study,

The overall finding from these telephonic interviews is that the casinos have had a minimal impact in terms of crime rates, medical calls, fire-related incidents, and emergency management activities. The common theme from all the representatives interviewed for this study was that the impact of the casinos caused some initial issues but as the facilities matured, the impact was minimized.<sup>24</sup>

GMA further analyzed the impact that the nearby Graton Resort & Casino, located in Rohnert Park, CA, had on the nearby police force. Specifically, GMA evaluated annual incident calls and arrests for the property during its first year of operations. In this assessment, GMA learned that there were a total number of 1,700 annual police calls and 39 arrests at the casino during the first year of the property's operations. This equated to a police call rate of .41 calls per gaming position and an arrest rate equivalent to 2% of calls (with Graton having 4,134 gaming positions at that time – with 3,000 slot machines and 162 table games at 7 positions per table). Based on these metrics and with an assumed 3,485 gaming positions at the Shiloh Resort & Casino, GMA estimates that the Project would generate 1,433 annual police calls and 33 arrests during its first year of operations.

GMA also observed recent combined Fire and EMS related incidents at Graton Resort & Casino. Through this study, it learned that the property experienced incident rates that ranged from .83 incidents per day in 2020 (with a total of 303 incidents) and .88 incidents per day in 2021 (with a total of 321 incidents). Today, the facility offers 3,840 gaming positions, which means that it garnered approximately .084 Fire and EMS related incidents per gaming position in 2021. With this factor applied to the Project's number of gaming positions, it is estimated the Project would have approximately 291 Fire and EMS incidents annually.

As a result of this quantitative and qualitative analysis, GMA finds that the negative impacts on community services in areas in which a casino has opened are generally minimal. The incremental increase of criminal and or Fire/EMS activity attributable to these facilities has warranted little or no additional departmental resources. Given the size of this facility in comparison to the local community, it is unlikely that additional staffing would be required by outside services.

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<sup>24</sup> Orange County Department of Emergency Services, "Impact of Casinos on Emergency Services in Orange County", [www.co.orange.ny.us](http://www.co.orange.ny.us), April 2014.

### III. SUMMARY OF ECONOMIC IMPACTS

The following tables summarize the anticipated economic impacts of the construction and operations phase, illustrating the projected overall impact of the Project after all ripple effects of indirect and induced spending flow through the County. While these tables illustrate the impacts on the immediate local market in Sonoma County, additional impacts will be generated outside of the county but within the State of California. Nevertheless, GMA expects that Sonoma County residents will account for roughly 60% of all jobs created in the construction phase and 77% in the operations phase.

<b>Sonoma County Economic Impacts - Construction Phase</b>			
<b>Impact</b>	<b>Employment</b>	<b>Labor Income</b>	<b>Output</b>
Direct	2,196	\$192,384,132	\$308,537,768
Indirect	269	\$18,827,034	\$57,169,536
Induced	751	\$41,878,054	\$128,580,059
<b>TOTAL</b>	<b>3,217</b>	<b>\$253,089,220</b>	<b>\$494,287,363</b>

*Source: IMPLAN, GMA*

<b>Sonoma County Economic Impacts - Operations Phase</b>			
<b>Impact</b>	<b>Employment</b>	<b>Labor Income</b>	<b>Output</b>
Direct	1,571	\$59,459,585	\$185,622,254
Indirect	364	\$21,486,167	\$57,549,279
Induced	285	\$15,903,551	\$48,863,843
<b>TOTAL</b>	<b>2,220</b>	<b>\$96,849,304</b>	<b>\$292,035,375</b>

*Source: IMPLAN, GMA*



# **COMPETITIVE EFFECTS STUDY**

## I. COMPETITIVE EFFECTS OVERVIEW

GMA relied on the same gross gaming revenue projections as outlined in the Economic Impact Statement to perform the Competitive Effects Study. With gross gaming revenue for the Project defined, GMA utilized gravity model methodology to calibrate the market as well as the Project's impact on the market.

First, GMA created a Calibration Scenario, in which the Consulting Team estimated the performance of each competitive gaming facility in the greater market area. Then, GMA grew the model to the defined subject year (2033) by factoring in the expected changes in local market demographics as well as anticipated changes to the competitive set, including new facilities, expansions, etc. Finally, GMA layered in the impact of the Project, assuming gross gaming revenue potential of \$473.0 million in a stabilized year, and adjusted the model to calculate potential impacts to the market area, including market growth and substitution effects on casino competitors.

### SUMMARY OF FINDINGS

In performing the competitive effects analysis, GMA considered the following casinos: Graton, River Rock, San Pablo Lytton, Twin Pine, Coyote Valley, Konocti Vista, Robinson Rancheria, Running Creek, Sherwood Valley, Garcia River, Colusa, Cache Creek, Hard Rock Sacramento, Harrah's NorCal, Thunder Valley, Red Hawk, Jackson Rancheria, and upcoming new market entrants including the Wilton Elk Grove casino and Lone Band Plymouth casino.

For the purposes of this analysis, GMA focused on evaluating local market gaming revenue as this gaming revenue will be impacted by a new market entrant. With an estimated \$473.0 million in gross gaming revenue produced at the Project, the Project is expected to garner \$449.4 million in gaming revenue from the local market. GMA estimates that this would represent a 13.7% capture of the defined local market.

Local market revenue for the Project is anticipated to stem from two primary sources: new market growth (i.e., revenue stemming from an increase in gaming factors in the market) and a substitution effect on regional gaming competitors. By estimating the sources of local market revenue to the Project, GMA was able to estimate the substitution effect on each gaming market participant and quantify the amount of expected new market growth that is expected to occur as a result of the Project.

With the addition of a new casino in the greater Bay Area market, it is anticipated that total gaming spend will increase as a percentage of total income in various market segments. As such, in the proposed development scenario, the Project is anticipated to generate an 8.0% increase in

local market gaming revenue, or an estimated \$244.2 million in local market growth. The remainder of local market revenue generated by the Project (\$205.2 million) is expected to result from substitution effects on local market competitors. The following sections of this report illustrate how these substitution effects are expected to impact nearby existing gaming properties.

## II. METHODOLOGY

GMA initiated this engagement with a review of primary and secondary market research. The Consulting Team estimated the gaming performance for the gaming facilities in close proximity to the Project by utilizing information available in the public domain as well as its understanding of the market's historical performance. With this information compiled, the Consulting Team was better positioned to understand the trends that are experienced within the market.

The Consulting Team has visited each of the primary and secondary competitors in the market area on multiple occasions. For each facility, the Consulting Team has previously evaluated the gaming facility's overall appeal, gaming and non-gaming amenities, parking, access to the regional highway network, and proximity to regional population centers. This is a critical step in building a forecasting model as each facility's attributes and deficiencies impact their overall level of attraction and associated share of local market gaming revenue.

### LOCAL MARKET GRAVITY MODEL

To understand the potential substitution effects created by the Project, GMA developed a series of gravity models. The gravity model is a business forecasting model based on Newton's Universal Law of Gravitation. Newton's Law of Gravitation simply states that every particle in the universe attracts every other particle with a force that is directly proportional to the product of their masses and inversely proportional to the square of the distance between them. Newton's theory, which was first published in his 1687 work, "Mathematical Principles of Natural Philosophy," started to be adapted for commercial applications early in the 20<sup>th</sup> century.

Through a number of modifications, Newton's Law of Gravitation can be applied to the gaming industry. While a casino twice the size of another may not have twice the attraction of another, it does have some constant increased factor of attraction. In terms of distance, squaring the distance is not necessarily always the right figure. Typically, the power to which the distance is taken varies from a factor 1.5 to 2.5. The reason for this is that actual distance between two objects will have a different impact on communities throughout the United States. This is primarily attributed to varying traffic patterns and geographical barriers between different communities, which results in significant changes in drive time. For example, for an individual living in rural Texas, traveling 100 miles to reach a business may not be perceived as a barrier as it would likely take less than 1.5 hours to reach. However, for someone living in the middle of Los Angeles, 100 miles could take up to three or more hours due to traffic congestion.

By estimating revenue levels at each of the gaming properties within the competitive set, researching the number of gaming positions provided within each, visiting each facility to

understand their relative aesthetic attractiveness (including a consideration of non-gaming amenities), and utilizing gaming factors from proprietary and public sources, the model was calibrated to current market performance. Once calibrated, GMA grew the model to the subject year of 2033 creating a Base Scenario in which the Project is not introduced. Then, GMA layered in the impact of the Project utilizing gaming revenue projections for the Project, as previously outlined in the Economic Impact Statement.

To estimate the Project's substitution effects on other regional gaming facilities, GMA compared the Base Scenario, in which the Project is not introduced, to the Projected Scenario in which the Project is introduced to the market. This comparison yielded the substitution effect on each regional gaming facility and any anticipated new market growth that is expected to occur.

It is important to note that the substitution effects presented in this report only illustrate local market revenue impacts. Each property, including the Project, would be expected to capture additional revenues from non-local patrons. However, these revenues are not expected to be materially impacted by the introduction of the Project.

### III. COMPETITIVE SUMMARY

The Project will compete with a number of other market area casinos for a share of the greater Sonoma County and Bay Area gaming market. The Consulting Team has visited every casino in the region during multiple site visits to the market area in the past several years. Based on location, quality level, and amenities the Consulting Team categorized these properties as primary and secondary competitors. The following sections provide an overview of these competitors.

#### PRIMARY CASINO COMPETITION

##### GRATON RESORT & CASINO

Graton Resort & Casino is owned and operated by the Federated Indians of Graton Rancheria. The casino opened on November 5, 2013, at a total cost of \$850 million under a seven-year management agreement with Red Rock Resorts. Just over a year later, the Tribe secured a second \$450 million loan to build their six-story, 200-room hotel, which opened in November 2016.

##### LOCATION AND ACCESS

The Graton Resort & Casino is located approximately 50 miles north of San Francisco, just south of Rohnert Park and west of US-101. Graton's location makes it one of the closest full-service casino resorts to the Bay Area. It offers excellent access from US-101. The property incorporates modern design elements in a very attractive facility.

##### PROPERTY FEATURES

###### CASINO

- 3,000 EGDs
- 120 table games
- High-limit table game room
- High-limit bar and lounge
- High-limit slot room
- 20-table poker room

###### HOTEL

- 200-key hotel
- 10,000 square foot spa
- Fitness center
- Outdoor pool with cabanas and day beds

#### FOOD & BEVERAGE

- 630 Park Steakhouse
- Marketplace with eight (8) quick-serve outlets
- Daily Grill
- Tony's of North Beach
- Lobby Bar
- Pool Bar
- Sky Center Bar
- G Bar (sports bar)
- 8 (VIP lounge)

#### ENTERTAINMENT/MEETING SPACE

- 20,000 square foot flexible event and convention space
- Two small meeting rooms next to pool area

#### PARKING

- Five-story parking garage with high-speed ramps and 1,900 covered parking spaces
  - Valet parking on first level at casino porte cochère
  - Second Valet at hotel porte cochère
- 3,900 surface parking total spaces

#### OTHER AMENITIES

- Gift shop

In April 2022, Graton announced that it is moving forward with an expansion including roughly 144,000 square feet of new gaming space, a new 221-room hotel tower, a 3,500-seat theater, additional F&B, parking, and other property improvements.

**Graton Resort & Casino**



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## CACHE CREEK CASINO RESORT

Cache Creek Casino Resort is owned and operated by the Yocha Dehe Winton Nation. It is one of the most attractive and successful casinos in California. Situated in a picturesque rural valley, the property sits on a hillside overlooking fruit trees and vineyards. The property is sited along CA-16, running south to north. A tribal-owned golf course is located approximately one mile to the east in an adjacent valley.

Cache Creek has evolved over the past three decades, starting as a bingo hall in 1985 and then adding gray market slot machines in the 1990s. After signing the Davis Compact in 1999, the Tribe was able to offer Class III table games and electronic gaming devices and secured conventional financing. The Tribe replaced its original structure with its current facility in 2004 at a cost of \$200 million.

The casino has benefited from very steady and visionary management. The management team had long recognized the value of the Asian populations residing in the Bay Area, well before Asian-American gamers came on the industry's radar screen. Going back to the original casino building, one could find collateral material in Mandarin, Cantonese, Vietnamese, and Tagalog. Over the past two decades the casino has cultivated relationships with high-worth Chinese players residing in the Bay Area.

Cache Creek Casino recently opened a hotel expansion that includes a 459-key hotel, outdoor pool, restaurants, conference and meeting spaces, and events center.

## LOCATION AND ACCESS

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Cache Creek is located in the Capay Valley, approximately 90 miles northeast of San Francisco and 110 miles from San Mateo. Access to the casino from the Bay Area is via Interstate 80/Interstate 505. The trip involves approximately 13 miles of rural roads that wind through small towns and the Capay Valley.

## PROPERTY FEATURES

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### CASINO

- 2,900 EGDs
- 120 table games
- High-limit Asian table game room
- High-limit traditional table game room
- High-limit bar and lounge
- VIP cage
- High-limit slot room
- 10-table poker area



#### HOTEL

- 659-key hotel (including expansion)
- Outdoor swimming pool with cabanas
- Fitness center
- Room service
- Spa
- Conference and meeting spaces
- Events center

#### FOOD & BEVERAGE

- C2 Steak Seafood – Steakhouse
- Chang Shou – Chinese and Pacific Rim
- Asian Kitchen – Noodle room
- Canyon Cafe – 24-hour, three meal room
- Harvest Buffet
- The Sports Page Pub & Grill
- Enso Sushi
- 16 West Bar and Lounge
- Three station food court:
  - Loco Express – Mexican quick serve
  - The Deli
  - Sweets Etc. – 24-hour pastries and coffee counter

#### ENTERTAINMENT

- Club 88 – a 600-seat showroom featuring headline acts and cover bands

#### PARKING

- 1,883-space, five-level garage with high-speed ramps through the center of the structure
- Surface parking to the south and north sides of the property

#### OTHER AMENITIES

- Yocha Dehe Golf Club
  - 18-hole championship course
  - Clubhouse
  - Bahtenta Grill
  - Bar and lounge
- Convenience store and gas station

### Rendering of Cache Creek Casino Resort Expansion



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#### RIVER ROCK CASINO

River Rock Casino is a business enterprise of the Dry Creek Rancheria Band of Pomo Indians. The casino is located on a hillside overlooking Alexander Valley in the heart of Sonoma Valley’s wine growing region, approximately 23 miles north of Santa Rosa and 37 miles south of Ukiah. The casino is approximately four miles southeast of US-101. The route from the highway to the casino crosses Alexander Valley, before turning southeast and up a fairly steep grade to the casino and parking garage.

Despite being housed in two Sprung structures, the casino, dining outlets, and other amenities are well-maintained. A vast, six-level parking garage is located immediately behind the casino. The casino, parking garage, and support facilities are built at various grades along the eastern slope of the hillside. The existing casino offers a commanding view of Alexander Valley – one of the most attractive views from any Indian casino in California.

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#### PROPERTY FEATURES

##### CASINO

- 1,100 Class III slot machines
- 18 table games
- High limit gaming area

##### FOOD & BEVERAGE

- Center Stage Bar & Grill
- Quail Run Buffet
- Fortune Café

##### PARKING

- 6-story parking garage with 1,317 spaces
- Surface valet parking lot and garage parking

River Rock Casino



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#### SAN PABLO LYTTON CASINO

The San Pablo Lytton Casino is located in San Pablo, CA, approximately 20 minutes outside of San Francisco, Oakland and Berkeley. It is a Class II facility, having never been able to secure a compact with the Governor. It has long attracted the ire of U.S. Senator Feinstein, who has a distaste for Indian casinos in urban areas and in the East Bay in particular.

The casino has managed to overcome restrictions on the kinds of games that it can offer, owing in part to improvements to Class II electronic gaming products. The tribe's greatest obstacle to revenue growth is its limited site footprint. Its reservation is surrounded by urban development, and it simply has little room to grow. As such, it does not offer non-gaming amenities beyond those dining options needed to support casino customers when they are hungry. The property is capacity-constrained despite being limited to Class II gaming machines.

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#### PROPERTY FEATURES

##### CASINO

- 1,526 electronic gaming devices (electronic bingo games)
- 31,419 square feet of gaming space

##### FOOD & BEVERAGE

- Broiler Restaurant and Lounge
- Casino Snack Bar

## PARKING

- Surface parking
- Valet parking

San Pablo Lytton Casino



## SECONDARY CASINO COMPETITION

### TWIN PINE CASINO & HOTEL

The Twin Pine Casino & Hotel is owned and operated by the Middletown Rancheria of Pomo Indians. Located just outside the northern edge of Napa Valley near Middletown, the casino-hotel is 35 miles east of River Rock and 44 miles north of the city of Napa.

Twin Pine opened in 1994 as a small slots-only casino housed in a mobile building. In 2000, the casino moved into a larger Sprung structure, and in 2008 the casino was relocated into a new, purpose-built facility. A hotel opened in 2009. Despite being value-engineered at an estimated cost per lodging key of \$110,000, the hotel rooms offer a relatively attractive lodging experience. Overall, Twin Pine is an attractive 3-star casino-hotel that primarily targets residents living in Napa Valley.

## PROPERTY FEATURES

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### CASINO

- 523 Class III slot machines
- 7 table games
- 1 poker table

### FOOD & BEVERAGE

- Manzanita Restaurant (3-meal)
- Marketplace Express (quick-serve)
- Grapevine Bar and Lounge
- Twisted Vine Bar

### HOTEL

- 56 standard rooms
- 3 suites

### OTHER AMENITIES

- 10,000 sq. ft entertainment venue
- Gift shop

**Twin Pine Casino & Hotel**



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## COYOTE VALLEY CASINO AND HOTEL

The Coyote Valley Casino is owned and operated by the Coyote Valley Band of Pomo Indians. Up until 2019, the Coyote Valley Casino was considered by the Consulting Team as one of the least attractive casinos in California. This has since changed as casino operations have moved into a new purpose-built casino closer to US-101. The facility will also be complemented by limited-service Wyndham Lodge Hotel that is expected to open in 2022.

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### PROPERTY FEATURES (NEW BUILDING)

#### CASINO

- 400 Class III slot machines
- 7 table games
- 4 poker tables

#### HOTEL

- 101-key hotel built to a 3-star grade, branded as a Wyndham Lodge Hotel
  - 75 standard rooms, 15 suites
- Fitness Center
- \* *Still under construction, expected to open 2022*

#### FOOD & BEVERAGE

- Angelina's Grill – American/Mexican
- Sage House – American/Italian
- 101 Tap House

#### OTHER AMENITIES

- Convenience store and gas station
- 4,000 square feet of flexible meeting and event space, capable of hosting casino events, banquets and meetings
- 18+ Mini Casino (non-smoking)

**Coyote Valley (new casino)**



**Wyndham Lodge Hotel (rendering)**



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## ROBINSON RANCHERIA RESORT & CASINO

The Robinson Rancheria Resort & Casino is located on the northwest side of Clear Lake, approximately 58 miles north of River Rock. The property enjoys a location directly off CA-20 in the Clear Lake resort district. The property primarily serves residents and vacationers of Clear Lake and the residential markets of Willits and Ukiah.

### PROPERTY FEATURES

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#### CASINO

- 349 Class III slot machines
- 13 table games
- 700-seat bingo hall

#### FOOD & BEVERAGE

- Rancheria Grille
- R Bar
- How Sweet It is (quick-serve outlet)
- Bingo Lings (quick-serve outlet)

#### HOTEL

- 48 standard rooms
- 2 suites
- 24-hour fitness center
- Business center

**Robinson Rancheria Resort & Casino**



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#### RUNNING CREEK CASINO

The Habematolel Pomo Tribe of Upper Lake opened the Running Creek Casino in May of 2013. Housed in a sprung structure and located approximately 1 ½ miles west of Robinson Rancheria, the Running Creek Casino competes primarily with Robinson Rancheria, Konocti Vista, Coyote Valley and the Sherwood Valley Casino.

Despite being housed in a Sprung structure, the Running Creek Casino offers an attractive and comfortable gaming environment that is superior to Robinson Rancheria and Konocti Vista. Air quality is excellent; the centrally located bar acts as a good focal point and both dining outlets offer an attractive food product.

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#### PROPERTY FEATURES

##### CASINO

- 277 Class III slot machines
- 6 table games



#### FOOD & BEVERAGE

- The Wild Creek Restaurant
- Hot Springs Express (quick-serve outlet)
- On the Rocks (casino bar)
- Fire Water (bar and lounge)

#### Running Creek Casino



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#### KONOCTI VISTA CASINO RESORT

The Konocti Vista Casino Resort is located in Lakeport on the south side of Clear Lake. It does not enjoy a particularly convenient location. Visitors must drive across the reservation to access the casino. The property features an exterior corridor motel, RV park and marina.

The property recently underwent a remodel. All hotel rooms were renovated; the casino interior was redone, and the exterior received new facia.

Konocti Vista primarily competes with Robinson Rancheria, Twin Pine, and the Running Creek Casino.

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#### PROPERTY FEATURES

##### CASINO

- 349 Class III slot machines
- 4 table games

#### FOOD & BEVERAGE

- Valentino's Restaurant
- Taste of Konocti (quick-serve outlet)
- The Point
- Marina Grill

#### HOTEL

- 74 standard rooms

#### OTHER AMENITIES

- 74-space RV Park
- 90-slip marina
- Convenience store
- Outdoor Swimming Pool
- Fitness Center in the RV Park

**Konocti Vista Casino Resort**



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#### SHERWOOD VALLEY CASINO

The Sherwood Valley Casino in Willits was rebranded in 2009 but remains physically unchanged. The property, previously called the Black Bart Casino, suffers from certain deficiencies including a poor location that requires a drive through a residential neighborhood, a poorly located surface parking lot, no sit-down dining facility, and a cramped casino.

Sherwood Valley serves a very limited market area in and around Willits and Fort Bragg. The casino was severely impacted by the 2017 wildfires along with a collapse of the illegal marijuana

industry in the market area. Also, US-101 used to pass through the center of Willits. A recently completed bypass now diverts traffic one mile to the east.

**Sherwood Valley Casino**



## POSSIBLE FUTURE CASINO COMPETITION

### WILTON RANCHERIA

The Wilton Rancheria has been planning a new casino development just south of Sacramento, CA off CA-99. While several locations were considered during the development process, including Elk Grove, Galt, and their Historic Rancheria, the final development location will be at the Elk Grove site. The \$500 million resort casino is expected to feature over 110,000 square feet of gaming space with 2,000 slot machines and 84 table games. Resort amenities are expected to include 302 hotel rooms in a 12-story hotel, spa and fitness center and a luxury pool, a movie theater, several food and beverage venues, a ballroom, conference & entertainment venue, and retail outlets. Wilton Rancheria has partnered with Boyd Gaming to operate the facility. The developers broke ground on the former site of “Ghost Mall” at CA-99 and Kammerer Road. The new development, named Sky River Casino, will be the closest casino to both Sacramento and the south Bay Area. The target date for the casino opening is late 2022.

### IONE BAND PLYMOUTH CASINO

The Lone Band of Miwok Indians have long planned a casino roughly one mile west of Plymouth, 11 miles from the city of Lone, and 30 miles southeast of Sacramento. Since 2006, several lawsuits to stop construction of the casino have been filed, and each have been unsuccessful. The most recent case was appealed to the U.S. the Supreme Court and was rejected in October 2018.

In August 2020, Gov. Gavin Newsom signed a compact with the Lone Band of Miwok Indians, allowing the tribe to build a gaming facility with up to 1,200 slot machines and 40 table games. As of the issuance of this report, the development timeline for this project is unclear, and no expected opening date has been announced. However, GMA assumed that this casino would be operational within the forecasted period.

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#### PINOLEVILLE CASINO

The Pinoleville Pomo Nation has long pursued a casino development in Ukiah. In August of 2011, the tribe signed a compact with the Governor of California, allowing it to build a 28,500 sq. ft. casino with up to 900 slot machines at a former car dealership on North State Street, north of Orr Springs Road in central Ukiah. The tribe had originally proposed a \$50 million project with a casino, 125-room hotel, multiple restaurants and 950 parking spaces. Subsequent to that, the Tribe scaled down their project into a far smaller \$18 million facility comprised of 349 electronic gaming devices and six tables.

JW Gaming, the tribe's original partner, had initially invested \$5.8 million. In March of 2018, JW Gaming filed a lawsuit against the Pinoleville Pomo Nation and the Canneles Group, alleging fraud and breach of contract. An attempt by the tribe and the Canneles Group to have the lawsuit dismissed was denied by the U.S. District Court in October of 2018. Undeterred, the tribe obtained a new development partner. For the purposes of this analysis, given uncertainties surrounding the project's future, GMA did not assume the project would come to fruition during the analyzed forecast period.

**Pinoleville Casino Proposed Development Site**



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#### CLOVERDALE RANCHERIA CASINO

The Cloverdale Rancheria of Pomo Indians is a federally recognized tribe of the Pomo Indians of California. Classified as landless, the tribe obtained 80 acres of land on the south side of Cloverdale at the intersection of US-101 and Asti Road, approximately nine miles north of Geyserville.

In 2016, the Bureau of Indian Affairs approved 62 acres of land be set aside for the tribe's reservation. The Cloverdale Rancheria then developed a plan to build a \$320 million casino with 2,000 slot machines and 45 table games, a 244-key hotel, spa, 1,300-seat entertainment center, and convention center. The exact timing associated with this project's development is still not fully understood. As such, this casino was not assumed to open within the forecast period.

## IV. SUBSTITUTION EFFECTS ANALYSIS

### MAJOR ASSUMPTIONS

GMA considered the following major assumptions in performing the Substitution Effects Analysis, which were consistent with assumptions utilized by other consultants hired by the Koi Nation, to project the substitution effects on local market competitors.

- The Project will commence operations in 2028.
- Calendar Year 2033 represents a stabilized year of Project operations for the fully built-out facility.
- Graton Resort and Casino builds and opens an expanded gaming floor, an additional hotel tower, and other non-gaming amenities within the forecast period.
- Wilton Rancheria Casino opens within the forecast period.
- The Lone Band Plymouth Casino opens within the forecast period.
- The new Coyote Valley Casino is open today, and the associated Wyndham hotel facility will open and stabilize operations within the forecast period.
- Consumer behaviors, income growth, and spending patterns will recover from impacts of the COVID-19 pandemic by the end of calendar year 2022.
- No other changes in the competitive environment occur other than those discussed in this report.

### REGIONAL MARKET CARVEOUT MAP

The first step in performing the Gaming Market Assessment was to divide the greater market area into market segments based on variations in the demographic composition of the various communities, access to the subject facility as well as competing facilities, and the availability of other (non-gaming) entertainment activities. Provided on the following page is a map illustrating the ten segments used in this analysis and the location of each casino in the region. For each market segment, total population, adult (21+) population, and average annual household income (“AAHI”) were quantified.



## SUMMARY OF KEY MARKET SEGMENTS

The following table summarizes the demographics of each of the ten market segments. For each segment, total population, adult population, and average annual household income (“AAHI”) were quantified. For the purpose of this analysis and forecast, GMA examined Bay Area market segments by Asian and Non-Asian sub-segments to further understand their demographic compositions. GMA performed this detailed analysis for those markets with considerable levels of Asian population, as the Asian demand segment generally demonstrates a much higher level of gaming propensity and spend compared to the Non-Asian segment. Demographic statistics compiled for each market segment were derived at the zip code level and aggregated accordingly.

The following table summarizes current and projected levels of total population, adult population, and average annual household income (“AAHI”). The total population of the market area was estimated at roughly 7.4 million in 2021, of which 5.6 million (76.5%) are aged 21 or older. By 2033, the adult population is expected to surpass 6.1 million. With an AAHI of \$171,865 in 2021 and a projected AAHI of more than \$225,000 in 2033, income levels in the market area are among the highest in the United States. As such, GMA significantly discounted projected growth rates for AAHI in order to maintain conservative projections for the market.

Regional Market Demographic Summary						
	ADULT POPULATION (21+)			AAHI		
	2021	2033	CAGR	2021	2033	CAGR
North	38,727	39,711	0.21%	\$92,015	\$117,789	2.08%
South	563,958	597,312	0.48%	\$148,164	\$198,688	2.48%
West	14,023	14,284	0.15%	\$89,773	\$114,167	2.02%
Northeast	48,612	48,545	-0.01%	\$78,693	\$112,260	3.00%
Southeast	420,279	452,771	0.62%	\$122,976	\$168,619	2.67%
San Francisco Non-Asian	851,600	845,314	-0.06%	\$193,170	\$245,471	2.02%
East Bay Non-Asian	1,233,366	1,251,334	0.12%	\$157,164	\$213,538	2.59%
South Bay Non-Asian	890,005	822,746	-0.65%	\$196,637	\$253,354	2.13%
San Francisco Asian	455,465	558,383	1.71%	\$193,170	\$245,471	2.02%
East Bay Asian	430,703	592,605	2.69%	\$157,164	\$213,538	2.59%
South Bay Asian	696,555	929,005	2.43%	\$196,637	\$253,354	2.13%
<b>TOTAL</b>	<b>5,643,293</b>	<b>6,152,010</b>	<b>0.68%</b>	<b>\$171,865</b>	<b>\$225,766</b>	<b>2.29%</b>

Source: PCensus, GMA



## GAMING REVENUE CALIBRATION AND PROJECTIONS

In 2021, GMA estimates that the local market generated approximately \$2.3 billion in local market gaming revenue. In the Base Scenario, which factors in anticipated changes to demographics and competitive market dynamics, the local market is expected to grow by \$716.0 million, or an average of 2.3% annual growth, reaching \$3.0 billion in 2033. This projection includes a consideration for the impacts of the gaming and non-gaming expansion at Graton, as well as other key assumptions outlined in the sections above.

With the Base Scenario complete, GMA layered in the impact of the Project in the Projected Scenario. Based on the projected revenues for the Project, local market gaming revenue is projected to increase by \$244.2 million, or 8.0% over the Base, reaching \$3.3 billion in total local market gaming revenue.

With an understanding of the total local market size, the Project is expected to capture 13.7% of local market gaming revenue from new market growth and substitution effects, in addition to approximately \$23.7 million from outer market patrons.

<b>Gaming Revenue Projections Summary</b>		
<i>in USD millions</i>	Base	Projected Scenario
Total Local Market Revenue	\$ 3,035.1	\$ 3,279.3
<b>Shiloh Resort &amp; Casino:</b>		
Local Market		\$ 449.4
Outer Market		\$ 23.7
<b>TOTAL</b>		<b>\$ 473.0</b>
<i>Source: Meister Economic Consulting, GMA</i>		

## SUBSTITUTION EFFECTS

To quantify the impact of the Project on the region’s casinos, GMA completed a Substitution Effect Analysis. GMA compared each market participant’s projected 2033 local market revenue levels between the Projected Scenario and the Base Scenario, in which the Project does not occur. As revenues are not publicly reported for the market participants, GMA utilized its proprietary knowledge of market gaming factors in conjunction with available data in the public domain and other sources to estimate revenues for each gaming facility.

As mentioned, local market revenue for the Project is anticipated to stem from two primary sources: new market growth and a substitution effect on regional competitors. In the Projected Scenario, three tribal gaming facilities are anticipated to experience a substitution effect on local market gaming revenue of greater than 10%, including River Rock, Sherwood Valley, and Graton.

The following table details the estimated percentage impact that each regional gaming facility is expected to experience on their local market gaming revenue.

<b>Projected Local Market Substitution Effects</b>	
River Rock	-24.24%
Sherwood Valley	-14.77%
Graton	-11.45%
Konocdi Vista	-9.39%
Twin Pine	-9.11%
Robinson Rancheria	-8.93%
Running Creek	-8.34%
Coyote Valley	-7.33%
Gardia River	-7.27%
Colusa	-5.11%
Cache Creek	-4.51%
Hard Rock Sacramento	-4.38%
Harrah's NorCal	-4.30%
Thunder Valley	-4.13%
Red Hawk	-4.07%
Ione Plymouth	-4.04%
Jackson Rancheria	-4.04%
Wilton Rancheria	-4.02%
San Pablo Lytton	-3.87%
<b>TOTAL LOCAL MARKET</b>	<b>8.05%</b>
<i>Source: GMA</i>	

As mentioned previously in this document, there are a handful of casinos, namely the Pinoleville and Cloverdale casinos, that have been proposed in the market but were not assumed in this analysis. Should these or other similar developments move forward, there would be material impact to the overall market size and competitive effects projections outlined in this report.

## DISCLAIMER

Global Market Advisors has made its best effort to secure accurate information, however, much of the information contained in this report was received from third parties, which Global Market Advisors did not validate or verify. Accordingly, Global Market Advisors makes no warranty, real or implied, regarding the data contained in this report. This report also contains projections of future events based upon certain assumptions. As it is not possible to predict future outcomes with absolute accuracy, these projections should be treated only as estimates of potential future results. Actual results may differ due to unforeseen events. Consequently, Global Market Advisors assumes no liability for the accuracy of these projections.

## APPENDICES

### FIRM QUALIFICATIONS

Global Market Advisors, LLC provides clients with market feasibility studies, primary research, economic impact studies, due diligence, payroll control, operations analysis, business and marketing plan development, and player reward program design for the gaming, hospitality and tourism industries. The principals and associates of GMA have hands-on experience in nearly all aspects of the gaming industry including domestic and international operations, project development, marketing expertise, and detailed market analysis.

Global Market Advisors is a (Nevada) Limited Liability Corporation with offices in Las Vegas, NV; Denver, CO; and Singapore.

### BIOGRAPHIES OF THE CONSULTING TEAM

#### STEVEN M. GALLAWAY

Steve Gallaway is Managing Partner at Global Market Advisors. His areas of expertise include gaming market assessments, hotel and casino feasibility studies, operational reviews and marketing analysis.

Mr. Gallaway has spent his entire career in the gaming and hospitality industry, starting as a valet attendant and eventually rising to chief operating officer and managing partner of a casino in Colorado. Prior to forming GMA, he served as senior vice president of a hospitality consulting firm where he honed his craft in the fields of gaming market assessments and feasibility analysis. During the span of his career, Steve developed hands-on experience in operations management, organizational development, project development, business development, process improvement, contract negotiations, employee development, and customer service training.

In 2005, Mr. Gallaway formed Gaming Market Advisors. In 2014, the firm was rebranded as Global Market Advisors, reflecting the company's evolution as an international gaming, tourism and hospitality consulting firm.

Mr. Gallaway has completed over 500 feasibility studies, with a strong focus on international gaming operations and integrated resort development. Mr. Gallaway has worked on more than 1,000 projects in Asia, Western and Eastern Europe, the Caribbean, Central America, Canada, and Australia. His knowledge and understanding of emerging markets, particularly those in Asia, has led him to advise institutional investors on new market opportunities in that region, as well as an

advisor on established markets. Today, Steve’s clients include most public gaming companies, investment banks, private developers and government institutions.

Mr. Gallaway is a visiting lecturer at the University of Nevada Reno’s School of Continuing Education where he teaches a class on casino feasibility analysis and marketing measurement. He is a periodic contributor to Global Gaming Business Magazine and Indian Gaming Magazine, and has spoken at G2E Las Vegas and the Asian Gaming Congress.

Mr. Gallaway graduated from Boston College with a B.A. in Economics.

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#### KIT L. SZYBALA

Kit L. Szybala is a Partner and the Executive Director of Operations at GMA. Mr. Szybala oversees the output and quality of GMA’s feasibility studies, due diligence assignments, strategic planning assessments, and market assessments.

While at GMA, Kit has created over 200 robust financial models in various markets globally. As a part of completing these financial models, he has evaluated over 300 casinos and integrated resorts. Mr. Szybala has written a multitude of extensive, analytical reports, including feasibility studies, impact and cannibalization studies, gaming market assessments, hotel market assessments, non-gaming amenity analyses, and strategic planning assessments.

Kit has in-depth experience in various markets with broad knowledge of markets in the United States, Canada, India, Japan, and Australia. Recently, he completed a white paper entitled “Gaming in India: An Evaluation of the Market’s Potential” and assisted in the completion of the white paper entitled “Japan Integrated Resorts.”

Mr. Szybala is a visiting lecturer on casino feasibility analysis at the University of Nevada, Reno’s School of Continuing Education. He is a periodic contributor to Global Gaming Business (GGB) Magazine and Asia Gaming Brief and is often referenced for market insights in gaming industry articles. Kit frequently participates on panels and presents at industry conferences, seminars, and events, including ICE Totally Gaming and Sports Betting and Gaming India. Kit was appointed to the 2018-2019 Class of the Emerging Leaders of Gaming 40 Under 40, a program that recognizes gaming industry professionals under the age of 40 who are making significant impacts on the industry.

He began his career in hospitality working with Vail Resorts as a member of the Vail Resorts College Program. This program gave him valuable insight into hospitality management and operations by giving him various opportunities to meet with chief members of resort management. It also afforded him the opportunity to work in several different capacities for the corporation, giving him the opportunity to understand the intricacies of resort operations.

Kit graduated from Southern Methodist University as a Hunt Leadership Scholar with a B.B.A. in Finance, B.A. in International Studies – European Concentration, and minor in History.

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#### JACK GALLAWAY

Jack Gallaway is an Associate at Global Market Advisors. Jack works with the Research and Analysis team to conduct primary research and due diligence, as well as prepare forecasting models, feasibility studies, market assessments, and other analytical reports.

Since starting with GMA as an Analyst in 2017, Jack has worked on projects covering all areas of GMA's expertise in various markets in North America, Asia, and Europe. He has also played a central role in growing the team and crafting new and evolving methodologies. This includes research and revenue forecasting in many of the first legal sports betting and iGaming jurisdictions in the United States, as well as actively monitoring the performance of gaming markets worldwide.

In addition to his role in Research and Analysis, Jack directly supports GMA's Government Affairs team, including legislative and regulatory analysis, communications, strategy, and RFP oversight and review. He also assists with GMA's marketing and public relations efforts, including maintaining the company's internal client database and working with its strategic partners for events and content programming.

Jack has contributed to several of GMA's White Papers and Research Briefs, including the Economics of Sports Betting. His writing has also been featured in Global Gaming Business Magazine on topics including sports betting, iGaming, and political economy.

Jack graduated from the University of Wisconsin-Madison with a B.A. in Political Science and a Certificate in Environmental Studies.

Appendix B-2  
Economic Impact Study for Non-  
Gaming Winery and Hotel Alternative



# Global Market Advisors

Economic Impact Statement  
for Alternative Development Scenario  
Sonoma County, CA

GMA 010-22

November 2022

Prepared for:  
Koi Nation of Northern California



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## I. EXECUTIVE SUMMARY

The Koi Nation of Northern California (“Koi Nation”) is interested in developing a casino on Shiloh Road in Santa Rosa, California (“Shiloh Road Casino” or “Project”). The Project’s proposed location is 222 E. Shiloh Road. Today, the site is an operational vineyard (Shiloh Vineyard Estate) that spans 68.6 acres. Koi Nation has begun working on the Fee to Trust (“FTT”) process for the Shiloh Road site and has engaged Acorn Environmental (“Acorn”) to assist in the preparation of an Environmental Impact Study.

Acorn previously engaged Global Market Advisors (“GMA”) to assist with social and economic impact related tasks for the gaming development scenario. Recently, Acorn asked GMA to complete a market assessment and economic impact assessment for an alternative development scenario, in which the site only features a hotel, food & beverage component and winery offering (“Project”). In this scenario, GMA assumed the following development program is utilized:

- Hotel – 200 rooms
- Dining – 4,700 square feet
- Spa – 14,000 square feet
- Winery – 20,000 square feet
- Visitor Center – 5,000 square feet

As a part of this scope of work, GMA prepared a market assessment for this alternative scenario, including projected revenues, expenses and earnings before interest, taxes, depreciation, and amortization (“EBITDA”) for the Project. With the performance of the Project understood in this alternative scenario, GMA prepared the following economic impact assessment, which calculated impacts the Project would have on the host county (Sonoma County) in terms of total output, employment, and labor income during both the Construction Phase and Operational Phase.

### ABOUT GMA

Global Market Advisors is the leading international provider of consulting services to the gaming, entertainment, sports, and hospitality industries with offices located in Las Vegas, NV; Denver, CO; and Singapore. The company's market experience extends throughout all regions of the Americas, Eastern and Western Europe, Australia, and Asia. GMA provides clients with strategic planning, market feasibility studies, primary research, due diligence, general counsel, payroll control, operations analyses, government relations, responsible gaming initiatives, business and marketing plans, and reward program design. GMA's clients consist of the majority of public gaming companies, more than 80 Native American tribes, commercial and investment banks, and government agencies from around the world.



## II. ECONOMIC IMPACT STATEMENT OVERVIEW

The Economic Impact Statement (“EIS”) examines economic impact projections that the Project would be expected to generate. To do so, it is first necessary to define an impacted region to calculate the economic impacts of development and operations in the projected scenario. There is no rule of thumb for this definition, as impacts would likely extend throughout the state of California and could be examined more finitely at the host city level. For the purposes of this analysis, GMA utilized Sonoma County as the defined subject region. The expected impacts are measured in terms of the net change in total spending (output), household incomes (labor income), and job creation (employment) in the county. The statistical information contained in the previously completed Socioeconomic Analysis was further utilized to understand relative effects on employment, housing, schools, and select municipal services.

### METHODOLOGY

GMA employed IMPLAN’s Input-Output/Social Accounting Matrix Model (“I-O/SAM”) to determine the potential economic impact of the Project. The Input-Output economic model depicts how the total output of each industry in an economy depends on inter-industry demands and final demands by putting transactions in a matrix framework. In other words, a tourism project, like a hotel and/or winery, has effects on other industries in its trade area. The I-O/SAM model measures those effects by using a series of multipliers. These multipliers consider all aspects of the input-output framework, including which inputs and outputs will come from the subject region.

The impacts of the Project will occur in two phases: the Construction Phase and the Operations Phase. Construction impacts are temporary in that they only are experienced during the construction and development of the Project, with some ripple effects<sup>1</sup> in the local economy for a short period after construction is completed. The second phase will result from the ongoing operations of the Project and will have an annual, recurring impact to the county. For each phase, GMA calculated the impacts on Total Output, Employment, and Labor Income for the construction phase and operations phase.

<sup>1</sup> Ripple effects are essentially a multiplier effect, meaning that money earned by construction employees and materials suppliers will then be re-spent in the local economy, further benefiting other businesses in the region, as well as the benefits resulting from the incremental spending ability of those businesses, and so on.



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## DIRECT, INDIRECT, AND INDUCED EFFECTS

Throughout this report, GMA will refer to three types of effects: the Direct Effect, the Indirect Effect, and the Induced Effect. These effects are used to describe the types of output generated by the Project, and these terms are best defined in the context in which they are used. The effect on employment (jobs created) offers a very clear example:

### DIRECT EFFECT ON EMPLOYMENT

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In this context Direct Effect refers to jobs created by patron expenditures in the study region. As an example, if 100 people a day visit a hotel, those people would be served by employees working at the property. In addition, some people may choose to eat at a nearby restaurant, shop in a local store or purchase fuel at a nearby service station or convenience store. Their demand for goods and services at these businesses would create additional employment. Direct Effect on Employment includes those jobs created by the development as well as jobs created by businesses around the Project that service the development's patrons.

### INDIRECT EFFECT ON EMPLOYMENT

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Technically, the Indirect Effect is caused by *inter-industry transactions*. Simply put, in providing goods and services to its customers, the hotel needs inputs from other sources such as utilities, food suppliers, laundry and janitorial supplies. A local food distributor will have to hire additional delivery drivers and warehouse personnel to properly serve the hotel and winery. A local laundry provider will have to hire additional staff to keep up with the demands of the resort's restaurants and hotel. The demands of the Project for other industries' goods and services create jobs in other industrial sectors. This is the Indirect Effect on Employment.

### INDUCED EFFECT ON EMPLOYMENT

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Induced Effects are the *factor-institution interactions of labor and capital*. Simply put, when newly employed people receive their paychecks, they go out and spend money. They shop at the local supermarket and buy products and services from other local and regional businesses. That consumption, which obviously has nothing to do with hotel's customers' expenditures, creates another set of jobs at retail stores and service establishments. In addition, those new workers hired by merchants to service the resort's employees in turn spend their money at other area merchants, creating more jobs. This is the Induced Effect on Employment.

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## KEY INPUTS

GMA based its construction impact forecasts for this alternative scenario on the construction and development costs prepared by other consultants hired by Koi Nation. These development costs were appropriately adjusted to account for factors such as local vs. non-local purchases as well as the difference in overall amenity program and quality level of those amenities. It is important to note that since the preparation of these construction and development cost estimates, prices



of goods and services in this industry have grown considerably due to macroeconomic impacts. As a result of these high-level development cost estimates, GMA expects that the Project would incur a development cost of ~\$230 million in this scenario.

GMA based its operating impact forecasts on the financial ProForma Income Statement analyses the consulting team prepared as a part of the alternative development scenario market assessment. ProForma Income Statements were prepared for both the hotel and winery.

In GMA's analysis of impacts from operations, GMA considered the impacts of resort and winery revenues, staffing, and employee earnings as the Direct impacts, in addition to small amounts of spending by hotel patrons in the county that would take place as a result of their trips. Indirect impacts are calculated based on the projected spending by the proposed Project on goods and services, as well as the ripple effects that result from this spending. Induced impacts are calculated through the IMPLAN model based on changes in consumption, driven by the Project's employees' earnings and the earnings of businesses benefiting from indirect expenditures.



### III. ECONOMIC IMPACT ANALYSIS

This chapter illustrates the projected economic impacts of construction and operations of the Shiloh Resort.

#### CONSTRUCTION IMPACTS

The first phase of economic impacts will be the construction phase. As previously discussed, construction employment and spending are only temporary but can have substantial impacts on the regional economy. It is anticipated that the construction phase will last for a period of approximately 24 months. GMA notes that employment counts below are presented in terms of man-years of employment.<sup>2</sup>

#### CONSTRUCTION COSTS

Construction expenditures generally fall into several different categories, each of which has some local and non-local components. Hard costs reflect the actual construction materials and labor. Soft costs reflect architectural services, other professional services, financing costs, start-up expenses, and other non-material expenses. Based on GMA's estimates which were based on the benchmark costs other consultants provided for the casino development scenario, the total construction cost for the Project is estimated at ~\$230 million. In evaluating the inputs for this phase of the analysis, GMA paid close attention to those components of the development that would be considered non-local expenses and would not have an impact on the subject region. As such, GMA assumed that all hard costs would stem from within the state of California, and that only a fraction of soft costs would consist of in-state purchases. GMA further discounted these costs to consider only those components of the development that would stem from within Sonoma County.

#### TOTAL OUTPUT

Total output measures the value of goods and services that go into the construction of the Project, including the induced and indirect impacts experienced in the regional economy. The direct impact from construction related activities and local procurement is estimated at \$187.4 million. The indirect outputs resulting from development are estimated at \$35.7 million. The generation of direct and indirect employment will increase household incomes in the region. As a result, there will be an increase in consumption for the region. The increase in consumption, or induced output, is estimated at \$78.0 million. Overall, GMA projects that a total of

<sup>2</sup> A "man-year" is a unit of measurement that amounts to the work of one person over one year.



approximately \$301.0 million in economic output would be generated within Sonoma County during the construction phase.

<b>Total Output from Construction</b>				
<i>in USD millions</i>	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>TOTAL*</b>
55 - Construction of new commercial structures, including farm structures	\$181.6	-	-	\$181.6
449 - Owner-occupied dwellings	-	-	\$13.7	\$13.7
457 - Architectural, engineering, and related services	\$5.8	\$3.3	\$0.2	\$9.3
447 - Other real estate	-	\$3.2	\$3.2	\$6.3
396 - Wholesale - Other durable goods merchant wholesalers	-	\$4.3	\$0.5	\$4.8
490 - Hospitals	-	-	\$3.9	\$3.9
448 - Tenant-occupied housing	-	-	\$3.2	\$3.2
509 - Full-service restaurants	-	\$0.2	\$2.5	\$2.7
441 - Monetary authorities and depository credit intermediation	-	\$0.7	\$1.7	\$2.4
483 - Offices of physicians	-	-	\$2.0	\$2.0
534 - Other local government enterprises	-	\$0.4	\$1.7	\$2.0
510 - Limited-service restaurants	-	\$0.0	\$1.9	\$1.9
472 - Employment services	-	\$1.0	\$0.8	\$1.8
413 - Retail - Nonstore retailers	-	\$0.1	\$1.6	\$1.7
400 - Wholesale - Other nondurable goods merchant wholesalers	-	\$0.7	\$1.0	\$1.7
394 - Wholesale - Household appliances and electrical and electronic goods	-	\$1.4	\$0.3	\$1.6
453 - Commercial and industrial machinery and equipment rental and leasing	-	\$1.4	\$0.1	\$1.5
512 - Automotive repair and maintenance, except car washes	-	\$0.2	\$1.3	\$1.5
469 - Management of companies and enterprises	-	\$0.8	\$0.7	\$1.5
455 - Legal services	-	\$0.6	\$0.8	\$1.4
417 - Truck transportation	-	\$1.0	\$0.3	\$1.3
456 - Accounting, tax preparation, bookkeeping, and payroll services	-	\$0.7	\$0.5	\$1.3
399 - Wholesale - Petroleum and petroleum products	-	\$0.8	\$0.4	\$1.2
406 - Retail - Food and beverage stores	-	\$0.0	\$1.2	\$1.2
442 - Other financial investment activities	-	\$0.1	\$1.1	\$1.2
28 - Stone mining and quarrying	-	\$1.1	\$0.0	\$1.1
47 - Electric power transmission and distribution	-	\$0.4	\$0.7	\$1.1
207 - Other concrete product manufacturing	-	\$1.1	\$0.0	\$1.1
405 - Retail - Building material and garden equipment and supplies stores	-	\$0.6	\$0.5	\$1.1
444 - Insurance carriers, except direct life	-	\$0.1	\$0.9	\$1.1
Other	-	\$11.5	\$31.2	\$42.6
<b>TOTAL</b>	<b>\$187.4</b>	<b>\$35.7</b>	<b>\$78.0</b>	<b>\$301.0</b>

*\* minor inequalities due to rounding*

#### TOTAL JOBS (MAN-YEARS)

The following table summarizes the estimated man-years of employment that could be generated as a result of the development of the Shiloh Resort. The direct impact of construction is expected to result in 1,327 man-years of employment. Each of these direct jobs is anticipated to be generated in construction related fields. An additional 173 man-years of employment are projected to stem from indirect impacts, with an additional 455 man-years through induced impacts. In total, the construction phase is projected to result in 1,955 man-years of employment.



## Total Employment from Construction (Man-Years)

	Direct	Indirect	Induced	TOTAL*
55 - Construction of new commercial structures, including farm structures	1,293	-	-	1,293
457 - Architectural, engineering, and related services	35	20	1	56
396 - Wholesale - Other durable goods merchant wholesalers	-	16	2	18
447 - Other real estate	-	15	15	30
472 - Employment services	-	11	9	20
417 - Truck transportation	-	6	2	8
456 - Accounting, tax preparation, bookkeeping, and payroll services	-	5	4	9
207 - Other concrete product manufacturing	-	5	0	5
405 - Retail - Building material and garden equipment and supplies stores	-	4	3	7
477 - Landscape and horticultural services	-	4	2	6
455 - Legal services	-	4	5	8
453 - Commercial and industrial machinery and equipment rental and leasing	-	4	0	4
470 - Office administrative services	-	3	2	5
469 - Management of companies and enterprises	-	3	3	6
394 - Wholesale - Household appliances and electrical and electronic goods	-	3	1	3
509 - Full-service restaurants	-	3	31	33
475 - Investigation and security services	-	3	3	5
28 - Stone mining and quarrying	-	2	0	2
476 - Services to buildings	-	2	4	6
462 - Management consulting services	-	2	2	4
395 - Wholesale - Machinery, equipment, and supplies	-	2	0	2
421 - Couriers and messengers	-	2	2	4
473 - Business support services	-	2	1	3
400 - Wholesale - Other nondurable goods merchant wholesalers	-	2	3	5
441 - Monetary authorities and depository credit intermediation	-	2	4	6
512 - Automotive repair and maintenance, except car washes	-	2	10	12
418 - Transit and ground passenger transportation	-	2	6	8
198 - Brick, tile, and other structural clay product manufacturing	-	2	0	2
440 - Securities and commodity contracts intermediation and brokerage	-	1	4	6
204 - Ready-mix concrete manufacturing	-	1	0	1
Other	-	40	338	378
<b>TOTAL</b>	<b>1,327</b>	<b>173</b>	<b>455</b>	<b>1,955</b>

\* minor inequalities due to rounding

## TOTAL LABOR INCOME

As a result of the creation of the direct jobs, \$73.7 million in labor income is projected to accrue to Sonoma County residents. Indirect wages are projected at approximately \$9.0 million. Incremental regional consumption attributable to these earnings is projected to create an induced impact of \$20.2 million in regional earnings, for a total impact of \$103.0 million in regional labor income.





## Total Labor Income from Construction

<i>in USD millions</i>	Direct	Indirect	Induced	TOTAL*
55 - Construction of new commercial structures, including farm structures	\$71.9	-	-	\$71.9
457 - Architectural, engineering, and related services	\$1.9	\$1.1	\$0.1	\$3.0
490 - Hospitals	-	-	\$2.0	\$2.0
396 - Wholesale - Other durable goods merchant wholesalers	-	\$1.1	\$0.1	\$1.3
483 - Offices of physicians	-	-	\$1.2	\$1.2
509 - Full-service restaurants	-	\$0.1	\$0.9	\$1.0
469 - Management of companies and enterprises	-	\$0.4	\$0.3	\$0.7
534 - Other local government enterprises	-	\$0.1	\$0.6	\$0.7
472 - Employment services	-	\$0.4	\$0.3	\$0.7
486 - Outpatient care centers	-	-	\$0.6	\$0.6
406 - Retail - Food and beverage stores	-	\$0.0	\$0.5	\$0.5
491 - Nursing and community care facilities	-	-	\$0.5	\$0.5
510 - Limited-service restaurants	-	\$0.0	\$0.5	\$0.5
512 - Automotive repair and maintenance, except car washes	-	\$0.1	\$0.4	\$0.5
441 - Monetary authorities and depository credit intermediation	-	\$0.2	\$0.3	\$0.5
493 - Individual and family services	-	-	\$0.5	\$0.5
455 - Legal services	-	\$0.2	\$0.2	\$0.4
521 - Religious organizations	-	-	\$0.4	\$0.4
511 - All other food and drinking places	-	\$0.0	\$0.4	\$0.4
405 - Retail - Building material and garden equipment and supplies stores	-	\$0.2	\$0.2	\$0.4
484 - Offices of dentists	-	\$0.0	\$0.4	\$0.4
456 - Accounting, tax preparation, bookkeeping, and payroll services	-	\$0.2	\$0.2	\$0.4
447 - Other real estate	-	\$0.2	\$0.2	\$0.4
400 - Wholesale - Other nondurable goods merchant wholesalers	-	\$0.1	\$0.2	\$0.4
417 - Truck transportation	-	\$0.3	\$0.1	\$0.4
411 - Retail - General merchandise stores	-	\$0.0	\$0.3	\$0.4
439 - Nondepository credit intermediation and related activities	-	\$0.0	\$0.3	\$0.3
207 - Other concrete product manufacturing	-	\$0.3	\$0.0	\$0.3
394 - Wholesale - Household appliances and electrical and electronic goods	-	\$0.3	\$0.0	\$0.3
445 - Insurance agencies, brokerages, and related activities	-	\$0.0	\$0.2	\$0.3
Other	-	\$3.7	\$8.0	\$11.7
<b>TOTAL</b>	<b>\$73.7</b>	<b>\$9.0</b>	<b>\$20.2</b>	<b>\$103.0</b>

\* minor inequalities due to rounding

## OPERATIONAL IMPACTS

For the operational phase, projections were prepared for calendar year 2027, representing a full year of fully stabilized operations of the Project. However, for comparison purposes, GMA adjusted the model year input in IMPLAN to 2033 to provide a direct comparison to the previously completed scenario projections.

In 2027, the Project is anticipated to achieve a gross revenue level of \$50.8 million. In preparing impact projections, GMA evaluated the percentage of revenues that will have an impact on Sonoma County, in comparison to those that will be distributed outside of the county. This portion of the analysis also evaluated the Project's potential impact on vineyard and winery expenditure, food & beverage expenditure, retail expenditure and gas/local transport expenditure in the subject region.



The following table illustrates the projected revenue and expense levels that GMA utilized to estimate total salaries, employment, and other expenses associated with Project operations. A portion of these incomes – along with the other development expenditures made possible by the resort revenues and other direct spending by out of region customers – constitute the gross direct impacts of operations. This section of the report outlines the total output, jobs, labor income, and fiscal impact of Project operations as calculated using the IMPLAN model.

<b>ProForma Income Statement</b>	
<b>Summary, Overall Project</b>	
<b>2027</b>	
<b>Revenue</b>	
Hotel Asset Revenue	\$ 42,694,479
Winery Asset Revenue	\$ 8,064,000
<b>TOTAL PROJECT REVENUE</b>	<b>\$ 50,758,479</b>
<b>Expenses</b>	
Hotel Asset Expenses	\$ 30,096,402
Winery Asset Expenses	\$ 5,827,230
<b>TOTAL PROJECT EXPENSES</b>	<b>\$ 35,923,632</b>
<b>TOTAL PROJECT EBITDA</b>	<b>\$ 14,834,847</b>
<i>Source: GMA</i>	

#### TOTAL OUTPUT

Direct output measures the total spending by the Project patrons, including labor income from gratuities, less expenditures that occur outside of the study area. The net direct impact from operations is estimated at \$39.9 million. The indirect output resulting from operation, which emanates from economic activities of suppliers and vendors and has a ripple effect in the regional economy, is estimated at \$12.0 million. The induced spending, reflecting increased consumption attributable to the direct and indirect earnings, is projected to result in \$11.9 million of output. Overall, GMA projects that approximately \$63.9 million in economic output would be generated within Sonoma County on an annual basis once the Project is operational, in 2033 dollars. The following table demonstrates these impacts on various sectors that would result from operational spending and employee spending, as well as the ripple effects throughout the economy.



## Total Output from Operations

<i>in USD millions</i>	Direct	Indirect	Induced	TOTAL*
507 - Hotels and motels, including casino hotels	\$24.4	\$0.0	\$0.0	\$24.4
509 - Full-service restaurants	\$10.5	\$0.1	\$0.4	\$11.0
107 - Wineries	\$5.0	\$0.2	\$0.0	\$5.1
449 - Owner-occupied dwellings	-	-	\$2.1	\$2.1
447 - Other real estate	-	\$1.4	\$0.5	\$1.9
469 - Management of companies and enterprises	-	\$1.0	\$0.1	\$1.1
511 - All other food and drinking places	-	\$0.8	\$0.1	\$1.0
432 - Cable and other subscription programming	-	\$0.8	\$0.1	\$0.9
47 - Electric power transmission and distribution	-	\$0.5	\$0.1	\$0.6
490 - Hospitals	-	-	\$0.6	\$0.6
534 - Other local government enterprises	-	\$0.3	\$0.3	\$0.5
400 - Wholesale - Other nondurable goods merchant wholesalers	-	\$0.4	\$0.2	\$0.5
448 - Tenant-occupied housing	-	-	\$0.5	\$0.5
472 - Employment services	-	\$0.3	\$0.1	\$0.5
441 - Monetary authorities and depository credit intermediation	-	\$0.1	\$0.3	\$0.4
476 - Services to buildings	-	\$0.3	\$0.0	\$0.4
456 - Accounting, tax preparation, bookkeeping, and payroll services	-	\$0.3	\$0.1	\$0.4
60 - Maintenance and repair construction of nonresidential structures	-	\$0.3	\$0.1	\$0.3
413 - Retail - Nonstore retailers	-	\$0.1	\$0.3	\$0.3
510 - Limited-service restaurants	-	\$0.0	\$0.3	\$0.3
4 - Fruit farming	-	\$0.3	\$0.0	\$0.3
445 - Insurance agencies, brokerages, and related activities	-	\$0.2	\$0.1	\$0.3
483 - Offices of physicians	-	-	\$0.3	\$0.3
455 - Legal services	-	\$0.2	\$0.1	\$0.3
512 - Automotive repair and maintenance, except car washes	-	\$0.1	\$0.2	\$0.3
479 - Waste management and remediation services	-	\$0.2	\$0.0	\$0.2
526 - Postal service	-	\$0.2	\$0.0	\$0.2
444 - Insurance carriers, except direct life	-	\$0.1	\$0.1	\$0.2
431 - Radio and television broadcasting	-	\$0.2	\$0.0	\$0.2
433 - Wired telecommunications carriers	-	\$0.1	\$0.1	\$0.2
Other	(\$0.0)	\$3.5	\$4.8	\$8.3
<b>TOTAL</b>	<b>\$39.9</b>	<b>\$12.0</b>	<b>\$11.9</b>	<b>\$63.9</b>

\* minor inequalities due to rounding

## TOTAL JOBS (FTE)

The following table summarizes the expected total employment impact, in terms of full-time equivalent (“FTE”) jobs, that is anticipated to stem from Project operations. The direct impact of operations reflects the staffing level that will create incremental jobs to Sonoma County, which equates to 372 jobs primarily in the gambling, food & beverage, hospitality, and retail industries. An additional 70 jobs are projected to be generated through indirect impacts, with an additional 70 jobs through induced impacts. Based on the IMPLAN results, key sectors that are expected to experience indirect and induced employment impacts include other food & beverage establishments, real estate, and professional services.



### Total Employment from Operations (Man-Years)

	Direct	Indirect	Induced	TOTAL*
507 - Hotels and motels, including casino hotels	228	-	0	228
509 - Full-service restaurants	130	1	5	136
107 - Wineries	14	0	0	14
511 - All other food and drinking places	-	12	2	14
447 - Other real estate	-	7	2	9
469 - Management of companies and enterprises	-	4	0	4
472 - Employment services	-	4	1	5
476 - Services to buildings	-	4	1	4
4 - Fruit farming	-	4	0	4
456 - Accounting, tax preparation, bookkeeping, and payroll services	-	2	1	3
526 - Postal service	-	2	0	2
477 - Landscape and horticultural services	-	2	0	2
499 - Independent artists, writers, and performers	-	1	0	2
400 - Wholesale - Other nondurable goods merchant wholesalers	-	1	0	1
60 - Maintenance and repair construction of nonresidential structures	-	1	0	1
465 - Advertising, public relations, and related services	-	1	0	1
455 - Legal services	-	1	1	2
462 - Management consulting services	-	1	0	1
519 - Dry-cleaning and laundry services	-	1	0	1
534 - Other local government enterprises	-	1	1	2
479 - Waste management and remediation services	-	1	0	1
398 - Wholesale - Grocery and related product wholesalers	-	1	0	1
470 - Office administrative services	-	1	0	1
445 - Insurance agencies, brokerages, and related activities	-	1	0	1
417 - Truck transportation	-	1	0	1
19 - Support activities for agriculture and forestry	-	1	0	1
512 - Automotive repair and maintenance, except car washes	-	1	2	2
457 - Architectural, engineering, and related services	-	1	0	1
475 - Investigation and security services	-	1	0	1
396 - Wholesale - Other durable goods merchant wholesalers	-	1	0	1
Other	-	16	50	66
<b>TOTAL</b>	<b>372</b>	<b>70</b>	<b>70</b>	<b>512</b>

\* minor inequalities due to rounding

### TOTAL LABOR INCOME

As a result of the creation of new direct jobs, \$13.5 million in annual labor income is projected to accrue to Sonoma County residents. Net indirect wages in other sectors is projected at \$3.2 million, and incremental regional consumption attributable to these direct and indirect earnings is projected to result in an induced impact of \$3.1 million. Overall, the Project is expected to generate \$19.8 million in labor income on an annual basis, in projected 2033 dollars.



## Total Labor Income from Operations

<i>in USD millions</i>	Direct	Indirect	Induced	TOTAL*
507 - Hotels and motels, including casino hotels	\$8.5	\$0.0	\$0.0	\$8.5
509 - Full-service restaurants	\$3.9	\$0.0	\$0.1	\$4.1
107 - Wineries	\$1.1	\$0.0	\$0.0	\$1.1
469 - Management of companies and enterprises	-	\$0.5	\$0.1	\$0.5
511 - All other food and drinking places	-	\$0.4	\$0.1	\$0.4
490 - Hospitals	-	-	\$0.3	\$0.3
526 - Postal service	-	\$0.2	\$0.0	\$0.2
483 - Offices of physicians	-	-	\$0.2	\$0.2
534 - Other local government enterprises	-	\$0.1	\$0.1	\$0.2
472 - Employment services	-	\$0.1	\$0.0	\$0.2
476 - Services to buildings	-	\$0.1	\$0.0	\$0.1
447 - Other real estate	-	\$0.1	\$0.0	\$0.1
400 - Wholesale - Other nondurable goods merchant wholesalers	-	\$0.1	\$0.0	\$0.1
456 - Accounting, tax preparation, bookkeeping, and payroll services	-	\$0.1	\$0.0	\$0.1
512 - Automotive repair and maintenance, except car washes	-	\$0.0	\$0.1	\$0.1
406 - Retail - Food and beverage stores	-	\$0.0	\$0.1	\$0.1
486 - Outpatient care centers	-	-	\$0.1	\$0.1
510 - Limited-service restaurants	-	\$0.0	\$0.1	\$0.1
445 - Insurance agencies, brokerages, and related activities	-	\$0.1	\$0.0	\$0.1
491 - Nursing and community care facilities	-	-	\$0.1	\$0.1
479 - Waste management and remediation services	-	\$0.1	\$0.0	\$0.1
4 - Fruit farming	-	\$0.1	\$0.0	\$0.1
47 - Electric power transmission and distribution	-	\$0.1	\$0.0	\$0.1
477 - Landscape and horticultural services	-	\$0.1	\$0.0	\$0.1
455 - Legal services	-	\$0.0	\$0.0	\$0.1
441 - Monetary authorities and depository credit intermediation	-	\$0.0	\$0.1	\$0.1
60 - Maintenance and repair construction of nonresidential structures	-	\$0.1	\$0.0	\$0.1
493 - Individual and family services	-	-	\$0.1	\$0.1
439 - Nondepository credit intermediation and related activities	-	\$0.0	\$0.0	\$0.1
411 - Retail - General merchandise stores	-	\$0.0	\$0.1	\$0.1
Other	(\$0.0)	\$1.0	\$1.3	\$2.3
<b>TOTAL</b>	<b>\$13.5</b>	<b>\$3.2</b>	<b>\$3.1</b>	<b>\$19.8</b>

\* minor inequalities due to rounding

## FISCAL IMPACT

There will be fiscal impacts resulting from the construction and operation of the Project at the local, county, state, and federal levels from a variety of taxes. At the state and local level, adjustments were made to sales taxes, property taxes, and State/Local non-taxes by the ratio of indirect and induced output to total output to reflect the likely exemption status of direct spending occurring at the facility. In some cases, there may be tax exemptions due to purchases by the Koi Nation. The IMPLAN model creates a projection of the total taxes, such that these discounts are not reflected in the resulting tables.



## CONSTRUCTION

The total federal tax contribution during the construction phase is projected at \$29.1 million, primarily consisting of social insurance and personal income taxes. The state and local taxes during the construction phase are projected at \$11.1 million, the majority of which would be taxes on construction materials and property taxes.

<b>Tax Revenue from Project Construction</b>						
<i>in USD millions</i>	<b>Employee Compensation</b>	<b>Proprietor Income</b>	<b>Production &amp; Imports</b>	<b>Households</b>	<b>Corporations</b>	<b>TOTAL</b>
<b>FEDERAL</b>						
Social Insurance Tax- Employee Contribution	\$6.6	\$2.0	-	-	-	\$8.6
Social Insurance Tax- Employer Contribution	\$6.0	-	-	-	-	\$6.0
Tax on Production and Imports: Excise Taxes	-	-	\$0.4	-	-	\$0.4
Tax on Production and Imports: Custom Duty	-	-	\$0.3	-	-	\$0.3
Corporate Profits Tax	-	-	-	\$0.8	\$0.8	\$0.8
Personal Tax: Income Tax	-	-	-	\$13.0	-	\$13.0
Personal Tax: Estate and Gift Tax	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$12.6</b>	<b>\$2.0</b>	<b>\$0.6</b>	<b>\$13.8</b>	<b>\$0.8</b>	<b>\$29.1</b>
<b>STATE &amp; County</b>						
Social Insurance Tax- Employee Contribution	\$0.2	-	-	-	-	\$0.2
Social Insurance Tax- Employer Contribution	\$0.3	-	-	-	-	\$0.3
TOPI: Sales Tax	-	-	\$3.4	-	-	\$3.4
TOPI: Property Tax	-	-	\$1.2	-	-	\$1.2
TOPI: Motor Vehicle License	-	-	\$0.1	-	-	\$0.1
TOPI: Severance Tax	-	-	\$0.0	-	-	\$0.0
TOPI: Other Taxes	-	-	\$0.4	-	-	\$0.4
TOPI: Special Assessments	-	-	\$0.0	-	-	\$0.0
OPI: Corporate Profits Tax	-	-	-	-	\$0.3	\$0.3
Personal Tax: Income Tax	-	-	-	\$5.0	-	\$5.0
Personal Tax: Motor Vehicle License	-	-	-	\$0.1	-	\$0.1
Personal Tax: Property Taxes	-	-	-	\$0.0	-	\$0.0
Personal Tax: Other Tax (Fish/Hunt)	-	-	-	\$0.0	-	\$0.0
<b>TOTAL</b>	<b>\$0.5</b>	<b>-</b>	<b>\$5.1</b>	<b>\$5.2</b>	<b>\$0.3</b>	<b>\$11.1</b>

Source: GMA

\* minor inequalities due to rounding

## OPERATIONS

During the operations phase, the Project is expected to generate \$5.1 million in federal taxes and \$3.1 million in state and local taxes annually. It is important to note that the Koi Nation is a sovereign nation that receives tax exemptions. As such, the actual tax benefits will likely vary from those presented in the following tables addressing tax revenues during the operations phase for the Project.



## Tax Revenue from Project Operations

<i>in USD millions</i>	Employee Compensation	Proprietor Income	Production & Imports	Households	Corporations	TOTAL
<b>FEDERAL</b>						
Social Insurance Tax- Employee Contribution	\$1.3	\$0.2	-	-	-	\$1.4
Social Insurance Tax- Employer Contribution	\$1.2	-	-	-	-	\$1.2
Tax on Production and Imports: Excise Taxes	-	-	\$0.1	-	-	\$0.1
Tax on Production and Imports: Custom Duty	-	-	\$0.1	-	-	\$0.1
Corporate Profits Tax	-	-	-	-	\$0.3	\$0.3
Personal Tax: Income Tax	-	-	-	\$1.9	-	\$1.9
Personal Tax: Estate and Gift Tax	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$2.5</b>	<b>\$0.2</b>	<b>\$0.3</b>	<b>\$1.9</b>	<b>\$0.3</b>	<b>\$5.1</b>
<b>STATE</b>						
Social Insurance Tax- Employee Contribution	\$0.0	-	-	-	-	\$0.0
Social Insurance Tax- Employer Contribution	\$0.1	-	-	-	-	\$0.1
TOPI: Sales Tax	-	-	\$1.3	-	-	\$1.3
TOPI: Property Tax	-	-	\$0.1	-	-	\$0.1
TOPI: Motor Vehicle License	-	-	\$0.0	-	-	\$0.0
TOPI: Severance Tax	-	-	\$0.0	-	-	\$0.0
TOPI: Other Taxes	-	-	\$0.1	-	-	\$0.1
TOPI: Special Assessments	-	-	-	-	-	-
OPI: Corporate Profits Tax	-	-	-	-	\$0.1	\$0.1
Personal Tax: Income Tax	-	-	-	\$0.7	-	\$0.7
Personal Tax: Motor Vehicle License	-	-	-	\$0.0	-	\$0.0
Personal Tax: Property Taxes	-	-	-	\$0.0	-	\$0.0
Personal Tax: Other Tax (Fish/Hunt)	-	-	-	\$0.0	-	\$0.0
<b>TOTAL</b>	<b>\$0.1</b>	<b>-</b>	<b>\$1.5</b>	<b>\$0.8</b>	<b>\$0.1</b>	<b>\$2.5</b>
<b>COUNTY</b>						
Social Insurance Tax- Employee Contribution	-	-	-	-	-	-
Social Insurance Tax- Employer Contribution	-	-	-	-	-	-
TOPI: Sales Tax	-	-	\$0.1	-	-	\$0.1
TOPI: Property Tax	-	-	\$0.4	-	-	\$0.4
TOPI: Motor Vehicle License	-	-	-	-	-	-
TOPI: Severance Tax	-	-	-	-	-	-
TOPI: Other Taxes	-	-	\$0.0	-	-	\$0.0
TOPI: Special Assessments	-	-	\$0.0	-	-	\$0.0
OPI: Corporate Profits Tax	-	-	-	-	-	-
Personal Tax: Income Tax	-	-	-	-	-	-
Personal Tax: Motor Vehicle License	-	-	-	-	-	-
Personal Tax: Property Taxes	-	-	-	\$0.0	-	\$0.0
Personal Tax: Other Tax (Fish/Hunt)	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>\$0.6</b>	<b>\$0.0</b>	<b>-</b>	<b>\$0.6</b>

Source: GMA

\* minor inequalities due to rounding



## IV. SUMMARY OF ECONOMIC IMPACTS

The following tables summarize the anticipated economic impacts of the construction and operations phase, illustrating the projected overall impact of the Project after all ripple effects of indirect and induced spending flow through the County. While these tables illustrate the impacts on the immediate local market in Sonoma County, additional impacts will be generated outside of the county but within the State of California.

### Sonoma County Economic Impacts - Construction Phase

Impact	Employment	Labor Income	Output
Direct	1,327	\$116,141,986	\$187,366,435
Indirect	173	\$11,917,925	\$77,955,515
Induced	455	\$25,389,806	\$35,653,272
<b>TOTAL</b>	<b>1,955</b>	<b>\$153,449,717</b>	<b>\$300,975,222</b>

Source: IMPLAN, GMA

### Sonoma County Economic Impacts - Operations Phase

Impact	Employment	Labor Income	Output
Direct	372	\$15,325,481	\$39,921,014
Indirect	70	\$4,497,807	\$12,011,455
Induced	70	\$3,888,430	\$11,949,464
<b>TOTAL</b>	<b>512</b>	<b>\$23,711,718</b>	<b>\$63,881,934</b>

Source: IMPLAN, GMA





## DISCLAIMER

Global Market Advisors has made its best effort to secure accurate information, however, much of the information contained in this report was received from third parties, which Global Market Advisors did not validate or verify. Accordingly, Global Market Advisors makes no warranty, real or implied, regarding the data contained in this report. This report also contains projections of future events based upon certain assumptions. As it is not possible to predict future outcomes with absolute accuracy, these projections should be treated only as estimates of potential future results. Actual results may differ due to unforeseen events. Consequently, Global Market Advisors assumes no liability for the accuracy of these projections.



## APPENDICES

### FIRM QUALIFICATIONS

Global Market Advisors, LLC provides clients with market feasibility studies, primary research, economic impact studies, due diligence, payroll control, operations analysis, business and marketing plan development, and player reward program design for the gaming, hospitality and tourism industries. The principals and associates of GMA have hands-on experience in nearly all aspects of the gaming industry including domestic and international operations, project development, marketing expertise, and detailed market analysis.

Global Market Advisors is a (Nevada) Limited Liability Corporation with offices in Las Vegas, NV; Denver, CO; and Singapore. Below is the contact information for the company's primary point of contact for this engagement.

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### BIOGRAPHIES OF THE CONSULTING TEAM

#### STEVEN M. GALLAWAY

Steve Gallaway is Managing Partner at Global Market Advisors. His areas of expertise include gaming market assessments, hotel and casino feasibility studies, operational reviews and marketing analysis.

Mr. Gallaway has spent his entire career in the gaming and hospitality industry, starting as a valet attendant and eventually rising to chief operating officer and managing partner of a casino in Colorado. Prior to forming GMA, he served as senior vice president of a hospitality consulting firm where he honed his craft in the fields of gaming market assessments and feasibility analysis. During the span of his career, Steve developed hands-on experience in operations management, organizational development, project development, business development, process improvement, contract negotiations, employee development, and customer service training.



In 2005, Mr. Gallaway formed Gaming Market Advisors. In 2014, the firm was rebranded as Global Market Advisors, reflecting the company's evolution as an international gaming, tourism and hospitality consulting firm.

Mr. Gallaway has completed over 500 feasibility studies, with a strong focus on international gaming operations and integrated resort development. Mr. Gallaway has worked on more than 1,000 projects in Asia, Western and Eastern Europe, the Caribbean, Central America, Canada, and Australia. His knowledge and understanding of emerging markets, particularly those in Asia, has led him to advise institutional investors on new market opportunities in that region, as well as an advisor on established markets. Today, Steve's clients include most public gaming companies, investment banks, private developers and government institutions.

Mr. Gallaway is a visiting lecturer at the University of Nevada Reno's School of Continuing Education where he teaches a class on casino feasibility analysis and marketing measurement. He is a periodic contributor to Global Gaming Business Magazine and Indian Gaming Magazine, and has spoken at G2E Las Vegas and the Asian Gaming Congress.

Mr. Gallaway graduated from Boston College with a B.A. in Economics.

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#### KIT L. SZYBALA

Kit L. Szybala is a Partner and the Executive Director of Operations at GMA. Mr. Szybala oversees the output and quality of GMA's feasibility studies, due diligence assignments, strategic planning assessments, and market assessments.

While at GMA, Kit has created over 250 robust financial models in various markets globally. As a part of completing these financial models, he has evaluated over 300 casinos and integrated resorts. Mr. Szybala has written a multitude of extensive, analytical reports, including feasibility studies, impact and cannibalization studies, gaming market assessments, hotel market assessments, non-gaming amenity analyses, and strategic planning assessments.

Kit has in-depth experience in various markets with broad knowledge of markets in the United States, Canada, India, Japan, and Australia. Recently, he completed a white paper entitled "Gaming in India: An Evaluation of the Market's Potential" and assisted in the completion of the white paper entitled "Japan Integrated Resorts."

Mr. Szybala is a visiting lecturer on casino feasibility analysis at the University of Nevada, Reno's School of Continuing Education. He is a periodic contributor to Global Gaming Business (GGB) Magazine and Asia Gaming Brief and is often referenced for market insights in gaming industry articles. Kit frequently participates on panels and presents at industry conferences, seminars, and events, including ICE Totally Gaming and Sports Betting and Gaming India. Kit was appointed



to the 2018-2019 Class of the Emerging Leaders of Gaming 40 Under 40, a program that recognizes gaming industry professionals under the age of 40 who are making significant impacts on the industry.

He began his career in hospitality working with Vail Resorts as a member of the Vail Resorts College Program. This program gave him valuable insight into hospitality management and operations by giving him various opportunities to meet with chief members of resort management. It also afforded him the opportunity to work in several different capacities for the corporation, giving him the opportunity to understand the intricacies of resort operations.

Kit graduated from Southern Methodist University as a Hunt Leadership Scholar with a B.B.A. in Finance, B.A. in International Studies – European Concentration, and minor in History.

