

IONE BAND OF MIWOK INDIANS
ECONOMIC IMPACT ANALYSIS FOR
A PROPOSED CASINO

Plymouth, California

August 18, 2004

PREPARED FOR:

Ikon Group, LLC and
Ione Band of Miwok Indians

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August 18, 2004

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R.E.: Ione Band of Miwok Indians
Economic Impact of a Proposed Casino
Plymouth, California

Dear Mr. Williams:

The Hospitality Group of GVA Marquette Advisors is pleased to present our report entitled: "*Ione Band of Miwok Indians – Economic Impact of a Proposed Casino, Plymouth, California.*" This report includes some revisions to the original report, dated January 4, 2004, that presented an analysis of the estimated economic impact of the proposed casino on local and state economies, including tax revenue generated to the local, state and federal government. We have also examined the impact of the gaming operation on employment, state and federal government services, and tourism. The revisions consist of an inclusion of the impact expected to result from the Municipal Services Agreement and from the possible addition of a hotel and convention facility in a second phase of development. The study also includes a discussion of the estimated net impact after consideration of the substitution effect.

Our analysis of the direct impact was based upon information obtained from direct interviews with representatives of the Ione Band of Miwok Indians and Ikon Group, LLC, as well as the market study and financial projections completed by GVA Marquette Advisors and figures provided by various state agencies pertaining to issues such as unemployment compensation and human services. Estimates of indirect and induced impact were prepared by GVA Marquette Advisors using the IMPLAN (IMpact Analysis for PLANing) economic model. No effort has been made to obtain independent verification of the source data, which has been assumed to be accurate.

Our report is intended solely for the Ione Band of Miwok Indians and Ikon Group, LLC and it may be distributed to the press, to various interest groups and to governmental representatives. Under no circumstances can this economic impact report be used for financing. Publication of the report or any information contained therein in any manner must explicitly indicate that it was prepared by GVA Marquette Advisors, International Hospitality and Gaming Consultants.

Sincerely,

GVA MARQUETTE ADVISORS

IONE BAND OF MIWOK INDIANS

ECONOMIC IMPACT OF A PROPOSED CASINO

Plymouth, California

Letter of Transmittal

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INTRODUCTION

SECTION I: INTRODUCTION

BACKGROUND

Over the past several years, casino gaming has begun generating desperately needed revenue for tribal governments, resulting in gradual improvement in the quality of life for many tribal members. Casino gaming and ancillary development components, such as hotels, provide new jobs and earning potential for both tribal members and the general public. These facilities can also have a very positive impact on local government, through an increase in the amount of tax collected, and also reducing stress on social services and government unemployment programs due to the creation of new job opportunities in the community. Further, the indirect and induced impacts of a casino complex are sizable and are felt throughout an entire region, even statewide.

As documented in the accompanying report by GVA Marquette Advisors entitled “Ione Band of Miwok Indians and Ikon Group, LLC: Proposed Casino in Plymouth, California,” the Ione Band of Miwok Indians (the “Band”) and Ikon Group LLC (“Ikon”) are collectively considering the construction of a casino operation on the southern edge of the city of Plymouth, a quiet community approximately 30 miles southeast of Sacramento. In an effort to better educate the public and to provide supportable information regarding the proposed casino operation, the Band and Ikon have commissioned a study of the economic impact of the proposed complex.

The Hospitality Group of GVA Marquette Advisors was selected to perform this study due to their accumulated experience in analyzing Indian gaming operations throughout North America, as well as their experience in estimating the economic impact of individual projects and entire industries. Examples of recent projects include studies of the economic benefits of Indian gaming as a whole and for specific casino operations and ancillary development components in the states of Kansas, Minnesota, California, Illinois, and Oregon. For additional information on GVA Marquette Advisors, please refer to the addenda at the end of the report.

PROFILE OF THE IONE BAND OF MIWOK INDIANS

A survey was distributed to all members of the Ione Band in an attempt to gather current economic data on the Band’s members. The following profile highlights of the band are based on a 32 percent response to the questionnaire.

- 56 percent are employed
- 18 percent receive social assistance payments
- 30 percent have incomes of less than \$10,000
- 67 percent have incomes of less than \$40,000
- 81 percent have incomes below the national median income level

PROJECT SUMMARY

As proposed, the casino would be located on a 298-acre site comprised of 10 parcels. Eight parcels (10 acres) are located in the city of Plymouth, California. The remaining 200 acres are located on unincorporated land in Amador County. The gaming floor will be located within the Plymouth city limits on land placed in trust for the Ione Band. Much of the parking lot will be developed on adjacent land that lies within Amador County. The location of the proposed casino is shown on the map on the following page.

Phase I development will consist of a casino, gift shop, food and beverage facilities and administrative offices. Specifically, the planned Phase I facilities, with which we concur, are as follows:

- 2,000 slot machines
- 40 table games
- Gift shop
- Buffet restaurant with approximately 250 seats
- A 100-seat table-service restaurant
- A coffee bar with a variety of snack items
- A lounge or sports bar capable of offering occasional entertainment in the form of solo performers

Potential Phase II development will be considered approximately three to four years after the opening of Phase I, and should consider the following additions:

- Hotel with approximately 250 rooms
- Conference facilities totaling approximately 30,000 square feet (approximately 1,200 total seats)
- A landscaped pool area

This economic impact analysis presents a summary of the economic impact of the Phase I facilities and the addition of the Phase II hotel and convention center.

Site Location



PROJECTED FINANCIAL PERFORMANCE

The projections of facility utilization and financial performance summarized below are based upon the recommended facilities and the accompanying feasibility study completed by GVA Marquette Advisors in January 2004. We have projected that approximately 3,400,000 patrons will visit the casino annually and will produce an average of about \$48 of gaming win per visit by year three (stabilized). Substantial deviation from the facility profile recommended would result in operating performance that could vary from our projections.

Table 1

**Summary of Financial Projections (\$000's)
Proposed Miwok Casino**

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	\$163,170	\$172,230	\$181,280	\$203,440	\$209,540
Departmental Expenses	(\$49,410)	(\$51,910)	(\$53,790)	(\$60,230)	(\$62,030)
Undistributed Expenses	(\$44,010)	(\$45,030)	(\$46,060)	(\$49,102)	(\$50,320)
Cash Flow	\$69,750	\$75,290	\$81,430	\$94,108	\$97,190

Source: GVA Marquette Advisors

The financial projections summarized above assume that a 250-room hotel and a 30,000-square foot convention center are added to the project in Year 4. The incremental increase in revenues (gaming, hotel and food/beverage) resulting from the hotel and conference center expansion is projected to be \$16.7 million. The expanded facility is projected to attract approximately 3,600,000 visitors.

PROJECT COST

At this preliminary stage in the project development, a planned project construction cost of about \$47 million is being used for planning purposes. Based on the experience of construction firms familiar with casino developments, approximately \$35.2 million of the project cost will likely be in materials cost, while about \$11.8 million will be labor cost.

The second phase of development consisting of a 250-room hotel and 30,000 square feet of meeting space is preliminarily estimated to cost around \$22.0 million. Approximately \$16.5 million of the project cost will likely be in materials cost, while about \$5.5 million will be labor cost. The combined project would have a construction cost of \$57.2 million that would generate a total of \$17.3 million in labor payroll.

OBJECTIVES OF THIS ANALYSIS

The purpose of this study is to quantify, to the extent possible, the annual economic impact that will result from the proposed Miwok Casino in Plymouth, California. The recommended facilities subject to this analysis include a casino with 2,000 gaming machines and 40 table games, along with three to four restaurant venues, a lounge or wine bar and a gift shop. The study provides estimates of the direct, indirect and induced impacts on Amador County and the State of California. Our report summarizes the projected impact of the Phase I facility as described above, as well as an expanded facility that includes the Phase II components (hotel and conference center).

Direct impacts are changes in the industry in which a final demand change is made. In the case of the casino operation, direct impacts would be those generated directly at the subject facility. These include employment, wages, purchases of goods and services, as well as taxes or payments in lieu of taxes paid to the local, state and/or federal governments. **Indirect impacts** are changes in inter-industry purchases, as all industries respond to the demands of the directly affected industry, namely the presence of the casino operation in the local and regional economy. This includes increased production and subsequent employment, earnings and expenditures at businesses that would supply goods and services to the casino operation. **Induced impacts** are derived from changes in spending by households as income/population increases due to changes in production in the local and regional economy as a result of the new business operation (in this case the addition of a casino). Indeed, as will be apparent, the magnitude of the direct, indirect and induced benefits provides compelling evidence of the positive impacts that the proposed casino would generate.

APPROACH & METHODOLOGY

Information used for this study was derived the market analysis and financial projections prepared by GVA Marquette Advisors for the proposed casino complex, as well as interviews and information provided by Ikon Group and the Ione Band regarding the development project. Information pertaining to unemployment compensation, government assistance and similar matters was obtained through interviews and information requests from various local and state agencies.

Estimates of indirect and induced impact were prepared by GVA Marquette Advisors using the IMPLAN (IMpact Analysis for PLANing) economic model originally developed for the USDA Forest Service in cooperation with the Federal Emergency Management Agency and the USDI Bureau of Land Management. The IMPLAN model has been in use since 1979. The IMPLAN model accounts closely follow the accounting conventions used in the “Input-Output Study of the U.S. Economy” by the Bureau of Economic Analysis and the rectangular format recommended by the United Nations. Indirect impact calculated by the IMPLAN model reflects changes in inter-industry purchases, effectively measuring the impact of expenditures for other goods and services by the casino as they too cycle through the economy. Induced impact calculated by the IMPLAN model reflects changes in spending from households as income/population increases or decreases due to changes in production, effectively measuring the impact of wages paid as they cycle through the economy. Three levels of impact have been calculated: output (equivalent to GDP),

employment, and earnings (equivalent to personal income).

CONDITIONS, LIMITATIONS AND ASSUMPTIONS

The conclusions and estimates contained in this report are based upon the market study and financial projections for the proposed casino project, information provided by Ikon Group and the Ione Band of Miwok Indians, as well as related assumptions that are provided herein. Accordingly, the results of our findings are to be used explicitly for the purpose of the impact study and may not be used for any other purpose.

EXECUTIVE SUMMARY

SECTION II: EXECUTIVE SUMMARY

The following section presents a summary of the findings and conclusions from our report entitled, “Ione Band of Miwok Indians: Economic Benefits of a Proposed Casino in Plymouth, California,” conducted by GVA Marquette Advisors on behalf of the Ione Band of Miwok Indians and Ikon Group, LLC.

The results are presented for the recommended casino facility considered to be Phase I of the development. An additional analysis was prepared for the impact that would result if a 250-room hotel and a 30,000-square foot convention center is added as a Phase II development.

In assessing the overall economic impact, we have assumed that only about 90 percent of the casino’s business would be new business to the area. The remaining 10 percent would be taken from other casinos and businesses in the area and therefore would result in new economic impact. The resulting net new economic impact resulting from the subject casino development is presented in parenthesis in the summary below.

Phase I Casino Facility

DIRECT IMPACTS

- \$47 million in construction impact, including an estimated 393 construction related jobs from the casino project
- \$11.8 million in estimated employee earnings related to the construction project
- 1,412 jobs at the casino facility (1,271 net new jobs)
- \$36 million per year in direct employee earnings at the casino (\$ 32 million)
- \$181 million annually in direct output (GDP)
- \$29 million annually in purchases from California vendors by the casino operation (\$27 million)
- An estimated 1.2 million visitors to Amador County from a distance greater than 50 miles

INDIRECT AND INDUCED IMPACTS

- \$81 million per year in indirect and induced output in Amador County (\$73 million)
- \$151 million per year in indirect and induced output statewide (\$36 million)
- 1,260 jobs in Amador County from the indirect and induced effects of the Casino (1,134 net new jobs)
- 2,186 jobs Statewide from the indirect and induced effects of the Casino (1,967)
- \$26 million per year in indirect and induced employee earnings in Amador County (\$23 million)
- \$48 million per year in indirect and induced employee earnings Statewide (\$43 million)

TOTAL IMPACT

- \$263 million per year in total output in Amador County (\$237 million)
- \$332 million per year in total output Statewide (\$299 million)
- 2,672 total jobs in Amador County (2,405)
- 3,598 total jobs Statewide (3,238)
- \$62 million per year in total employee earnings in Amador County (\$56 million)
- \$84 million per year in total employee earnings Statewide (\$75 million)

GOVERNMENT IMPACT

- \$11.8 million per year in net new sales tax revenue Statewide
- \$10.8 million per year in net new payroll and related taxes Statewide
- Approximately \$3,000,000 per year in total mitigation payments to the City of Plymouth, in addition to a one-time payment of \$6,450,000
- An estimated \$7.3 million per year to the State in revenue sharing
- Reduced need for government assistance due to 2,672 new job opportunities in the County and 3,598 Statewide (2,405 net in County and 3,238 net in State).

Phase I & II Facilities Combined - Casino and Hotel

DIRECT IMPACTS

- \$57 million in construction impact, including an estimated 524 construction related jobs from the casino project
- \$17.3 million in estimated employee earnings related to the construction project
- 1,517 jobs at the casino facility (1,365 net new jobs)
- \$38 million per year in direct employee earnings at the casino (\$35 million)
- \$210 million annually in direct output (GDP) (\$189 million)
- \$33 million annually in purchases from California vendors by the casino operation (\$30 million)
- An estimated 1.4 million visitors to Amador County from a distance greater than 50 miles

INDIRECT AND INDUCED IMPACTS

- \$103 million per year in indirect and induced output in Amador County (\$93 million)
- \$175 million per year in indirect and induced output statewide (\$157 million)
- 1,581 jobs in Amador County from the indirect and induced effects of the Casino (1,423)
- 2,524 jobs Statewide from the indirect and induced effects of the Casino (2,272)
- \$30 million per year in indirect and induced employee earnings in Amador County (\$27 million)
- \$52 million per year in indirect and induced employee earnings Statewide (\$46 million)

TOTAL IMPACT

- \$313 million per year in total output in Amador County (\$281 million)
- \$385 million per year in total output Statewide (\$346 million)
- 3,098 total jobs in Amador County (2,788)
- 4,041 total jobs Statewide (3,637)
- \$68 million per year in total employee earnings in Amador County (\$62 million)
- \$90 million per year in total employee earnings Statewide (\$81 million)

GOVERNMENT IMPACT

- \$13.5 million per year in sales tax revenue Statewide
- \$12.4 million per year in payroll and related taxes Statewide
- Approximately \$3,000,000 per year in total mitigation payments to the City of Plymouth, in addition to a one-time payment of \$6,450,000
- An estimated \$7.3 million per year to the State in revenue sharing
- Reduced need for government assistance due to 3,098 new job opportunities in the County and 4,041 Statewide (2,788 net in County and 3,637 net in State).

SOURCE: GVA Marquette Advisors

DIRECT IMPACTS

SECTION IV: DIRECT IMPACTS

INTRODUCTION

A casino such as that proposed by Ikon and the Ione Band will have a direct impact not only upon Amador County, but on the broader statewide economy as well. The direct impact projections presented herein are based on operating statistics and financial projections for the Miwok casino, as prepared by GVA Marquette Advisors and presented in the accompanying market study report.

The various categories of direct impact presented in this section of the report are as follows:

- Construction impact: the jobs, wages, and expenditures associated with the casino construction project.
- Employment at the casino complex.
- Direct expenditures in the form of wages paid to the casino's employees, as well as health care and other benefits to employees
- Purchases of goods and services by the casino operation from various suppliers and industries in the area, which bring an increased measure of vitality to the local and regional economy.
- An increase in tourism in the area as a result of the new facility.
- Potential for use of profits by the casino operation.

The following section provides a summary of the direct economic impacts projected for the proposed Miwok casino. All estimates are in current-year dollars.

CONSTRUCTION IMPACT

The construction cost of the casino is projected to be \$47 million. Construction worker payroll is estimated to account for approximately 25 percent of the total construction cost, or \$11.8 million. Assuming an average of \$30,000 per year in earnings per construction worker, according to wage information for Amador County from the Bureau of Labor Statistics, we estimate that the construction project will support about 393 construction jobs. This estimate of the construction impact is conservative, since it does not factor in the indirect and induced impacts which will also flow to the county and regional economy.

The construction cost of the second phase facilities (hotel and convention center) is estimated to be \$22.0 million, of which about \$5.5 million would be worker payroll. Together, the two phases of the casino project would generate an estimated \$17.3 million in worker payroll and support a total of 574 construction jobs.

EMPLOYMENT

One of the most important impacts of the facility is the multitude of job opportunities supported by the gaming operation and the wages and tips those employees receive. The following paragraphs provide a summary of the level of employment and earnings that are projected for the Miwok casino on a stabilized annual basis in current year dollars.

The Phase I casino is projected to provide a total of 1,412 full-time equivalent (FTE) positions, compared to 1,517 positions for the expanded operation incorporating both Phase I and II facilities. The table below shows the projected direct employment impact of the casino operation.

Table 2

**Estimated Employment by Classification
Proposed Miwok Casino**

Classification	Phase I Total Jobs*	Phases I & II Total Jobs*
Gaming	687	721
Hotel		44
Food and Beverage	221	236
Gift Shop	10	10
Entertainment	3	3
Administrative/General	192	197
Marketing	89	93
Maintenance	114	117
Security	96	96
Total	1,412	1,517

* Number of full-time equivalent positions

Source: GVA Marquette Advisors

It is important to note that these jobs are directly related to the casino operation and do not take into account jobs that are supported at vendors and other businesses who support the casino operation with millions of dollars of goods and services each year. Nor does it take into account the jobs at area establishments such as retail and gasoline stations that are supported by the increase in visitors to the area due to the gaming facility. A summary of the indirect and induced employment impact for the area is presented later in the report.

SUBSTITUTION EFFECT

This economic impact analysis has been prepared under the assumption that all expenditures at the casino are derived from “new” money that comes from outside of Amador county. Therefore, the money spent at the casino is all added to the economy, without factoring in any decline in the business level at the other casino in the county or in other goods and services from the county on which this money might alternatively be spent. While almost all impact analyses are prepared under this assumption, the actual quantification of the economic impact will differ, perhaps significantly, from the outcome predicted by the model, due to this **substitution effect**. Our research was unable to discover any credible means by which to calculate this effect, however, so we acknowledge the concept and present it for discussion.

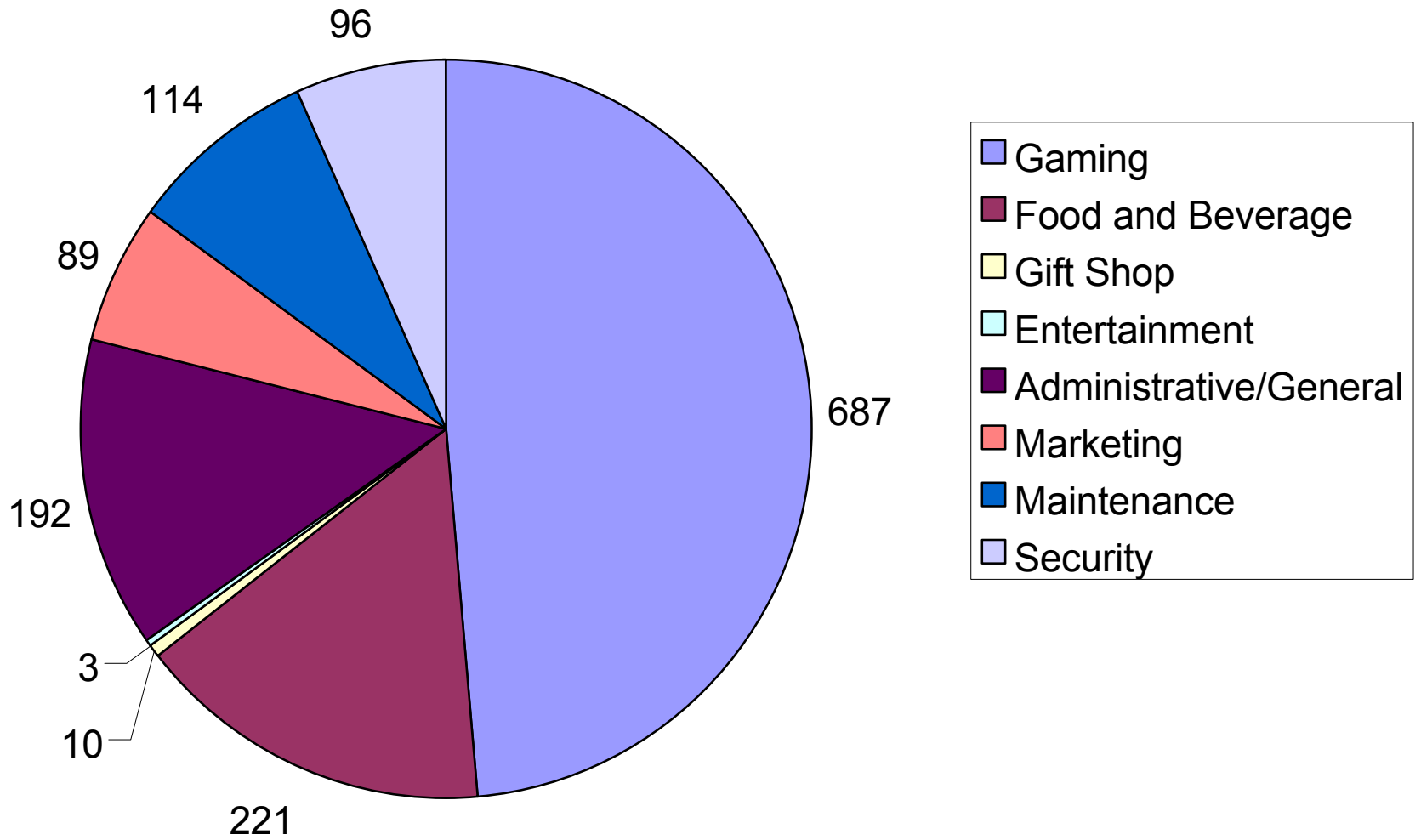
Intuitively, money spent at the casino could alternatively be spent in other ways within the county, such as on sporting goods, clothing, movies, etc. These industries may have different multiplier relationships than the casino and therefore would result in a different outcome on the economy. For instance the purchase of a car would have more impact on the economy of Detroit where it was produced, than in the Amador County economy where one sales person was paid a commission and one dealer received a profit.

Any attempt to quantify the effect that these expenditure alternatives might have on the economic impact model for the casino would require identifying the various goods and services that the local casino expenditures are replacing *and* applying a separate appropriate impact model for each industry. Such a task would involve so many assumptions and manipulations as to render the results questionable at best.

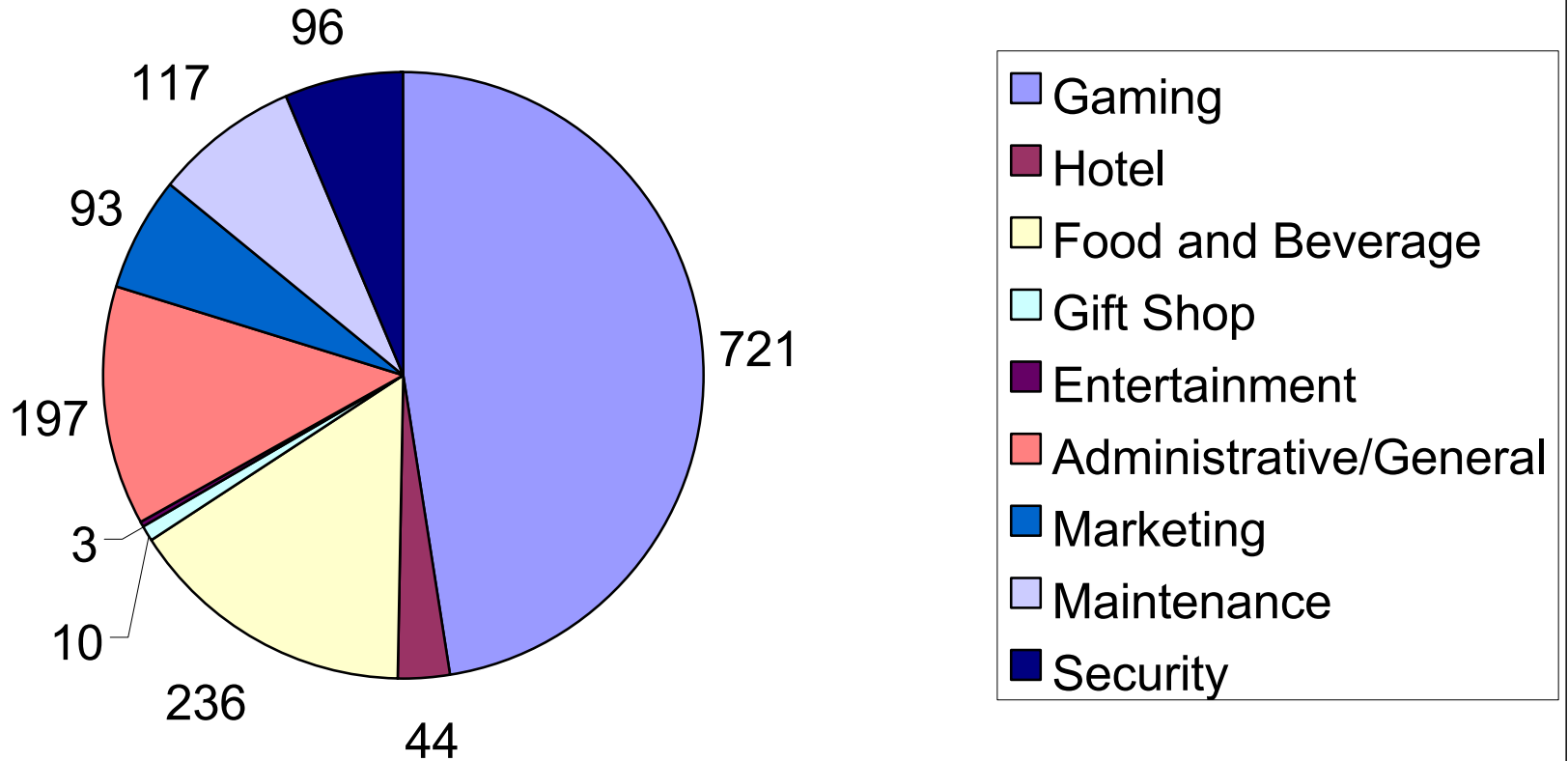
We can, however, estimate the substitution effect that would result from the transfer of revenue from the Jackson casino to the subject casino.

Perhaps the bigger issue is how much of the casino money would be spent in the county at all, if a casino was not present. For instance, we project that the majority of the casino patrons will reside outside of Amador County. If these visitors would not otherwise come to Amador county other than to visit the subject casino, then all of their expenditures at the casino is “new” money, with a full economic impact on the county. To the extent that some of these people would come to Amador County regardless of the subject casino and they spend money at the casino that they would otherwise spend in the community or at the Jackson casino, this substitution effect would reduce the amount of economic impact created by the subject casino.

Projected Employment Miwok Casino (Phase I)



Projected Employment Miwok Casino (Phase I & II Combined)



Similarly, to the extent that the money spent at the casino by Amador County residents would have otherwise been spent elsewhere in the county, this substitution effect would reduce the amount of economic impact from the casino. If however, county residents begin to spend more of their entertainment and vacation dollars at the two casinos rather than in Sacramento, Reno, Las Vegas, Florida, etc., these expenditures represent additions to the local economy and therefore are properly included in the measurement of the casino's economic impact.

The preceding employment analysis and the quantification of direct and indirect impacts that follow have been prepared under the assumption that there will be no lasting competitive effect on the other casino located in the county. That is, the Jackson casino will suffer no loss of business that would require any lay-off of staff.

In reality, due to the proximity of the two casinos, the subject casino will capture some of the Jackson casino's business because they will share some of the same market area. Over time, the convenience of having two casinos in one market and the awareness created by two marketing programs will result in increased participation by area residents, which in turn will cause the gaming pool to become larger. It is possible that the Jackson casino would return to the level of revenue it enjoyed prior to the opening of the Miwok casino.

To the extent that some of the Jackson casino's business transfers to the new Miwok casino (and is not replaced), this revenue is not new to the county and therefore should be excluded from the impact calculations. As a worst case, we estimate that about 10 percent of the Miwok's total business is likely to come from the Jackson casino patrons. This business decline, if the Jackson casino is not able to replace it with new patrons from outside the county, could result in a decline in their workforce of about 140 people. As these people would be available to work at the new Miwok casino, 140 fewer workers would need to be attracted from outside the county to staff the new casino.

In order to account for a substitution factor in our economic impact analysis, we have reduced the number of new jobs generated by the project by 140 and have reduced the other business-related impacts by 10 percent.

Accordingly, for the Phase I facility, the net number of new jobs projected to be created at the Miwok casino is **1,271**, rather than 1,412. The net number of new jobs projected to be created by a larger facility incorporating Phase I and Phase II components is projected to be **1,365**, rather than 1,517.

EMPLOYEE EARNINGS

As previously discussed, the proposed casino will provide an estimated **1,412 full-time equivalent positions for the Phase I facility and 1,517 jobs for Phases I and II combined**. Tables 3 and 4 below show annual wages and tip income for these employees. **Total direct earnings are estimated to equal \$36.0 million for the Phase I facility, compared to \$38.5 million for the expanded operation**. These figures equate to average earnings per employee of over \$25,000 per year.

Table 3

**Estimated Employment and Earnings by Classification
Proposed Miwok Casino
Phase I - Year 4**

<u>Classification</u>	<u>Total Jobs*</u>	<u>Wages</u>	<u>Tips</u>	<u>Earnings</u>	<u>Earnings per Job</u>
Gaming	687	\$17,038,000	\$1,282,000	\$18,320,000	\$26,667
Food and Beverage	221	\$4,088,000	\$1,022,000	\$5,110,000	\$23,122
Gift Shop	10	\$204,000	\$0	\$204,000	\$20,400
Entertainment	3	\$72,000	\$0	\$72,000	\$24,000
Administrative/General	192	\$5,100,000	\$0	\$5,100,000	\$26,563
Marketing	89	\$2,142,000	\$0	\$2,142,000	\$24,067
Maintenance	114	\$2,837,000	\$0	\$2,837,000	\$24,886
Security	96	\$2,174,000	\$0	\$2,174,000	\$22,646
Total	1,412	\$33,655,000	\$2,304,000	\$35,959,000	\$25,467

* Number of full-time equivalent positions.

Source: GVA Marquette Advisors

Table 4

**Estimated Employment and Earnings by Classification
Proposed Miwok Casino (Phases I & II Combined)
Phases I & II - Year 4**

Classification	Total Jobs*	Wages	Tips	Earnings	Earnings per Job
Gaming	721	\$17,965,000	\$1,352,000	\$19,317,000	\$26,792
Hotel	44	\$932,000	\$0	\$932,000	\$21,182
Food and Beverage	236	\$4,311,000	\$1,078,000	\$5,389,000	\$22,835
Gift Shop	10	\$216,000	\$0	\$216,000	\$21,600
Entertainment	3	\$76,000	\$0	\$76,000	\$25,333
Administrative/General	197	\$5,225,000	\$0	\$5,225,000	\$26,464
Marketing	93	\$2,242,000	\$0	\$2,242,000	\$24,108
Maintenance	117	\$2,907,000	\$0	\$2,907,000	\$24,846
Security	96	\$2,174,000	\$0	\$2,174,000	\$22,646
Total	1,517	\$36,048,000	\$2,430,000	\$38,478,000	\$25,357

* Number of full-time equivalent positions.

Source: GVA Marquette Advisors

It is important to note that the \$25,000 figure reflects an average, which is pulled down by the large number of hourly service positions characteristic of leisure industry operations such as casinos, hotels, restaurants, etc. The casino complex is in fact an excellent source of employment for young people entering the work force for the first time and other workers with limited experience and skills. The facility provides employment opportunities for a number of highly skilled occupations, offering a variety of career paths in the process. Positions at casino in areas such as management, accounting, human resources, marketing, security and maintenance, in addition to positions with direct customer contact, provide stable long-term employment with good salaries.

In addition to wages, the casino provides **additional funds for employee benefits** for its workers, including health insurance, workers compensation and other benefits. Total benefit payments to the Phase I facility's employees are estimated to equal **\$7,600,000** annually, compared to **\$8,200,000** for the larger facility. These payments equate to an average of \$5,400 per worker.

With respect to **net new casino jobs** to the county (after substitution effect), the Phase I casino will employ **1,271** new workers and will pay net new wages of \$30.3 million. The employees will receive an additional tip income of about \$2.1 million, bringing the total **net new earnings to \$32.4 million**. The Phase II facility is projected to have a net impact of **1,365 new workers**, with **net new earnings of \$34.6 million**.

PURCHASES OF GOODS & SERVICES BY THE CASINO OPERATION

Employment opportunities and the corresponding wages that follow are by no means the only benefits of consequence that the gaming facility will bring to the area. In addition to wages, the casino operation will spend considerable sums each year to purchase goods and services for on-going operations. This includes expenditures on goods & services and supplies, contract labor and services, marketing and advertising, utilities, and other miscellaneous supplies and services purchased in the area. For the purposes of this analysis, we have identified only those expenditures expected to be purchased directly by the casino operation in the State of California. Player comps and other internal discounts have also been excluded. Estimates of goods and services purchased are based on the market study and financial projections by GVA Marquette Advisors. **This figure is expected to total approximately \$30.5 million in-state by year four of the operation. This equates to more than \$2.5 million per month.**

Table 5

Projected Direct Expenditures for Goods and Services by the Proposed Miwok Casino (Year 4)		
<u>Classification</u>	<u>Phase I Expenditures in California</u>	<u>Phase I & II Expenditures in California</u>
Gaming Supplies	\$3,833,000	\$4,043,000
Hotel		\$569,000
Food and Beverage	\$5,493,000	\$5,792,000
Gift Shop	\$1,107,000	\$1,168,000
Administrative & General	\$7,670,000	\$8,384,000
Marketing	\$7,415,000	\$7,486,000
Utilities	\$2,588,000	\$2,871,000
Maintenance Supplies & Contracts	\$2,116,000	\$2,278,000
Security	\$326,000	\$326,000
Total -- Categories Listed	\$30,548,000	\$32,917,000
Source: GVA Marquette Advisors		

The various expenditure categories listed are described below.

- **Gaming Supplies** Includes purchases of cards, tickets and other gaming supplies.
- **Hotel Supplies** includes purchase of linens, soap and other guest room supplies, and front desk supplies.
- **Food & Beverage** Includes purchases of food and beverage raw materials and supplies for the restaurant and bar operations.

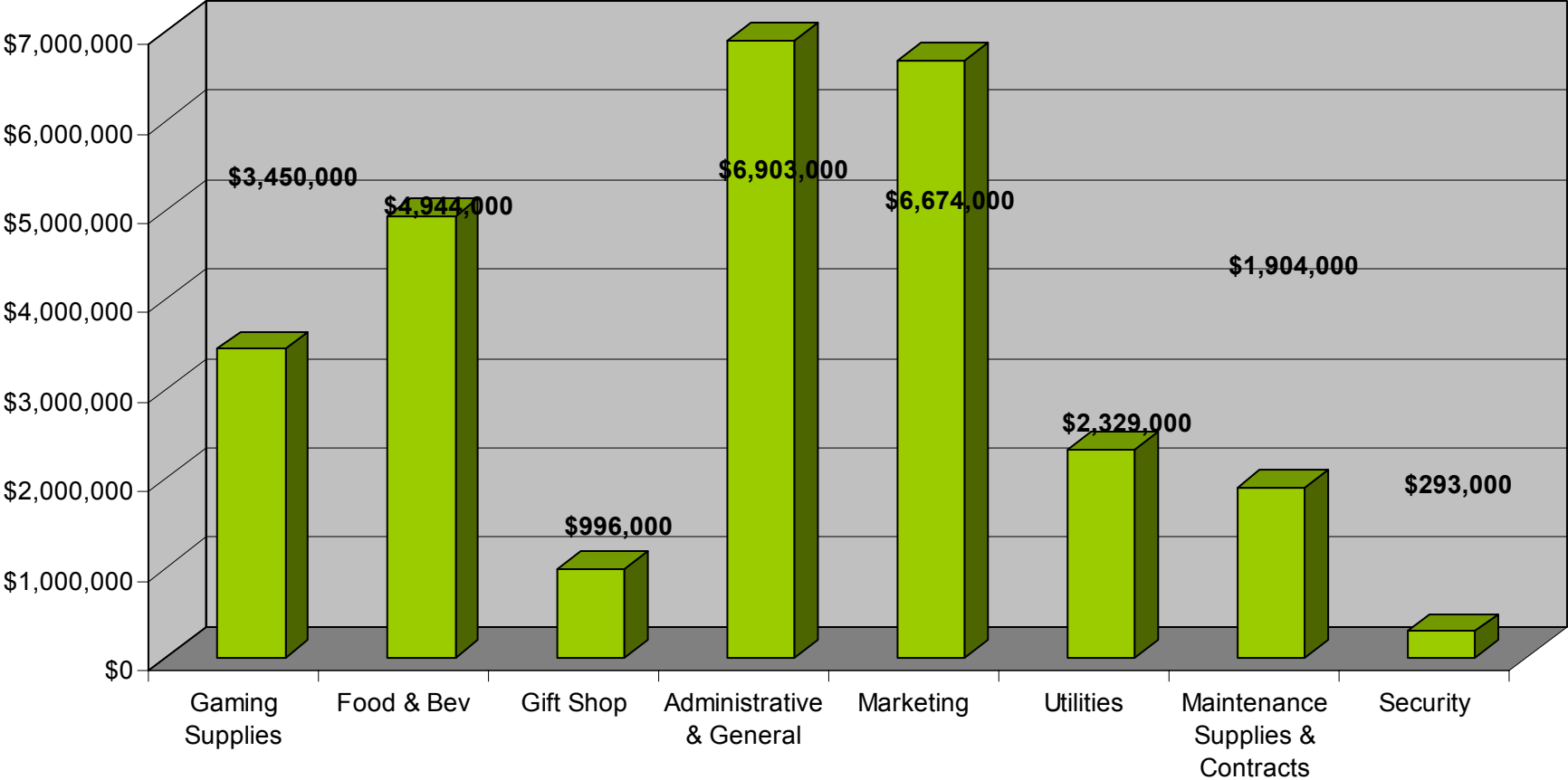
- **Gift Shop** Includes the costs of supplies and the merchandise sold by the gift shop operation.
- **Administrative & General** Includes bank charges, other cash handling costs, dues and fees, office supplies, local travel and entertainment and other miscellaneous administrative costs.
- **Marketing** Includes expenditures for advertising and promotion in the print, radio or television media, as well as outdoor signs.
- **Utilities** Includes the costs of electricity, gas, fuel, water and waste removal, as well as telephone costs.
- **Maintenance** Includes supplies and repair costs as well as maintenance contracts. Maintenance labor costs are included under the wage estimates previously discussed.
- **Security** Includes all purchases related to security and surveillance.

These expenditures boost sales at a wide variety of businesses, both large and small, throughout the region. As a result of increased business related to supporting the casino operation, these vendors and supporting businesses in turn provide additional job opportunities and wages, purchase more supplies and raw materials, and pay more taxes. In this fashion, the impact of the Miwok Casino spreads still further throughout the regional and statewide economy.

In order to estimate the net impact, under the assumption that only 90 percent of the casino’s business will be new business, we have reduced the operating expense expenditures described above by 10 percent. The net new expenditures by the subject casino in the state are shown below.

Table 6		
Projected Net New Direct Expenditures for Goods and Services by the Proposed Miwok Casino (Year 4)		
Classification	Phase I Expenditures in California	Phase I & II Expenditures in California
Gaming Supplies	\$3,450,000	\$3,638,000
Hotel	\$0	\$512,000
Food and Beverage	\$4,944,000	\$5,213,000
Gift Shop	\$996,000	\$1,051,000
Administrative & General	\$6,903,000	\$7,545,000
Marketing	\$6,674,000	\$6,737,000
Utilities	\$2,329,000	\$2,584,000
Maintenance Supplies & Contracts	\$1,904,000	\$2,050,000
Security	\$293,000	\$293,000
Total -- Categories Listed	\$27,493,000	\$29,623,000
Source: GVA Marquette Advisors		

**Estimated Net New Annual Expenditures
Proposed Miwok Casino (Phase I)**



IMPACT ON TOURISM

Based on the market study completed by GVA Marquette Advisors, the proposed Phase I facilities would draw an estimated 3.4 million visitors by its third year of operations. Approximately 1.2 million visitors (36%) would come from beyond a 50-mile radius. The expanded gaming and hotel operation is projected to draw 3.6 million annual visitors, with an estimated 39% coming from beyond 50 miles..

Casino-induced tourism is typically not seasonal; it remains fairly steady throughout the year and occurs on both weekdays and weekends. Many of the casino visitors from beyond 50 miles will not only visit the casino for the day, but also spend the night at hotels located in the area. They will be likely to eat in area restaurants, purchase gasoline and shop at area stores.

Table 7

**Projected Annual Visitation by Point of Origin
Proposed Miwok Casino**

Point of Origin	Phase I Only		Phase I & II Facilities Combined	
	Number of Visitors	Percent	Number of Visitors	Percent
0-25 Miles	1,030,000	30.3%	1,030,000	28.6%
25-50 Miles	1,146,000	33.7%	1,146,000	31.9%
50-75 Miles	323,000	9.5%	400,000	11.1%
75-100 Miles	742,000	21.8%	800,000	22.2%
100+ Miles	162,000	4.8%	220,000	6.1%
Total Visitors per Year	3,403,000	100.0%	3,596,000	100.0%

Source: GVA Marquette Advisors

USE OF PROFITS

In addition to the numerous benefits derived from the operations themselves, the profits generated by a casino could be used to benefit tribal members, and to a certain extent, the surrounding communities. First and foremost, the proceeds from the casino would go to repay debt used to finance the initial gaming operation. Remaining funds could be used in a variety of ways, including other types of economic development, education, housing, infrastructure, health care and community grants, subject to specific guidelines for gaming revenue allocations as outlined by the Indian Gaming Regulatory Act (IGRA).

The various areas represent potential categories of uses of profits from the operations:

- **Tribal Government Operations and Programs**: As is the case with any government operations and associated programs, these activities directly support Tribal governmental responsibilities, operations and programs under Tribal law. Examples include the tribal enrollment office, tribal court, social services, litigation costs, tribal fire and police department and funding of the gaming commission and gaming center operations oversight and liaison.
- **General Welfare of the Tribe and its Members**: The majority of the activities in this category deal with the long-term security and enhancement of the tribe and its members. Potential investments include education funds and land acquisition, as well as special needs and pilot programs such as youth recreation and senior programs, food shelves and language programs.
- **Tribal Economic Development**: These are costs associated with the development of new and expanded economic development projects.
- **Other**: This category includes charitable organizations and donations.

**INDIRECT & INDUCED
IMPACTS**

SECTION V: INDIRECT & INDUCED IMPACTS

INTRODUCTION

The concepts of indirect and induced impact are among the most widely used and most poorly understood tools in economic analysis. Fundamentally they are based upon an extension of the direct expenditures by the casino operation. The revenues generated by the casino are redistributed back into the economy in the form of wages, taxes and expenditures for goods and services. In the same manner that the casino redistributes the revenue it receives, the people to whom those wages are paid and from whom the goods and services are purchased further redistribute the money they receive in the form of wages to their employees and purchases for their own operating needs. It is this on-going cycle of redistribution that estimates of indirect and induced impact attempt to quantify.

Estimates of indirect and induced impact were prepared by GVA Marquette Advisors using the IMPLAN (Impact Analysis for PLANing) economic model originally developed for the USDA Forest Service in cooperation with the Federal Emergency Management Agency and the USDI Bureau of Land Management. The IMPLAN model has been in use since 1979. The IMPLAN model accounts closely follow the accounting conventions used in the “Input-Output Study of the U.S. Economy” by the Bureau of Economic Analysis and the rectangular format recommended by the United Nations.

Indirect impact calculated by the IMPLAN model reflects changes in inter-industry purchases, effectively measuring the impact of expenditures for goods and services by the casino operation as they too cycle through the economy.

Induced impact calculated by the IMPLAN model reflects the impact of additional wages earned in the area as they cycle through the economy. Induced impacts are those impacts on all local industries caused by the net increase in employee earnings in the area, which is generated by the direct and indirect effects resulting from the new casino operation.

Three levels of impact have been calculated here:

- Output (equivalent to GDP)
- Employment
- Earnings (equivalent to personal income)

We have projected the annual indirect and induced impacts of the proposed Miwok Casino on Amador County, the remainder of the state, and the State of California as a whole.

OUTPUT IMPACT

Indirect

Phase I Facility

Indirect output includes increases in production and/or sales at area businesses due to the increase in inter-industry purchases in the region, which result from the spending by the casino operation. The total annual **indirect** output impact resulting from the Miwok casino is forecast to be **\$106 million statewide**, including \$59 million in Amador County and \$47 million throughout the rest of the state.

If only 90 percent of the casino's business is new to the county, the resulting **net new indirect output impact** is projected to be **\$95 million statewide**, including \$53 million in Amador County and \$42 million throughout the rest of the state.

Combined Phase I & II Facilities

The total annual **indirect** output impact resulting from the expanded casino is forecast to be **\$123 million statewide**, including \$73 million in Amador County and \$50 million throughout the rest of the state.

If only 90 percent of the expanded casino's business is new to the county, the resulting **net new indirect output impact** is projected to be **\$111 million statewide**, including \$66 million in Amador County and \$45 million throughout the rest of the state.

Induced

Phase I Facility

Induced output includes increases in sales or production of goods and services at area businesses as a result of purchases made by the casino's employees with their wages. The total annual **induced** output impact resulting from the casino is estimated to equal **\$45 million in California**, including \$23 million in Amador County and \$22 million throughout the remainder of the state.

Again, if only 90 percent of the casino's business is new to the county, the resulting **net new induced output impact** is projected to be **\$41 million in California**, including \$21 million in Amador County and \$20 million throughout the remainder of the state.

Combined Phase I & II Facilities

The total annual **induced** output impact resulting from the casino is estimated to equal **\$52 million in California**, including \$30 million in Amador County and \$22 million throughout the remainder of the state.

Assuming that 90 percent of the casino's business is new to the county, the resulting **net new induced output impact** is projected to be **\$47 million in California**, including \$27 million in Amador County and \$20 million throughout the remainder of the state.

Total Output Impact

Phase I Facility

The total annual output impact includes indirect and induced impacts, in addition to the \$181 million in casino output. The total impact of the project on output (GDP) is estimated to be **\$332 million**, including \$263 million in Amador County and \$69 million throughout the remainder of the state.

Estimating that only 90 percent of the casino's business is new to the county, the resulting **net new total output impact** is projected to be **\$299 million in California**, including \$237 million in Amador County and \$62 million throughout the remainder of the state.

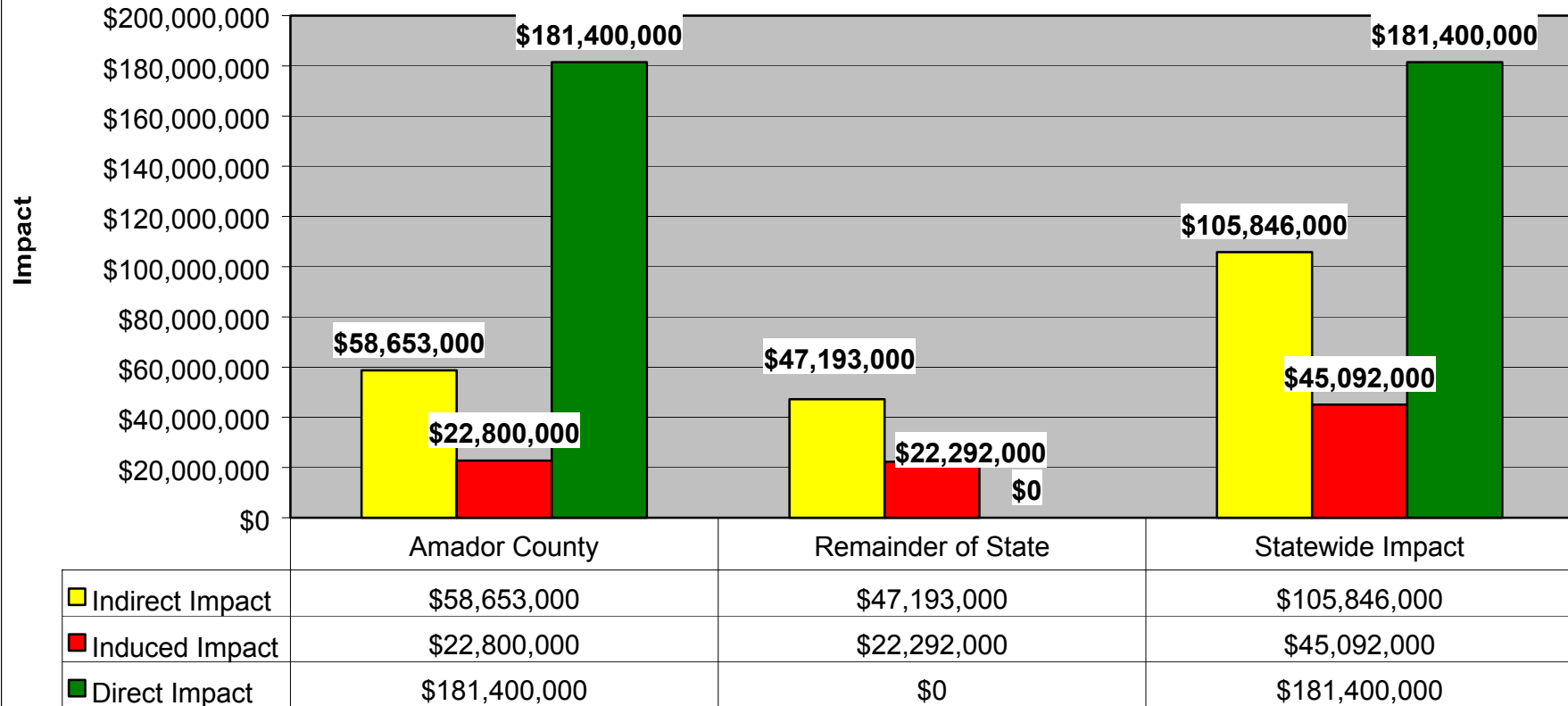
Combined Phase I & II Facilities

The total annual output impact includes indirect and induced impacts, in addition to the \$210 million in casino output. The total impact of the project on output (GDP) is estimated to be **\$385 million**, including \$313 million in Amador County and \$72 million throughout the remainder of the state.

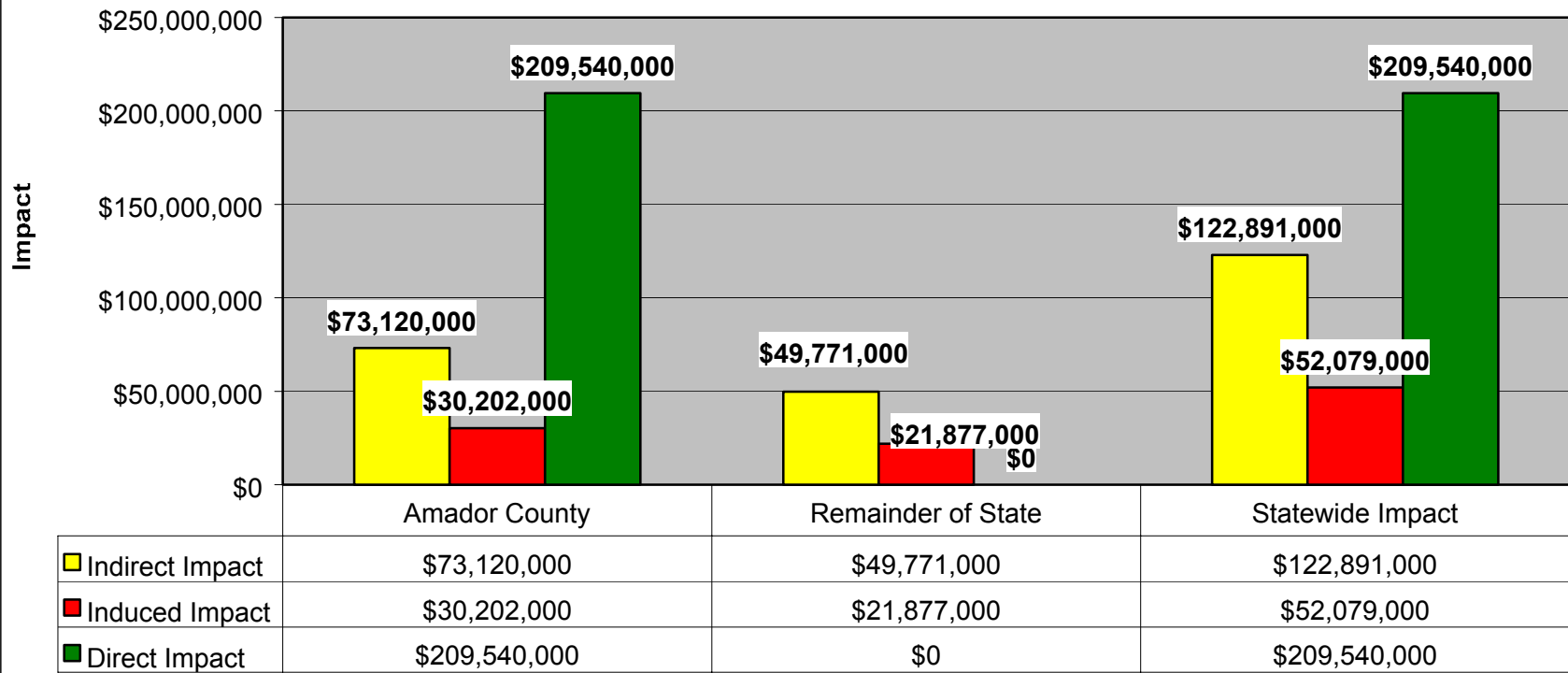
Estimating that only 90 percent of the casino's business is new to the county, the resulting **net new total output impact** is projected to be **\$347 million in California**, including \$282 million in Amador County and \$65 million throughout the remainder of the state.

The following graphs present a summary of the casino's impact for both development phases on output (GDP) in Amador County and Statewide as a result of direct, indirect and induced effects.

**Projected Annual Direct, Indirect and Induced *Output* Impact (Phase I Only)
Proposed Miwok Casino
Plymouth, California**



**Projected Annual Direct, Indirect and Induced *Output* Impact (Phase I & II Combined)
Proposed Miwok Casino
Plymouth, California**



EMPLOYMENT IMPACT

The Miwok casino will also support considerable employment opportunities throughout the region, in addition to the jobs projected for the casino complex, as a result of its indirect and induced effects.

Indirect

Phase I Facility

Indirect employment effects are the result of the casino operation purchasing goods and services from other businesses in the area, as well as other businesses and suppliers that support the vendors who sell directly to the complex. As total industry output increases in the region, and businesses expand, they need to hire new employees. This is the indirect employment impact that we quantify here with the IMPLAN model. The total annual **indirect** employment impact resulting from the Miwok Casino is forecast to be **1,593 jobs statewide**, including 942 jobs in Amador County and 651 throughout the rest of the state.

Combined Phase I & II Facilities

The total annual **indirect** employment impact resulting from the expanded Miwok Casino is forecast to be **1,850 jobs statewide**, including 1,153 jobs in Amador County and 697 throughout the rest of the state.

Induced

Phase I Facility

The **induced** employment impact is a result of the increase in total industry output and employment opportunities due to increased household and total earnings growth in the area resulting from the casino operation. The total annual **induced** employment impact resulting from the operation is estimated to equal **593 jobs in California**, including 318 jobs in Amador County and 275 jobs throughout the remainder of the state.

Combined Phase I & II Facilities

The total annual **induced** employment impact resulting from the expanded Miwok Casino is forecast to be **684 jobs statewide**, including 435 jobs in Amador County and 249 throughout the rest of the state.

Total Employment Impact

Phase I Facility

The total annual employment impact includes indirect and induced impacts, in addition to the 1,412 casino jobs expected. The total employment impact of the project is estimated to be **3,598 jobs statewide**, including 2,672 jobs in Amador County and 926 throughout the remainder of the state.

Estimating that only 90 percent of the casino's business is new to the county, the resulting **net new total employment impact** is projected to be **3,238 jobs in California**, including 2,405 jobs in Amador County and 833 throughout the remainder of the state.

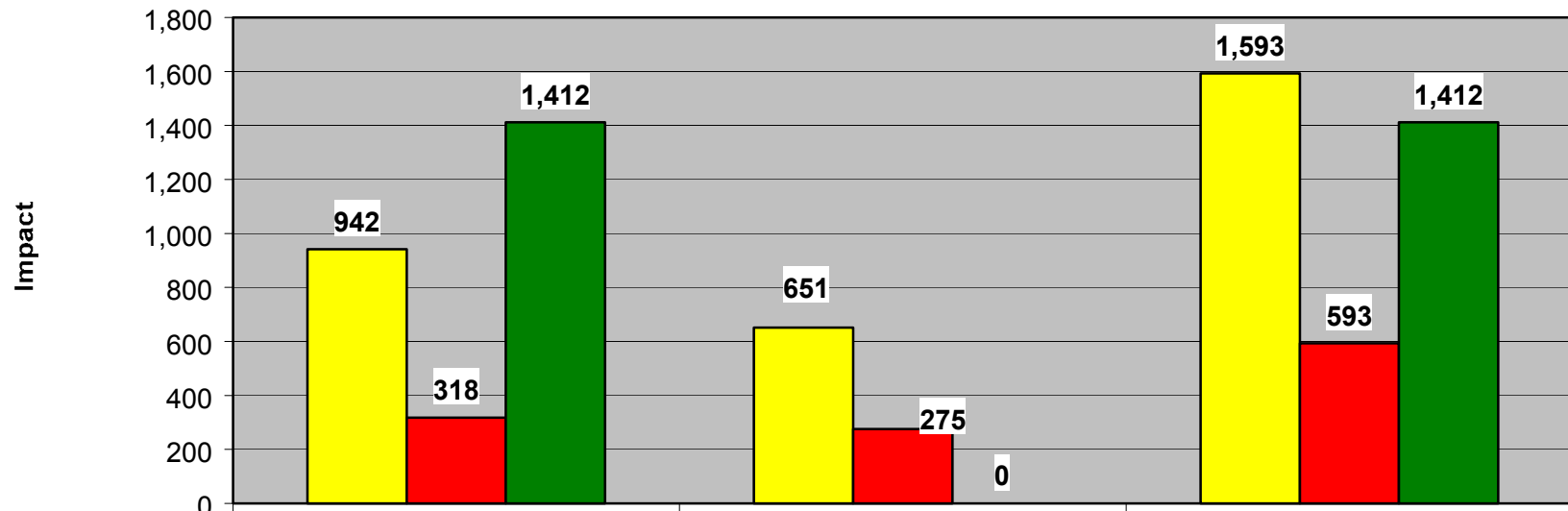
Combined Phase I and II Facilities

The total employment impact of the expanded project is estimated to be **4,041 jobs statewide**, including 3,098 jobs in Amador County and 943 throughout the remainder of the state.

Estimating that only 90 percent of the casino's business is new to the county, the resulting **net new total employment impact** is projected to be **3,637 jobs in California**, including 2,788 jobs in Amador County and 849 throughout the remainder of the state.

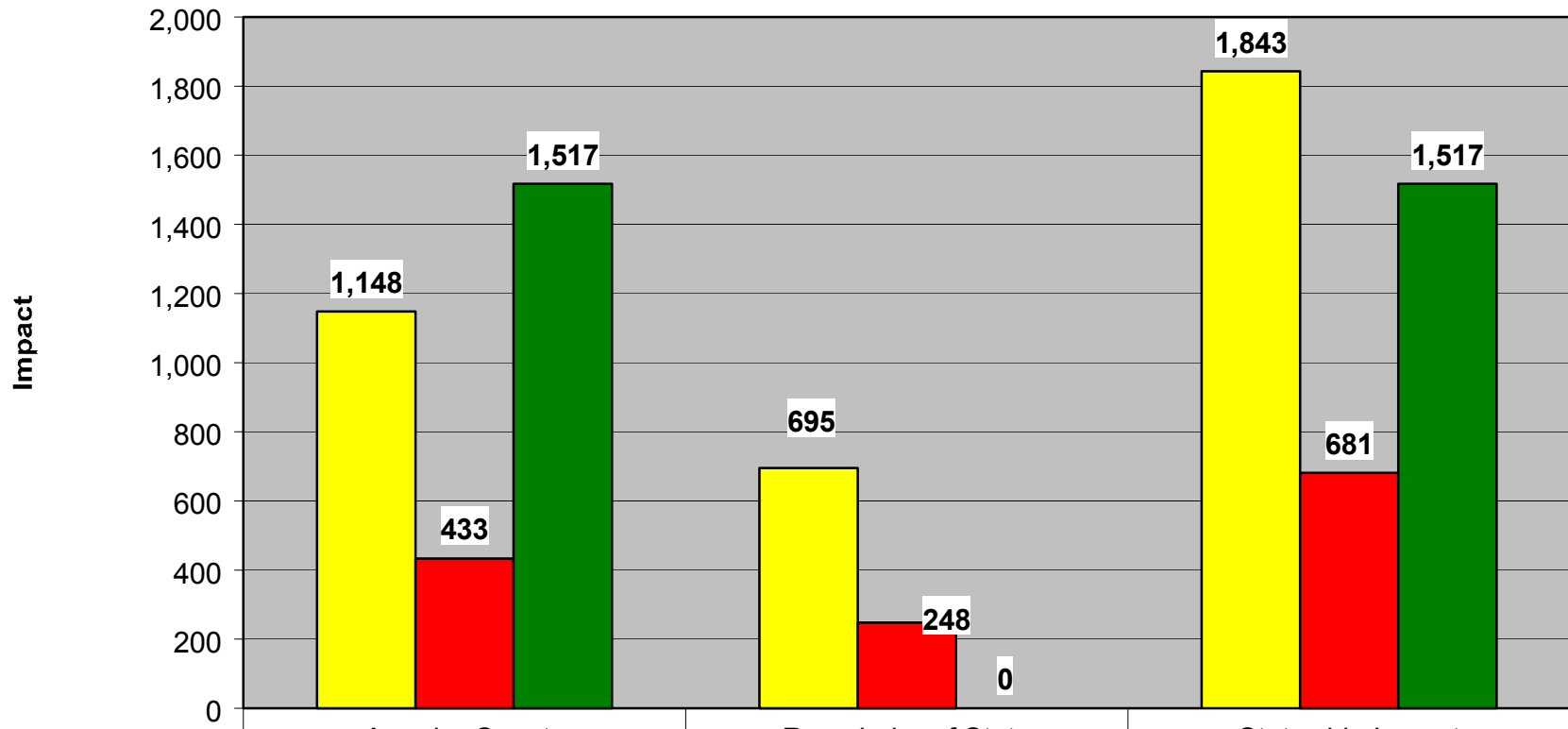
The following graphs summarize the estimated employment impact for both phases of the proposed Miwok casino.

**Projected Annual Direct, Indirect and Induced *Employment* Impact (Phase I Only)
Proposed Miwok Casino
Plymouth, California**



	Amador County	Remainder of State	Statewide Impact
Indirect Impact	942	651	1,593
Induced Impact	318	275	593
Direct Impact	1,412	0	1,412

**Projected Annual Direct, Indirect and Induced *Employment* Impact (Phase I & II Combined)
Proposed Miwok Casino
Plymouth, California**



■ Indirect Impact	1,148	695	1,843
■ Induced Impact	433	248	681
■ Direct Impact	1,517	0	1,517

EMPLOYEE EARNINGS IMPACT

The previous section presented an estimate of employment in the region resulting from the direct, indirect and induced effects of the casino operation. The IMPLAN model also calculates the impact on overall employee earnings, based on the estimated employment impact and the average income by occupation.

Indirect

Phase I Facility

The total annual *indirect* impact of the casino on employee earnings is estimated to equal approximately **\$35 million in California**, including \$19 million in Amador County and \$16 million for the rest of the state.

Combined Phase I & II Facilities

The total annual *indirect* impact of the expanded facility on employee earnings is estimated to equal approximately **\$38 million in California**, including \$22 million in Amador County and \$16 million for the rest of the state.

Induced

Phase I Facility

The total annual *induced* impact of the casino operation on employee earnings is projected to equal **\$13 million in California**, including about \$7 million in Amador County and another \$6 million throughout the remainder of the state.

Combined Phase I & II Facilities

The total annual *induced* impact of the expanded operation on employee earnings is projected to equal **\$14 million in California**, including about \$8 million in Amador County and another \$6 million throughout the remainder of the state.

Total Impact on Employee Earnings

Phase I Facility

The total annual employee earnings impact includes indirect and induced impacts, along with the \$36 million in direct earnings at the casino. The total impact on employee earnings is estimated at \$62 million in Amador County and \$22 million in the rest of the state, for a total of **\$84 million statewide**.

Estimating that only 90 percent of the casino's business is new to the county, the resulting **net new total employee earnings impact** is projected to be **\$75 million in California**, including \$55 million in Amador County and \$20 million throughout the remainder of the state.

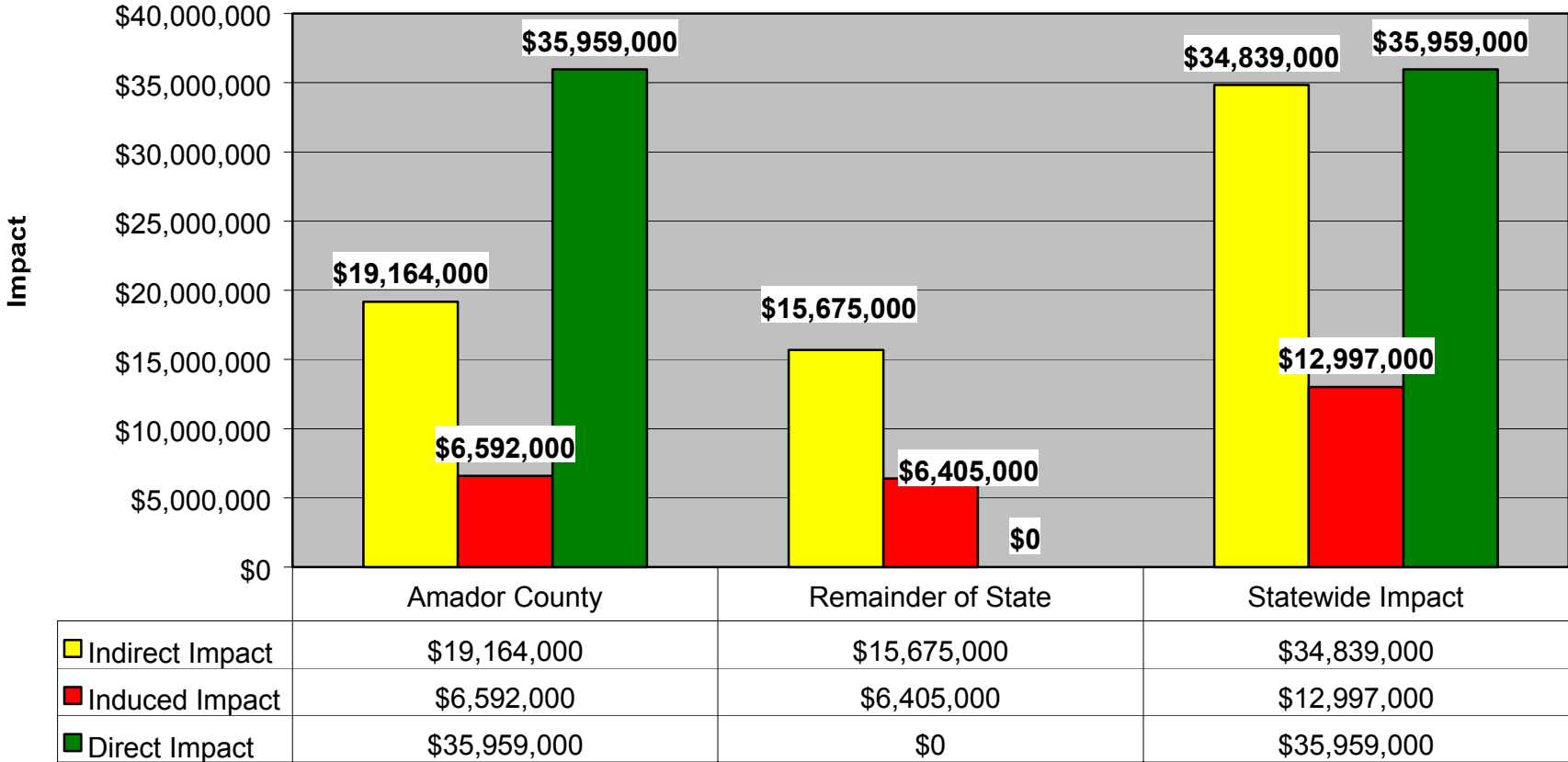
Combined Phase I & II Facilities

The total impact on employee earnings is estimated at \$69 million in Amador County and \$21 million in the rest of the state, for a total of **\$90 million statewide**.

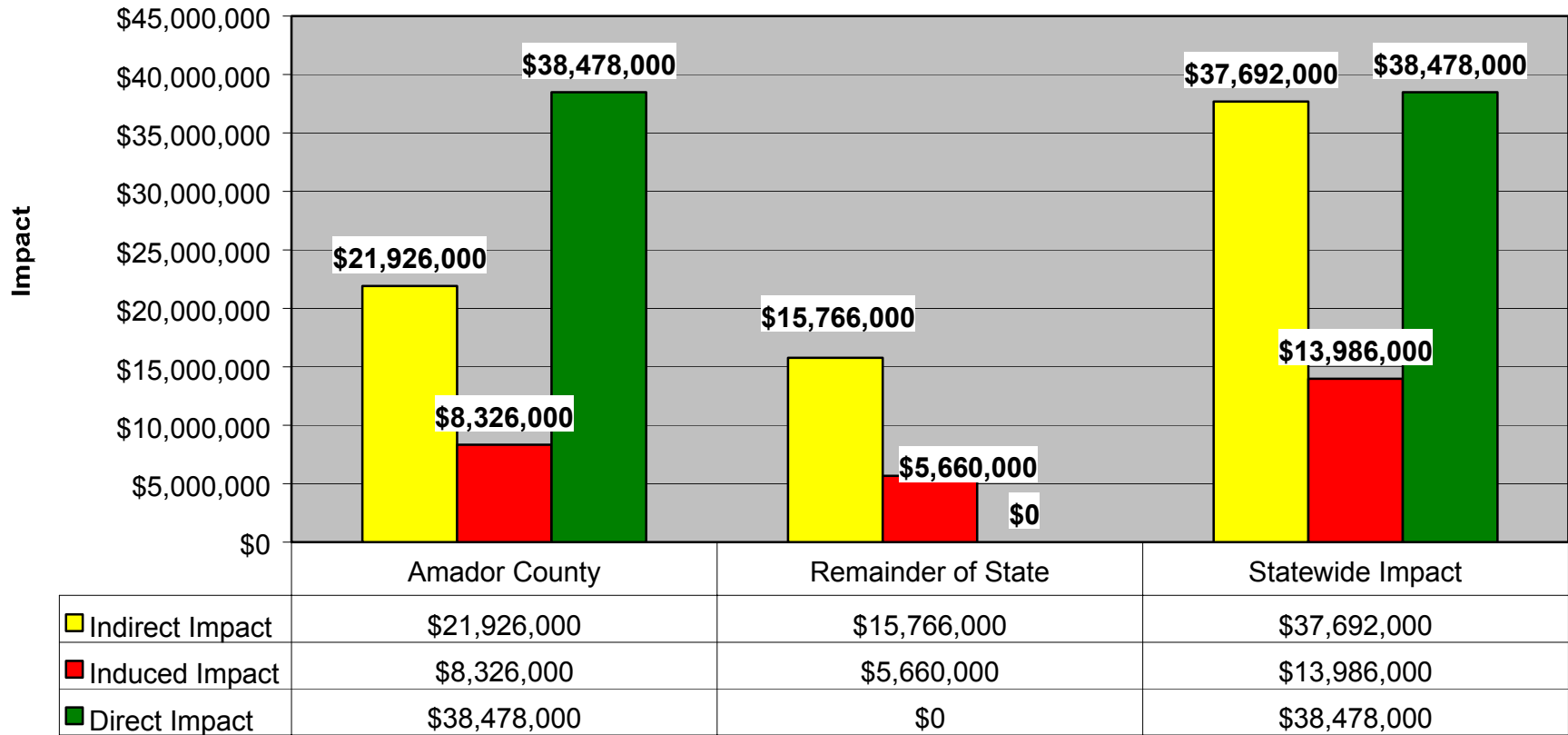
Estimating that only 90 percent of the casino's business is new to the county, the resulting **net new total employee earnings impact** is projected to be **\$81 million in California**, including \$62 million in Amador County and \$19 million throughout the remainder of the state.

The graph on the following page presents a summary of the estimated annual impact of the Miwok casino on employee earnings throughout California.

**Projected Annual Direct, Indirect and Induced *Earnings* Impact (Phase I Only)
Proposed Miwok Casino
Plymouth, California**



**Projected Annual Direct, Indirect and Induced *Earnings* Impact (Phase I & II Combined)
Proposed Miwok Casino
Plymouth, California**



**GOVERNMENT
IMPACTS**

SECTION VI: GOVERNMENT IMPACTS

INTRODUCTION

Because the proposed casino will be located on reservation land, the facility will not be subject to local property tax. However, considerable **sales tax** revenues will be generated as a result of purchases made by the casino operation on goods and services, and from the increase in business revenues in the area resulting from the indirect and induced effects of the casino. **Payroll and related taxes** will also increase as a result of employment opportunities and earnings supported directly by the casino operation and its indirect and induced effects. Finally, the need for **government assistance** in the area will decrease as a result of the job opportunities and wages in the area supported by the casino.

REAL ESTATE TAXES

GVA Marquette Advisors was asked to assess the impact of the casino operation on Amador County real estate tax revenue. The proposed casino complex will be located on 228 acres in the City of Plymouth. The 228 acres is comprised of 12 parcels, identified by Amador County as follows:

<u>Parcel #</u>	<u>Land Area</u>	<u>Annual Tax (2004)</u>
08-110-009	137 +/- Acres	\$ 2,714.26
08-110-026	60 +/- Acres	\$ 2,328.64
08-110-022	7.86 Acres	\$ 1,664.16
008-110-022	12.12 Acres	\$ 714.90
10-200-003	0.64 Acres	\$ 483.64
10-200-004	2.68 Acres	\$10,022.30
10-200-006	1.65 Acres	\$ 269.41
10-200-007	1.19 Acres	\$ 258.55
10-200-008	0.53 Acres	\$ 1,011.23
10-200-009	0.81 Acres	\$ 459.64
10-200-010	1.56 Acres	\$ 263.95
10-200-011	1.22 Acres	\$ 1,931.28
Total County Property Taxes		\$22,121.96

Current annual taxes payable for the 12 parcels equals \$22,121.96. Once the property is placed into trust, however, it will be permanently removed from property tax assessment. The negative real estate tax impact then, is projected to total (\$22,121.96).

SALES TAX IMPACT

Phase I Facility

As presented earlier, the direct spending by the casino operation for goods and services to support the operation is projected to result in a positive net impact of \$27.5 million in the region. In addition, we have projected a net increase of \$135.8 million in output (sales) statewide resulting from the indirect and induced effects of the casino. These \$163.3 million in expenditures are projected to generate approximately **\$11.8 million in sales tax statewide** on an annual basis, based on the sales tax rate of 7.25%.

Combined Phase I & II Facilities

The direct spending by the expanded facility for goods and services to support the operation is projected to result in a positive net impact of \$29.6 million in the region. In addition, we have projected a net increase of \$157.5 million in output (sales) statewide resulting from the indirect and induced effects of the casino. These \$187.1 million in expenditures are projected to generate approximately **\$13.5 million in sales tax statewide** on an annual basis, based on the sales tax rate of 7.25%.

ANNUAL PAYROLL & RELATED TAXES

There is a common misconception that Indian gaming facilities operate completely free of tax. The belief arises out of the fact that Indian casinos and their related ancillary facilities are, like any government run enterprise, not subject to federal and state income taxes, state sales taxes or municipal real estate taxes. Indian employees who both live and work on a reservation are also exempt from state withholding. However, both Indian gaming facilities and their employees are subject to Social Security and Medicare taxes. In addition, non-Indian employees and Indian employees not living on a reservation are subject to both federal and state withholding. In the case of the Miwok Casino (Phase I), we estimate that all of the 1,272 net new casino employees and their estimated \$32 million in collective earnings will be subject to both federal and state taxes, as well as Social Security and Medicare taxes. In addition, we have projected another 1,966 new jobs statewide will result from the indirect and induced effects of the casino. These employees are projected to earn more than \$37 million per year. The table below illustrates the projected \$10.8 million impact of the Phase I facility on payroll and related taxes, compared to an estimated \$12.4 million impact the Phase I and II facilities combined.

Table 8

Estimated Impact on Payroll & Related Taxes

Proposed Miwok Casino

	<u>Phase I</u>	<u>Phase I & II Combined</u>
Federal Withholding	\$4,860,000	\$5,550,000
State of California Withholding	\$1,296,000	\$1,480,000
Social Security - Employer Paid	\$1,902,000	\$2,172,000
Social Security - Employee Paid	\$1,902,000	\$2,172,000
Medicare - Employer Paid	\$444,000	\$507,000
Medicare - Employee Paid	\$444,000	\$507,000
Total	\$10,848,000	\$12,388,000

Source: GVA Marquette Advisors

REDUCED PUBLIC ASSISTANCE

Increased revenue is not the only impact that the casino project will have on government coffers. The increased employment and earnings generated by the facility will reduce the number of persons requiring unemployment compensation and/or public assistance, with corresponding reductions in the amount of payments made.

As a practical matter, the vast majority of the employment at the facility is assumed to represent new employment in the county. Even if the employees leave other positions to fill new jobs at the casino, most of the jobs those workers leave will be filled, in turn, by someone else. If these jobs are then left unfilled, it is likely that they would have been eliminated at some point anyway. In theory, spending by area residents at the complex is merely a transfer from one business to another. As employment increases at the operation due to resident spending, it decreases elsewhere due to corresponding declines in spending. In practice, however, the changes are rarely proportional. Of greater importance, however, is the fact that, due to the location and draw area of the casino, it is expected that a growing proportion of the spending will come from persons residing a greater distance from the facility.

As previously mentioned, the total employment impact projected from the project (including direct, indirect and induced) is projected to equal 2,672 jobs in Amador County for the Phase I facilities, or up to 3,098 new jobs in the county for Phase I and II facilities combined. This increase in job opportunities will have a dramatic positive impact on the economic environment in the county and the surrounding region. According to the State of California's Employment Development Department (EDD), there are a total of 860 unemployed workers in Amador County as of January 2004. The casino will create, directly and indirectly, employment opportunities for a many of these workers, as well as those from surrounding counties. This will reduce the need for public assistance in Amador County and the larger region.

On a personal level, the impact of each new employee who leaves the welfare or unemployment roles is not limited merely to that person. In many cases, entire families are affected as their father or mother or sibling or child can suddenly bring in income, the product of their own labor, in much larger amounts than upon which they had been forced to rely in the past. Along with that income, that new employee will also bring home health insurance and other benefits to which their families previously had no access.

IMPACT ON LOCAL SERVICES

Fire/Rescue Costs

GVA Marquette analyzed the number of fire and rescue calls and the approximate cost to provide such services to three northern-California casino facilities. Our research revealed that the number of calls ranged from one per 10,000 to one per 24,000 casino patrons, with an average of one call for every 18,000 patrons. The vast majority (more than 85%) of calls are for medical reasons, with an average cost per call of approximately \$1,400.

Annual visitation at the proposed Ione Band Casino is projected to be 3.4 million patrons. The expanded facility is projected to attract approximately 3.6 million patrons. Assuming an average of one fire/rescue call for every 18,000 patrons, we estimate the Phase I facilities will generate a total of about 190 fire/rescue dispatches per year. At an average cost of \$1,400, this equates to a total impact of approximately \$266,000 per year. Combined Phase I and II facilities will generate an estimated 200 fire/rescue dispatches per year, at a total estimated cost of \$280,000.

Law Enforcement/Judicial Costs

The impact of the proposed casino on costs for law enforcement and related services was also estimated based on the impacts quantified by other northern California casino operations. From our research, we found that the other northern California casinos generated one law enforcement call for every 12,000 to 20,000 patrons, with an average of one call per 17,000 patrons. The average cost per call is approximately equal to a fire/rescue call at \$1,400. This includes law enforcement staff time for the call and related paperwork. Based on the projected visitation for the Ione Band Casino's Phase I facilities in comparison with the other casino facilities, we estimate a total of 200 law enforcement calls to the casino per year, at a total cost of \$280,000. The Phase I and II facilities combined are estimated to generate up to 212 calls in a typical year at a total cost of approximately \$297,000.

We also estimate the impact of the casino on the County District Attorney's office. The impact of other northern California casinos on their respective DA's offices is approximately \$0.15 per visitor. On this basis, we estimate the Ione Band Casino's Phase I facilities' impact on the Amador County District Attorney's office to be approximately \$510,000, compared to \$540,000 for the expanded facility.

LOCAL AND STATE PAYMENTS

Municipal Services Agreement

On February 20, 2004, the Tribe and the City of Plymouth executed a Municipal Services Agreement (MSA). In this agreement, the tribe agrees to reimburse the city for certain municipal services, including water, which the City of Plymouth can provide to the Tribe's trust lands. Compensation will be provided to the City by the Tribe for the impact of the Tribe's intended use of its trust lands on municipal services, along with other economic incentives to enhance City programs. **The MSA calls for a one-time payment to the City in the amount of \$6,450,000, with annual payments of up to \$3,000,000, assuming the city can provide water and a full range of other municipal services.**

Revenue Sharing – State Compact

With respect to the State of California, we have assumed that the gaming compact will contain terms similar to those signed recently by five tribes in the State. Although the exact terms of these new compacts have not been revealed, initial payments appear to be equal to approximately 5.0 percent of slot win. Since the subject casino has not yet entered into a gaming compact with the State, we have assumed, for projection purposes, that it would enter into a similar compact. Accordingly, the subject casino is estimated to pay to the State approximately **\$2.0 million in licensing fees and \$7.3 million annually in device fees for 2,000 slot machines.**