

L.A. ECONOMIC IMPACT STUDY



The Potential Economic and Fiscal Impact of the
Proposed Gabrielino Casino Resort
on Los Angeles County

EXECUTIVE SUMMARY *(excerpted from full report)*

The Gabrielino-Tongva Tribe (“Gabrielino Tribe”) is a state-recognized tribe in California with well-documented ancestral ties to Los Angeles County. While the Tribe is currently landless, it intends to establish reservation land in a host city in Los Angeles County, where the Tribe holds geographical, historical, and cultural ties to the land.¹ On this land, the Tribe is proposing a state-of-the-art resort casino (“Gabrielino Casino Resort”). The casino is planned to have:

- a 310,000-square-foot gaming floor with 5,000 slot machines and 100 table games;
- a 1,000-room hotel;
- an entertainment complex, including a 3,500-seat amphitheatre, a 600-seat showroom, a 250-seat lounge for live music, and an in-house television studio for taping celebrity interviews;
- 10 gourmet restaurants;
- 6 reasonably-priced restaurants and a food court;
- 250,000 square feet of retail space;
- a 12-screen movie theater; and
- 80,000 square feet of meeting space.

Adjacent to the proposed casino, the Tribe is planning a tribal cultural center, a neighborhood supermarket, and an abundance of parking.

Based upon the size, scope, and projected performance of the Gabrielino Casino Resort, Analysis Group, an economic consulting firm, has determined that the casino will generate a significant economic and fiscal impact on Los Angeles County.

The impact will come from three sources:

- the construction of the Gabrielino Casino Resort, which is a one-time impact;
- the gaming operation of the Gabrielino Casino Resort, which is a recurring annual impact; and
- tourism generated from the introduction of the Gabrielino Casino Resort, which is also a recurring annual impact.

IMPACT OF GABRIELINO CASINO RESORT CONSTRUCTION

The construction of the Gabrielino Casino Resort, which is estimated to cost \$520 million and, for the purposes of this study, is assumed to take place in 2007, will directly and indirectly generate a one-time economic impact on Los Angeles County, including approximately:



¹The Tribe is currently in discussions with the City of Compton and is conducting other discussions with other host city candidates on a confidential basis. The Tribe insists that all potential sites be surrounded by suitable zoning and served by a grid of at least three freeways and be a sufficient distance removed from residential and school properties.

- \$970.5 million in output (i.e., dollar value of production and sales);
- \$409.4 million in wages; and
- 7,900 jobs.

The construction of the Gabrielino Casino Resort will also directly and indirectly generate \$86 million in tax revenue. Approximately 53 percent of tax revenue, or \$45.9 million, would be received by the federal government, while the remaining 47 percent, or \$40.1 million, would go to state and local governments. This revenue will be generated by taxable economic activity resulting from the construction of the Gabrielino Casino Resort, including construction expenditures, construction employee wages and spending, the iteration of businesses purchasing from other businesses as a result of construction expenditures and employee spending, and wages and spending by employees at these other indirectly impacted businesses.

IMPACT OF GAMING OPERATION AT GABRIELINO CASINO RESORT

The gaming operation of the Gabrielino Casino Resort will yield a recurring positive economic and fiscal impact on Los Angeles County. In its first year of operations, which for the purposes of this study is assumed to be 2008, it is estimated that the *gaming activity alone* at the casino will directly and indirectly generate approximately:

- \$1.2 billion in output;
- \$482.7 million in wages; and
- 11,900 jobs.

The casino alone will support approximately 9,850 jobs and \$361.6 million in wages.

The operation of the Gabrielino Casino Resort will also result in a substantial fiscal impact to state and local governments. The impact is two-fold: 1) tax revenues generated from economic activity that results from the Gabrielino Casino Resort; and 2) revenue sharing with state and local governments under the terms of a tribal gaming compact.

Fiscal Impact of Gaming Operations at Gabrielino Casino Resort	
Source of Fiscal Impact	Year 1 Amount (\$ Millions)
Tax Revenue from Secondary Economic Activity	\$100.5
Revenue Sharing with State and Local Governments	\$164.3
Total Fiscal Impact	\$264.8

The first year of operations of the casino will indirectly generate \$100.5 million in tax revenue. Approximately 57 percent of tax revenue, or \$56.9 million, would be received by the federal government, while the remaining 43 percent, or \$43.6 million, would go to state and local governments. This revenue will be generated by taxable economic activity resulting from the operation of the casino, including purchases by the Gabrielino Tribe and Gabrielino Casino Resort

from suppliers, casino employee wages and spending, the iteration of businesses purchasing from other businesses as a result of casino operations and employee spending, and wages and spending by employees at these other indirectly impacted businesses.

In addition to tax revenue indirectly generated for state and local governments, the Gabrielino Casino Resort will also yield a fiscal impact via revenue sharing. If the Gabrielino Tribe provides 20 percent of slot revenue to state and local governments², revenue sharing would total \$164.3 million based upon the current size, scope, and projected performance of the Gabrielino Casino Resort.

The economic and fiscal impact of casino operations should be considered to be conservative. First, it excludes non-gaming operations at the casino (e.g., hotel, food and beverage, retail, and entertainment). Non-gaming business at the casino is instead incorporated into the tourism impact analysis. Second, it excludes all management fees, non-local revenue sharing, and substitution effects.



IMPACT OF TOURISM

In addition to the economic and fiscal impact that results from the construction and operation of the Gabrielino Casino Resort, the Gabrielino Casino Resort is expected to generate additional tourism for Los Angeles County.

Additional tourism spending will come in the form of visitor spending on lodging, restaurants, shopping, sightseeing, transportation, and entertainment. Given tourism trends related to gaming in other jurisdictions, it is projected that the Gabrielino Casino Resort will increase tourism spending in Los Angeles County by \$1.7 billion in 2008, the assumed first year of operations.

This tourism spending will spur subsequent economic activity in Los Angeles County. In total, the additional tourism is estimated to directly and indirectly generate approximately:

- \$3.0 billion in output;
- \$1.2 billion in wages; and
- 36,000 jobs.

The tourism industry alone, excluding gaming at the casino but including non-gaming operations at the casino, would support approximately 26,850 jobs and \$734.7 million in wages.

Tourism resulting from the operation of the Gabrielino Casino Resort will also result in a substantial fiscal impact to state and local governments. Tourism in the first year of operations of the casino is estimated to directly and indirectly generate \$383.1 million in tax revenue. Approximately 41 percent of tax revenue, or \$157.8 million, would be received by the federal government, while the remaining 59 percent, or \$225.3 million, would go to state and local governments.

²The Tribe has proposed revenue sharing of 10 percent to the state, 2 percent to the county, 7 percent to the host city, and 1 percent to school districts of the host city. Final revenue sharing percentages may vary depending upon negotiations between the Tribe and other governmental entities.

TOTAL RECURRING ANNUAL IMPACT

The potential economic and fiscal impact of the Gabrielino Casino Resort on a recurring annual basis, including the operation of the casino and tourism resulting from the operation of the casino, are substantial for Los Angeles County. The operation of the casino and the resulting tourism are estimated to directly and indirectly generate approximately:

- \$4.2 billion in output;
- \$1.7 billion in wages;
- 47,900 jobs;
- \$648 million fiscal impact on state and local governments including;
 - \$483.7 million in tax revenue (44 percent to federal government and 56 percent to state and local governments); and
 - \$164.3 million in revenue sharing with state and local governments.



This total annual impact should be considered conservative as it is measured for the first full year of operations. Once the Gabrielino Casino Resort fully ramps up its operation and establishes itself as a premier gaming destination, its performance can be expected to improve and yield a greater annual economic and fiscal impact.

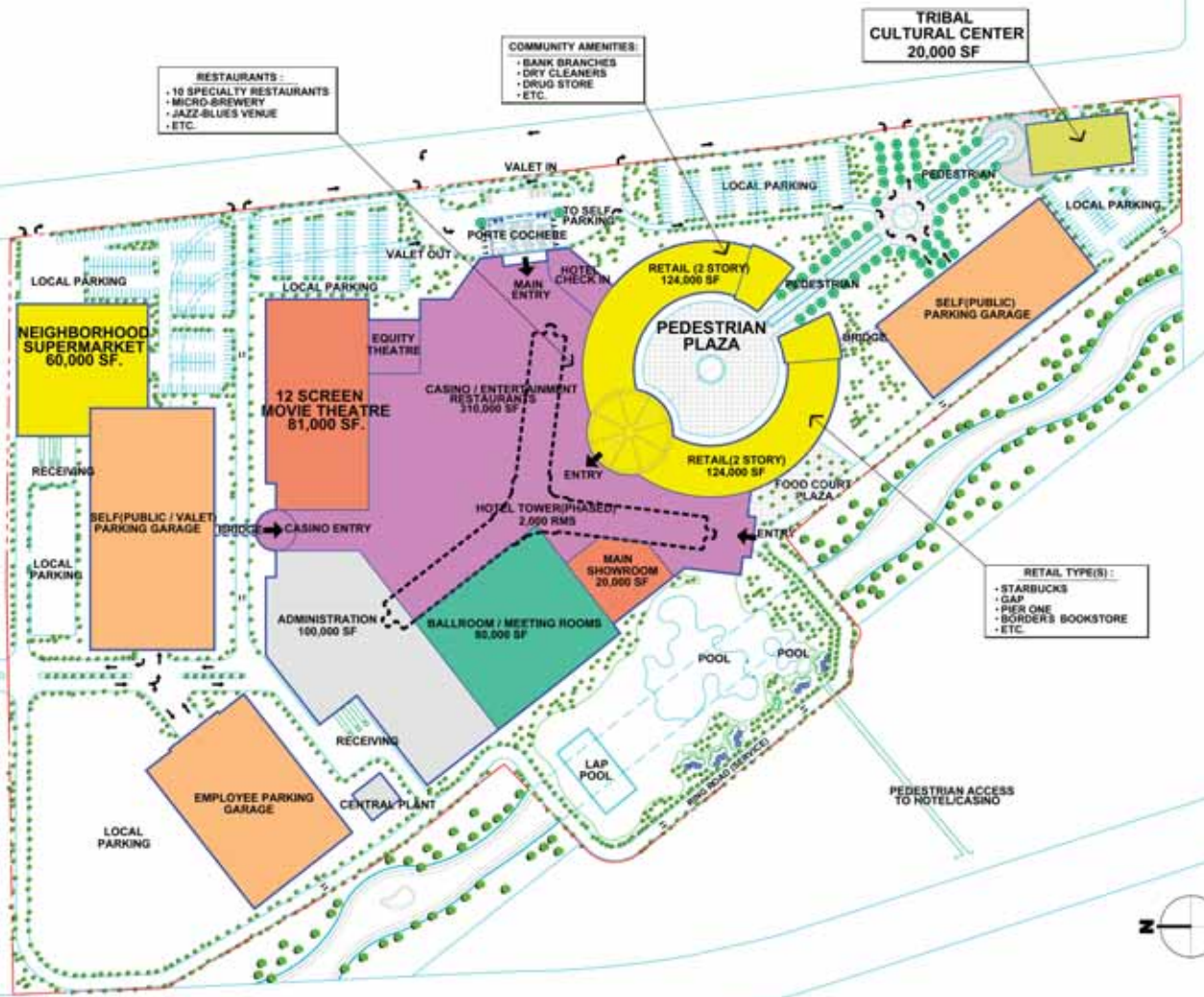
IMPACT ON EXISTING CARD ROOMS

Despite the rapid expansion of California Indian gaming in recent years, cardrooms have exhibited strong and sustained growth. With a fixed number of card tables, numbering approximately 800 at this time, California cardrooms have grown 34 percent since 2000 and just over 9 percent in 2004 alone.

Furthermore, cardrooms seemed to be gaining momentum in recent years, while growth in Indian gaming has slowed down somewhat. For the past two years, gaming revenue at cardrooms has grown at an increasing rate. However, in 2004, gaming revenue at Indian casinos grew but at a much lower rate than previously was the case.

The steady growth in cardroom revenue points to the viability of their operations, which is attributable to the increasing popularity of poker and a strong customer base. Given recent trends, the strong growth of cardrooms is expected to continue. While the introduction of the proposed Gabrielino Casino Resort with both slot machines and 100 table games, may slow down cardroom growth, it is not expected to stop it. Los Angeles County cardrooms have already proven that they can persevere in the face of strong competition from Indian gaming facilities located in nearby counties.

ARCHITECTURAL RENDERING OF GABRIELINO CASINO RESORT



MARNELL ARCHITECTURE
 ARCHITECTURE • PLANNING • INTERIOR DESIGN
 A PROFESSIONAL CORPORATION

PRELIMINARY SITE STUDY

1" = 100'

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