APPENDIX R

Socioeconomic Assessment

Socioeconomic Assessment:
Madera, California

Prepared for:
North Fork Rancheria Casino Resort

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Section 1: Introduction

The North Fork Rancheria of Mono Indians is proposing to build a casino and hotel development in Madera County, California. The Tribe has hired Station Casinos as its management company. As part of the Environmental Impact Statement for the development, The Innovation Group in association with TMG Consulting has been asked to prepare this socioeconomic assessment. The report examines the socioeconomic impacts of the proposed location and development program as well as three other alternative development programs.

The four alternatives include the proposed alternative (Alternative A) which provides for a hotel, casino and retail development along I-99 just north of the City of Madera. Alternative B is a smaller casino development (no hotel) on the same site. Alternative C allows for a retail development on the proposed site, rather than the development of the casino. Alternative D calls for a considerably smaller casino development in a different location in Madera County.

This report projects the social and economic impacts to be experienced by Madera County should one of the alternatives be developed. These impacts are measured in terms of both increased costs and increased revenue for the County. To produce this document, interviews were conducted with the head of each of the affected County departments. The annual budget was also reviewed.

In addition to measuring the impacts to Madera County, this report also examines the impacts of the development on one of the incorporated areas within the County: the City of Madera. As the larger incorporated area in the County and closer to the location of Alternative A, B and C, it is projected that some portion of new residents moving into the County to seek employment with the Casino will move into the City of Madera. For these reasons, a section has been included to measure the impact to the City.

This report is divided into 9 main sections. The first is the introduction and the second provides background economic and demographic data on Madera County. This information assisted in our understanding of the dynamics of Madera County. The third section provides an assessment of Alternative A. The fourth, fifth and sixth sections review the impacts of Alternatives B, C and D, respectively. In the seventh section, we estimate the impacts to the City. In the final 2 sections, we review the areas of the County that are likely to experience new development and draw conclusions.

Section 2: Economic and Demographic Data

The following section provides an overview of the economic and demographic characteristics of Madera County.

2.1 Population

The population growth rate in Madera County is greater than that of both California and the United States. The City of Madera is growing even faster than the County average. The County is experiencing growth due to the number of Bay Area residents moving into the area seeking less expensive housing options. There is nothing to suggest that this growth trend in Madera will not continue.

Table 2.1

Population Data

Location	2000 Population	2004 Population Estimate	2009 Population Projection	Average Annual Growth
City of Madera	43,207	47,569	52,753	2.2%
Madera County	123,109	134,194	147,846	2.1%
California	33,871,648	35,849,123	38,268,135	1.4%
United States	281,421,906	292,936,668	307,115,866	1.0%

Source: iXPRESS, Claritas, Inc.

2.2 Income

The average annual household income in Madera County is significantly lower than the averages of California and the United States. Its average annual growth rate is also slower than that of other areas in the state and country. The City of Madera has an even lower average income than the County. There are two main reasons for a lower average income level in Madera. One is that there is a high unemployment rate in the County. Secondly, much of the work in Madera County is agricultural and therefore is seasonal.

Table 2.2

Average Annual Household Income

	2000 Census	2004 Estimate	2009 Projection	Average Annual Growth
City of Madera	$41,401	$43,942	$48,504	1.8%
Madera County	$48,050	$52,131	$58,817	2.3%
California	$65,628	$73,464	$83,453	2.7%
United States	$56,644	$63,301	$71,731	2.7%

Source: iXPRESS, Claritas, Inc.

Effective buying income denotes disposable income or income after taxes. The Madera County population's effective buying income is also significantly lower than the state or national averages and growing at a slower rate. The growth disparity is not as great for the effective buying income as the annual household income though.

Table 2.3

Effective Buying Income

	2004 Estimate	2009 Projection	Average Annual Growth
City of Madera	$35,062	$38,345	1.8%
Madera County	$40,726	$45,402	2.2%
California	$55,736	$62,804	2.4%
United States	$49,722	$55,968	2.4%

Source: iXPRESS, Claritas, Inc.

2.3 Employment Data

Madera County had approximately 62,200-people in its 2004 labor force. That is 46% of the population. But of that 62,200 person labor force, 9.0% of that work force was unemployed in 2004. While a substantial number of people were unemployed in 2004, the 2004 unemployment rate was substantially lower than the 2003 rate of 12.6%. The labor force also grew by over 5,000 persons between 2003 and 2004. This data indicates that 2004 was a good year in terms of employment in Madera County.

Table 2.4

Madera County Labor Force Data

	2000	2001	2002	2003	2004*	Average Annual Growth
Labor Force	54,300	54,300	56,400	57,100	62,200	3.5%
Employment	47,900	47,700	49,300	49,900	56,600	4.3%
Unemployment	6,400	6,600	7,100	7,200	5,600	-3.3%
Unemployment Rate	11.8%	12.2%	12.6%	12.6%	9.0%	-6.5%

Source: California Employment Development Department, www.labormarketinfo.edd.ca.gov.

*2004 Data has been adjusted to 2004 benchmarks. Other data has not been adjusted.

The unemployment rate for the County is not steady throughout the year. In fact, because one of the main industries in the County is agriculture, the unemployment rate is extremely dynamic over the course of the year. For example, in September 2004, the unemployment rate was only 6.5%, but earlier in the year unemployment was as high as 11.8%.

Table 2.5

2004 Unemployment Data for Madera County

Month	Labor Force	Employed	Unemployed	Unemployment Rate
January	61,200	54,400	6,800	11.1%
February	60,900	54,300	6,600	10.8%
March	59,500	52,500	7,000	11.8%
April	60,000	54,000	6,000	10.0%
May	60,600	55,100	5,500	9.1%
June	61,700	56,000	5,700	9.2%
July	63,600	58,100	5,500	8.6%
August	66,000	61,400	4,600	7.0%
September	66,300	62,000	4,300	6.5%
October	63,200	58,500	4,700	7.4%
November	61,100	55,800	5,300	8.7%
December	61,700	56,400	5,300	8.6%
Annual	62,200	56,600	5,600	9.0%

Source: California Employment Development Department, www.labormarketinfo.edd.ca.gov.

In looking at the impacts of the Chukchansi Casino on Madera County's unemployment rate, the casino has obviously had a positive impact. The casino opened in June 2003. If one looks at 2002 data before the casino had any impact and then 2004, the casino's first full year of operation, the improvement is dramatic. In that time period, the number of employed persons in Madera County increased by 7,300. The casino only had 1,400 positions when it opened, but today it has approximately 1,600 employees. After the casino opened, unemployment dropped for the first time since 2000 and dropped by over 3 percentage points. While it is implausible to say that the casino was the only reason for this drop in unemployment, it is certainly plausible to say that it was responsible for at least some of the growth in employment.

The following chart details the growth in employment by sector of the economy. At present, the production growth areas include construction and nondurable goods manufacturing. Service growth areas include transportation and warehousing, administrative, support and waste services, hospital services, and arts, entertainment and recreational services. The arts, entertainment and recreational services sector is averaging 14.5% growth annually. The accommodation and food services sector is declining by 1.5% annually. Management of companies was the one sector that has seen double digit reduction annually.

Table 2.6

Employment by Sector for Madera County

Industry Title	2000	2001	2002	2003	Average Annual Growth
TOTAL NONAGRICULTURAL EMPLOYMENT	27,300	27,900	28,900	31,100	4.4%
TOTAL PRIVATE	19,800	20,500	20,900	22,300	4.0%
Goods Producing	4,400	4,700	4,900	5,600	8.4%
Natural Resources & Mining	100	100	100	100	0.0%
Construction	1,400	1,600	1,700	2,100	14.5%
Manufacturing	2,900	3,000	3,100	3,400	5.4%
Durable Goods	1,800	1,800	1,800	2,000	3.6%
Nondurable Goods	1,100	1,200	1,300	1,500	10.9%
Service Providing	23,000	23,200	24,000	25,500	3.5%
Trade, Transportation & Utilities	4,200	4,500	4,600	4,800	4.6%
Wholesale Trade	600	600	600	600	0.0%
Retail Trade	3,000	3,100	3,200	3,400	4.3%
Food and Beverage Stores	800	900	900	1,000	7.7%
Clothing and Clothing Accessories Stores	100	100	100	100	0.0%
General Merchandise Stores	500	500	500	500	0.0%
Transportation, Warehousing & Utilities	600	800	800	800	10.1%
Utilities	100	100	100	100	0.0%
Transportation & Warehousing	500	600	700	700	11.9%
Information	600	600	600	600	0.0%
Financial Activities	700	700	700	800	4.6%
Finance & Insurance	400	400	400	400	0.0%
Professional & Business Services	2,200	2,300	2,200	1,900	-4.8%
Professional, Scientific & Technical Services	400	400	500	500	7.7%
Management of Companies & Enterprises	1,100	1,100	800	400	-28.6%
Administrative & Support & Waste Services	700	700	900	1,000	12.6%
Education and Health Services	4,400	4,500	4,900	5,400	7.1%
Educational Services	100	100	100	100	0.0%
Health Care & Social Assistance	4,300	4,400	4,800	5,300	7.2%
Ambulatory Health Care Services	1,000	1,000	1,000	1,100	3.2%
Hospitals	2,000	2,000	2,400	2,900	13.2%
Nursing & Residential Care Facilities	800	800	700	700	-4.4%
Social Assistance	600	600	600	700	5.3%
Leisure & Hospitality	2,500	2,500	2,400	2,500	0.0%
Arts, Entertainment & Recreation	200	200	200	300	14.5%
Accommodation & Food Services	2,300	2,300	2,200	2,200	-1.5%
Accommodation	500	500	500	500	0.0%
Food Services & Drinking Places	1,800	1,800	1,700	1,700	-1.9%
Other Services	800	800	600	700	-4.4%
Total Government	7,600	7,500	8,000	8,900	5.4%
Federal	400	400	400	400	0.0%
State	2,000	2,000	2,000	2,000	0.0%
Local	5,200	5,100	5,700	6,500	7.7%

Source: California Employment Development Department, www.labormarketinfo.edd.ca.gov.

Note: Sum of detail may not equal totals due to rounding or the exclusion of certain industries from publication.

2.4 Retail Sales

Retail sales from 2002 show a 6% increase over 2001 although there had been a decline in retail sales in 2001 of 2%. Average annual growth in retail sales between 2000 and 2002 was 2.0%.

Table 2.7

Retail Sales in Madera County

Year	Retail Sales	Percent Change
2000	$880,970,000	
2001	$863,708,000	-2.0%
2002	$916,103,000	6.1%

Source: California Employment Development Department, www.labormarketinfo.edd.ca.gov.

Section 3: Alternative A -- Proposed

This scenario addresses the economic costs and benefits associated with developing a casino resort in Madera County. We assume the facility to be appropriately sized to maximize the potential of its gaming, lodging and retail functions. The casino is proposed to be a 500,000 sq. ft. development. The development would include a 200-room hotel with 6,000-square-foot spa, retail space and banquet/meeting facilities. Food and beverage services would be provided through a 500-seat buffet, two sit-down restaurants, a five-tenant food court, coffee shop and two bars. Finally, the facility would have 4,500 parking spaces of which 2,000 would be in a parking structure.

Table 3.1

Building Program

Element	Square Footage
Casino	171,630
Retail	1,185
Food and Beverage	67,365
Entertainment	7,000
Hotel	207,680
Spa	16,850
Central Plant	21,300
Total	493,010

Source: Station Casinos.

The development would be located on a 305-acre site just north of the City of Madera in Madera County. It would be situated adjacent to State Route 99 and specifically bounded by Avenue 18, Golden State Boulevard and Road 23.

3.1 Development Impact on Population

The casino's effects on employment will come in both the construction and operational phases. The impacts of construction are only felt for the duration of construction spending so they are necessarily temporary. The operational effects are felt as long as the casino is in operation.

The effects are measured in three ways: direct employment, indirect employment and induced employment. Direct employment includes those employees who are directly employed at the facility either during construction or operation. Examples of direct employees would be construction foremen, blackjack dealers and casino managers.

Indirect employment includes those employees who provide services to the casino but are not directly employed by the casino. They are employed at least in part due to the casino but the casino does not cut their paychecks. These employees include the baker who provides bread to the casino restaurant or the wholesaler who provides doors for the facility. Generally, these jobs are categorized as those created from casino spending.

The third category is induced employment. This category includes all the other jobs that are created due to the ripple effect of all of this spending throughout the economy as a whole. Examples include the hair dresser who cuts the hair of an employee or the investment advisor who maintains a construction worker's individual portfolio. Generally, these jobs are categorized as those that are created through direct and indirect casino employment spending.

In order to measure these impacts, we used the Regional Input-Output Modeling System (RIMS II) produced by the Bureau of Economic Analysis, US Department of Commerce. When provided changes in output in a sector or sectors of the economy, the model estimates the direct, indirect and induced changes in the economy's output, employment and earnings. In other words, RIMS II takes changes in construction output (spending) and calculates the direct, indirect and induced impacts for the study area. In this study, Madera County is the study area.

For the operational employment impacts, we again used RIMS II. When provided changes in employment (e.g., increase or decrease in direct employment) in a sector or sectors of the economy, the model estimates the total employment (direct, indirect and induced) to be expected in all sectors.

3.1.1 Construction Employment

As discussed above, construction employment and spending is only temporary, but it can have substantial impacts on the economy. For Alternative A, the estimated construction spending will be almost $350 million. The following table details the projected spending.

Table 3.2

Construction Costs

Design	$12,060,000
General Construction	$227,544,000
Soft Costs	$85,905,000
Contingency	$23,960,000
Total Project Cost	$349,469,000

Source: Stations Casino, Inc.

Note: Soft costs include furniture, fixtures and equipment, financing fees, etc.

Based on the almost $350 million in spending for construction, RIMS II projects that the project will create 2,441 jobs. Although most of these jobs fall within the construction sector, these jobs are spread out over 21 different segments of the economy.

Table 3.3

Construction Impact on Employment

Sector	Employment Impact (Jobs)
1. Agriculture, Forestry, Fishing, & Hunting	4.66
2. Mining	10.82
3. Utilities	1.14
4. Construction	1,205.58
5. Manufacturing	77.80
6. Wholesale Trade	27.41
7. Retail Trade	226.58
8. Transportation & Warehousing	36.82
9. Information	19.00
10. Finance & Insurance	115.94
11. Real Estate & Rental & Leasing	44.66
12. Professional, Scientific, & Technical Services	176.21
13. Management of Companies & Enterprises	30.48
14. Administrative & Waste Management Services	41.38
15. Educational Services	6.58
16. Health Care & Social Assistance	82.72
17. Arts, Entertainment, & Recreation	9.10
18. Accommodation & Food Services	261.45
19. Other Services	47.73
20. Households	15.45
21. Total Employment	2,441

Source: RIMS II, Bureau of Economic Analysis, Department of Commerce.

3.1.2 Operational Employment

Operational employment includes those jobs that are generated from the operation of the casino. These impacts will last as long as the casino is in operation.

Direct Employment

Direct employment includes all positions at the casino and hotel. Station Casinos anticipates that the facility will employ 1,291 full-time employees and 283 part-time employees or 1,461 full-time equivalents (FTEs).

Indirect and Induced Employment

Indirect employment includes those jobs which provide support services to the casino but are not directly paid by the casino. Induced employment calculates the impacts of these direct and indirect jobs on the rest of the economy as spending by direct and indirect employees ripples through the economy. RIMS II projects that if the Alternative A development opens it will have the effect of creating 2,319 jobs in Madera County. Of those, 1,461 are the direct employees discussed above and 858 are indirect and induced jobs.

Table 3.4

Operational Impact on Employment

Sector	Employment Impact (Jobs)
1. Agriculture, Forestry, Fishing, & Hunting	4.06
2. Mining	0.23
3. Utilities	0.88
4. Construction	8.21
5. Manufacturing	23.30
6. Wholesale Trade	12.03
7. Retail Trade	88.23
8. Transportation & Warehousing	14.74
9. Information	11.69
10. Finance & Insurance	8.21
11. Real Estate & Rental & Leasing	19.34
12. Professional, Scientific, & Technical Services	9.96
13. Management of Companies & Enterprises	20.75
14. Administrative & Waste Management Services	18.14
15. Educational Services	3.89
16. Health Care & Social Assistance	48.65
17. Arts, Entertainment, & Recreation	1,316.82
18. Accommodation & Food Services	665.26
19. Other Services	35.11
20. Households	9.13
21. Total Employment	2,319

Source: RIMS II, Bureau of Economic Analysis, Department of Commerce.

3.1.3 Population

Given that the casino is projected to increase employment in Madera County by 2,441 temporary positions and 2,319 permanent positions, it is necessary to see how that increase in employed persons will affect the population as a whole. Increases in population create demand for County services which will affect the County's budget.

Currently, the population in Madera County is estimated to be 134,000 with a 2004 average unemployed population of 5,600 (see Economic and Demographic Data section above). With such a large unemployed population, the influx of new jobs to the area will alleviate some of the unemployment problem.

In order to determine the effects employment opportunities at the casino will have on the population, certain assumptions must be made. These assumptions are discussed below.

Construction Employment Impact

It is not expected that the 2,441 temporary construction jobs will result in an increase in local population. Of the 1,206 construction jobs to be created, it is believed that those jobs that can be filled locally will be and those that can not will be filled by individuals who will travel for the work as opposed to relocating. Typically, construction workers travel for employment opportunities during the week and then return home on the weekends. We expect the same to be true in this instance.

As for the 1,235 non-construction sector jobs, these positions are temporary as well. They are created by construction spending so that once construction is completed these positions will disappear. We project that many of these positions will be filled by already employed workers who are working overtime or are managing more than their current workload.

For these reasons, we do not expect that the population will show any impacts from the influx of temporary construction spending.

Operations Employment Impact

The 2,319 permanent jobs are expected to result in increases in local population. It is believed that some portion of these jobs will be filled by individuals who will move into Madera County for employment. In order to project what percentage of people will move into the County, it must be determined what percentage of individuals who work at the casino will live in Madera County.

Direct Employees

Under the Memorandum of Understanding between Station Casinos and Madera County, the casino has agreed to make a good faith effort to ensure that 50% of its employees live in Madera County. The Chukchansi Casino, also in Madera County, had the same requirement when it opened in June 2003. The Chukchansi were able to meet this goal and, in fact, exceeded it. Of the approximately 1,600 employees at Chukchansi, 65% live in Madera County.

Given the still large number of unemployed in Madera County and the experience at Chukchansi, it is believed that Station Casinos will have no problem meeting the 50% goal and the project will wind up with 65% of its employees being Madera County residents. Given this assumption, 950 of the 1,461 employees will be residents of Madera County.

Indirect and Induced Employees

Some of the 858 indirect and induced employees will also potentially move into Madera County. According to US Census data from 2000, 26.5% of Madera County's employees commute from outside the County. That means that 73.5% of the jobs in Madera County are held by residents of the County. Assuming that this commute pattern will hold constant for the new casino employees, 631 of these new positions will be filled by Madera County residents.

Employees to Move into Madera County

Given the large number of unemployed residents in Madera County, we believe that the influx of new residents will be low. Internal reviews conducted by both the Madera Unified School District and the Department of Behavioral Health found no significant impact on these departments by the opening of the Chukchansi Casino in 2003. (Written copies of these analyses were not made available to authors of this report.) Given this experience and the large number of unemployed, we believe the number of people moving into the County for direct, indirect or induced employment opportunities will be low. To be conservative, we have estimated that 20%

of the Madera County residents will be new residents although we believe this to be on the high side.

If 20% of the new employees who live in Madera County are new residents of Madera County, then the number of employees that move into the County would be 316. The 316 figure includes 20% of the 950 direct employees expected to live in the County and 20% of the 631 indirect and induced employees expected to live in the County.

Table 3.5

Employees who Move in Madera County

Direct	190
Indirect and Induced	126
Total	316

New Residents

If 316 new employees move into Madera County, these will not be the only new residents in the County who moved in because of the casino. These employees will in some cases bring families. To account for this, we calculated an employee per household ratio for Madera County. Given the 2004 average labor force of 62,200 and a 2004 household estimate of 38,505, there is a 1.6 ratio of laborers to households. To be conservative in our estimate of casino impacts on the County, we assumed that the ratio of new employees per household was 1.2. Then using 2000 Census data, we calculated the number of persons per household in Madera County. Applying this rate, we projected the number of new residents in Madera County.

Table 3.6

New Residents in Madera County

New Employees Moving to Madera	316
Number of Employees per Household	1.2
Number of New Households	263
Number of Persons per Household	3.18
Number of New Residents	836

Source: U.S. Census.

City Versus County Residents

The table above projects that 836 residents will move into the County of Madera under this Alternative. Some of those residents will live in the unincorporated areas of Madera County while others will live in the Cities of Madera or Chowchilla. In order to measure the impacts of the development on Madera County and the City of Madera, it is necessary to determine where these new residents will live.

Table 3.7

City of Madera Population Growth

	2004 Estimate	2009 Projection	Growth
City of Madera	47,569	52,753	5,184
County of Madera	134,194	147,846	13,652
Percent of Population in City	35%	36%	38%

Source: iXPRESS, Claritas, Inc.

According to the table above, 5,184 of the new 13,652 County residents are projected to move into the County will choose to reside in the City of Madera. In other words, the percentage of new County residents moving into the City is 38%. We would therefore assume that under normal circumstances 38% of the population moving into the County would move into the City of Madera.

But in this instance, we have information that suggests otherwise. Because the development is to be located next to the City of Madera, we project that the development-induced growth will not be typical. Due to the proximity of the development to the City of Madera, we project that a higher percentage of new County residents will move into the City. We project that 50% of the new residents will move into the City of Madera; therefore, it is projected that 418 of the new residents will live in the City of Madera.

Residents also have the option to live in the City of Chowchilla. According to the table below, 1% of the growth in County population is expected to live in the City of Chowchilla.

Table 3.8

City of Chowchilla Population Growth

	2005 Estimate	2010 Projection	Growth
City of Chowchilla	11,183	11,332	149
County of Madera	136,880	151,264	14,384
Percent of Population in City	8%	7%	1%

Source: iXPRESS, Claritas, Inc.

We will assume this holds true for the growth projected due to the proposed development. Therefore, it is projected that 8 people will live in the City of Chowchilla. The rest of the population, 410 residents, will live in unincorporated portions of the County of Madera.

3.2 Cost of Government Services

The following section provides information on how the casino and hotel will increase the cost of government service provision in the County. There are two main ways that it will impact government services. The first is through the demand for services that the development itself will create. The second is through the demand created by the new residents who will move to Madera County in order to work in the casino.

3.2.1 Casino Demand

The following section details the demand for services created by the casino itself. These services include fire, sheriff, emergency management and judicial services as well as road improvements and the need for more social service and mental health professionals.

Fire Protection

The demand for fire protection services is one of the greatest impacts of the development proposed in Alternative A. Developments such as a casino and hotel that attract large numbers of visitors tend to generate many calls for emergency services. As fire departments act as first respondents to all emergencies, not just fires, the demand for fire protection services increases significantly with a development of this type. According to Division Chief Paul Helm (California Department of Forestry and Fire Protection, Interview January 11, 2005), the Coarsegold fire house (#13) that currently responds to the Chukchansi Casino responded to 289 calls in 2004. These calls were not all to the casino but a significant portion were.

The County currently contracts with the California Department of Forestry and Fire Protection (CDF) for fire services. The contract is for the unincorporated areas of the County; the cities of Madera and Chowchilla provide for their own fire protection. CDF currently maintains 15 stations, 50 apparatus, 24 career firefighters, 180 paid-call firefighters and 10.5 full-time equivalent support staff for Madera County.

According to Division Chief Paul Helm, the standard goal for a fire department is to be able to respond to any location in its jurisdiction within 4 minutes. Obviously, this may not be possible under all circumstances especially for the residential units found in the remote areas of Madera County. Nonetheless, it is the fire department's goal to achieve this level of service for any new development in the County. Currently, however, there is no fire station that can provide this level of response to the Alternative A casino location. According to Chief Helm, any development in this area beyond the isolated residential unit would require the building of a fire station and purchase of a new fire truck in order to comply with this level of service goal.

Due to the elevated nature of the hotel building plan, the fire truck to be purchased would need to be an aerial apparatus in order to adequately protect the facility in the event of a fire. The County only owns one aerial apparatus which services the Chukchansi Casino located 36 miles away. The City of Madera has a smaller aerial apparatus, but it is about to be retired due to its restricted capabilities and old age. Neither would provide adequate coverage for the new hotel tower, and therefore the County would need to purchase a second aerial apparatus to provide protection for the facility.

Capital costs for a new fire hall are estimated to be between $1.2 and $2 million. The new aerial apparatus will cost approximately $750,000.

Table 3.9

Capital Costs for Fire Prevention

Fire House	$1.2-$2 million
Aerial Apparatus	$750,000
Total	$1.95 - $2.75 million

Source: Interview with Paul Helm, Division Chief, California Department of Forestry and Fire Protection, January 11, 2005.

The aerial apparatus will require three full-time firefighters to man it. The department must hire 3 people to fill one 24-hour position 365 days per year. The needed manpower will require that 6 fire engineers and 3 fire captains be hired.

In addition to full-time staff, a fire house needs volunteers to keep it running. The fire houses in Madera County average 12 volunteers per house. Costs to the County for the volunteers include membership fees in the California State Firemen's Association and equipment.

Table 3.10

Fire Personnel Costs

	Cost per Unit	Total
Fire Engineers Salary & Benefits (6)	$71,366	$428,196
Fire Captains Salary & Benefits (3)	$81,408	$244,224
Volunteer Memberships (12)	$54	$648
Sets of Equipment (21)	$1,200	$25,200
Total		$698,268

Source: *Recommended Proposed Budget for the Fiscal Year Ending June 30, 2005*, Madera County. Interview with Paul Helm, Division Chief, California Department of Forestry and Fire Protection, January 11, 2005.

Sheriff

The need for law enforcement is also expected to increase when the casino resort opens. The Sheriff's Department currently employs 116 people of which 82 are sworn officers. The Department provides protective services for all of the unincorporated areas of the County.

According to Sheriff John Anderson, the Department responds to 12-15 calls per month at the Chukchansi Casino. The department averages 8 cases per month when the officer actually has to do something once he/she arrives. The types of crime perpetrated include drunk in public, petty theft (purse snatching), bad checks, identity theft, credit card fraud and car break-ins. In 2004, the Chukchansi Casino investigated one serious crime where an employee alleged that another employee raped her.

While it is assumed that the same sorts of criminal activity will occur at the North Fork facility as the Chukchansi Casino, it is presumed that the demand for law enforcement services will likely be greater at the proposed casino location. The increase is due to the proximity of the North Fork Casino to an area with much higher population density. The Chukchansi Casino is in an area of very low population for the County. The Chukchansi provide funding for 5 deputy sheriff positions as a result of the demand for services.

In order to combat this criminal activity, Sheriff John Anderson estimates that he will need to hire 5 deputies and ½ sergeant. It takes 5 people to fill one deputy sheriff position 24 hours/day for 365 days/year. The Department keeps a ratio of 1 sergeant for every 10 deputies which requires a ½ sergeant be hired. The following details the cost of adding these individuals to the force.

Table 3.11

Sheriff Personnel Costs

	Cost per Unit	Total
Deputy Sheriff Salary & Benefits (5)	$50,000	$250,000
Sheriffs Sergeant Salary & Benefits (.5)	$60,000	$30,000
Equipment	$10,000	$60,000
Retirement	$15,844	$95,061
Health Insurance	$5,118	$28,149
Workers' Compensation Insurance	$6,951	$38,231
Uniform Allowance	$900	$4,950
Total		$506,391

Source: *Recommended Proposed Budget for the Fiscal Year Ending June 30, 2005*, Madera County. Interview with Sheriff John Anderson, Madera County Sheriffs Department, January 12, 2005.

Emergency Medical Services

While typically there are a significant number of calls for emergency medical services at a casino, emergency medical services or ambulance services are privately provided. The cost for those services is born by the individual who calls for service. According to Monte Pistoresi, owner of Pistoresi Ambulance which provides ambulatory services to Madera County (January 12, 2005 interview), the only time the County pays for the services is when the Sheriff's office places the call for service. The cost of these calls is included in the Sheriff's budget and not separately outlined here. These costs have been accounted for on a per capita basis in Section 3.2.2 New Resident Demand.

Judicial Services

As crime increases so will the demands on the judicial system. The judicial system includes the District Attorney who prosecutes the crimes, the Public Defender who defends those accused who are indigent, the court that holds the trials and the grand jury that indicts the accused.

Discussions with the current District Attorney revealed that the DA's office did not see an increase in caseload with the opening of the Chukchansi Casino, but that they did see some cases that were more complex than most of their cases. Generally speaking, the crimes committed by casino clientele were not any different from their normal cases; they included crimes such as drunk in public, drunk driving and petty theft. Charges against employees, however, included both embezzlement and rape which are more complex crimes to prosecute. The embezzlement cases, in particular, required that attorneys study the casino's very complex security system in order to be able to understand it and present it to a jury.

While there may be some increase in demands on the District Attorneys' time, it does not appear that the demands from the Chukchansi Casino were such that they required the hiring of a new District Attorney. For these reasons, we do not believe that the District Attorney will need to hire a new attorney to handle the case load from the Station Casino.

Department of Corrections

Increased criminal activity will place an added burden on the Madera County Department of Corrections (MCDC). The County has one jail that was built to accommodate 316 inmates, but the facility routinely has a population well above that level. At the beginning of 2005, the facility housed 364 inmates with approximately 50 of them being women. The facility attempts to keep the inmate population between 350 and 360 although the facility has had a population as high as 383. The Director of MCDC believes that the County will begin considering a new facility when it consistently has an average inmate population over 395.

The inmates housed at this facility are there because they broke state law while in Madera County. They are either awaiting arraignment, being held on warrants or serving a sentence of less than one year. Those prisoners serving sentences over 1 year are transferred to a state facility. The majority are pre-trial with only 30-40 inmates having already been sentenced. Seventy percent of the prison population is awaiting trial for a felony.

Talks with the Sheriff indicate that calls to the Chukchansi Casino result in 2 arrests per month. The Sheriff believes that the arrest rate will be higher at the new casino because of its proximity to a more densely populated area; therefore we estimate that the new casino will create 3 arrests per month. The cost to house one inmate for one night is $53. This figure includes food, clothing, staff salaries, building, utilities, etc. The average stay is 24 nights. The following table details the added cost for the Department of Corrections for the additional burden created by the casino.

Table 3.12

Correctional Facilities Costs

Number of Arrests per Year	36
Average Length of Stay (Nights)	24
Cost per Night	$53
Total	$45,792

With 36 additional prisoners staying an average of 24 nights, the prison will have 864 additional cell nights filled. This is the equivalent of having an additional 2.4 prisoners in prison for a year. The additional burden of housing 2.4 prisoners a year would not warrant a capital investment by the County because it would not raise the total prisoner population above the 395 level noted above.

Note: There are two women's prisons in Madera County but these are State facilities and therefore not part of the County system.

Behavioral Health Services
The Madera County Behavioral Health Services (MCBHS) saw 3,025 mental health clients in 2004 and 1,000 alcohol and drug clients. Statistics that measure the prevalence of mental health problems in populations indicate that in Madera County the facility should be treating 5,800 clients per year. This figure is based on statistics for those individuals who live in the income bracket between $0 and 200% above the poverty line. The Director of the facility indicated that one group they are currently under serving is senior citizens. The facility has 143 staff members and is estimated to be understaffed by 8 to 10 full-time equivalents. The last round of budget cuts reduced the Center's staffing by this many staff members.

Looking at past experiences, Madera County Behavioral Health Services did not see any significant rise in demand for services when the Chukchansi Casino opened. One reason for that is that patients do not usually come in because of a gambling addiction. They usually present with depression, problem sleeping or alcoholism and then it comes out that they have a gambling problem as well. The Director of Behavioral Health Services in Madera is concerned that because they are generally under serving the older adult population that they may be missing a large number of the problem gamers in the area.

The Memorandum of Understanding between the County and the Chukchansi does provide for money for the Behavioral Health Department which is being used to train the staff in recognizing and treating gambling addictions.

A year ago the Madera County Behavioral Health Services participated in a survey of California residents which was conducted by the state Office of Problem Gambling. The survey, entitled *Situational Assessment of Problem Gambling Services in California,* determined that 1.3% of adults in California aged 21 and over are problem gamers. This same report indicates that there is a correlation between the proximity to a legal gaming venue and the incidence of problem gaming. The extent of this correlation is not completely understood at this time. Given the unknown correlation between gaming venue proximity and problem gaming prevalence, we will assume that 1.3% of Madera County's population has a gaming problem.

According to Debby Estes, Assistant Director of Madera County Behavioral Health Services, between 10% and 20% of those problem gamers will seek professional help from either the County or private practitioners. That means 117 to 234 problem gamers will seek professional help in Madera County.

Table 3.13

Number of Problem Gamblers in Madera County

2004 Madera County Adult Population	89,962
Percent with Gambling Problem	1.3%
Number of Problem Gamblers	1,170
Percent Seeking Professional Help	10% to 20%
Number Seeking Professional Help	117 to 234

Source: Email correspondence with Debby Estes, Assistant Director, Madera County Behavioral Health Services, August 19, 2005. iXPRESS, Claritas, Inc.

To err on the side of overestimating the burden to the County, we have assumed that 20% of these problem gamers will seek professional treatment and that 50% of the people seeking professional treatment do so with MCBHS. Under these assumptions, 117 Madera County residents would seek treatment with MCBHS. Given the correlation between problem gaming prevalence and the proximity to a casino, we will assume that 50% of the problem gamers in Madera County are due to the opening of the Station Casino.

Table 3.14

Number of Treated Patients at MCBHS

Number Seeking Professional Help (20%)	234
Percent Treated at MCBHS	50%
Percent Attributed to Station Casino	50%
Number Treated at MCBHS	59

In 2004, MCBHS treated 4,025 patients with 26.5 licensed counselors. The department was understaffed by 8-10 employees during this time. Again to err on the side of overestimating the burden to the County, we will assume that MCBHS treated 4,025 patients with 36.5 licensed counselors. Given this patient to counselor ratio and the additional 59 people seeking treatment for problem gaming in Madera County, the following table shows the additional counselors to be hired.

Table 3.15

Number of New Patients at MCBHS

Number of Patients Treated in 2004	4,025
Number of Licensed Counselors	36.5
Additional Patients to be Treated at MCBHS	59
Additional Staff to be Hired	0.5

Source: Interview with Mental Health Director Janice Melton, Madera County Behavioral Health Services, January 12, 2005.

The County would have to hire a half-time licensed counselor to treat the problem gamer population. The following table details the cost of a half-time licensed counselor.

Table 3.16

Behavioral Health Personnel Costs

	Cost per Unit	Total
Licensed Clinician Salary & Benefits (.5)	$54,220	$27,110
Retirement	$8,311	$4,155
Health Insurance	$5,324	$2,662
Workers' Compensation Insurance	$168	$84
Equipment	$5,000	$5,000
Total	$73,023	$39,011

Source: *Recommended Proposed Budget for the Fiscal Year Ending June 30, 2005*, Madera County. Interview with Mental Health Director Janice Melton, Madera County Behavioral Health Services, January 12, 2005.

Resource Management Agency
The Resource Management Agency is a unified agency that brings together several different County departments: Roads, Planning, Environmental Health, Sanitation, Engineering, Building Inspection and Fire Marshall.

The only department expected to need any investment due to the demands of the casino would be the roads department. As the traffic engineer has not completed the roads study, the results of that study have not been included here. We will use the Memorandum of Agreement payment ($4.6 - $15.6 million) as a substitute for road improvement costs.

Schools
There are ten school districts in Madera County. In 2004, they ranged in size from 350 to 17,511 students per school district. The total student population in Madera County was 27,821 in 2004. The Madera Unified School District (MUSD) is the largest of the school districts. MUSC includes the area where the proposed casino would be located and the City of Madera. As most of the impacts will be borne by MUSD because of its size and proximity to the proposed development, we have examined the impacts that this development will have on the district.

The school district is expected to see an increase in the number of students due to the general population's increase. In 2004, the Madera Unified School District had a student population of 17,511. The District is currently experiencing an increase of 500 students per year. The majority of these students are in elementary school. To accommodate the current number of students, the elementary and middle schools operate on a year-round system where 4 groups of students stagger their attendance by going to school for 3 months and then having 1 month of vacation.

In response to growth, the District has embarked on a $110 million capital development campaign. The money comes from a bond issue, the state and the school board's capital development fund. The campaign will pay for a middle school, 2 elementary schools and the land for 2 additional elementary schools. In order to accommodate current growth, the District believes it must build 4 new elementary schools at a rate of one every other year. With the new space, the District hopes to be able to put the schools back on a traditional 9-month schedule instead of a year-round one.

The following table projects the number of new students the casino will generate for the county school system.

Table 3.17

Number of New Students

New Population	836
Percentage of School Children in Madera Population	20.9%
New School Population	175

Source: iXPRESS, Claritas, Inc.

As mentioned above Madera County is currently undergoing a massive capital development campaign in the school system. This campaign will provide the school system with more than enough capacity to accommodate the one-time 175 student impact attributable to this casino. We do not anticipate that the casino will need to pay for a new school.

3.2.2 New Resident Demand

This section details the demand for increased governmental services created by the new residents in the County. These services include a much broader range of services and include everything from animal control to welfare support.

For those services that are uniquely offered by the County, we have assumed the entire County population will bear their cost. For services such as fire, sheriff and judicial where similar services are provided by the Cities of Madera and Chowchilla as well as County governments, we assumed that only those residents who live in the unincorporated areas of the County will bear these costs.

We assumed that 50% of the new County population will live in the City of Madera and 1% will live in the City of Chowchilla. (See Section 3.1.3.) The remaining 410 residents are projected to live in the unincorporated areas of the County.

Administrative Services
Administrative services include the cost of running the County's government as well as those costs not covered in any other section below. It includes the costs of the following departments: the County Board of Supervisors, library, animal control, human resources, information technology, insurance, tax collection, elections, contingency fund and other costs. With each additional resident of the County, these costs increase. The following table details the amount of spending per capita the County incurs for these services and what the cost of the new residents will be.

Table 3.18

Cost of Administrative Services

2004 Budget	$14,424,302
2004 Population	134,194
Per Capita Spending	$107.49
Number of New Residents	836
Cost for New Residents	$89,862

Source: *Recommended Proposed Budget for the Fiscal Year Ending June 30, 2005*, Madera County. Interview with Stell Manfredi, Madera County Administrative Officer, January 12, 2005.

Fire Protection
The demand for fire protection services will increase as population increases in the unincorporated areas of Madera County. The following table demonstrates the expenditure per resident Madera County currently employs and the increase in spending required to maintain that level of service after the projected population increase.

Table 3.19

Cost of Fire Services

2004 Budget	$3,514,327
2004 Population	134,194
Per Capita Spending	$26.19
Number of New Residents	410
Cost for New Residents	$10,738

Source: *Recommended Proposed Budget for the Fiscal Year Ending June 30, 2005*, Madera County. Interview with Paul Helm, Division Chief, California Department of Forestry and Fire Protection, January 11, 2005.

Sheriff

With an increase in population comes an increase in need for law enforcement. The following chart details the impact of the additional population and expected increase in crime prevention spending. Since the Cities of Madera and Chowchilla provide police protection, only the unincorporated residents are included in this analysis.

Table 3.20

Cost of Sheriff Services

2004 Budget	$7,531,330
2004 Population	134,194
Per Capita Spending	$56.12
Number of New Residents	410
Cost for New Residents	$23,009

Source: *Recommended Proposed Budget for the Fiscal Year Ending June 30, 2005*, Madera County. Interview with Sheriff John Anderson, Madera County Sheriff's Department, January 12, 2005.

Emergency Medical Services

As discussed above, emergency medical services are generally paid by the individual being served and where the County bears the cost it is included in the sheriff's budget. Therefore, the analysis above includes a per capita analysis of the cost of emergency medical service provision.

Judicial Services

The following table demonstrates the additional costs that will be incurred to provide judicial services to the new population in the unincorporated areas of Madera County.

Table 3.21

Cost of Judicial Services

2004 Budget	$3,967,291
2004 Population	134,194
Per Capita Spending	$29.56
Number of New Residents	410
Cost for New Residents	$12,120

Source: Recommended Proposed Budget for the Fiscal Year Ending June 30, 2005, Madera County. Phone interview with District Attorney Ernest LiCalsi, Madera County District Attorney's Office, January 13, 2005.

Department of Corrections

The following table details the costs associated with providing prison services for additional residents. It includes both the adult prison discussed above as well as the juvenile detention facility run by the County. As the Cities pay to use the County facility, only the unincorporated population is used here.

Table 3.22

Cost of Correctional Services

2004 Budget	$14,510,159
2004 Population	134,194
Per Capita Spending	$108
Number of New Residents	410
Cost for New Residents	$44,280

Source: *Recommended Proposed Budget for the Fiscal Year Ending June 30, 2005*, Madera County. Interview with Director of Corrections Doug Pagani, Madera County Department of Corrections, January 12, 2005.

Behavioral Health Services

The demand for behavioral health services will also increase with population. Assuming the same rate of service provision, the cost of the increased population will be as follows. The Cities of Madera and Chowchilla do not provide similar services.

Table 3.23

Cost of Behavioral Health Services

2004 Budget	$14,101
2004 Population	134,194
Per Capita Spending	$0.11
Number of New Residents	836
Cost for New Residents	$92

Source: *Recommended Proposed Budget for the Fiscal Year Ending June 30, 2005*, Madera County. Interview with Mental Health Director Janice Melton, Madera County Behavioral Health Services, January 12, 2005.

Social Services
Due to the influx of new people to the County, the demand for social services will increase. Madera County provides numerous social services to its underprivileged citizens. The In-Home Supportive Services (IHSS) program provides aged, blind, disabled and low-income individuals with services that allow them to remain in their own homes as opposed to being institutionalized. The Veterans Services Office provides services to veterans and their dependents including handling property for those who have been adjudged incompetent.

The Department of Social Services Administration also administers various other programs. Funding under this department goes to the Temporary Assistance to Needy Families program, Fresno/Madera Area Agency on Aging, CalWORKS, economic development, the More Opportunities for Viable Employment project, foster care and others. Many of these departments focus on training and employee development.

Given the estimated population increase, the following table details the increased spending required by the County on an annual basis. The Cities of Madera and Chowchilla do not provide similar services.

Table 3.24

Cost of Social Programs

2004 Budget	$4,815,277
2004 Population	134,194
Per Capita Spending	$35.88
Number of New Residents	836
Cost for New Residents	$29,996

Source: *Recommended Proposed Budget for the Fiscal Year Ending June 30, 2005*, Madera County.

Resource Management Agency
Each department (See Casino Demand Section for list) is expected to have increased demand for its services as population increases. The following details spending per capita for these services and the required increase in spending needed to maintain this level of spending.

Table 3.25

Cost of Resource Management Services

2004 Budget	$2,933,317
2004 Population	134,194
Per Capita Spending	$21.86
Number of New Residents	836
Cost for New Residents	$18,275

Source: *Recommended Proposed Budget for the Fiscal Year Ending June 30, 2005*, Madera County.

Schools

As new residents move into the area, the County must increase its spending to support the school system. The following chart details the spending per pupil currently found in the Madera Unified School District (MUSD). MUSD is one of ten school districts found in the County. As this is the largest school district and the one to bear the greatest impacts should the casino development go forward, we will assume that the per pupil spending in MUSD is similar to that in other school districts. The following table projects the new cost to the County based on the new student level after the casino is put in place, not including new school construction as previously discussed.

Table 3.26

Cost of Educational Services

2004 Budget	$14,717,444
2004 Student Population	16,569
Per Capita Spending	$888.25
Number of New Students	175
Cost for New Residents	$155,444

Source: *Recommended Proposed Budget for the Fiscal Year Ending June 30, 2005*, Madera County. Interview with Chief Executive Officer Larry Risinger, Madera Unified School District, January 15, 2005.

3.2.3 Total Cost

The total cost to the County of providing services to the casino and the new residents attracted by the casino includes both one-time capital development costs as well as annual payroll and service costs.

Casino-Induced Costs

Capital development costs include a fire station, fire truck and road improvements. These costs are estimated in the table below.

Table 3.27

Estimate of Casino-Induced Capital Costs

Fire Protection[1]	$2,350,000
Roads	$4.6 - $15.6 million
Total	$6.95 - $17.95 million

[1]The estimate for a new fire house is between $1.2 and $2 million. An average cost of $1.6 million is used here.

In addition to capital costs, the casino is also creating the need for more personnel in some departments. These costs are annual and detailed below.

Table 3.28

Estimate of Casino-Induced Annual Costs

Fire Protection	$698,268
Sheriff	$506,391
Department of Corrections	$45,792
Behavioral Health Services	$39,011
Total	$1,289,462

New Resident-Induced Costs
The costs created by new residents are annual in nature. They are detailed below.

Table 3.29

Estimate of New Resident-Induced Annual Costs

Administrative Services	$89,862
Fire Protection	$10,738
Sheriff	$23,009
Judicial Services	$12,120
Department of Corrections	$44,280
Behavioral Health Services	$92
Social Services	$29,996
Resources Management Agency	$18,275
Schools	$155,444
Total	$383,816

3.2.4 Impact from County Visitors

In Madera County, at any time, there are a number of visitors as well as itinerant construction workers. The public services for these visitors and workers are not unusual for any governmental entity to provide on a continuing basis; and the costs related to them are included in the budgets of the various divisions of government. With an increase in population due to the new casino, we have increased the cost of certain governmental services on a per capita basis as shown above. The per capita costs include the costs of servicing visitors and itinerants. Thus no separate allowance is made for these persons in terms of most government operations. The impacts of the visitors, however, are directly accounted for in the additional capital costs related to fire protection and roads as well operational costs the following departments: Fire Protection, Sheriff, Judicial Services and Department of Corrections.

3.3 County Revenue from Casino

There are two main sources of revenue the County can expect from the casino: payments under the Memorandum of Understanding between the County and the North Fork Rancheria Tribe and tax revenue.

3.3.1 Memorandum of Understanding Revenue

The Memorandum of Understanding with the County was signed August 16, 2004. Among other things, the agreement requires payments to be made to the County by the casino. This section details those payments.

Non-Recurring Payments

Non-recurring payments are those payments that are made only once by the Tribe in order to mitigate potential impacts created by the casino.

Public Safety Resources Contribution
Money for public safety is to be used for an emergency response facility to be located within 5 minutes response time to the casino. The total value of this payment is $1,915,000.

Transportation Resources Contribution
This contribution will be between $4 and $15 million depending on the results of a traffic study. The monies will go toward mitigating impacts to traffic and other transportation resources. This money is only allotted for improvements on those roads owned by the County.

Road Contribution Consistent with County Ordinances
This contribution is in lieu of road impact fees and is to be used to mitigate the impacts to the County's roads. It is $600,000.

Recreation Contribution
To be used for expenditures related to Courthouse Park and the Ahwahnee property, the Tribe will make a one-time payment of $200,000.

School Contribution
In lieu of school impact fees, the Tribe will pay $150,000 for impacts to the Madera Unified School District.

County Legal Fees Reimbursement
The Tribe will also reimburse the County for the cost of its legal fees associated with the negotiation of the Memorandum of Understanding. This reimbursement is up to $50,000.

Recurring Payments

Recurring payments have been established to occur yearly for the 20-year duration of the Memorandum of Understanding. The following section details these recurring payments.

North Fork Rancheria Charitable Foundation Contribution
The Tribe is to establish this charitable foundation no later than 30 days after construction commences. The Foundation will focus on negating social impacts from the casino development or serving the community generally. Possible recipients include youth programs, senior centers, parks services, recreation department, service clubs or other activities. The donation will be $200,000 annually although it is not under the control of the County.

North Fork Rancheria Economic Development Foundation
This nonprofit corporation is again to be established by the Tribe within 30 days of beginning construction. The focus of the Foundation is to mitigate the impacts of the development or serve the community. The donation is $250,000 annually. This contribution is not under the control of the County.

North Fork Rancheria Educational Foundation
The money from this nonprofit corporation will go to supplement the instructional programs of the local school districts or support work force development and training programs. The annual contribution of $400,000 is not under the control of the County.

North Fork Unincorporated Area Foundation
This $250,000 donation is to be used for community development, education, beautification, infrastructure, parks/recreation, business relations/development/attraction and assistance to other nonprofit organizations. This contribution is not under County control.

County Services Contributions
The following contributions will be made directly to the County with the purpose of limiting the impacts of the development on the community. These include $250,000 for workforce programs or neighborhood housing; $415,000 for the salaries of ½ sheriff sergeant and 5 sheriff deputies; $1.2 million for the salaries of 3 fire captains and 6 fire engineers; $50,000 to the Behavioral Health Department for alcohol education and treatment and prevention of problem gambling; $70,000 for maintenance, operation and preservation of open space within Courthouse Park and the Ahwahnee property; $100,000 for additional public safety support and administrative positions; and $500,000 for the public facilities budget.

Total Payments

The following table details all of the payments agreed to in the Memorandum of Understanding.

Table 3.30

Memorandum of Agreement Revenue

Non-Recurring Contributions	
Public Safety Resources Contribution	$1,915,000
Transportation Resources Contribution	$4-$15 million
Road Contribution Consistent with County Ordinance	$600,000
Recreation Contribution	$200,000
School Contribution	$150,000
Legal Fees Reimbursement	$50,000
Subtotal	$6,915,000 - $17,915,000
Recurring Contributions	
North Fork Rancheria Charitable Foundation Contribution[1]	$200,000
North Fork Rancheria Economic Development Foundation[1]	$250,000
North Fork Rancheria Educational Foundation[1]	$400,000
North Fork Unincorporated Area Foundation[1]	$250,000
County Services Contributions	
Workforce or Housing programs	$250,000
Police	$415,000
Fire	$1,200,000
Behavioral Health	$50,000
Open Space/Parks	$70,000
Public Safety Support	$100,000
Public Facilities Budget	$500,000
City of Madera[1]	$250,000
City of Chowchilla[1]	$100,000
Subtotal	$4,035,000

Source: Memorandum of Understanding between Madera County and the North Fork Rancheria of Mono Indians of California, signed August 16th, 2004.

[1]This contribution is not under the control of Madera County.

3.3.2 Tax Revenue

Because of the sovereign status of the North Fork Rancheria, the casino will pay fewer taxes than a development of this size would normally pay. The following sections present information on the taxes that will be lost due to the placement of the property into trust and the taxes generated from the new residents to the area.

Property Tax

The following section calculates the lost and gained taxes from the casino opening.

Casino Property Tax

The casino opening would normally create a windfall for the locality in terms of property taxes, but the special circumstances surrounding this development prevent that from happening. Because the owner/operator of the development is a Native American Indian Tribe, the property will go through a process by which it is placed into trust. By placing the land in trust, it is no longer subject to property taxes; therefore, the tax calculations below represent the loss in taxes that will occur when the casino land is placed into trust. Taxes on the property are approximately $12,500.

Table 3.31

Property Tax

Parcel Number	Acreage	Assessed Value Land	Structure	Total	Property Tax*
033-030-010	36.01	$112,552	$0	$112,552	$1,238
033-030-011	40.66	$128,880	$14,003	$142,883	$1,572
033-030-012	38.26	$121,373	$21,092	$142,465	$1,567
033-030-013	42.23	$134,956	$16,386	$151,342	$1,665
033-030-014	38.92	$123,441	$110,392	$233,833	$2,572
033-030-015	56.44	$176,403	$10,475	$186,878	$2,056
033-030-017	52.97	$165,170	$2,786	$167,956	$1,848
Total	305.49	$962,775	$175,134	$1,137,909	$12,518

*The property tax rate is estimated at 1.1%. The exact tax rate of any given year cannot be definitively projected.

Source: First American Title, 2003; Analytical Environmental Sciences, 2004; Madera County Assessor's Office, 2005.

New Resident Property Tax

Private property remains taxable; therefore, any new housing stock built due to the opening of the casino would increase property tax revenue for the County. Our analysis indicates that more than enough housing stock is currently under development to serve the new residents of the County. (See Section 7: Land Development Pattern) Because no new housing is expected to be built due to the movement of new residents into the area, the casino development is not expected to increase property tax revenue for the County.

Sales and Use Tax

The County sales and use tax was calculated using RIMS II. By inputting changes to the output in a sector or sectors of the economy, RIMS II estimates the direct, indirect and induced changes to output in all sectors of the economy. The following table details the output in terms of dollars spent in the retail sector and the sales and use tax associated with that spending for both the one-time construction spending and the recurring operations spending. Currently, a 1% sales tax provides revenue to the locality. The rest of the 7.25% in sales tax charged goes to the state.

Table 3.32

Sales and Use Tax Revenue

Retail Sector Output for Construction Spending (one-time)	$21,680,914
Retail Sector Output for Operational Spending (annual)	$8,353,046
Sales Tax Rate for Madera County	1.0%
Sales Tax on Construction Spending (one-time)	$216,809
Sales Tax on Operational Spending (annual)	$83,530

Source: *Recommended Proposed Budget for the Fiscal Year Ending June 30, 2005,* Madera County.

Hotel Tax

Increased hotel and motel tax revenue would be seen because of the additional visitors coming into Madera County in order to enjoy the casino. The new development itself would not contribute to the tax rolls because of its sovereign status; therefore, no hotel tax would apply to the hotel guests staying at the casino hotel.

It is projected that some guests will visit Madera for the primary purpose of gaming but not stay at either of the two gaming hotels. In this instance, any hotel taxes derived from their visit would be added revenue for the County. The measurement of these visitors is too tenuous and speculative and therefore calculations have not been attempted.

3.3.3 Total Revenue

The following table details the total revenue to be expected to be generated by the casino on both an annual and one-time basis.

Table 3.33

Total Revenue Attributed to Casino

One-Time Payments	
Memorandum of Understanding	$6,915,000 - $17,915,000
Sales and Use Tax	$216,809
Total	$7.1 - $18.1 million
Annual Revenue	
Memorandum of Understanding[1]	$2,585,000
Property Tax	-$12,518
Sales and Use Tax	$83,530
Total	$2,656,012

[1]Those MOU payments earmarked for charitable foundations are not included here as these funds are not under the control of the County.

3.4 Cost Versus Revenue

This section provides a comparison of the costs and revenues estimated as a result of the new casino. The first table compares one-time costs and revenue while the second table compares annual costs and revenue.

Table 3.34

Comparison of One-Time Costs and Revenues

Spending Category	Cost	Revenue
Fire Protection[1,2]	$2,350,000	$1,915,000
Roads[3]	$4.6 - $15.6 million	$4.6 - $15.6 million
Recreation[4]	$200,000	$200,000
Schools/Sales and Use Tax[5]	$0	$366,809
Legal Fees[4]	$50,000	$50,000
Total	$7.2 - $18.2 million	$7,131,809 - $18,131,809

[1]The estimate for a new fire house is between $1.2 and $2 million. An average cost of $1.6 million is used here.

[2]The difference between cost and revenue for fire protection is $835,000. Annual debt service at 4.25% for 30 years is $66,187, including coverage. Covered by annual $1.2 million MOU payment for fire protection.

[3]At the completion of this report, the road study had not been completed; therefore the total cost of road improvements is only estimated based on the MOU contribution.

[4]The MOU calls for a contribution of this amount and it is assumed the County will use the entire amount.

[5]Cost is from Schools. Revenue is from Sales Tax and MOU contribution.

Table 3.35

Comparison of Annual Costs and Revenues

Spending Category	Cost	Revenue
Administrative Services[1]	$89,862	$570,000
Fire Protection[1,4]	$709,006	$1,133,813
Sheriff[1,6]	$529,400	$515,000
Judicial Services	$12,120	[2]
Department of Corrections	$90,072	[2]
Behavioral Health Services[1]	$39,103	$50,000
Social Services[1]	$29,996	$250,000
Resources Management Agency	$18,275	[2]
Schools/Sales and Use Tax[3]	$155,444	$83,530
Property Tax	$0	-$12,500
County Payments to Cities[5]	$350,000	$350,000
Total	$2,023,278	$2,939,843

Costs include Casino-Induced and Resident-Induced Demand.

[1]MOU Payment

[2]Covered in excess of $570,000 MOU payment above.

[3]Cost is from Schools. Revenue is from Sales Tax.

[4]Annual Debt Service for fire protection capital costs has been subtracted from MOU revenue.

[5]The MOU calls for a $250,000 payment to the City of Madera and $100,000 payment to the City of Chowchilla.

[6]Sheriff revenue includes $415,000 payment to the sheriff's office from the MOU and $100,000 for Public Safety Support from the MOU.

Section 4: Alternative B -- Reduced Intensity

In contrast to Alternative A, this alternative has 20% less gaming space for a total of 128,080 square feet dedicated to the casino portion of the development. The development does not include a hotel, but it does have a gift shop, buffet, 2 bars, a coffee shop, a steakhouse and a 5-tenant food court. The entertainment space would be equal to that in Alternative A, but parking would be reduced to 3,200 spaces.

Table 4.1

Building Program

Element	Square Footage
Casino	128,080
Retail	1,185
Food and Beverage	53,725
Entertainment	7,000
Central Plant	9,000
Total	198,990

Source: Station Casinos.

4.1 Development Impact on Population

As described above, we used the RIMS II model to predict the direct, indirect and induced employment created by this alternative.

4.1.1 Construction Employment

For this alternative, the projected construction spending will be almost $212 million. Construction will create 1,159 direct employees and 643 indirect and induced employees for a total of 1,802 employees. The following table details the projected construction employment.

Table 4.2

Construction Impact on Employment

Sector	Employment Impact (Jobs)
1. Agriculture, Forestry, Fishing, & Hunting	3.64
2. Mining	10.39
3. Utilities	0.83
4. Construction	1,163.46
5. Manufacturing	69.33
6. Wholesale Trade	23.55
7. Retail Trade	192.93
8. Transportation & Warehousing	30.05
9. Information	14.19
10. Finance & Insurance	11.84
11. Real Estate & Rental & Leasing	15.00
12. Professional, Scientific, & Technical Services	30.36
13. Management of Companies & Enterprises	23.43
14. Administrative & Waste Management Services	28.46
15. Educational Services	4.83
16. Health Care & Social Assistance	60.89
17. Arts, Entertainment, & Recreation	6.54
18. Accommodation & Food Services	66.03
19. Other Services	34.50
20. Households	11.31
21. Total Employment	1,802

Source: RIMS II, Bureau of Economic Analysis, Department of Commerce.

4.1.2 Operational Employment

Operational employment includes those jobs that are generated from the operation of the casino. These impacts will last as long as the casino is in operation.

Direct Employment

Direct employment includes all positions at the casino and hotel. Station Casinos anticipates that the facility will employ 879 full-time employees and 139 part-time employees or 962 full-time equivalents (FTEs).

Indirect and Induced Employment

Indirect employment includes those jobs which provide support services to the casino but are not directly paid by the casino. Induced employment includes those jobs created by the spending of direct employees. RIMS II projects that if Alternative B is operational it will have the effect of creating 1,485 jobs in Madera County. Of those, 962 are the direct employees discussed above and 523 are indirect and induced jobs.

Table 4.3

Operational Impact on Employment

Sector	Employment Impact (Jobs)
1. Agriculture, Forestry, Fishing, & Hunting	2.72
2. Mining	0.15
3. Utilities	0.55
4. Construction	5.16
5. Manufacturing	15.12
6. Wholesale Trade	7.86
7. Retail Trade	58.26
8. Transportation & Warehousing	9.34
9. Information	7.08
10. Finance & Insurance	5.24
11. Real Estate & Rental & Leasing	12.30
12. Professional, Scientific, & Technical Services	6.36
13. Management of Companies & Enterprises	12.57
14. Administrative & Waste Management Services	11.30
15. Educational Services	2.47
16. Health Care & Social Assistance	30.88
17. Arts, Entertainment, & Recreation	879.61
18. Accommodation & Food Services	388.82
19. Other Services	23.04
20. Households	5.80
21. Total Employment	1,485

Source: RIMS II, Bureau of Economic Analysis, Department of Commerce.

4.1.3 Population

This section provides information on how those new employees will affect population growth.

Construction Employment Impact

Similar to Alternative A, it is not expected that the 1,802 temporary construction jobs will have a significant impact on the local population. Construction is temporary and therefore the jobs created as a result of construction spending are temporary as well. We do not project that there will be any population changes due to construction spending.

Operations Employment Impact

The almost 1,500 permanent jobs are expected to have an impact on population however. It is believed that some portion of those jobs will be filled by individuals who will move into Madera County for employment. In order to project what percentage of people will move into the County, it must be determined what percentage of individuals who work at the casino will live in Madera County.

Direct Employees

As with Alternative A, it is believed under this scenario that the casino will have about 65% of its employees living in Madera County. Given this assumption, 625 of the 962 employees will be residents of Madera County.

As with Alternative A, it is projected that the number of new employees who will actually move into Madera County will be low. Again we project that up to 20% of the employees will move in from other areas and will use 20% in an attempt to be conservative in calculating the impact the casino will have on the County. If 20% of the direct employees move in from elsewhere, then the number moving into Madera County would be 125.

Table 4.4

Employees who Live in Madera County

Total New Employees	962
Percentage of Employees who will live in County	65%
Number of Employees who will live in County	625
Percent of Employees who will Move in from Elsewhere	20%
Number of New Resident Employees in Madera County	125

Indirect and Induced Employees

Some of the 523 indirect and induced employees will also potentially move into Madera County. Applying the same commuting ratio (73.5%) as in Alternative A, the casino would yield a Madera County resident pool of 384.

If 20% of the new employees who live in Madera County are new residents of Madera County, then the number of indirect and induced employees that move into the County would be 77.

Total Employees

The total number of employees projected to move into Madera County is 202.

Table 4.5

Employees who Move into Madera County

Direct	125
Indirect and Induced	77
Total	202

New Residents

If 202 new employees move into Madera County, these will not be the only new residents in the County who moved in because of the casino. These employees will in some cases bring families. The following table provides the calculations performed to arrive at a new resident total.

Table 4.6

New Residents in Madera County	
New Employees Moving to Madera	202
Number of Employees per Household	1.2
Number of New Households	168
Number of Persons per Household	3.18
Number of New Residents	534

Source: U.S. Census.

As in Alternative A, we will assume that 50% the new population or 267 residents will live in the City of Madera and 1% or 5 residents will live in the City of Chowchilla. This leaves a population of 262 in the unincorporated areas of Madera County.

4.2 Cost of Government Services

The following section provides information on how the new casino will increase the cost of government service provision.

4.2.1 Casino Demand

The new casino will create demands for services just as Alternative A did. These demands will not be as great as with Alternative A because of its smaller size.

Fire Protection

The casino will demand fire protection from the County but the costs for these services will be slightly lower than in Alternative A. According to Division Chief Paul Helm, Alternative B would still require a new fire station and that cost is estimated to be $1.2 to $2 million. The new fire engine will not need to be an aerial apparatus as there is no hotel tower component in this alternative. A regular fire engine costs half of what an aerial apparatus does. Capital costs for fire protection of the casino are listed below.

Table 4.7

Capital Costs for Fire Prevention	
Fire House	$1.2 - $2 million
Aerial Apparatus	$375,000
Total	$1.575 - 2.375 million

Source: *Recommended Proposed Budget for the Fiscal Year Ending June 30, 2005*, Madera County. Interview with Paul Helm, Division Chief, California Department of Forestry and Fire Protection, January 11, 2005.

The new fire station and engine will require fire engineers. Because the truck will not be an aerial apparatus, the staffing needs of the station will decrease relative to Alternative A. The County has a goal of filling 2 fire fighter positions per station which requires 6 persons to be hired. The station will also recruit 12 volunteers to assist with fires. These costs are detailed below.

Table 4.8

Fire Personnel Costs

	Cost per Unit	Total
Fire Engineers Salary & Benefits (3)	$71,366	$214,098
Fire Captains Salary & Benefits (3)	$81,408	$244,224
Volunteer Memberships (12)	$54	$648
Sets of Equipment (18)	$1,200	$21,600
Total		$480,570

Source: *Recommended Proposed Budget for the Fiscal Year Ending June 30, 2005*, Madera County. Interview with Paul Helm, Division Chief, California Department of Forestry and Fire Protection, January 11, 2005.

Sheriff

The Sheriff's department can still be expected to see an increase in call volume with a new casino in town. We estimate that the demands for sheriff services will be the same as in Alternative A as it is located near a higher population area and is not substantially smaller in size. One position requires 5 sheriff deputies to fill and for every 10 deputies there is a sheriff's sergeant to oversee them. The following details the cost of filling both the 5 deputy positions and a half-time sergeant position.

Table 4.9

Sheriff Personnel Costs

	Cost per Unit	Total
Deputy Sheriff Salary & Benefits (5)	$50,000	$250,000
Sheriffs Sergeant Salary & Benefits (.5)	$60,000	$30,000
Equipment	$10,000	$60,000
Retirement	$15,844	$95,061
Health Insurance	$5,118	$28,149
Workers' Compensation Insurance	$6,951	$38,231
Uniform Allowance	$900	$4,950
Total		$506,391

Source: *Recommended Proposed Budget for the Fiscal Year Ending June 30, 2005*, Madera County. Interview with Sheriff John Anderson, Madera County Sheriff's Department, January 12, 2005.

Judicial Services

The level of criminal activity would be lower at the smaller facility than at the larger one in Alternative A so that we project even less work to be generated for the District Attorney's Office. As such, there will be no measurable impact to the District Attorney's Office.

Department of Corrections

As with Alternative A, we assume there will be 3 arrests per month at this facility.

Table 4.10

Correctional Facilities Costs

Number of Arrests per Year	36
Average Length of Stay (Nights)	24
Cost per Night	$53
Total	$45,792

Behavioral Health

As the number of problem gamers in the County is based on the number of adults in the population, the number of new licensed counselors remains the same as in Alternative A.

Table 4.11

Behavioral Health Personnel Costs

	Cost per Unit	Total
Licensed Clinician Salary & Benefits (.5)	$54,220	$27,110
Retirement	$8,311	$4,155
Health Insurance	$5,324	$2,662
Workers' Compensation Insurance	$168	$84
Equipment	$5,000	$5,000
Total	$73,023	$39,011

Source: *Recommended Proposed Budget for the Fiscal Year Ending June 30, 2005*, Madera County. Interview with Mental Health Director Janice Melton, Madera County Behavioral Health Services, January 12, 2005.

Roads

As the road study is not yet completed, we are estimating the cost of road improvements to be between $3.68 and $12.48 million. This figure is based on the MOU negotiated for Alternative A but has been adjusted to reflect the smaller size of this facility as compared to Alternative A.

Schools

The new population in Madera will generate a greater population in Madera County schools. The following table details the number of new students.

Table 4.12

Number of New Students

New Population	534
Percentage of School Children in Madera Population	20.9%
New School Population	112

Source: U.S. Census.

As with Alternative A, the school system already has under development enough capacity to accommodate these new pupils.

4.2.2 Total Cost

The total cost to the County of providing services to the casino and the new residents attracted by the casino includes both one-time capital development costs as well as annual payroll and service costs.

Casino-Induced Costs

The following details the cost of capital improvements to the County of the new development.

Table 4.13

Estimate of Casino-Induced Capital Costs

Fire Protection[1]	$1,975,000
Roads	$4.16 - $12.96 million
Total	$6.135 - $14.935 million

[1]The estimate for a new fire house is between $1.2 and $2 million. An average cost of $1.6 million is used here.

In addition to one-time costs, the casino will be associated with annual increases in costs.

Table 4.14

Estimate of Casino-Induced Annual Costs

Fire Protection	$480,570
Sheriff	$506,391
Department of Corrections	$45,792
Behavioral Health	$39,011
Total	$1,071,764

New Resident-Induced Costs

Using the same per resident formulas as in Alternative A, we calculated the expenditures for the new residents in the County.

Table 4.15

Estimate of New Resident-Induced Annual Costs

Administrative Services	$57,400
Fire Protection	$6,862
Sheriff	$14,703
Judicial Services	$7,745
Department of Corrections	$28,296
Behavioral Health Services	$59
Social Services	$19,160
Resources Management Agency	$11,673
Schools	$99,484
Total	$245,382

4.3 County Revenue from Casino

Revenue to the County from this alternative will be lower than that of Alternative A due to the scaled-back nature of this project.

4.3.1 Memorandum of Understanding Revenue

The Memorandum of Understanding signed by the Tribe and the County only applies to Alternative A. The MOU does allow for renegotiation of the agreement if there is a "reduction in the scope of gaming permitted on the Trust Property." In Alternative B, the scope of gaming is only 80% of Alternative A.

Assuming that the Tribe and County would renegotiate the agreement, we believe that the terms of the agreement would be similar to the current document. In the current agreement, the Tribe agreed to several one-time payments that would help alleviate the impacts of the development on the County. These included payments for a new fire station, road improvements, education, recreational programs and legal fees. It is assumed that the Tribe would agree to continue these payments under the reduced intensity alternative. The Tribe also agreed to many recurring payments to cover the costs of extra sheriff and fire personnel.

We assume that the Tribe and County would negotiate an MOU similar to the original, but reduced in proportion to the reduction in size of the scope of gaming. To that end, we have reduced the MOU payments by 20% to reflect the reduction in gaming under this alternative.

Table 4.16
Memorandum of Understanding Revenue

Non-Recurring Contributions	
Public Safety Resources Contribution	$1,532,000
Transportation Resources Contribution	$3,200,000 - $12,000,000
Road Contribution Consistent with County Ordinance	$480,000
Recreation Contribution	$160,000
School Contribution	$120,000
Legal Fees Reimbursement	$40,000
Subtotal	$5.5 - $14.3 million
Recurring Contributions	
North Fork Rancheria Charitable Foundation Contribution[1]	$160,000
North Fork Rancheria Economic Development Foundation[1]	$200,000
North Fork Rancheria Educational Foundation[1]	$320,000
North Fork Unincorporated Area Foundation[1]	$200,000
County Services Contributions	
Workforce or Housing programs	$200,000
Sheriff	$506,391
Fire	$480,570
Behavioral Health	$40,000
Open Space/Parks	$56,000
Public Safety Support	$80,000
Public Facilities Budget	$400,000
City of Madera[1]	$200,000
City of Chowchilla[1]	$80,000
Subtotal	$2,922,961

[1]This contribution is not under the control of Madera County.

4.3.2 Tax Revenue

The following section breaks down the tax revenue to be expected from the casino as well as the new residents.

Property Tax

The property tax section includes data on property taxes lost with the Native American-owned development and the additional property taxes from new residents.

Casino Property Tax
As with Alternative A, the sovereign Tribe will not be required to pay property tax once the property is placed in trust for the Tribe. The loss of property taxes will be identical to that in Alternative A; therefore, the loss in property taxes will be approximately $12,500.

New Resident Property Tax
New housing already under development will accommodate the expected increase in population created by this alternative. (See Section 7: Land Development Pattern) As such, there are no additional property taxes expected to be generated by this development.

Sales and Use Tax

Using the RIMS II multipliers, sales and use tax revenue can be calculated. The following table details the output in terms of dollars spent in the retail sector and the sales and use tax associated with that spending for both the one-time construction spending and the recurring operation spending.

Table 4.17

Sales and Use Tax Revenue

Retail Sector Output for Construction Spending (one-time)	$18,459,233
Retail Sector Output for Operational Spending (recurring)	$5,509,972
Sales Tax Rate for Madera County	1.0%
Sales Tax on Construction Spending (one-time)	$184,592
Sales Tax on Operational Spending (recurring)	$55,100

Source: *Recommended Proposed Budget for the Fiscal Year Ending June 30, 2005,* Madera County.

Sales and Use Tax Revenue

Retail Sector Output for Construction Spending (one-time)	$18,459,233
Retail Sector Output for Operational Spending (recurring)	$5,509,972
Sales Tax Rate for Madera County	1.0%
Sales Tax on Construction Spending (one-time)	$184,592
Sales Tax on Operational Spending (recurring)	$55,100

Source: *Recommended Proposed Budget for the Fiscal Year Ending June 30, 2005,* Madera County.

Hotel Tax

As there is no hotel included in Alternative B, the hotel tax revenue collection will be minimal. Most gamers who plan an overnight trip for the purpose of gaming do so at a casino with a hotel attached. The only additional revenue from hotel taxes would be from those people who traveled to Madera County to game and stayed at a non-casino hotel. Attempts were not made to calculate this revenue as it is very speculative.

4.3.3 Total Revenue

The following table details the total revenue expected to be generated by the casino on both an annual and one-time basis.

Table 4.18

Total Revenue Attributed to Casino

One-Time Revenue	
Memorandum of Understanding	\$5.5 - \$14.3 million
Sales and Use Tax	\$184,592
Subtotal	\$5.7 - \$14.5 million
Annual Revenue	
Memorandum of Understanding[1]	\$1,762,961
Property Tax	-\$12,518
Sales and Use Tax	\$55,100
Subtotal	\$1,805,543

[1]Those MOU payments earmarked for charitable foundations are not included here as these funds are not under the control of the County.

4.4 Cost Versus Revenue

The following two tables provide a side-by-side comparison of the costs and revenues to the County. The first chart details one-time costs and revenue while the second deals with annual costs and revenue.

Table 4.19

Comparison of One-Time Costs and Revenues

Spending Category	Cost	Revenue
Fire Protection[1,2]	\$1,975,000	\$1,532,000
Roads[3]	\$3.68 - \$12.48 million	\$3.68 - \$12.48 million
Recreation[4]	\$160,000	\$160,000
Schools/Sales and Use Tax[5]	\$0	\$304,592
Legal Fees[4]	\$40,000	\$40,000
Total	\$5.855 - \$14.655 million	\$5,716,592 - \$14,516,592

[1]The estimate for a new fire house is between \$1.2 and \$2 million. An average cost of \$1.6 million is used here.

[2]The difference between cost and revenue for fire protection is \$843,000. Annual debt service at 4.25% for 30 years is \$66,821, including coverage. Covered by annual \$480,575 MOU payment for fire protection.

[3]At the completion of this report, the road study had not been completed; therefore the total cost of road improvements is only estimated based on the MOU.

[4]The MOU calls for a contribution of this amount and it is assumed the County will use the entire amount.

[5]Cost is from Schools. Revenue is from Sales Tax and MOU Schools Contribution.

Table 4.20

Comparison of Annual Costs and Revenues

Spending Category	Cost	Revenue
Administrative Services[1]	$57,400	$456,000
Fire Protection[1,4]	$487,432	$413,749
Sheriff[1,6]	$521,094	$586,391
Judicial Services	$7,745	[2]
Department of Corrections	$74,088	[2]
Behavioral Health Services[1]	$39,070	$40,000
Social Services[1]	$19,160	$200,000
Resources Management Agency	$11,673	[2]
Schools/Sales and Use Tax[3]	$99,484	$55,100
Property Tax	$0	-$12,500
County Payments to Cities[5]	$280,000	$280,000
Total	$1,597,146	$2,018,740

Costs include Casino-Induced and Resident-Induced Demand.

[1]MOU Payment

[2]Covered in excess of $456,000 MOU payment above.

[3]Cost is from Schools. Revenue is from Sales Tax.

[4]Annual Debt Service for fire protection capital costs has been subtracted from MOU revenue.

[5]The MOU calls for a $200,000 payment to the City of Madera and $80,000 payment to the City of Chowchilla.

[6]Sheriff revenue includes MOU payments directly to the sheriff's office and those MOU payments for Public Safety Support.

Section 5: Alternative C -- Retail Development

Alternative C examines the impacts if the proposed site were developed into a retail development as opposed to a casino development. The 237,000-square-foot building program includes two department stores, three restaurants and 1,860 parking spaces. The following table provides the building program.

Table 5.1

Building Program

	Square Footage
Retail Store 1	125,000
Retail Store 2	100,000
Restaurant 1	5,000
Restaurant 2	4,000
Restaurant 3	3,000
Total	237,000

5.1 Development Impact on Population

As described above, we used RIMS II to predict the direct, indirect and induced employment created by this alternative.

5.1.1 Construction Employment

For this alternative, projected construction spending will be over $31 million. The construction investment will create approximately 175 direct jobs and 96 indirect and induced jobs. The following table details the projected construction employment.

Table 5.2

Construction Impact on Employment

Sector	Employment Impact (Jobs)
1. Agriculture, Forestry, Fishing, & Hunting	0.55
2. Mining	1.56
3. Utilities	0.12
4. Construction	174.87
5. Manufacturing	10.42
6. Wholesale Trade	3.54
7. Retail Trade	29.00
8. Transportation & Warehousing	4.52
9. Information	2.13
10. Finance & Insurance	1.78
11. Real Estate & Rental & Leasing	2.25
12. Professional, Scientific, & Technical Services	4.56
13. Management of Companies & Enterprises	3.52
14. Administrative & Waste Management Services	4.28
15. Educational Services	0.73
16. Health Care & Social Assistance	9.15
17. Arts, Entertainment, & Recreation	0.98
18. Accommodation & Food Services	9.92
19. Other Services	5.19
20. Households	1.70
21. Total Employment	271

Source: RIMS II, Bureau of Economic Analysis, Department of Commerce.

5.1.2 Operational Employment

Operational employment includes those jobs that are generated from the operation of the retail development. These impacts will last as long as the shopping center is in operation. The following table estimates the annual revenue to be generated by this facility based on the revenue per square foot that is experienced at other similar retail developments.

Table 5.3

Retail Development Revenue

Development Type	Development Size (sq ft)	Annual Revenue per Square Foot	Total Revenue
Department Store 1	125,000	$400	$50,000,000
Department Store 2	100,000	$200	$20,000,000
Restaurant 1	5,000	$475	$2,375,000
Restaurant 2	4,000	$425	$1,700,000
Restaurant 3	3,000	$200	$600,000
Total	237,000	1,700	74,675,000

The following table details the jobs created by the operation of the facility.

Table 5.4
Operational Impact on Employment

Sector	Employment Impact (Jobs)
1. Agriculture, Forestry, Fishing, & Hunting	1.18
2. Mining	0.08
3. Utilities	0.39
4. Construction	2.94
5. Manufacturing	14.01
6. Wholesale Trade	4.69
7. Retail Trade	729.57
8. Transportation & Warehousing	11.05
9. Information	7.95
10. Finance & Insurance	4.16
11. Real Estate & Rental & Leasing	12.08
12. Professional, Scientific, & Technical Services	4.37
13. Management of Companies & Enterprises	41.82
14. Administrative & Waste Management Services	11.50
15. Educational Services	1.79
16. Health Care & Social Assistance	22.31
17. Arts, Entertainment, & Recreation	2.72
18. Accommodation & Food Services	106.62
19. Other Services	11.54
20. Households	4.19
21. Total Employment	995

Source: RIMS II, Bureau of Economic Analysis, Department of Commerce.

5.1.3 Population

In this section the population increase to be expected in the County due to the opening of the retail development is estimated.

Construction Employment Impact

As with the other alternatives, temporary construction jobs are not projected to have any impact on local population growth. Construction is temporary and therefore the jobs created as a result of construction spending are temporary as well. We do not project that there will be any population changes due to construction spending.

Operations Employment Impact

Operation of the retail development will create 995 jobs. Assuming an employment rate of 1.8 persons per 1,000 square feet, the shopping center will employ 427 direct employees. This means that 568 are indirect and induced employees.

Employees to Move into Madera County

General commuting patterns indicate that 73.5% of Madera County jobs are worked by Madera County residents. Of the 73.5% that live in Madera County, we project that very few will move in from other areas given the large number of unemployed persons in the County compared to the number of jobs created by this development. For the gaming alternatives, we projected that as many as 20% of the Madera County residents would be new residents, but we do not feel that the same percentage of residents will move for retail or restaurant employment as casino employment. As retail and restaurant employment opportunities are much more pervasive than casino employment, we project that fewer residents will move into the County for the opportunity to work at a shopping center. To be conservative and project the largest impact probable, we project that 10% of the Madera resident employees will move into Madera County from elsewhere.

Table 5.5

Employees who Live in Madera County

Total New Employees	995
Percentage of Employees who will live in County	73.5%
Number of Employees who will live in County	731
Percent of Employees who will Move to Madera County	10%
Number of New Resident Employees in Madera County	73

New Residents

As was discussed in the previous alternatives, new employees will not be the only new residents in Madera County. Predictably, new employees will bring family and therefore increase the population of Madera by a greater amount. The following table calculates the number of new residents in Madera County.

Table 5.6

New Residents in Madera County

New Employees Moving to Madera	73
Number of Employees per Household	1.2
Number of New Households	61
Number of Persons per Household	3.18
Number of New Residents	194

Source: U.S. Census.

As with the previous alternatives, we will assume that 50% or 97 new residents live in the City of Madera while 1% or 2 residents will live in the City of Chowchilla. The rest will live in the unincorporated areas of the County of Madera.

5.2 Cost of Government Services

The following section provides information on how the retail development will increase the cost of government service provision.

5.2.1 Development-Induced Demand

The new retail development will create demands for services just as the casinos do in the other alternatives. The following examines these impacts.

Fire Protection

The retail development alternative will still require a new fire station and truck according to Division Chief Paul Helm.

The shopping center will not have a high rise component so an aerial apparatus would not be required. The fire station would need to be equipped with a standard fire engine though.

Table 5.7

Capital Costs for Fire Prevention

Fire House	$1.2 - $2 million
Fire Engine	$375,000
Total	$1.575 - $2.375 million

Source: Interview with Paul Helm, Division Chief, California Department of Forestry and Fire Protection, January 11, 2005.

The new fire station and engine will require fire fighters. Because the truck will not be an aerial apparatus, the staffing needs of the station will decrease as compared to Alternative A. The County has a goal of 2 full-time fire fighter positions per station which requires 6 people to be hired. The station will also recruit 12 volunteers to assist with fires. These costs are detailed below.

Table 5.8

Fire Personnel Costs

	Cost per Unit	Total
Fire Engineers Salary & Benefits (3)	$71,366	$214,098
Fire Captains Salary & Benefits (3)	$81,408	$244,224
Volunteer Memberships (12)	$54	$648
Sets of Equipment (18)	$1,200	$21,600
Total		$480,570

Source: *Recommended Proposed Budget for the Fiscal Year Ending June 30, 2005*, Madera County. Interview with Paul Helm, Division Chief, California Department of Forestry and Fire Protection, January 11, 2005.

Sheriff

The Sheriff's department can still be expected to see an increase in call volume with a new shopping center in town. Experience with other shopping centers reveals that sheriff departments often station a deputy at a retail location such as this on a full-time basis because of the amount of crime that is perpetrated on the premises. Common criminal activities include breaking into cars, car theft, shoplifting and disorderly conduct. In addition to preventing criminal activity, sheriffs assist with emergency situations and traffic incidents at the shopping center. Given this information, we estimate the Sheriff's department will need to hire 5 deputies and a half-time sergeant to accommodate the shopping center's demand for services.

Table 5.9

Sheriff Personnel Costs

	Cost per Unit	Total
Deputy Sheriff Salary & Benefits (5)	$50,000	$250,000
Sheriffs Sergeant Salary & Benefits (.5)	$60,000	$30,000
Equipment	$10,000	$60,000
Retirement	$15,844	$95,061
Health Insurance	$5,118	$28,149
Workers' Compensation Insurance	$6,372	$35,046
Uniform Allowance	$900	$4,950
Total		$503,206

Source: *Recommended Proposed Budget for the Fiscal Year Ending June 30, 2005*, Madera County. Interview with Sheriff John Anderson, Madera County Sheriff's Department, January 12, 2005.

Emergency Management Services

There will be no impact from the retail development on this department.

Judicial Services

Demands for judicial services from crimes perpetrated at the shopping center are not expected to generate the need for additional staffing.

Department of Corrections

The cost to the Department of Corrections is projected to be equal to that of Alternative A. The facility is expected to generate a fair amount of criminal activity given its location near to a large population and the nature of the shopping center in general.

Table 5.10

Correctional Facilities Costs

Number of Arrests per Year	36
Average Length of Stay (Nights)	24
Cost per Night	$53
Total	$45,792

Behavioral Health

There will be no impact from the retail development on this department.

Resource Management Agency

As the road study is not completed yet, we have estimated the cost of the road improvements required for this project to be between $4.6 and $15.6 million.

Schools

Under the retail alternative, the number of new students in the school system is estimated to be 41. This small number of new students can easily be accommodated by the schools currently under development in the County.

Table 5.11

Number of New Students

New Population	194
Percentage of School Children in Madera Population	20.9%
New School Population	41

Source: iXPRESS, Claritas, Inc.

5.2.2 Total Cost

The following details the total of one-time costs to the County of the new retail development.

Table 5.12

Estimate of Development-Induced Capital Costs

Fire Protection[1]	$1,975,000
Roads	$4.6 - $15.6 million
Total	$6.2 - $18 million

[1]The estimate for a new fire house is between $1.2 and $2 million. An average cost of $1.6 million is used here.

In addition to one-time costs, the facility will be associated with annual increases in costs.

Table 5.13

Estimate of Development-Induced Annual Costs

Fire Protection	$480,570
Sheriff	$503,206
Department of Corrections	$45,792
Total	$1,029,568

Using the same per resident formulas as above, we calculated the expenditures for 95 new residents in the County.

Table 5.14
Estimate of New Resident-Induced Costs

Administrative Services	$20,853
Fire Protection	$2,488
Sheriff	$5,331
Judicial Services	$2,808
Department of Corrections	$10,260
Behavioral Health Services	$21
Social Services	$6,961
Resources Management Agency	$4,241
Schools	$36,418
Total	$89,381

5.3 County Revenue from Retail Development

Revenue to the County from this alternative will be significantly lower than that of casino Alternative A. The County can expect revenue from the retail development in 2 forms: payment-in-lieu of impact fees and tax revenue.

5.3.1 Impact Fees

Normally under a retail development scenario, the developer would pay impact fees. In the case of the sovereign developer that is not the case. The Tribe would not be required to pay impact fees.

5.3.2 Tax Revenue

The following section breaks down the tax revenue to be expected from the development as well as the new residents.

Property Tax

The following section calculates the property tax lost due to placing the proposed site into trust as well as the additional revenue to be expected from new residential development.

Casino Property Tax

As with Alternative A, the sovereign Tribe will not be required to pay property tax once the property is placed in trust for the Tribe. The loss of property taxes will be identical to that in Alternative A; therefore, the loss in property taxes will be approximately $12,500.

New Resident Property Tax

New housing already under development will accommodate the expected increase in population created by this alternative. (See Section 7: Land Development Pattern) As such, there are no additional property taxes expected to be generated by this development.

Sales and Use Tax

Using RIMS II, output in the retail sector of the economy can be calculated. The following table details the output in terms of dollars spent in the retail sector and the sales and use tax associated with that spending for both the one-time construction spending and the recurring operational spending.

Table 5.15

Sales and Use Tax Revenue

Retail Sector Output for Construction Spending (one-time)	$2,774,395
Retail Sector Output for Operational Spending (annual)	$69,840,504
Sales Tax Rate for Madera County	1.0%
Sales Tax on Construction Spending (one-time)	$27,744
Sales Tax on Operational Spending (annual)	$698,405

Source: *Recommended Proposed Budget for the Fiscal Year Ending June 30, 2005,* Madera County.

Sales and Use Tax Revenue

Retail Sector Output for Construction Spending (one-time)	$2,774,395
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Sales Tax Rate for Madera County	1.0%
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Sales Tax on Operational Spending (annual)	$698,405

Source: *Recommended Proposed Budget for the Fiscal Year Ending June 30, 2005,* Madera County.

5.3.3 Total Revenue

The following table estimates the total revenue to be generated by the retail development on both an annual and one-time basis.

Table 5.16

Total Revenue Attributed to Development

One-Time Revenue	
Sales and Use Tax	$27,744
Total	$27,744
Annual Revenue	
Property Tax	-$12,518
Sales and Use Tax	$698,405
Total	$685,887

5.4 Cost Versus Revenue

The following tables compare the costs and revenues in both the annual and one-time categories.

Table 5.17

Comparison of One-Time Costs and Revenues

Spending Category	Cost	Revenue
Fire Protection[1]	$1,975,000	N/A
Schools/Sales and Use Tax[2]	$0	$27,744
Roads[3]	$4.6 - $15.6 million	N/A
Total	$6.575 - $17.575 million	$27,744

[1]The estimate for a new fire house is between $1.2 and $2 million. An average cost of $1.6 million is used here.

[2]Costs are from Schools. Revenue is from Sales and Use Tax.

[3]At the completion of this report, the road study had not been completed; therefore the total cost of road improvements is only an estimate.

Table 5.18

Comparison of Annual Costs and Revenues

Spending Category	Cost	Revenue
Administrative Services	$20,853	-
Fire Protection	$483,058	-
Sheriff	$508,537	-
Judicial Services	$2,808	-
Department of Corrections	$56,052	-
Behavioral Health Services	$21	-
Social Services	$6,961	-
Resources Management Agency	$4,241	-
Schools/Sales and Use Tax[1]	$36,418	$698,405
Property Tax	-	-$12,518
Total	$1,118,949	$685,887

Costs include Retail-Induced and Resident-Induced Demand.

[1]Costs are from Schools. Revenue is from Sales and Use Tax and School Impact Fees.

Section 6: Alternative D -- North Fork

Alternative D examines the impacts the casino would have if it were moved to a different location. This alternative looks at the impacts of the development if it were located near North Fork, California. The site is still located in Madera County but in a more mountainous region of the County as opposed to the more developed area where the other three alternatives would be located.

As environmental constraints plague this site, the building program would have to be scaled back if this option were chosen. Instead of the 2,000 slot machines and 60 tables analyzed at the Highway 99 site, this option would only have 275 slot machines and 6 tables. There would be no hotel, gift shop or spa with this alternative. The casino would have a food court/deli, snack bar and coffee shop.

Table 6.1

Building Program

Element	Square Footage
Casino	21,451
Food and Beverage	4,550
Total	26,001

Source: Station Casinos.

There are economic constraints connected with this site as well. A separate report produced by The Innovation Group concerning the economic feasibility of the North Fork location indicates that the remote location of the casino would inhibit earning potential. (See Appendix 1.)

6.1 Development Impact on Population

As described in the previous alternatives, we used RIMS II to predict the direct, indirect and induced employment created by this alternative.

6.1.1 Construction Employment

For the North Fork alternative, the projected construction spending will be over $41 million (see Appendix 1). The following table details the projected employment from this spending. Based on the almost $41 million in spending for construction, RIMS II projects that the project will create 351 jobs, with 226 of those being direct employees and 125 being indirect or induced employees.

Table 6.2

Construction Impact on Employment

Sector	Employment Impact (Jobs)
1. Agriculture, Forestry, Fishing, & Hunting	0.71
2. Mining	2.02
3. Utilities	0.16
4. Construction	226.49
5. Manufacturing	13.50
6. Wholesale Trade	4.58
7. Retail Trade	37.56
8. Transportation & Warehousing	5.85
9. Information	2.76
10. Finance & Insurance	2.30
11. Real Estate & Rental & Leasing	2.92
12. Professional, Scientific, & Technical Services	5.91
13. Management of Companies & Enterprises	4.56
14. Administrative & Waste Management Services	5.54
15. Educational Services	0.94
16. Health Care & Social Assistance	11.85
17. Arts, Entertainment, & Recreation	1.27
18. Accommodation & Food Services	12.85
19. Other Services	6.72
20. Households	2.20
21. Total Employment	351

Source: RIMS II, Bureau of Economic Analysis, Department of Commerce.

6.1.2 Operational Employment

Operational employment includes those jobs that are generated from the operation of the casino. These impacts will last as long as the casino is in operation. The casino is projected to employ 139 full-time employees and 23 part-time employees or 153 full-time equivalents. Total employment generated by the facility will be 167 of which 153 are direct and 14 are indirect and induced. The following table details the jobs created by the operation of the casino.

Table 6.3

Operational Impact on Employment

Sector	Employment Impact (Jobs)
1. Agriculture, Forestry, Fishing, & Hunting	0.29
2. Mining	0.02
3. Utilities	0.07
4. Construction	0.79
5. Manufacturing	1.78
6. Wholesale Trade	0.90
7. Retail Trade	5.18
8. Transportation & Warehousing	1.11
9. Information	0.83
10. Finance & Insurance	0.62
11. Real Estate & Rental & Leasing	1.43
12. Professional, Scientific, & Technical Services	0.84
13. Management of Companies & Enterprises	1.43
14. Administrative & Waste Management Services	1.37
15. Educational Services	0.29
16. Health Care & Social Assistance	3.59
17. Arts, Entertainment, & Recreation	108.74
18. Accommodation & Food Services	32.58
19. Other Services	4.56
20. Households	0.67
21. Total Employment	167

Source: RIMS II, Bureau of Economic Analysis, Department of Commerce.

6.1.3 Population

As previously done, it is necessary to estimate the number of new residents who will move into Madera County based on the new employment gained from the casino having opened.

Construction Employment Impact

As with the other alternatives, temporary construction jobs are not projected to have any impact on local population growth. All of the jobs created through construction spending are temporary because construction spending is temporary; therefore, it is projected that the local population will not increase due to construction spending.

Operations Employment Impact

Approximately 65% of the Chukchansi's employees are Madera County residents. General commuting patterns indicate that 73.5% of Madera County jobs are worked by Madera County residents. Given the small size of the casino in this alternative and the high level of unemployment in the County, we believe that a greater percentage of employees will come from Madera County in this alternative than Alternative A. We will assume that 73.5% of the employees will come from Madera County.

Of the 73.5% of employees that live in Madera County, we project that very few will move in from other areas given the large number of unemployed persons in the County compared to the number of jobs available. Of course, some of the employees will undoubtedly move in from other areas. For this reason, we project that 10% of the employees who do live in Madera County will do so after moving in from somewhere else.

Table 6.4

Employees who Live in Madera County

Total New Employees	167
Percentage of Employees who will live in County	73.5%
Number of Employees who will live in County	123
Percent of Employees who will Move to Madera County	10%
Number of New Resident Employees in Madera County	12

New Residents

If new employees move into Madera, these will not be the only new residents. These employees will in some cases bring families. Using the employee per household values calculated above, we determined the number of new households created by employees moving into the area.. Applying the number of persons per household in 2000, we determined the number of new residents in Madera.

Table 6.5

New Residents in Madera County

New Employees Moving to Madera	12
Number of Employees per Household	1.2
Number of New Households	10
Number of Persons per Household	3.18
Number of New Residents	32

Source: U.S. Census.

In Alternative D, the development would occur substantially further away from the City of Madera. For this reason, we will assume that the growth in the City is not as substantial as in the other alternatives. We will assume it to be 38% based on the general level of Madera County's population that is moving into the City of Madera. (see Table 3.7). We will assume the City of Chowchilla will still receive 1% of the population.

6.2 Cost of Government Services

The following section provides information on how the new casino will increase the cost of government service provision.

6.2.1 Casino Demand

The new casino will create demands for services just as Alternative A did. These demands will not be as great as with Alternative A because of its smaller size.

Fire Protection
Mr. Helm was unsure whether this location would require a new station and truck or not. He suggested that if the Chukchansi fire station could provide service to the Station Casino without exceeding the 4-minute level of service standard then it might be possible. The County would have to determine if this really would be possible or not. Given the uncertainty of the situation and likelihood that the one station would not adequately serve both casinos, we have included the cost of a fire station and truck in this alternative.

The fire station to be built by the Chukchansi Casino is expected to cost $1.2 million. We project that the station will be similar to the Chukchansi casino's station. A new station will need a new fire engine, but because the casino in this alternative will not have a hotel tower the fire engine need not be an aerial apparatus. Capital costs for fire protection of the casino are listed below.

Table 6.6

Capital Costs for Fire Prevention

Fire House	$1,200,000
Fire Engine	$375,000
Total	$1,575,000

Source: Interview with Paul Helm, Division Chief, California Department of Forestry and Fire Protection, January 11, 2005.

The new fire station and engine will require fire engineers. Because the truck will not be an aerial apparatus, the staffing needs of the station will decrease. The County has a goal of 2 full-time fire fighter positions per station. Each position requires 3 people to fill it 24 hours/day 365 days/year. The station will also recruit 12 volunteers to assist with fires. These costs are detailed below.

Table 6.7

Fire Personnel Costs

	Cost per Unit	Total
Fire Engineers Salary & Benefits (3)	$71,366	$214,098
Fire Captains Salary & Benefits (3)	$81,408	$244,224
Volunteer Memberships (12)	$54	$648
Sets of Equipment (18)	$1,200	$21,600
Total		$480,570

Source: *Recommended Proposed Budget for the Fiscal Year Ending June 30, 2005*, Madera County. Interview with Paul Helm, Division Chief, California Department of Forestry and Fire Protection, January 11, 2005.

In addition to the above mentioned costs, the Alternative D location has occasionally been threatened by forest fires. The latest one was in July 2005. Although the annual probability and the cost of such wildfires are difficult to estimate because of the human and weather factors related to fires, the expected cost is certainly greater than zero. Given the remote location of Alternative D, the expected cost would be greater than in the other alternatives which are located in a built-up area of Madera County with better access to fire prevention and fighting capabilities. The existence of a casino in the Alternative D location would make firefighting there more complicated and costly while increased human activity in the area would raise the probability of fire. This additional expected cost would need to be borne by Madera County, the state and the federal government

Sheriff

The Sheriff's department can still be expected to see an increase in call volume with a new casino in town. Assuming that the rate of calls is proportional to the size of the facility, the North Fork casino would make fewer calls for sheriff assistance than the Chukchansi Casino or the casino in Alternative A. Fewer calls require fewer officers to respond to those calls. We will assume that the Sheriff's office will need to increase its deputies by half a position. A position requires 5 sheriff deputies to fill. The following details the cost of filling this position as well as filling a half-time sergeant position to oversee these deputies.

Table 6.8

Sheriff Personnel Costs

	Cost per Unit	Total
Deputy Sheriff Salary & Benefits (3)	$50,000	$150,000
Sheriffs Sergeant Salary & Benefits (.5)	$60,000	$30,000
Equipment	$10,000	$40,000
Retirement	$15,278	$61,111
Health Insurance	$5,118	$17,913
Workers' Compensation Insurance	$6,145	$21,508
Uniform Allowance	$900	$3,150
Total		$323,682

Source: *Recommended Proposed Budget for the Fiscal Year Ending June 30, 2005*, Madera County. Interview with Sheriff John Anderson, Madera County Sheriff's Department, January 12, 2005.

Judicial Services

Given that we are estimating only one-third the amount of criminal activity in this alternative as in Alternative A, we estimate that the District Attorney's office will not need additional staffing.

Department of Corrections

The cost to the Department of Corrections should also be less than in Alternative A. Assuming the number of arrests per year is proportional to the size of the facility, the North Fork facility would have 3.5 arrests per year given the 24 arrests per year experienced at the Chukchansi facility. To be conservative, we will assume that the facility experiences half the number of arrests that the Chukchansi Casino does. The following details the cost to the Department given this assumption.

Table 6.9

Correctional Facilities Costs

Number of Arrests per Year	12
Average Length of Stay (Nights)	24
Cost per Night	$53
Total	$15,264

Behavioral Health
As the number of problem gamers in the County is based on the number of adults in the population, the number of new licensed counselors remains the same as in Alternative A.

Table 6.10

Behavioral Health Personnel Costs

	Cost per Unit	Total
Licensed Clinician Salary & Benefits (.5)	$54,220	$27,110
Retirement	$8,311	$4,155
Health Insurance	$5,324	$2,662
Workers' Compensation Insurance	$168	$84
Equipment	$5,000	$5,000
Total	$73,023	$39,011

Source: *Recommended Proposed Budget for the Fiscal Year Ending June 30, 2005*, Madera County. Interview with Mental Health Director Janice Melton, Madera County Behavioral Health Services, January 12, 2005.

Resource Management Agency
As the traffic engineer has not completed the roads study, the results of that study have not been included here. We have estimated the cost of the road improvements to be proportional to the size of the new facility as compared to Alternative A; therefore, the cost is estimated to be between $606,187 and $2,055,763.

Schools
Under the North Fork Alternative, the number of new students in the school system is estimated to be 7. Current school developments undertaken by the County will accommodate these new students.

Table 6.11

Number of New Students

New Population	32
Percentage of School Children in Madera Population	20.9%
New School Population	7

Source: iXPRESS, Claritas, Inc.

6.2.2 Total Cost

The following details the cost of capital improvements to the County of the new development.

Table 6.12

Estimate of One-Time Casino-Induced Costs

Fire Protection	$1,575,000
Roads	$606,187 - $2,055,763
Total	$2,181,187 - $3,630,763

In addition to one-time costs, the casino will be associated with annual increases in costs.

Table 6.13

Estimate of Casino-Induced Annual Costs

Fire Protection	$480,570
Sheriff	$323,682
Department of Corrections	$15,264
Behavioral Health	$39,011
Total	$858,527

Table 6.14

Estimate of Annual New Resident-Induced Costs

Administrative Services	$3,440
Fire Protection	$314
Sheriff	$673
Judicial Services	$355
Department of Corrections	$1,296
Behavioral Health Services	$4
Social Services	$1,148
Resources Management Agency	$700
Schools	$6,218
Total	$14,148

6.3 County Revenue from Casino

Revenue to the County from this alternative will be significantly lower than that of Alternative A.

6.3.1 Memorandum of Understanding Revenue

The Memorandum of Understanding signed by the Tribe and the County only applies to Alternative A. It is assumed that if Alternative D were the chosen alternative that the Tribe and the County would negotiate a similar yet proportional agreement based on the sizing of the facility. Given these assumptions, we posit that the Tribe would make the following payments for this alternative location.

Table 6.15

Memorandum of Understanding Revenue

Non-Recurring Contributions	
Public Safety Resources Contribution	$252,358
Transportation Resources Contribution	$527,119 - $1,976,695
Road Contribution Consistent with County Ordinance	$79,068
Recreation Contribution	$26,356
School Contribution	$19,767
Legal Fees Reimbursement	$6,589
Total	$.9 - 2.4 million
Recurring Contributions	
North Fork Rancheria Charitable Foundation Contribution[1]	$26,356
North Fork Rancheria Economic Development Foundation[1]	$32,945
North Fork Rancheria Educational Foundation[1]	$52,712
North Fork Unincorporated Area Foundation[1]	$32,945
County Services Contributions	
Workforce or Housing programs	$32,945
Sheriff	$323,682
Fire	$480,570
Behavioral Health	$6,589
Open Space/Parks	$9,225
Public Safety Support	$13,178
Public Facilities Budget	$65,890
City of Madera[1]	$32,945
City of Chowchilla[1]	$13,178
Total	$1,123,160

6.3.2 Tax Revenue

The following section breaks down the tax revenue to be expected from the casino as well as the new residents.

Property Tax

Casino Property Tax

Under this Alternative, the casino will be developed on land that is already in trust so that no property will be removed from the tax rolls. There will be no impact to property taxes from the land the casino will sit on.

New Resident Property Tax

New housing already under development will accommodate the expected increase in population created by this alternative. (See Section 7: Land Development Pattern.) As such, there are no additional property taxes expected to be generated by this development.

Sales and Use Tax

Using RIMS II, output in the retail sector of the economy can be calculated. The following table details the output in terms of dollars spent in the retail sector and the sales and use tax associated with that spending for both the one-time construction spending and the recurring operation spending.

Table 6.16

Sales and Use Tax Revenue

Retail Sector Output for Construction Spending (one-time)	$3,593,494
Retail Sector Output for Operational Spending (annual)	$452,822
Sales Tax Rate for Madera County	1.0%
Sales Tax on Construction Spending (one-time)	$35,935
Sales Tax on Operational Spending (annual)	$4,528

Source: *Recommended Proposed Budget for the Fiscal Year Ending June 30, 2005,* Madera County.

Sales and Use Tax Revenue

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Sales Tax on Operational Spending (annual)	$4,528

Source: *Recommended Proposed Budget for the Fiscal Year Ending June 30, 2005,* Madera County.

Hotel Tax

As there is no hotel included in the North Fork Alternative, the hotel tax revenue collection will be minimal. Because this casino is significantly smaller than even Alternative B, we do not believe it will attract as many overnight guests as Alternatives A or even B.

6.3.3 Total Revenue

The following table details the total revenue to be expected to be generated by the casino on both an annual and one-time basis.

Table 6.17

Total Revenue Attributed to Casino

One-Time Revenue	
Memorandum of Understanding	$.9 - 2.4 million
Sales and Use Tax	$35,935
Subtotal	$.94 - 2.4 million
Annual Revenue	
Memorandum of Understanding[1]	$932,079
Property Tax	$0
Sales and Use Tax	$4,528
Subtotal	$936,607

[1]Those MOU payments earmarked for charitable foundations are not included here as these funds are not under the control of the County.

6.4 Cost Versus Revenue

The following two tables provide a side-by-side comparison of the costs and revenues to the County. The first chart details one-time costs and revenue while the second deals with annual costs and revenue.

Table 6.18

Comparison of One-Time Costs and Revenues

Spending Category	Cost	Revenue
Fire Protection[1]	$1,575,000	$252,358
Roads[2]	$606,187 - $2,055,763	$606,187 - $2,055,763
Recreation[3]	$26,356	$26,356
Schools/Sales and Use Tax[4]	$0	$55,702
Legal Fees[3]	$6,589	$6,589
Total	$2,214,132 - $3,663,708	$947,192 - $2,396,768

[1]The difference between cost and revenue for fire protection is $1,322,642. Annual debt service at 4.25% for 30 years is $104,840, including coverage. Covered by annual $480,570 MOU payment for fire protection.

[2]At the completion of this report, the road study had not been completed; therefore the total cost of road improvements is only estimated based on the MOU.

[3]The MOU calls for a contribution of this amount and it is assumed the County will use the entire amount.

[4]Cost is from Schools. Revenue is from Sales and Use Tax and MOU contribution.

Table 6.19

Comparison of Annual Costs and Revenues

Spending Category	Cost	Revenue
Administrative Services[1]	$3,440	$75,115
Fire Protection[1,4]	$480,884	$375,730
Sheriff[1,6]	$324,355	$336,860
Judicial Services	$355	[2]
Department of Corrections	$16,560	[2]
Behavioral Health Services[1]	$39,015	$6,589
Social Services[1]	$1,148	$32,945
Resources Management Agency	$700	[2]
Schools/Sales and Use Tax[3]	$6,218	$4,528
Property Tax	$0	$0
County Payments to Cities[5]	$46,123	$46,123
Total	$918,798	$877,890

Costs include Casino-Induced and Resident-Induced Demand.

[1]MOU Payment

[2]Covered in excess of $75,114 payment above.

[3]Cost is from Schools. Revenue is from Sales and Use Tax.

[4]Annual Debt Service for fire protection capital costs has been subtracted from MOU revenue.

[5]The MOU calls for a $32,945 payment to the City of Madera and $13,178 payment to the City of Chowchilla.

[6]Sheriff revenue includes MOU payments directly to the sheriff's office and those MOU payments for Public Safety Support.

Section 7: Land Development Pattern

In this section, we project the increased demand for development and where in the County that development will occur. We will separate the development into two categories: residential and commercial. The commercial category includes all types of businesses: retail, office and industrial.

7.1 Residential Development

There are three major areas where residential development is occurring in Madera County: the City of Madera, the City of Chowchilla and the foothills of Yosemite National park (Oakhurst and Coarsegold communities). At present, the number of housing units in the County is increasing. There were 1,921 housing unit permits issued in 2004 in Madera County. Through August 2005, 1,654 permits had been issued.

Table 7.1

Dwelling Unit Permits Issued

	2004			2005		
Date	Single Family Permits	Multi-Family Permits	Total Permits	Single Family Permits	Multi-Family Permits	Total Permits
January	132	6	138	66	9	75
February	80	32	112	102	93	195
March	89	30	119	196	4	200
April	144	0	144	170	19	189
May	155	0	155	198	0	198
June	153	2	155	280	0	280
July	120	0	120	200	2	202
August	122	2	124	234	81	315
September	101	0	101	N/A	N/A	N/A
October	283	119	402	N/A	N/A	N/A
November	209	10	219	N/A	N/A	N/A
December	126	6	132	N/A	N/A	N/A
Total	1,714	207	1,921	1,446	208	1,654

Source: California Building Industry Association, www.cbia.org, October 18, 2005.

The County also has a number of housing projects that are seeking to be permitted. The two largest provide for over 32,000 housing units to be developed. One of the projects that would provide 28,000 housing units is south of Highway 41 which provides access from Fresno to Yosemite National Park. This passage also provides access to the Chukchansi Casino and the location of the casino in Alternative D. Another project for 4,500 housing units is in the area of the State Center Community College development located just south of the City of Madera on Highway 99. In addition to these two projects, there are individual building permits that are being processed as well.

Table 7.2

Proposed Residential Development

Project	Number of Units
South of Highway 41	28,000
State Center Community College	4,500
Total	32,500

Source: Planning Department, Madera County.

Given the flurry of residential development currently occurring in the County, it is unlikely that the proposed development would make much of an additional impact. Alternative A is estimated to draw approximately 260 new households to the County. Those households would only occupy 0.8% of the proposed 32,500 units. With each of the subsequent scenarios, the impact on the housing market diminishes. We anticipate that the housing demand generated by the proposed development will be absorbed by these new developments.

7.2 Commercial Development

In this section, we examine commercial development which includes retail, office and industrial spaces. The two main areas of commercial development in the County are the incorporated areas of Madera and Chowchilla. Despite the strong residential development underway, commercial development has been lagging in Madera County.

Retail Development

The City of Madera is experiencing a tremendous amount of pressure to develop retail space due to the increasing amount of residential development in the area. The problem in the City of Madera is that many of the sites available for retail development do not have the infrastructure to support it. This lack of infrastructure has slowed retail development in the area. Despite these issues, most retail development in the County is in or surrounding the City of Madera.

One of the targeted areas for development right now is the Highway 99 exit that would support the development in Alternatives A, B and C. According to Bobby Kahn, Executive Director of Madera County Economic Development Commission (April 13, 2005 phone interview), there are rumored developments planned for three of the four corners at this exit. These plans are only tentative and have not been officially acted upon, but have been proposed independent of the prospect of having casino patrons as part of the demand mix. One of these developments that would be situated across Highway 99 from the casino tentatively includes big box retail space and a gas station. A gas station is also proposed for the west side of the freeway. As these gas station sites will be in close proximity to the casino we anticipate that casino guests will patronize the facilities, and together with another existing gas station near the highway should support the needs of future casino patrons, local residents and through traffic.

We do not project that casino guests in Alternative A will create demand for additional new restaurants and hotels at this location as the casino development itself will be able to serve these needs. Casino patrons will not create enough demand themselves to justify the development of a strip mall at this location.

The City of Chowchilla has very little in terms of existing retail, but there is some development that is in the planning stages. Currently, they have one shopping center with a grocery store and a pharmacy. To add to this, a local car dealership is moving its operations to a 31-acre parcel in Chowchilla. The development will include not only the dealership but also a village-style shopping center which will feature small stores, pedestrian transportation and lots of trees. The development is in the engineering phase with the dealership to be operational in 2007 and the retail center to follow.

In all of the scenarios, the proposed development is expected to increase the demand for retail space. Aside from those positions in the arts, entertainment and recreation category, the two sectors estimated to see the largest increases in employment opportunities due to the casino opening would be the retail trade and accommodation and food services categories (Tables 3.4, 4.3, 5.4 and 6.3). For Alternative A, 88 of these jobs will require retail space although food service jobs tend to occur along side retail trade ones. These 88 jobs will be created throughout Madera County serving gamers, new employees and new residents.

As noted above, the planned retail and gas stations at the Avenue 17/Highway 99 intersection could partially accommodate the new jobs that would be demanded from the gaming patron base. It is not expected that other new businesses would be needed in the market to serve gamers. Retail and food and beverage facilities may also be needed in the market to accommodate casino and non-casino employees that become new residents of the area, though it should be noted that these new employees are expected to fill residential developments that are being planned independent of the casino, and such retail developments would be planned for the communities as a whole, and not merely the casino-related employee element of the total. Therefore, with an estimated 32,000 new single family dwellings in the process of being developed in Madera County, the demand for new retail space will continue to increase.

In all of the scenarios, we project that the growth in retail space will continue to focus in the City of Madera primarily and the City of Chowchilla secondarily.

Office Development
The City of Madera has a very low office vacancy rate. The only spaces available are on the lower end of the quality spectrum. There is a new development under construction which will have six buildings when it is completed. Occupants have already been found for four of the six buildings.

The City of Chowchilla has little to no office space, filled or available. The City has a few medical offices and other offices. There are no plans for any office development.

We anticipate only a slight increase in the demand for office space as a result of any of the scenarios. Very little of the employment expected to be generated will require office space—about 108 jobs resulting from Alternative A in sectors 9, 10, 11, 12, 13 and 19 and less in the other alternatives (See Tables 3.4, 4.3, 5.4 and 6.3). What little is needed, we anticipate will be developed in the incorporated areas of the County, mainly resulting from the service needs of the residential development. Given the limited amount of space that is needed, the lack of immediate proximity needed to either residences or the casino, it is too speculative to estimate where the demand for the space would be in the County.

Industrial Development
Most of the industrial development in Madera County is in and around the City of Madera. The following provides a listing of the currently available properties in the County and their sizes.

Table 7.3

Vacant Industrial Development in City of Madera

Development	Square Feet
Upright Building	290,000
Regency Building	175,000
County Building	28,000
Airport Industrial Park[1]	120,000
Berry Construction[2]	100,000
Total	713,000

Source: Madera County Economic Development Commission.

[1]This building is in the engineering phase.

[2]Berry Construction is a developer that builds buildings and then sells them. The size of this building is an approximate value representing a typical building they construct.

The City of Chowchilla has very little built industrial space. It does have a number of excellent sites for industrial development however.

There will be almost no demand for additional industrial space in the County as a result of the casino or retail developments. What little there might be from 68 new jobs in sectors 1, 2, 3, 4, 5, 6 and 8 for Alternative A (See Table 3.4) can be absorbed by the vacant units in existing industrial spaces in the County or in existing industrial operations. It is assumed that the most likely scenario will be that the casino will generate new jobs at existing industrial locations as opposed to generating new industrial operations. These jobs would be dispersed among all of the current industrial operations in Madera County.

Section 8: Impacts to the City of Madera

The preceding sections focus on the impacts to Madera County. Given the proximity of the proposed development in Alternatives A, B and C to the City of Madera, we assess the impacts to the City in this section. Alternative D will also have impacts on the City, but these are expected to be to a lesser extent given the distance between the development and the City. The following section describes these impacts.

8.1 Development Impact on Population

In Alternatives A, B and C, the development is situated in the County immediately adjacent to the City of Madera. In Alternative D, the development is located across the County from the City.

For Alternatives A, B and C, we projected that 50% of development-induced residents would move into the City of Madera. We projected that Alternative D will cause growth closer to typical City growth because it is located further from the City. For this reason, we have projected 38% of the County's residents will move to the City under Alternative D. Under all of the alternatives, we projected that 1% of the new resident population will move into the City of Chowchilla. (See Section 3.1.3.)

Given these projections, the number of new residents in each of the Alternatives is listed below.

Table 8.1

New Residents in City of Madera

	County Population	City Population
Alternative A	836	418
Alternative B	535	268
Alternative C	194	97
Alternative D	32	12

8.2 Cost of Government Services

The following section details the cost to the City of adding this population.

8.2.1 Development Demand

In Alternatives A, B and C, the development is located just outside the city limits. Because the development is located outside the city limits of the City of Madera, most development-induced demands will be borne by the County. Under Alternative D, no development-induced impacts are expected as the casino would be located on the other side of the County from the City of Madera.

Road Costs
The only demand that may impact the City would be for upgrading the road network leading to the developments in Alternatives A, B and C. It is possible that a city road might need to be widened or a traffic signal installed at the intersection of Avenue 17 and Golden State Boulevard. A traffic study is currently under development to determine those impacts.

8.2.2 New Resident Demand

The following section details the costs to the City of Madera for the new residents who are projected to move into the City as a result of the new development. (See Table 8.2.)

Capital Costs
It is not expected that there will be any need for capital improvements under any of the Alternatives. Under Alternative A where the largest population gain is expected, it is projected that only 418 new residents will move into the City as a result of the new development. The new residents equal only .88% of the current population.

Operational Costs
Despite low capital cost investment, the City's operational costs are expected to rise with each new resident. To determine the cost of these new residents, the City's current annual expenditures were analyzed. The following chart summarizes the City of Madera's spending. In the 2004-2005 budget, the City of Madera spent $11 million on its 47,569 residents. Public Works expenditures were negative for that budget year, but were $2 million in the previous year, such that a $13 million budget may be more of the norm.

Table 8.2

City of Madera Expenditures

City Administration	$1,113,982
Finance Department	$354,018
City Attorney	$105,378
Police	$5,234,927
Fire	$2,088,297
Community Development	$567,833
Parks and Recreation	$1,426,700
Public Works*	$2,000,000
Grant Oversight	$128,349
Total	$13,019,484

Source: 2004-2005 City of Madera Budget.
* Based on the 2003-2004 budget figure of $1.93 million (the 2004/2005 figure was negative, and assumed to be an outlier)

On a per capita basis, the City of Madera spends $273.70 annually for each City resident.

Table 8.3

Per Capita City of Madera Spending

2004 Budget	$13,019,484
2004 Population	47,569
Per Capita Spending	$273.70

Source: 2004-2005 City of Madera Budget.

The new City of Madera residents for each Alternative will cost the City the following amounts for operational costs.

Table 8.4

Cost for New Residents

	City Population	Annual Cost to City
Alternative A	418	$114,405
Alternative B	268	$73,351
Alternative C	97	$26,549
Alternative D	12	$3,284

8.3 City Revenue from Development

Along with additional costs, residents will bring in additional revenue to the City. There are two forms of revenue. The first is in the form of payments from the Tribe and the second is through payments made by the individual residents to the City.

8.3.1 Memorandum of Understanding Revenue

The Tribe has a Memorandum of Understanding with Madera County regarding payments to be made to the County by the Tribe. In this agreement under Alternative A, the Tribe has agreed to pay the County $250,000 annually which is to be passed along to the City of Madera. (See Table 3.29.) Under Alternatives B and D, the annual MOU payments have been proportioned accordingly. (See Tables 4.17 and 6.15.) Alternative C is a retail development and is not expected to have an MOU associated with it.

Note: The City of Madera is currently negotiating its own MOU with the Tribe, but it has not been finalized.

Table 8.6

MOU Payment

Alternative A	$250,000
Alternative B	$200,000
Alternative C	$0
Alternative D	$32,945

8.3.2 Tax Revenue

New residents will pay property and sales tax which in turn will fund operations in the City. Even if a new resident decides to rent, a portion of the rent payment is used to pay property taxes. The following table calculates the per capita revenue received by the City from sales and property taxes.

Table 8.7

Per Capita Revenue

2004 Budget	$5,255,239
2004 Population	47,569
Per Capita Revenue	$110.48

Source: *2004-2005 City of Madera Budget.*

Based on the current level of revenue in the City, each resident pays $110.48 in property and sales tax that goes to the City. Depending on the new population projected to move into the City, each Alternative has a different level of revenue received from property and sales taxes. The following table documents this revenue.

Table 8.8

City of Madera Revenue

	City Population	City Revenue
Alternative A	418	$46,179
Alternative B	268	$29,552
Alternative C	97	$10,716
Alternative D	12	$1,343

There are other sources of revenue for the City such as business licenses, utility franchise taxes and rents and leases. We cannot accurately project that these types of revenue sources will increase on a per capita basis, but we do believe that some will increase with new residents. As such, the following table calculates the per capita revenue receipts for the City for all revenue sources.

Table 8.9

Per Capita Revenue

2004 Budget	$10,955,135
2004 Population	47,569
Per Capita Revenue	$230.30

Source: *2004-2005 City of Madera Budget.*

Given the $230.30 brought into the City on a per capita basis, the following table estimates the revenue from each of the alternatives.

Table 8.10

City of Madera Revenue

	City Population	City Revenue
Alternative A	418	$96,265
Alternative B	268	$61,605
Alternative C	97	$22,339
Alternative D	12	$2,800

8.3.3 Total Revenue

Total annual revenue for each Alternative is demonstrated below.

Table 8.11

Total Revenue

Revenue from Taxes Only	
Alternative A	$296,179
Alternative B	$229,552
Alternative C	$10,716
Alternative D	$34,288
Revenue from All Sources	
Alternative A	$346,265
Alternative B	$261,605
Alternative C	$22,339
Alternative D	$35,745

8.4 Cost Versus Revenue

The following table summarizes the annual cost and revenue for each of the Alternatives.

Table 8.13

Comparison of Annual Costs and Revenues

	Cost	Revenue
Revenue from Taxes Only		
Alternative A	$114,405	$296,179
Alternative B	$73,351	$229,552
Alternative C	$26,549	$10,716
Alternative D	$3,284	$34,288
Revenue from All Sources		
Alternative A	$114,405	$346,265
Alternative B	$73,351	$261,605
Alternative C	$26,549	$22,339
Alternative D	$3,284	$35,745

Section 9: Conclusion

The potential impacts of the various scenarios vary in degree, but generally the greater the positive impact such as new jobs and revenue to the County, the larger the negatives such as costs to the County. (See Table 9.1 below.)

Alternative A offers the County the most in terms of added jobs to the region. As Madera County suffers from high unemployment rates, the increase in employment opportunities could help alleviate some of the negative impacts from unemployment currently experienced in the County. Of course, the large number of new jobs is also associated with the largest increase in population of the four alternatives. Under this Alternative, Madera County is projected to increase by approximately 836 people. These new residents will place significant demands on County services, in particular the already over-burdened school system. To counter the increases in costs associated with the casino and new residents, The North Fork Rancheria has agreed to payments to alleviate the burden to the County. These payments coupled with the increase in taxes expected with the new development would assist the County in paying for these impacts.

Alternative B is not as attractive to the County in terms of unemployment relief. The number of permanent positions offered by this reduced intensity option is only 1,485. The costs to the County of the new facility and residents are less but so are the payments from the Tribe. In this Alternative, the costs are reduced somewhat but the revenues are reduced by an even greater amount causing the County to bear a greater proportion of the burden.

Alternative C offers still fewer permanent employment positions to the County. Less than 1,000 positions would be created by this option. This option would cost the County less than half of the annual costs of Alternative A, but it would generate greater annual revenues for the County. Because the retail development is not a Native American development, it is subject to all tax and impact fee requirements imposed by the County. These requirements allow for greater revenue generation than without them.

Alternative D is the smallest of the 4 alternatives and therefore has the fewest impacts. The facility would only create 167 new jobs in the County and attract only 32 new residents. Annual revenue is projected barely to outweigh annual costs to the County.

In terms of land use development impacts, none of the alternatives is projected to impact residential, retail, office or industrial development beyond the impact brought about by the residential development already occurring in Madera County and not related to the casino.

In terms of the City of Madera, it is projected that for Alternatives A, B and C more new residents will move into the City than typically would be expected from increases in County population. The new population is expected to increase City spending, but it will also increase City revenues. The following table provides a comparison of spending and revenue for the City for each of the Alternatives.

Table 9.1

Impact Comparison for All Alternatives

	Alternative A - Proposed	Alternative B - Reduced Intensity	Alternative C - Retail	Alternative D - North Fork
Square Footage	493,010	198,990	237,000	26,001
County Impacts				
New Temporary Employees	2,441	1,802	271	351
New Permanent Employees	2,319	1,485	995	167
New Households	263	168	61	10
New Residents	836	534	194	32
One-time Costs	$7.2 - $18.2 million	$5.9 - $14.7 million	$6.6 - $17.6 million	$2.2 - $3.7 million
Annual Costs	$2,023,278	$1,597,146	$1,118,949	$918,798
One-time Revenue	$7.1 - $18.1 million	$5.7 - $14.5 million	$27,744	$.95 - $2.4 million
Annual Revenue	$2,939,843	$2,018,740	$685,887	$877,890
City Impacts				
New Residents	418	268	97	12
Annual Costs	$114,405	$73,351	$26,549	$3,284
One-time Revenue[1]	N/A	N/A	N/A	N/A
Annual Revenue[2]	$296,179	$229,552	$10,716	$34,288

Note: Shortfall between One-time Costs and One-time Revenues can be mitigated by bonding excess annual revenue. See "Cost Versus Revenue" for each alternative in the text.

[2]Revenue from only property and sales and use taxes were used in this table.

DISCLAIMER

To the extent possible, we have attempted to verify and confirm estimates and assumptions used in this analysis. However, some assumptions inevitably will not materialize and unanticipated events and circumstances may occur, therefore actual results achieved during the period covered by our analysis will vary from our estimates and the variations may be material. As such The Innovation Group and TMG Consulting accept no liability in relation to the estimates provided herein.

Appendix 1

North Fork Alternative Site Gaming Market Potential

Introduction

This technical memorandum considers the revenue and patronage potential for a proposed Class III gaming facility located in North Fork, California, as a site alternative to the Rancheria's proposed casino in the Madera area. This memorandum evaluates the casino's potential market position and makes projections for gaming visits and revenues based on the expected competitive environment in the region and the optimal gaming mix based on this market potential. The Madera, Tulare and Fresno County area has several established gaming facilities with which the proposed casino would compete, as well as a significant proposed gaming facility located between the city of Fresno and North Fork. As a result, from a competitive standpoint, proper positioning of the property in terms of size, attractiveness and amenities offered will all be key components determining the potential for success at the site.

The market potential for the casino is viewed as coming from two sources: the local population and the transient tourist population. The market potential from each of these segments is presented individually below, and aggregated in the final table.

Demographic Overview

As a basis for the market assessment, this section provides a general overview of the population in the areas immediate to and surrounding the proposed North Fork facility. Concentric rings of 10, 25 and 50 miles were drawn around the North Fork site, from which the majority of the potential visitation may be drawn. Given the size of some of the competitive facilities in the market, and their respective accessibility relative to North Fork, it should be expected that demand for a North Fork facility would be primarily proximity-driven.

Adult Gamer Population

For the three concentric rings examined in the North Fork area, the gamer population age 21 and older is projected to increase at an annual rate of 1.74% through 2009, to a total of 687 thousand. Nearly 95% of this population resides in the outer ring of 25 to 50 miles, with less than 35 thousand people residing within 25 miles. The growth rates for the inner and outer ring are considerably greater than the national average of 1.10% and the statewide average of 1.46%. These figures are shown in detail in the following table.

North Fork, California Gamer Population

Rings	2004	2009	% Change	A.A.G. 2004-2009
0-10 Miles	11,703	12,840	9.72%	1.87%
10-25 Miles	20,715	21,720	4.85%	0.95%
25-50 Miles	597,976	652,510	9.12%	1.76%
0-50 Miles	630,394	687,070	8.99%	1.74%
California	*24,682,817*	*26,541,114*	*7.53%*	*1.46%*
USA	*206,679,917*	*218,311,998*	*5.63%*	*1.10%*

Source: iXPRESS, Claritas, Inc., The Innovation Group

Income

Between 2004 and 2009, the effective buying income for the 50-mile ring is expected to grow on average 2.15% per year from $41,377 to $46,031. The averages for the inner and outer rings are nearly identical, while the inner ring average is approximately 20% greater and expected to grow at a significantly faster rate than the other rings through 2009. However, these average incomes are well below the statewide average, and with the exception of the middle ring, approximately 20% below the national average. Effective buying income reflects the adjusted net purchasing power of an average household in the market taking into consideration federal, state and local taxes. These figures are detailed below.

North Fork, California Effective Buying Income

Rings	2004	2009	% Change	A.A.G. 2004-2009
0-10 Miles	$41,292	$46,485	12.58%	2.40%
10-25 Miles	$49,241	$56,248	14.23%	2.70%
25-50 Miles	$41,087	$45,648	11.10%	2.13%
0-50 Miles	$41,377	$46,031	11.25%	2.15%
California	*$55,736*	*$62,804*	*12.68%*	*2.42%*
USA	*$49,722*	*$55,968*	*12.56%*	*2.39%*

Source: iXPRESS, Claritas, Inc., The Innovation Group

Competitive Market

The current gaming market in the Fresno-Yosemite area is comprised of three large casinos: the Chukchansi Gold Resort and Casino, located west of North Fork on Route 41 ion Coarsegold, The Palace, located 35 miles south of Fresno in Lemoore, and Table Mountain, a large facility located approximately 20 miles southwest of North Fork and 15 miles north of Fresno. Moving north or south out of the central valley there are several additional options for gamers. A description of the competitive facilities in the market follows.

Chukchansi Gold

Chukchansi Gold opened in 2003 and would be the most direct competitor for a casino in North Fork, as it is located west of North Fork on the most direct access road, Route 41. Located in Coarsegold, the new, attractive facility's design offers a large, open gaming floor that is well laid out with easy access to restaurants and the hotel. The property is situated in the foothills adjacent to Yosemite National Park. The casino features 1,800 slot machines and 46 table games that include blackjack and a variety of poker games. The 192-room full-service hotel complements the casino by accommodating trips to nearby Yosemite National Park. The property has a reasonable amount of clientele during the off-season and reaches capacity constraints during the summer tourism season. The property offers seven restaurants that offer a variety of options at different price-points, including a buffet, two cafes, two casual dining restaurants, a steakhouse, and a restaurant-bar that offers live entertainment. Chukchansi Gold is a 45- minute drive north of Fresno.

Table Mountain Casino
Table Mountain Casino is located just east of Millerton Lake, approximately 12 miles east of Route 41 in the town of Friant. The facility is easily visible from the road with parking available in a lot in front of the casino and a parking structure in the rear. The casino is the result of expansions at various times and does not offer a fluid, open gaming floor. Rather, the gaming floor is long and narrow with low ceilings along the front of the property. The back of the property has a larger, more open gaming space that appears to have been added on. The entire facility houses 2,000 slot machines, 33 table games, and an 800-seat bingo parlor. The two main restaurants in the facility are located in this back area; one is Mountain Feast, a buffet while the other, Eagles Landing, offers casual dining. A concession stand is the only other dining outlet and is crowded in, like most of the casino, by slot machines. The 800-seat bingo hall doubles as an entertainment pavilion for shows which are held on occasion. The Players' Club offers $10 to join and runs frequent promotions. Alcohol is not offered on the property.

Due to the limited competition that the casino currently faces, they typically face capacity constraints, and gaming positions are often not readily available. In response, the current facility has expanded its operations to cover most of land available to them for gaming purposes. This is due to their lack of additional land allotted in federal trust for increased gaming, thereby limiting their ability to satisfy demand. Current $100 million expansion plans may include both the enclosure of space at the rear of the casino, between the parking structure and the existing facility, as well as adding a second level on top of the existing facility. Additional space may include a new bingo hall and a food court. The current bingo hall would then be used to house additional slot machines. In addition, a 200-room hotel could be built on non-trust property. The facility has become popular with the local population and enjoys a good reputation.

Black Oak Casino
In Tuolumne, on the west-northwest side of Yosemite National Park, the Tuolumne Band of Me-Wuk Indians offers the Black Oak Casino. The casino completed a major expansion in January 2005, with gaming and entertainment on multiple levels. The first floor of the facility includes an entertainment zone that has a family restaurant, 24-lane bowling alley, and kids' arcade. The second floor is the casino, offering 940 slots and 24 tables, with an entertainment lounge and a non-smoking gaming area. The top floor has a fine-dining restaurant. A 250-seat live entertainment area is also provided, attracting

regional headline acts. This facility generates much of its patronage from the Modesto and Calaveras County areas, and has minimal overlap with the North Fork market, but limits the ability to attract patrons from north of the park area.

Chicken Ranch and Bingo Casino
The Chicken Ranch Bingo in Jamestown, just west of Tuolumne, offers a 900-seat bingo hall and a comparatively limited offering of slot games, totaling approximately 250. Chicken Ranch offers few amenities and no table games and caters primarily to the local Jamestown population and other immediately surrounding towns and communities. The facility offers very little in the way of signage around the region or near the facility, which can be difficult to find, and would not offer significant competition to a facility in North Fork.

Palace Casino
Gamers in the Fresno metropolitan area also have the option of gaming south of the city at a major facility in LeMoore. The Palace Gaming Center Casino, once little more than a glorified truck-stop, now has over 2,000 slot machines, 30 gaming tables, a large bingo hall, and a variety of food and beverage outlets including a steak house and large buffet. In addition, the facility has a 1,972-seat entertainment venue that is utilized for headliner entertainment. The Palace is currently developing a $60 million expansion that will include re-designed casino space, a 250-room hotel, a 1,200 –seat entertainment center and several new food and beverage amenities.

Eagle Mountain Casino
Not far from Le Moore is the Eagle Mountain gaming facility, run by the Tule River Tribe. Located in Porterville, the 20.000 square foot casino offers 750 slot machines and 10 tables. Additional amenities include a buffet, a café, and live entertainment. A bus program focuses on Porterville and Bakersfield, located to the south.

Proposed Facilities
Caesars Entertainment has partnered with the Big Sandy Rancheria to develop a casino near the Table Mountain Casino in Friant. Caesars and the tribe are still working through the approvals process, however it is expected that a casino at least comparable in scale to Table Mountain could be completed prior to the development of a casino in North Fork. It is assumed in our modeling for the market that the casino will offer 2,000 slots and 50 table games, as well as attractive ancillary amenities, including a hotel. It is assumed that the tribe will close its small Mono Wind Casino when the Big Sandy casino opens.

Gaming Market Analysis

This section of the report is intended to provide an estimate of the revenue potential in 2007 for a Class III casino in North Fork, California. The gaming market potential is expected to be comprised of two market segments: local gamers and tourist gamers.

Local Market Analysis

To determine the potential revenues that the market area can generate, it is necessary to develop a gravity model. This model provides the flexibility to incorporate considerations reflecting the quality and size of existing properties, and allows for the estimation of the overall market. This model has been employed successfully in a number of jurisdictions, and is an effective tool when evaluating markets with high degrees of competition.

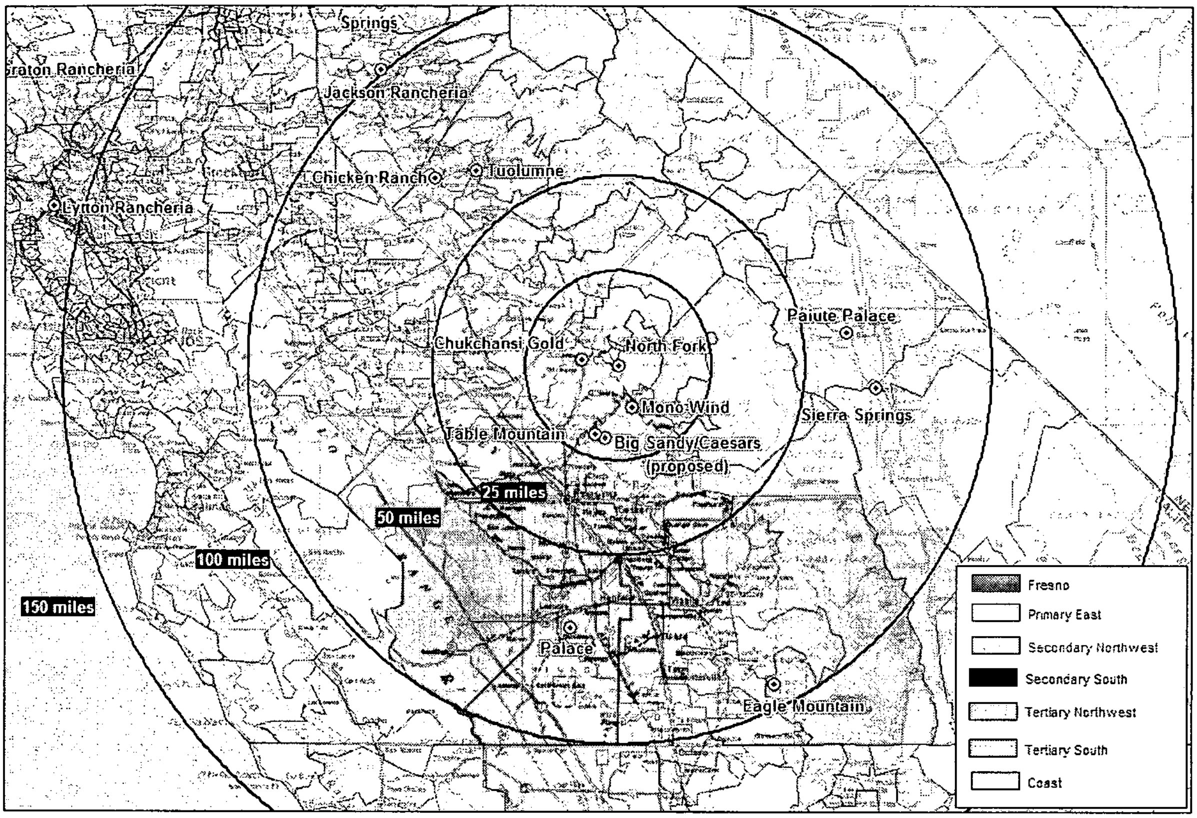
The most frequently used method of market assessment is the concentric ring model. This method draws several rings around a potential casino site and tabulates the adult population within each ring. Propensity and frequency factors are then applied to generate an estimated number of gamer visits per year. The concentric ring model, however, is not easily adjusted to reflect the impact of competitive venues that currently exist or are proposed within the range of the concentric rings, and thus the use of the concentric ring model was not considered suitable for the purposes of this study.

Gravity models are commonly used in location studies for commercial developments. First formulated in 1929 and later refined in the 1940s, the gravity model is an analytical tool that defines the behavior of a population based on travel distance and the availability of goods or services at various locations. The general form of the equation is that attraction is directly related to measure of availability such as square feet, and inversely related to the square of the travel distance. Thus, the gravity model quantifies the effect of distance on the behavior of a potential patron, and considers the impact of competing venues.

In this model, the regions were defined by the location of the existing competitive venues, the location of potential competitive venues, and travel distance to the subject facility. For each market area, propensity and frequency factors were applied to the adult population based on travel distance to the various competing gaming facilities. The gravity model then calculates the realistic distribution of gamer visits from each market area to each of the gaming locations in the market. The model does not recreate visitation to all competitive casinos, but only that portion from each market area that would normally accrue to the facility in the analyzed market area. Other competitors outside the region are treated as external competitors siphoning off a portion of gaming trips from within the region.

Accounting for geographic and competitive factors, the North Fork Market Area has been divided into seven (7) market areas. The North Fork Gaming Market map (on the following page) shows the seven market areas and the locations of competing facilities, and the following discussion describes demographics for the market areas.

North Fork Competitive Gaming Market Carveout



Studies of gaming behavior in other areas have shown that both propensity and frequency are inversely related to travel distance to the casino. As travel times increase both the percentage of persons who gamble at that location and the number of times they visit the casino decrease. Gaming behavior also varies based on the availability and quality of the gaming experience. The following is a discussion of the component variables of the gaming market analysis:

- **Propensity**. Propensity measures the proportion of the adult population within a market that is likely to participate in gaming. Generally this factor decreases with distance from the market center. For full service casinos this can be as high as 60% in fully developed casino markets such as the Mississippi Gulf Coast, or in markets where competitive entertainment and food and beverage options are extremely limited. This measure is type dependent in that it refers to the propensity of individuals who are likely to participate in that form of gaming.

- **Frequency**. Frequency is a measure of the average number of times individuals with a propensity to participate in gaming within a market will actually do so. Like propensity this tends to decline with distance from the market center or venue and with the degree of competition from other entertainment options. Average inner-ring frequencies range between 12 and 18 in mature gaming markets.

- **Win per Visit**. This is the average win per visit for all gaming visits within a market or market segment. This tends to increase with distance as the individual gamer makes fewer trips per year and is likely to maximize his or her participation for the trips that are made. It also varies based on income and inflation and on specific facility characteristics such as the degree of overcrowding and the mix of machine denominations.

The following table shows the gravity model results for North Fork for 2007. This is based on a model developed reflecting The Innovation Group's estimates or proprietary knowledge of competitive properties in the market. In total, it is projected that the casino in North Fork could generate 167 thousand gamer visits, resulting in $9.73 million in local market gaming win.

Projected Local Market Revenues and Patronage

	2007 Adult Population	Propensity	Frequency	Capture Rate	Visits	Win	Revenues
Fresno	591,585	42.5%	15.7	1.8%	72,093	$55.80	$4,023,019
Primary East	13,720	36.0%	10.0	20.1%	9,914	$60.85	$603,254
Secondary Northwest	651,189	40.0%	12.0	1.5%	46,442	$58.94	$2,737,325
Secondary South	389,593	42.0%	14.0	0.6%	14,020	$56.40	$790,793
Tertiary Northwest	987,181	41.0%	13.0	0.3%	16,463	$66.39	$1,092,928
Tertiary South	150,405	38.0%	11.0	0.5%	3,043	$50.74	$154,413
Coast	504,162	22.0%	4.0	1.1%	4,934	$67.18	$331,485
Total	**3,287,836**				**166,909**	**$58.31**	**$9,733,218**

Tourist Market

Yosemite National Park attracts approximately 3.6 million visitors per year, of which approximately one-third use the southern entrance at the end of Route 41, according to park rangers. Additionally, 56% of these visitors reflect adults without children, such that the universe of potential tourist gamers is approximately 726 thousand adults.

However, the Chuckchansi Gold casino is easily accessible for tourists riding on this route, such that even with excellent signage, diversion to North Fork would be difficult. Assuming 35% of adult tourists participate in gaming during their visit, and 5% of these gamers go to a North Fork casino, the casino would generate approximately 12,700 gamer visits. This would result in an additional $635 thousand in gaming win, assuming an average win per visit of $50.

Projected Tourist Gamer Patronage and Win, 2007

Adults	Participation Rate	Capture Rate	Gamer Visits	Win/Visit	Gaming Win
726,000	35%	5%	12705	$50	$635,250

Revenue Summary

The proposed casino in North Fork could potentially generate approximately $9.67 million in gaming win in its first year of operation. Nominal growth could be expected during the first several years of operation, as the population growth rate in the region is relatively rapid, though most of the growth will be in areas that the casino will have difficulty competing.

	Gamer Visits	Win/Visit	Gaming Win
Local Market	154,989	$58.32	$9,038,638
Tourist Market	12,705	$50.00	$635,250
Total	167,694	$57.69	$9,673,888

In order to accommodate these gamer visits as well as to have as competitive a facility as possible, it will be necessary to have 275 slots and 6 gaming tables. A revenue split of 88.3% slots and 11.7% tables would be normative for this market and for comparatively small sized or local facilities, and justifies these gaming position ratios. Based on a standard industry average of gaming 6 positions per table, an average daily win per position of approximately $85 would result, with minimal difference between win per table position and win per slot. These averages are well below industry norms, however in order to be competitive in this market it will be necessary to develop a facility with a scale of at least this minimum. However, based on these results, project feasibility may be questionable, depending on the necessary cost of development.

In a project of this nature as developed in conjunction with Stations Casinos, with the mix of local and tourist gamers as projected, food and beverage revenues could be expected to total approximately $1.35 million. Additionally, it could be expected that the average gamer would spend a net $2 to $2.50 per visit on other items, ranging from ATM commissions to retail items. This would yield an additional $342 thousand. In total, non-gaming revenues are projected to total $1.69 million, for total facility revenues of $11.37 million in the first year of operation.

Projected Total Facility Revenues

	Gamer Visits	F&B Spend	Other Spend	Total Non-Gaming Spend	Total Revenues
Local Market	154,989	$7.50	$2	$1,472,396	$10,511,034
Tourist Market	12,705	$15.00	$2.50	$222,338	$857,588
Total	**167,694**	**$8.07**	**$2.04**	**$1,694,733**	**$11,368,621**

A sensitivity analysis was run for several alternative casino sizes, with minimal difference in terms of cash flow margin by adding or subtracting 25 gaming devices. However, by subtracting more than 25 devices, the scale of the facility would be too small to warrant visitation and provide variety, given the level of competition in the market. Similarly, adding more than 25 devices would provide for diminishing marginal returns, with the level of investment necessary far outweighing any economic benefits that could be received. The following table provides an estimate of the gaming win, total revenues, and cash flow from operations under several sizing alternatives.

	gaming revs	total revs	est. cash flow	est. cash flow margin
200 slots 6 tables	$7,570,526	$8,922,375	$1,096,003	12.28%
250 slots 6 tables	$8,976,178	$10,557,167	$1,312,395	12.43%
275 slots 6 tables	**$9,673,888**	**$11,368,621**	**$1,449,442**	**12.75%**
300 slots 6 tables	$10,135,427	$11,905,400	$1,512,874	12.71%
350 slots 6 tables	$10,950,999	$12,853,943	$1,578,776	12.28%

The required capital cost of development would determine which of these sizes, if any, would be feasible for development. It is understood that the size has challenges that would require minimum construction costs of well over $20 million for projects of this size, which would be a multiple of cash flow that could not be successfully financed.

North Fork Rancheria Competitive Impact Technical Memorandum

Introduction

The North Fork Rancheria of Mono Indians is proposing to build a casino and hotel development in Madera County, California. The Tribe has hired Station Casinos as its management company. The Innovation Group completed an economic impact analysis for the North Fork Rancheria's proposed casino development in Madera, California in Spring 2005, along with an alternative impact assessment for an off-site location alternative in North Fork. For the proposed site in Madera, a casino-hotel as proposed was analyzed, along with a decreased intensity development, assumed to be 50% of the size of the preferred building program. The market currently has several tribal gaming facilities, and therefore any new gaming venue in this market could potentially have a detrimental impact on existing facilities.

The following technical memorandum will analyze the impact that the proposed casino would have on the existing competition, based on each of the three development alternatives provided in the socio-economic analysis. In order to quantify these impacts, The Innovation Group will complete the following five models:

1) Base case 2004 – replicating the performance of facilities in the market based on our knowledge or estimates of facility performance
2) Base case 2008 – projecting growth for existing gaming facilities based on proposed expansions as well as organic growth, stemming from local market population and income growth
3) 2008 with addition of full casino-hotel in Madera
4) 2008 with addition of reduced scale casino-hotel in Madera
5) 2008 with addition of casino in North Fork

In addition to local market gamers, it is recognized that some of the gaming demand for casinos in the market stems from the location in close proximity to tourist destinations, most notably the National Park area. Demand from this segment for Madera will be broken down in terms of new and diverted visitation, and estimates will be made of where the diverted gamer visits and gaming win would otherwise have been consummated. The sum of the tourist and local market impacts should reveal the total impacts on existing properties.

Demographic Analysis

An area's economic health and growth potential is indicative of its ability to support the local lodging and gaming markets. In this section, some of the specific economic and demographic characteristics of the proposed hotel and casino market area that will affect future demand for expanded gaming in the area are analyzed. The purpose of such an analysis is to evaluate the area's ability to:

- Support existing and proposed hotel and gaming facilities in the area; and
- Attract new sources of lodging and leisure demand.

Some of the factors we analyzed, including population trends and average household income trends, are included in tables and text on the next several pages.

Population

Total Population

For the purposes of the economic/demographic analysis, the population within 100 miles of the potential development site was assessed in four concentric rings, 0-25 miles, 25-50 miles, 50-75 miles, and 75-100 miles. The total population within 100 miles of the subject property increased at an average annual rate of 1.73% between 2000 and 2004, bringing the population base from approximately 4.071 million to nearly 4.359 million. This growth is slightly faster than the California's 1.43% average annual growth, and is nearly double the nation's 1.01% average annual growth for the same period.

Of the concentric rings analyzed for the Madera area, the 50-75 mile ring experienced the greatest average annual growth at 2.22% bringing the population from over 1.076 million people in 2000 to over 1.187 million people in 2004. The next highest growth rate was that of the 0-25 mile demographic region. This ring's population grew 1.82% per year to reach an estimated 443,266 people in 2004. The 75-100 miles market area has the slowest population annual growth rates at 1.44% between the years 2000 and 2004, and is expected to decrease to 1.32% between 2004 and 2009.

Population projections estimate growth within the 100-mile area around the subject property at 1.57% per year between 2004 and 2009, bringing the population base to approximately 4.7 million. Although this growth rate demonstrates a decline from the previous four years, the trend is more in line with the state averages for the period projected of 1.31% and faster than the national averages. The ranking of growth rates is expected to remain the same with the 75-100 mile ring displaying the lowest growth rate at 1.32% and the 50-75 mile ring growing at 1.97% annually. The following table illustrates these population trends for the concentric rings as well as California and the nation.

Preferred Area Total Population

Ring	2000	2004	2009	A.A.G. 2000-2004	A.A.G. 2004-2009
0-25 miles	412,334	443,266	481,162	1.82%	1.65%
25-50 miles	700,429	751,641	814,874	1.78%	1.63%
50-75 miles	986,087	1,076,458	1,187,000	2.22%	1.97%
75-100 miles	1,972,353	2,088,555	2,229,539	1.44%	1.32%
Area Total	4,071,203	4,359,920	4,712,575	1.73%	1.57%
California	*33,871,648*	*35,849,123*	*38,268,135*	*1.43%*	*1.31%*
United States	*281,421,906*	*292,936,668*	*307,115,866*	*1.01%*	*0.95%*

Source: MapInfo-Claritas, The Innovation Group

Adult Population

The adult population within 100 miles of the development site made up approximately 65.4% of the total population in 2004, compared to California's total population, of which approximately 68.9% is over the age of 21, and the national population, of which 70.5% is over the age of 21. The population over the age of 21 that resides within 100 miles of the proposed site is expected to grow 1.77% per year between 2004 and 2009, reaching nearly 3.1 million adults, or 66% of the total population. In California, the adult population is expected to grow by 1.46% per year through 2009 and the percentage of the total population in the state that is adult is expected to increase slightly to 69.36%. The national adult population is expected to grow by 1.10% per year until 2009, to increase the portion of the total population that is adult to 71.08%. Mimicking entire population trends noted above, the 50-75 mile ring demonstrates the highest annual growth over the projected period. The following chart provides details of the estimated population aged 21 and over.

Population 21 and Over

Ring	2004	% Of Total Population	2009	% Of Total Population	A.A.G. (Pop>21)
0-25 miles	293,921	66.31%	322,521	67.03%	1.87%
25-50 miles	470,628	62.61%	515,926	63.31%	1.85%
50-75 miles	704,688	65.46%	785,222	66.15%	2.19%
75-100 miles	1,381,301	66.14%	1,488,861	66.78%	1.51%
Area Total	2,850,538	65.38%	3,112,530	66.05%	1.77%
California	*24,682,817*	*68.85%*	*26,541,114*	*69.36%*	*1.46%*
United States	*206,679,917*	*70.55%*	*218,311,998*	*71.08%*	*1.10%*

Source: MapInfo-Claritas, The Innovation Group

Income

The table below demonstrates the average household income for the defined market area:

Area Average Household Income

Ring	2004	2009	A.A.G. 2004-2009
0-25 miles	$57,686	$64,078	2.12%
25-50 miles	$48,841	$55,393	2.55%
50-75 miles	$56,428	$64,022	2.56%
75-100 miles	$76,620	$88,664	2.96%
Area Average	$64,709	$73,961	2.71%
California	$73,464	$83,453	2.58%
United States	$63,301	$71,731	2.53%

Source: MapInfo-Claritas, The Innovation Group

In completing these assessments, local area income levels are best measured by determining the Effective Buying Income (EBI) for the market region. Thus the EBI, not the more familiar HHI statistic, are analyzed below. EBI reflects the adjusted net purchasing power of an average household in the market taking into consideration federal, state and local taxes.

In 2004, the 100-mile ring near Madera demonstrated an average EBI of $49,346. This income level is slightly lower than the U.S. average of $49,722 and marginally lower than the state of California average of $55,736. There is some disparity in income levels between the first and second rings. The 25 mile ring inclusive of and immediate to the Madera area demonstrated the second highest EBI in 2004, approximately 14% higher than the next ring (25-50 miles) and marginally lower than state averages. As would be expected, the 75-100 mile ring, inclusive of San Jose, Stockton, and Salinas, has the highest EBI for the 100 mile region at $57,368.

EBI is expected to grow at a higher rate in California than that of the United States during the next five years. The EBI within 100 miles of Madera is expected to grow at 2.81% annually to reach $55,854 by 2009. By 2009, the United States EBI is expected to reach approximately $55,968 while the average household in California is expected to earn an EBI of $62,804 annually. These figures are illustrated in the table below.

Effective Buying Income

Ring	2004	2009	A.A.G. 2004-2009
0-25 miles	$44,763	$49,262	1.93%
25-50 miles	$38,449	$42,992	2.26%
50-75 miles	$43,848	$49,097	2.29%
	$57,368	$65,910	2.81%
Area Average	$49,346	$55,854	2.51%
California	*$55,736*	*$62,804*	*2.42%*
United States	*$49,722*	*$55,968*	*2.39%*

Source: MapInfo-Claritas, The Innovation Group

Tourism in the Region

The tourism region surrounding Fresno is based on both the economy, which is centered in Fresno, as well as the National Parks and other outdoor recreational activities in the region. An October 2001 survey conducted by California State University, Fresno, provides some insight into visitation to Fresno County. In the survey, 49% of respondents indicated that they were overnight guests, with 25% staying three or more nights. Additionally, 69% of parties were three or more persons. Of overnight visitors, 77% indicated that they were staying in hotels, followed by 13% staying with friends or relatives, and 7% that were camping. Seventy-eight percent of respondents indicated that they had visited primarily for pleasure and 15% reported that business was some component of their trip. The study indicates that nearly all of the 51% of day-trip respondents reported pleasure as the primary purpose of their visit and came from a neighboring county such as Madera, Tulare, Merced, or Kings. The study estimated total visitation to Fresno County of 3,195,326 between August 2000 and July of 2001. According to the California Department of Tourism, visitation to both Fresno and Madera counties totaled 5.6 million for the calendar year 2001.

Visitation to Yosemite National Park, which had nearly 3.5 million visitors in 2002, accounts 97% of its visitation due to recreation. Yosemite National Park is a wide and varied attraction, inclusive of several smaller regions comprised of clusters of villages and towns. Both the southern and western Yosemite regions offer a variety of attractions drawing tourists not only from the local regions, California, and the nation, but also the world. Visitors from countries all over the globe come to California to visit its natural wonders, such as Highway 1 leading between San Diego and the Oregon border, and Yosemite National Park, a natural treasure preserved in the midst of development in the state of California and surrounding regions. Yosemite Valley draws millions of tourists every year, peaking in numbers in the summer months every year. Surrounding the park and the roads into the valley are several small towns, offering lodging and recreation, ranging from sightseeing of historical gold towns to water sports on waterways located throughout the region. Towns attracting tourism in relation to Yosemite National Park, as well as other area national and state parks include: Fish Camp, Bass Lake, Oakhurst, and Coarsegold (in the southern entrance area), and El Portal, Mariposa, Merced, Madera, Columbia, Groveland, Jackson, and Jamestown (on the west and northwestern sides of the park near from Highways 140, 120, and 49). The park and other outdoor recreation areas are the primary reason for tourism to the region.

The Region's Leisure Visitors

Visitors come from all over the world to the central valley of California to visit its preserves, such as the Sierra National Forest, Bass Lake, and Yosemite National Park. Tourists coming to visit the park have several options from which to choose when entering the park. They may choose to come from the northwest, from such cities as Modesto, Sacramento, or San Francisco, whereby they would come into the park via Highway 120. From the west, via Highway 140, visitors may come from Stockton, Madera, or the Monterey Bay area. From the south, the park is accessible by Highway 41 from Fresno and Bakersfield. Major cities in California are easily accessible when going to or leaving from the park accessible highways. Visitors can fly into several airports around the region and drive into the park region, or may drive in from road-trips around California.

The tourism market in Yosemite National Park is highly seasonal, given the four-season climate in the area. The park is often a family destination, subject to school year vacations, and given the weather variations, and often-resultant closure of several western access roads, the park's visitation naturally peaks in the summer months, offering somewhat of a bell-curve in visitation, though this varies by gate. Yosemite Park attracted approximately has attracted an average of approximately 3.5 million visitors for the past five years, although there has been a slight decline in the total number of visitors over the course of the past decade, from a peak of 4.2 million in 1996.

Competitive Factors

Existing Regional Market

The current gaming market in the area around Madera is comprised of three large casinos: Table Mountain, the closest facility to Fresno, the Chukchansi Gold Resort and Casino in Coarsegold, a resort that opened June 25, 2003, and The Palace, located south of Fresno in Lemoore. In addition to this major competition, a number of other casinos compete to varying degrees with Madera. For most of the casinos in the market, proximity and east of access from Fresno are major determinants of the casino popularity and revenue potential. Most of the mature, larger properties in the market either have, or will soon have ample attractive non-gaming amenities to attract gamers from longer distances as well.

Table Mountain Casino

Table Mountain Casino is located just east of Millerton Lake, approximately 12 miles east of Route 41 in the town of Friant. The facility is easily visible from the road with parking available in a lot in front of the casino and a parking structure in the rear. Valet service is available only at peak times. The casino is the result of expansions at various times, but in spite of its physical disadvantages is the market leader in the Fresno region because of its convenience and positive reputation. The facility currently houses 1,670 slot machines, 32 table games, nine poker tables, and a 750-seat bingo parlor. There are two main restaurants: Mountain Feast, a buffet, and Eagles Landing, which offers casual dining. A concession stand is the only other dining outlet and is crowded in, like most of the casino, by slot machines. The bingo hall doubles as an entertainment pavilion for shows. Alcohol is not offered on the property. The casino typically faces capacity constraints, especially for parking and traffic congestion, and gaming positions are often not readily available at peak times. The proposed Madera casino would be a major competitor for Table Mountain, as both would have the Fresno market in their primary target areas.

Chukchansi Gold

Located in Coarsegold, Chukchansi Gold opened June 25, 2003. The new, attractive facility's design offers a large, open gaming floor that is well laid out with easy access to restaurants and the hotel. The property is situated in the foothills adjacent to Yosemite National Park and offers beautiful views. The casino features 1,800 slot machines and 46 table games that include blackjack and a variety of poker games. The 192-room full-service hotel complements the casino by accommodating trips to nearby Yosemite National Park. In fact, it appears that the property has a reasonable amount of clientele during the off-season and reaches capacity constraints during the summer tourism season. The property offers seven restaurants that offer a variety of options at different price-points, including a buffet, two cafes, two casual dining restaurants, a steakhouse, and a restaurant-bar that offers live entertainment. Chukchansi Gold is a 45- minute drive north of Fresno, and approximately 25 miles northeast of the North Fork's proposed Madera site. As with Table Mountain, the proposed Madera casino would compete heavily for Chukchansi's primary market areas. If the proposed casino is located in North Fork, it would be more proximate to Chukchansi, but could potentially have a smaller impact on its operations given the comparative scale of the proposed facility.

Palace Casino

Forty-five minutes to the south of Fresno, near the town of Lemoore, is The Palace Gaming Center Casino. Once little more than a glorified truck-stop, the high-quality, well-designed facility now has 2,000 slot machines, 30 gaming tables, a large bingo hall, and a variety of food and beverage outlets including a steak house and large buffet. In addition, the facility has a 1,972-seat entertainment venue (located in a SPRUNG structure) that is utilized for headliner entertainment. The Palace is currently developing a $107 million expansion that will include a seven-story, 252-room hotel with two swimming pools, a day spa, restaurant, coffee shop, business conference center and a 2,000-seat amphitheater. In addition, the project will include a three-story, 177,000-square-foot expansion to house the bingo hall, administration offices and allow for 19 additional poker and blackjack tables. Currently the bingo hall and some slot machines are located in the old temporary structure.

Mono Wind Casino

The Big Sandy Rancheria tribe currently operates the Mono Wind Casino in Auberry. Although close to Table Mountain as the crow flies (approximately 10 miles to the east of Table Mountain), Mono Wind Casino is located in a mountainous area difficult to reach and is not a significant competitive threat to the Madera facility. As noted below, the Rancheria is proposing a casino more proximate to the Fresno population, and would likely close this facility once the new one is opened. At the present site, the Madera facility would be a more proximate and more easily accessible property than Mono Wind for many gamers coming from the Fresno market area, and thus some cannibalization of this market is likely. The casino has 340 video game machines, and 8 gaming tables, and is reported to generate only $15 million in annual gaming revenues. The bingo area can accommodate 65 players. There is a small restaurant with approximately 30 seats and a small gift shop in the casino. Alcohol is not served at the casino. The parking area is large but unpaved.

Eagle Mountain Casino

Southeast of Lemoore, approximately 100 miles from the proposed Madera site, is the Eagle Mountain gaming facility, run by the Tule River Tribe. The casino offers 1,500 slot machines, table games and a 450-seat bingo hall. Additional amenities include a buffet, a café, and live entertainment. A bus program focuses on Porterville and Bakersfield, located to the south, and thus there would be negligible overlap with a Madera operation. The tribe has been attempting to re-locate the casino closer to Porterville on Highway 190, but this would require taking land into trust off the reservation.

Black Oak Casino

In Tuolumne, approximately 75 miles north of Madera, the Tuolumne Band of Me-Wuk Indians offers the Black Oak Casino. The property's 600 slot machines include denominations between 1 cent and 5 dollars and offer some of the most current and popular games in the market. Ten tables feature blackjack and poker, while the Black Oak Café and Willow Bar cater to customers' dining needs

An extensive expansion is planned and will add nearly 165,000 square feet to the current facility that will offer entertainment to people of all ages. The first floor of the facility will include an entertainment zone that will have a family restaurant, 24-lane bowling alley, and kids' arcade. The second floor will be part of the casino and offer 940 slots and 24 tables, will have an entertainment lounge, and will have a non-smoking gaming area. The top floor will have a fine-dining restaurant. In addition, a separate non-smoking casino will be offered. The old facility may be used as a large entertainment venue, although this has yet to be determined. The expansion is expected to be completed in 2005.

Chicken Ranch and Bingo Casino

The Chicken Ranch Bingo is a non-compacted casino in Jamestown which offers a 900-seat bingo hall and a comparatively limited offering of slot games, totaling approximately 250. Chicken Ranch offers few amenities and no table games and caters primarily to the local market, based in Jamestown and other immediately surrounding towns and communities. The facility offers very little in the way of signage around the region or near the facility, which can be difficult to find, and is not expected to offer significant competition to the North Fork facility, in Madera or in the town of North Fork. Given the proximity of Black Oak to Chicken Ranch, the market potential that could potentially be diverted from the Chicken Ranch market is relatively small.

Jackson Rancheria

North of the immediate region, and located approximately 100 miles north of Madera, Jackson Rancheria caters to gamers 18 and over and does not serve alcohol. An arcade is available for minors. The primary market for the property is the Stockton-Sacramento corridor. Machine activity at the Jackson Casino is extremely high. The casino offers over 1,400 slot machines and 33 tables offering black jack and a variety of poker games. The hotel is currently under renovations, adding 40 rooms to the 102- room existing structure in the Spring of 2004. Upon completion, 9 suites will be available. In addition, an expanded casino, additional restaurant, and a 500-seat ballroom are being added as part of a conference center that is expected to be completed later this year. Live entertainment features local and regional musicians, with occasional sold out shows for bigger-name performers. Three dining options include a full-service dining experience at Raging River Restaurant, casual dining at Uncle Bud's Burgers, and a buffet that is offered in conjunction with Raging River Restaurant. A gift shop located in the casino lobby is the only retail outlet available. A seven-story parking structure is available for patrons.

The success of the Jackson facility is all the more remarkable considering its location in the hills at the edge of the Sacramento Valley. From any direction it requires travel on winding, two-lane roads, although plans are being considered for a $5.5 million access road to alleviate local congestion and allow gamers easier access. From Stockton, it is a one-hour drive up Route 88. From Sacramento it is a one-hour drive on Route 16. From Placerville it is a 45-minute drive down Route 49. These feeder markets are located more than 100 miles from Madera and North Fork, and therefore the Jackson and North Fork casinos would pose limited competition for one another.

Proposed Competitive Facilities

In addition to the existing competition in the market, there is one other proposed casino in the Fresno-Madera-Yosemite area market that will compete heavily for gamers in the region, as well as several large-scale casinos, existing and proposed, well outside of the region near major metropolitan areas in Northern California, that could limit the revenue potential for the North Fork's casino operation. Any impact by the subject proposed property on the major metro area properties would be negligible, however, as the market areas served by those casinos would yield only a small percentage of their total gamer visits to the subject proposed property.

The most proximate proposed casino to Madera is to be located approximately one mile from Table Mountain. The Big Sandy Band of Western Mono Indians is planning a $200 million casino and hotel on more than 215 acres near the intersection of Millerton Road and Auberry Road. The casino would include 250 to 300 hotel rooms, more than 75,000 square feet of casino space, 2,000 slot machines, table games, restaurants, retail shops, entertainment areas and meeting space. The gambling space would be on a 40-acre parcel of land belonging to a tribal member. Based on the proposed scale of development the Big Sandy facility would have a significant competitive advantage over the current Table Mountain facility. Project developers claim the land is in trust, although approval by the Department of Interior is not assured.

Three other casinos have been assumed in the market: Shingle Springs, Lytton San Pablo, and Graton Rancheria in Rohnert Park. Shingle Springs Rancheria appears to be making headway in having a direct exit ramp built to its land on Highway 50; Lytton has installed 500 high-quality Class II machines at its San Pablo cardroom; and Graton Rancheria has a similar case that was successful for the United Auburn Indian Community. Graton has an excellent location north of San Francisco and besides San Pablo would be the closest casino to the Bay Area. Shingle Springs has an excellent location east of Sacramento and would have a similar market potential as Thunder Valley.

Two proposed casinos have not been included in the analysis because of extreme odds and legal difficulties. The Ione Band of MiWuk Indians has proposed a development near Plymouth, but leadership struggles and local opposition make the project unlikely, in our view. In the same area, the Buena Vista Band of MiWuk Indians had proposed a casino near Ione, but the BIA rejected the tribal leadership and the project is on hold indeterminably if not dead.

Gravity Model Impact Study

The first step in building the gravity model impact study is to assess the current revenue trends for the market. The Innovation Group's research regarding the current revenue and visitation estimates for this region are based both on primary market research and confidential data sources, resulting in revenue and visitation estimates for casinos existing and proposed within a 75-mile radius, including Table Mountain, Big Sandy, Chukchansi, Palace, Tuolumne Black Oak, and Chicken Ranch. As noted above, some revenues may be diverted from casinos outside of 100 miles from the North Fork development in aggregate, but the impact on any single casino would be negligible.

Methodology

Having analyzed current market conditions and growth potential for the Fresno/Madera regional market utilizing confidential resources, we can then use these forecasts to calibrate a gravity model to estimate the impact of new competition and of adding amenities and expanding gaming space. First, the model was calibrated to reflect current market conditions and then it was used to estimate the impact of various scenarios.

Gravity models are commonly used for commercial developments, public facilities and residential developments. First formulated in 1929 and later refined in the 1940s, the gravity model estimates where a population will shop or gamble based on travel distance and the size and quality of competing facilities. One of the gravity model's strengths is its malleability; the model can simultaneously incorporate many different variables such as population, race and ethnicity, geographical location, income, propensity to gamble and frequency of gaming trips and measure the impact of new competition.

The gravity model is based on the concept that the attractiveness (or "gravitational pull") of a facility is related to its size, quality, and distance from a given population. Technically speaking, the interaction between two or more gaming venues is based on Newton's Law of Universal Gravitation: two bodies in the universe attract each other in proportion to the product of their masses and inversely proportional to the square of the distance between them. Thus, the expected interaction between gaming venue i and market area j is shown as:

$$\text{Attraction or "gravitational pull"} = \times \frac{P_i \times P_j}{d_{ij}^2}$$

where P_i = the gaming positions in gaming venue i, P_j = the population in market area j, d_{ij} = the distance between them, and k = an attraction factor relating to the quality of the casino and the amenities to be found at each gaming venue in comparison to the competing set of venues.

The distribution of gaming visits is further influenced by incorporating an attractiveness factor, which weighs the relative quality of a facility with respect to non-gaming amenities, congestion both on area roadways and within the casino, and other site-related quality issues (essentially anything that may influence gaming decisions other than proximity and the size of a facility). The process takes into consideration population densities, transportation infrastructure and natural geographical boundaries.

Gamer visits are then generated from population data for each zip code within each of the market areas based on these factors. Gamer visits represent the number of patron trips to a gaming market, where an individual can make any number of separate visits in the course of a year. The gamer visits thus generated are then distributed among the competitors based upon the size of each facility, its attractiveness and the relative distance from the zip code in question. The gravity model then calculates the probabilistic distribution of gamer visits from each market area to each of the gaming locations in the market. A win per visit value is then applied to the gamer visits output in order to estimate revenues.

It should be noted that as market supply increases, generally so too does market demand, as the increased options, marketing efforts, and closer proximity to some residents will increase the level of participation for some gamers. The degree to which demand increases depends heavily on the quantity and quality of competition already in the market, and the location of a new property relative to population masses. In the subject market there are currently several facilities catering to the local population, as well as several additional properties catering to the broad, regional population. In a more competitive atmosphere, gaming facilities will need to be more focused on their marketing efforts, and perhaps broaden the market area from which they seek to attract patrons. As a result of the increased competition and expanded marketing efforts, gaming revenues for the market should increase, but should be expected decline at some or all of the existing facilities, as will be demonstrated in the cannibalization tables on page 18.

The following section provides a description and definition of the various components of the model.

Gamer Visits

This measure is used to specify the number of patron trips to a gaming market, where an individual can make any number of separate visits in the course of a year. In order to estimate the gamer visits, market penetration rates, made up of the separate measures of propensity and frequency, are applied to the adult population in each zip code.

Propensity

Propensity is a measure of the likelihood that an individual will visit a casino in a given year. This varies based upon a number of factors, which include the number of gaming venues in the area, their quality and type (i.e., landbased versus riverboat, or full casino versus racetrack slot-only facility), the games permitted, the availability of other entertainment and leisure options, and most importantly, distance from a gaming venue.

Frequency

The frequency factor measures the average number of visits that an adult with a propensity to gamble will make annually to a gaming venue in the subject market. Frequency is a function of annual gaming budget as indicated by income variations, the number of venues in the market, and the quality and type of gaming facility. The frequency of visitation is inversely related to distance from a gaming venue, as fewer trips are made as convenience declines. However, the length of the average gaming trip increases with distance, such that an annual gaming budget for those living relatively far from a gaming venue may approach that of those living close by, for whom short gaming trips are typical.

Attraction Factors

Attraction factors measure the relative attraction of one gaming venue in relation to others in the market. Attraction factors are applied to the size of the gaming venue as measured by the number of positions it has in the market. Positions are defined as the number of gaming machines plus the number of seats at gaming tables. A normative attraction factor would be one. When this is applied to the number of positions in a gaming venue there is no change in the size of the gaming venue as calculated by the model and hence its attraction to potential patrons. A value of less than one adjusts the size of the gaming venue downwards making it less attractive and conversely a value greater than one indicates that the gaming venue has characteristics that make it more attractive. Attraction factors can be based on a number of components including branding, the level and effectiveness of marketing efforts, and the level of quality of the casino and the amenities offered by a facility. Attraction factors are also adjusted to model the presence of natural and man-made boundaries which impact ease of access and convenience of travel in the market area.

The sensitivity of the model to changes in these factors is not in the nature of a direct multiplication. For example, a doubling of the attraction factor will not lead to a doubling of the gamer visits attracted to the site. It will however cause a doubling of the attractive power of the gaming venue, which is then translated via non-linear equations into an increase in the number of gamer visits attracted to the gaming venue. In this analysis attraction factors have been adjusted for each gaming facility for each ethnicity or race in each of the discrete market areas.

Win Per Visit

A win per visit value is the win by the gaming venue for each visit made. Generally, this increases with distance from the gaming venue reflecting the less frequent nature of the trips and the effort required to make them. These factors tend to create a larger proportion of more dedicated players and hence a larger win per visit. Effective buying income, or disposable income, is also a factor in variances in win per visit as those with more disposable income have more money with which to gamble.

Market Areas

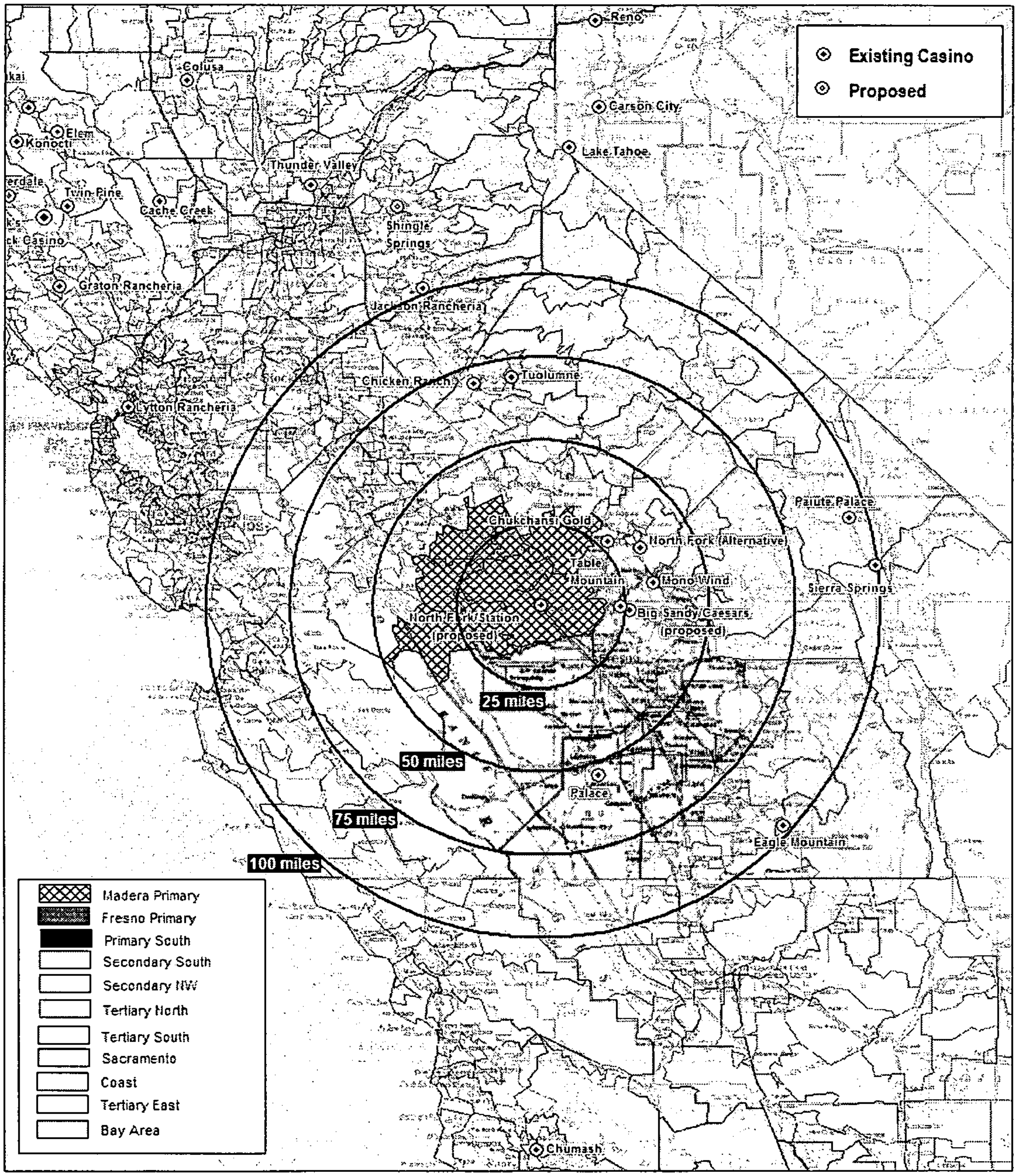
The gravity model requires that market areas be defined and assigned unique propensity and frequency factors. To this end, an area that encompasses about a three-hour drive from the casino was identified. Due to the mountains to the east and northeast, and the limited roadway access directly to the west, driving times in an east-west direction are much longer than moving northwest and southeast, for which major roadways and direct alternatives are available. A three-hour radius was identified because it represents the maximum that most casino visitors are willing to drive without spending the night, though this drive-time radius in no way reflects a concentric ring in terms of mileage. It is believed that this drive-time area represents where most of the visitors to the casino live.

From this three-hour radius, eleven discrete market areas were carved. Each market area groups together individuals with similar propensity factors. Basically, individuals who live in the same market area have the same likelihood that they will visit the casino due to their distance to Madera and competing casinos.

For example, the Primary market areas are the areas are centered around Fresno and Madera, which includes the towns with the most proximate casinos. Gaming behavior within these market areas should be relatively similar among the different zip codes.

Other market areas were defined by metropolitan areas such as the San Francisco Bay area and the Sacramento area. The remaining market areas were defined by choosing contiguous areas with relatively similar transportation access to Madera and in relation to competitive facilities.

Madera Area Casino Market with Competitive Sites



Demographic Analysis of Madera Market Areas

Population

As population is one of the strongest drivers of gamer visits, it is one of the most closely studied characteristics of the market areas. In particular, it is important to understand the dynamics of population growth as this understanding will allow for better predictions of gamer visits.

The Innovation Group collected Census projections from Claritas Inc., providing the adult population changes from 2004 and 2009. Each of the eleven market areas is expected to experience growth in its population between 2004 and 2009. The average growth rate for the entire area of study is estimated to be 8.9% with the majority of the market areas experiencing growth at a higher rate. All of the market areas except for the Bay Area are experiencing growth rates of 8.9% to 16.3%. The Bay Area is experiencing a growth rate of only 6.4%. These growth rates are generally higher than California's average growth rate of 8.9% and the United States' growth rate of 6.6%. See the table below for detailed information regarding the adult population in each of the market areas.

	2004 Adult Population	2009 Adult Population	Change
Madera Primary	108,273	121,648	12.4%
Fresno Primary	499,688	549,232	9.9%
Primary South	367,637	404,578	10.0%
Secondary South	141,728	156,343	10.3%
Secondary Northwest	555,680	626,235	12.7%
Tertiary North	900,343	1,047,122	16.3%
Tertiary South	382,714	427,011	11.6%
Sacramento	879,851	968,637	10.1%
Coast	603,036	656,602	8.9%
Tertiary East	12,954	14,242	9.9%
Bay Area	4,528,617	4,819,739	6.4%
Total	8,985,164	9,784,126	8.9%
California	26,389,527	28,732,978	8.9%
Nation	220,135,518	234,577,999	6.6%

Source: Claritas MapInfo

Gravity Model Results

The Innovation Group proposed to create five models to demonstrate the net impact of the proposed facilities on the market. These models included:

1) Base case 2004 – replicating the performance of facilities in the market based on our knowledge or estimates of facility performance
2) Base case 2008 – projecting growth for existing gaming facilities based on proposed expansions as well as organic growth, stemming from local market population and income growth
3) 2008 with addition of full casino-hotel in Madera

4) 2008 with addition of reduced scale casino-hotel in Madera
5) 2008 with a casino in North Fork as the alternative site from Madera

The 2008 Base Case Scenario includes a Class II Casino in San Pablo, and 2,000 slots and gaming tables for Big Sandy.

Total Market Gamer Visits by Scenario

	Base Case 2004 Scenario	Base Case 2008 Scenario	Full Casino Scenario	Reduced Scale Scenario	North Fork Scenario
Local Market					
Madera Primary	572,143	643,396	697,701	668,577	646,420
Fresno Primary	3,139,842	3,495,987	3,751,610	3,624,461	3,512,439
Primary South	2,152,449	2,350,620	2,448,704	2,402,540	2,355,256
Secondary South	540,082	584,683	586,097	586,097	584,683
Secondary Northwest	1,811,636	2,022,038	2,602,997	2,323,835	2,022,038
Tertiary North	2,030,737	2,291,843	2,295,663	2,291,843	2,291,843
Tertiary South	582,339	635,414	636,636	636,270	635,414
Sacramento	2,452,797	2,649,369	2,653,154	2,652,018	2,649,369
Coast	660,399	706,906	708,513	708,031	706,906
Tertiary East	34,350	37,015	37,069	37,053	37,015
Bay Area	2,266,181	2,411,081	2,423,137	2,419,520	2,411,081
Local Total	**16,242,955**	**17,828,352**	**18,841,280**	**18,350,245**	**17,852,464**
Tourist Total	**2,842,517**	**3,075,391**	**3,160,625**	**3,119,542**	**3,106,329**
Total	**19,085,472**	**20,903,743**	**22,001,905**	**21,469,787**	**20,958,792**

Total Market Gamer Visits by Scenario – Including only Proximate Facilities

	Base Case 2004 Scenario	Base Case 2008 Scenario	Full Casino Scenario	Reduced Scale Scenario	North Fork Scenario
Local Market					
Madera Primary	519,224	593,165	680,413	648,983	596,919
Fresno Primary	3,092,250	3,451,462	3,714,403	3,586,564	3,469,182
Primary South	1,987,434	2,187,773	2,289,981	2,244,626	2,193,743
Secondary South	199,257	234,715	249,094	245,430	235,652
Secondary Northwest	1,015,404	1,186,205	1,779,893	1,541,595	1,193,908
Tertiary North	201,939	263,522	342,268	321,325	267,579
Tertiary South	241,718	294,798	321,312	314,463	294,798
Sacramento	33,347	44,142	58,823	49,525	44,142
Coast	397,906	453,729	503,968	482,173	453,729
Tertiary East	33,500	36,359	36,470	36,427	36,359
Bay Area	318,066	395,302	507,082	473,974	395,302
Local Total	**8,040,044**	**9,141,173**	**10,483,706**	**9,945,085**	**9,181,312**
Tourist Total	**1,487,408**	**1,691,117**	**1,808,439**	**1,765,253**	**1,698,543**
Total	**9,527,452**	**10,832,290**	**12,292,145**	**11,710,338**	**10,879,855**

Gaming Revenue by Scenario

	Base Case 2004 Scenario	Base Case 2008 Scenario	Full Casino Scenario	Reduced Scale Scenario	North Fork Scenario
Local Market					
Madera Primary	$30,773,444	$35,842,436	$38,849,561	$37,227,949	$36,005,254
Fresno Primary	$171,545,512	$200,127,506	$214,956,861	$207,636,323	$201,069,283
Primary South	$116,595,223	$131,917,244	$137,621,625	$134,939,266	$132,190,762
Secondary South	$26,287,489	$29,573,643	$29,650,016	$29,650,016	$29,573,643
Secondary Northwest	$101,862,226	$117,453,022	$152,814,712	$134,983,324	$117,453,022
Tertiary North	$131,058,124	$152,426,378	$152,680,422	$152,426,378	$152,426,378
Tertiary South	$33,020,033	$37,248,569	$37,320,201	$37,298,711	$37,248,569
Sacramento	$166,082,874	$184,587,599	$184,851,296	$184,772,187	$184,587,599
Coast	$43,546,023	$47,983,127	$48,092,180	$48,059,464	$47,983,127
Tertiary East	$2,028,554	$2,259,187	$2,262,509	$2,261,513	$2,259,187
Bay Area	$166,615,798	$182,163,468	$183,074,286	$182,801,040	$182,163,468
Local Total	**$989,415,298**	**$1,121,582,179**	**$1,182,173,667**	**$1,152,056,170**	**$1,122,960,292**
Tourist Total	**$236,355,289**	**$267,559,000**	**$274,342,224**	**$270,776,219**	**$269,629,329**
Total	**$1,225,770,587**	**$1,389,141,179**	**$1,456,515,891**	**$1,422,832,389**	**$1,392,589,621**

Gaming Revenue by Scenario – Including only Proximate Facilities

	Base Case 2004 Scenario	Base Case 2008 Scenario	Full Casino Scenario	Reduced Scale Scenario	North Fork Scenario
Local Market					
Madera Primary	$27,915,464	$33,032,895	$37,879,095	$36,128,366	$33,236,862
Fresno Primary	$169,120,550	$197,757,315	$212,987,291	$205,628,983	$198,767,398
Primary South	$107,618,872	$122,740,904	$128,659,159	$126,029,095	$123,088,381
Secondary South	$9,623,164	$11,793,949	$12,521,136	$12,336,149	$11,841,304
Secondary Northwest	$57,132,892	$68,940,052	$104,468,475	$89,530,581	$69,385,290
Tertiary North	$12,981,137	$17,453,736	$22,665,691	$21,279,414	$17,722,359
Tertiary South	$13,712,722	$17,288,966	$18,842,710	$18,441,372	$17,288,966
Sacramento	$2,250,934	$3,065,572	$4,085,033	$3,439,382	$3,065,572
Coast	$26,265,851	$30,826,897	$34,227,403	$32,751,957	$30,826,897
Tertiary East	$1,978,488	$2,219,312	$2,226,040	$2,223,451	$2,219,312
Bay Area	$23,380,149	$29,860,700	$38,307,255	$35,805,308	$29,860,700
Local Total	**$451,980,223**	**$534,980,297**	**$616,869,287**	**$583,594,058**	**$537,303,039**
Tourist Total	**$124,294,561**	**$147,119,582**	**$157,301,668**	**$153,339,339**	**$147,489,684**
Total	**$576,274,784**	**$682,099,878**	**$774,170,955**	**$736,933,397**	**$684,792,723**

Revenue Summary

As demonstrated in the table above, it is projected that a casino with the preferred building program in Madera could increase total gaming expenditures at venues in the immediate market area by over $90 million, or by approximately $55 million per year if a more moderate-scale facility is developed. A casino in the town of North Fork would have a negligible impact on market growth. The proposed casino at the alternative site in North Fork could potentially generate approximately $10.6 million in gaming win in its first year of operation for the year 2008, however if the casino is permitted at the Madera site with the preferred building program, gaming revenues for the property could total approximately $190 million annually. With a reduced intensity of development at the Madera site, gaming revenues for the property are projected to total $145 million annually.

As discussed above, the availability and ease of access of an attractive casino to the population should result in an expansion of gaming demand, though given the competitiveness in the market, some decline in market share should naturally result at the competitive properties. The table below illustrates the gaming revenue for the total market, the subject facility's revenue potential, and the cannibalization of revenues on the facilities as projected within the immediate market area.

Cannibalization by Scenario

	Base Case 2004 Scenario	Base Case 2008 Scenario	Full Casino Scenario	Reduced Scale Scenario	North Fork Scenario
Total Market					
Local Total	**$451,980,223**	**$534,980,297**	**$616,869,287**	**$583,594,058**	**$537,303,039**
Tourist Total	**$124,294,561**	**$147,119,582**	**$157,301,668**	**$153,339,339**	**$147,489,684**
Total	**$576,274,784**	**$682,099,879**	**$774,170,955**	**$736,933,397**	**$684,792,723**
			Subject Property	**Subject Property**	**Subject Property**
Local Total			**$155,465,486**	**$119,578,598**	**$10,315,748**
Tourist Total			**$34,534,514**	**$25,421,402**	**$635,250**
Total			**$190,000,000**	**$145,000,000**	**$10,950,998**
Cannibalization					
New Local Total			53%	41%	23%
Cannibalized Local			$73,576,496	$70,964,837	$7,993,006
New Tourist Total			29%	24%	32%
Cannibalized Tourist Total			$24,352,428	$19,201,645	$431,970
New Total			**$92,071,076**	**$54,833,518**	**$2,526,022**
Cannibalized Total			**$97,928,924**	**$90,166,482**	**$8,424,976**

As demonstrated from the table above, in nominal terms, the full-scale casino development would have the largest cannibalizing impact of the development scenarios; however, it would also generate the highest percentage of new revenues for the market. In contrast, the alternative site development would not generate significant new local market demand, but would naturally have the smallest impact on existing competitors.

In the scenario where the full-scale casino is developed in Madera, it is projected that the most significant impacts will be felt on the Chukchansi, Table Mountain and the proposed Big Sandy facilities. While actual revenues for the properties is proprietary to the respective tribes, based on our models, it is projected that a revenue decline of approximately 20% would be felt at Chukchansi as a result of the operation of the subject casino, and a revenue decline of approximately 17% would be felt at both the Table Mountain and Big Sandy facilities. The Palace and Tuolumne Black Oak would also be impacted, though the revenue declines at both of those facilities would be well under 10%.

In the scenario where a reduced-scale casino is developed in Madera, the impacts on existing casinos would naturally be somewhat lower. It is projected that a revenue decline of approximately 18.6% would be felt at Chukchansi as a result of the operation of the subject casino, and a revenue decline of 15% to 16% would be felt at both the Table Mountain and Big Sandy facilities.

Finally, if a casino is developed at the alternative site, given that the projected cannibalized total is only $8.4 million, the impact on any single casino would be significantly less, with no single casino having a revenue decline of more than 2%.

It should be noted that even in the scenario where revenues at gaming facilities fall by 20%, the impact on the viability of operations is not one that jeopardizes its ability to remain open. A decline of this rate is typical in a market that is not already over-saturated, and one where multiple operators could successfully co-exist in the long run.

The following table presents the estimated percentage decline in revenues for the five most proximate gaming facilities based on each of the considered alternative competitive scenarios.

Projected Decline in Revenues by Property and Development Scenario

Major Competitors Impacted	Full Scale	Reduced Scale	Alternative Site
Chukchansi	20.4%	18.6%	1.9%
Table Mountain	17.4%	16.0%	1.7%
Big Sandy	16.7%	15.1%	1.3%
Palace*	6.0%	5.4%	0.5%
Tuolumne*	6.2%	5.9%	0.3%

*Note: the impact to the Palace and Tuolumne properties may be considerably smaller, as the market area carveout for the North Fork local market area does not extend fully into the areas for which the Palace and Tuolumne attract gamers. To the extent that these casinos generate their patronage from unshared markets, the impacts to those casinos would be further muted.