

4.7 Socioeconomic Conditions

This section analyzes the potential socioeconomic effects of each alternative. Effects evaluated include the short-term employment and revenue changes in the economy during the project's construction phase as well as the subsequent long-term effects to the regions. The section also evaluates the effects to the City of Cloverdale and County of Sonoma's revenues, expenditures, community infrastructure, and housing. The potential social effects of gambling are also evaluated.

4.7.1 Alternative A – Proposed Action

Impact 4.7.1-1: Direct Economic Effects from Construction and Operation (Beneficial Impact)

Construction Spending

Major construction would be necessary to build the Proposed Action. This construction work would generate considerable local employment and new spending within Sonoma County and other counties within the Bay Area. The direct spending impacts consist primarily of expenditures to local construction and engineering firms for construction of the project facilities.

The total future construction cost for the development of each alternative was projected to determine the nature and magnitude of potential spending effects to the Sonoma County economy. The future construction costs were estimated based on per square foot cost estimates for other, similar casino projects recently completed or proposed in Northern California. The estimates were adjusted to be applicable to the size and configurations of each alternative. The estimates represent the expected total cost of construction and design, including furniture, fixtures and equipment (FF&E), but exclude any land costs.

Construction costs for larger “destination” casino/resorts are generally greater than typical construction projects since the design and facilities are of a very high quality to attract visitors. Consequently, development estimates include a considerable amount of additional costs from higher FF&E costs for gaming fixtures, other visitor amenities, and build quality.

The estimated construction costs of other recent casino developments in Northern California vary. In 2004, the development cost for the Cache Creek Casino was approximately \$482 per square foot, which would be equivalent to \$550 per square foot in 2008 dollar terms.¹ Estimates for the proposed Enterprise Rancheria Casino were in a similar cost range - varying from \$472 per square foot for the hotel and casino resort alternative and increasing up to nearly \$540 per square foot for the casino-only option. Planning studies for the proposed Graton Casino in 2006 projected construction costs of \$590 per square foot which would be equivalent to \$630 per square foot in 2008 dollars terms (Bay Area Economics [BAE], 2006). For the proposed North Fork Casino, the estimated future construction cost was nearly \$760 per square foot. The per square foot costs estimates were even higher for the casino-only development alternatives.

¹ Unless stated otherwise, all cost and revenue figures have been normalized into 2008 dollar terms.

A conservative construction cost estimate of \$550 per square foot in 2008 dollars has been used for all of the future casino-related facilities (i.e., all proposed facilities except for the tribal government offices). Since the tribal office building would not be a visitor-related facility, more typical office construction costs of \$150 per square foot were used for the proposed 20,000 square foot building. Similarly reduced construction cost estimates are used for Alternative E (Commercial Retail-Office Space). The projected total construction cost and employment for all the development alternatives are shown in **Table 4.7-1**.

**TABLE 4.7-1
PROJECTED CONSTRUCTION COSTS AND EMPLOYMENT BY ALTERNATIVE**

	Facility	Cost	Employment
Alt. A	595,600 sq.ft.	\$319,600,000	1,065
Alt. B	426,170 sq.ft.	\$226,400,000	755
Alt. C	406,554 sq.ft.	\$215,600,000	720
Alt. D	168,772 sq.ft.	\$84,300,000	280
Alt. E	364,000 sq.ft.	\$45,200,000	300

SOURCE: ESA, 2009.

Construction of Alternative A would generate substantial economic activity within Sonoma County and the Bay Area region. Direct impacts consist primarily of expenditures to local construction and engineering firms for construction of the project facilities. As shown in **Table 4.7-1**, ESA estimated the total construction cost for Alternative A would be approximate \$319.6 million. This is a beneficial economic impact to the Sonoma County and the region. No mitigation is required.

Construction Employment

A primary component of the project's direct economic impacts to the local economy would be from local construction employment.² Direct project-related employment includes not only construction laborers but also pre- and post-construction management and engineering staff (i.e., for project design, permitting, and administration).³

Employment projections for the proposed construction were partly based on recent estimates from other similar developed or proposed casino projects. IMPLAN employment estimates were also derived and considered. However, the construction employment estimates varied considerably and more widely than the construction cost estimates. Most strikingly, the construction employment estimates for the Graton casino were far lower than those for the North Fork and Enterprise casino developments. On a construction spending per employee per basis, Graton projected approximately one job generated per \$630,000 in construction spending (in 2008 dollars) – a rate roughly twice that projected for a hotel and casino resort development at North Fork. At the Enterprise Rancheria Casino, one construction worker was employed per \$115,000 of construction spending – a proportion more than a fifth less than Graton.

² Spending on other construction components (e.g. materials, equipment or services) are mostly business to business transactions and as such represent *indirect* economic impacts. Similarly, local spending impacts from construction employees or by supplier businesses typically represent *induced* economic impacts.

³ Unless stated otherwise, employment estimates are expressed as full time equivalents (FTE).

IMPLAN's projections for the proposed project are based on its representation of the County's specific economic characteristics. Based on a \$327.6 million construction cost estimate and the most recent Sonoma County data, IMPLAN estimates that approximately 2,200 Sonoma County residents could be employed by the proposed project.⁴ This would correspond to approximately one construction job for every \$150,000 in construction spending. The IMPLAN employment estimate is based on new construction of typical non-residential commercial properties. However, as discussed earlier (and as represented by a far higher estimated cost per square foot), the build quality and necessary FF&E expenses for the proposed casino are expected to be greater than those for general use commercial buildings (e.g. offices or health care facilities). Consequently, higher material, equipment and per-employee wage costs would contribute to the project's higher cost. As a result, it is expected that the IMPLAN employment projections would overestimate the future project-related construction jobs since they are based on more typical and less expensive construction projects.

As a conservative assumption for the socioeconomic impact analysis, the proposed casino's construction employment was instead projected based on a future employment rate of one construction worker per \$300,000 of construction spending. This employment projection is considerably more conservative than IMPLAN's and is comparable to the North Fork Casino employment estimates. Assuming an average "burdened" construction wage of \$60,000 to \$70,000 per employee, construction wage spending for the project would represent a reasonable 20 to 25 percent proportion of the project's total construction cost (and an even higher proportion if the up to 25 percent FF&E cost is also considered).

A central factor determining the magnitude of the project's actual employment impact is the proportion of jobs performed by county residents. The local job impacts are a function of the match between the project's labor needs and the availability of qualified local workers. The greater the number of county residents hired by the project, the greater the economic benefit to the county's economy. While non-county residents employed by the project would also offer some benefits to the county's economy (e.g., from food and fuel sales), these benefits would be more limited since much of their earnings would likely be spent outside the county.

Local employment availability is analyzed in **Impact 4.7.1-3** below. Due to the project's location and the relatively large available labor force within the County, most of the site construction work can be expected to be performed by Sonoma County residents. Sonoma County has both a comparatively large population of working age adults and a relatively high proportion of currently unemployed individuals who would be qualified and able to work on the project. Furthermore, the significant commute distances and small labor force populations living within the neighboring areas within Mendocino and Lake Counties also suggest that relatively few individuals working on the construction project would reside outside Sonoma County.

⁴ As represented by the 2007 data for Sonoma County, IMPLAN Sector 34 – Construction of Non-Residential Commercial and Healthcare Structures.

As shown in **Table 4.7-1**, future construction of Alternative A is projected to result in the future employment of up to 1,065 local residents. This would be a beneficial economic impact to Sonoma County. No mitigation is required.

Operations Revenues

Future project operations would generate major employment and sales revenues within Sonoma County. The extent that these future sales would benefit the local economy depends on the extent that sales are net or “new” revenues for Sonoma County’s economy. Sales that the project obtains from existing businesses within Sonoma County would have little, if any, economic benefit to the County’s economy. However, future visitor spending at the casino that otherwise would not have occurred within the County would represent a net economic benefit. These new sales could be from out of county visitors or local residents that would otherwise have travelled out of Sonoma County for their entertainment purposes.

Future revenue projections for the project were estimated based on the Innovation Group marketing analysis (2007). Each alternative’s future operating sales were determined with adjustments for their specific facility configurations. The sales projections represent the average annual financial performance for the project’s future stabilized operations in 2008 dollars.⁵ **Table 4.7-2** shows the estimated annual revenues and employment projected for each of the proposed alternatives.

**TABLE 4.7-2
PROJECTED OPERATIONS TOTAL SALES AND EMPLOYMENT BY ALTERNATIVE**

Alternative	Facility Size (Square Feet)	Annual Sales	Employment
Alt. A	595,600 sq.ft.	\$179,800,000	1,610
Alt. B	426,170 sq.ft.	\$151,200,000	1,350
Alt. C	406,554 sq.ft.	\$130,500,000	1,170
Alt. D	168,772 sq.ft.	\$107,200,000	960
Alt. E	364,000 sq.ft.	\$106,400,000	935

SOURCE: Innovation Group, 2007 and 2008; ESA, 2009.

Substitution Project Net Revenues

As shown in **Table 4.7-3**, based on the financial projections performed by the Innovation Group, it is projected that the Alternative A would generate approximately \$179.8 million per year in sales revenues.

Currently the only casino operating in Sonoma County is the River Rock Casino. The River Rock Casino is located in Geyserville, approximately 12 miles south of the proposed project site, and has 1,600 slot machines and 16 gaming tables operating in a 35,500 square foot facility. In addition, the Federated Indians of Graton Rancheria have proposed a casino and resort hotel for development in southern Sonoma County near Rohnert Park.

⁵ Major changes in customer demand, local competition or other market conditions could alter the future projections.

**TABLE 4.7-3
PROJECTED SALES BY CATEGORY – ALTERNATIVE A**

Revenue Category	Projected Sales
Casino	
Gambling	\$155,900,000
Food & Beverage	\$10,100,000
Retail	\$1,600,000
Total Casino	\$167,600,000
Hotel + Conference Center	
Lodging	\$8,100,000
Food & Beverage	\$2,000,000
Retail	\$200,000
Total Hotel + Conference Center	\$10,300,000
Entertainment Center	\$1,900,000
Total Revenues	\$179,800,000

SOURCE: Innovation Group, 2007 and 2008; ESA, 2009.

Marketing analysis for the project estimates that approximately 23 percent of the casino's future gambling revenues would be generated from Sonoma County residents. This is equivalent to approximately \$35.9 million in annual gambling revenues (Innovation Group, 2008). In which case, the net gaming sales that would represent new revenues for Sonoma County would be at least \$120.0 million. If gambling related food and retail earnings are also included, the total gambling related net sales under Alternative A would be approximately \$129.1 million per year. **Table 4.7-4** shows Alternative A's net casino resort sales by category. These portions of the future casino sales would represent new net revenues to Sonoma County's economy.

**TABLE 4.7-4
PROJECTED NET SALES IN SONOMA COUNTY – ALTERNATIVE A**

	Total Sales	New Sonoma County Sales			Total
		Casino	Hotel	Entertainment Center	
		77%	58%	68%	
Gambling / Entertainment	\$157,800,000	\$120,000,000		\$1,300,000	\$121,300,000
Hotel	\$8,100,000		\$4,700,000		\$4,700,000
Food / Retail	\$13,900,000	\$9,100,000	\$1,300,000		\$10,400,000
TOTAL	\$179,800,000	\$129,100,000	\$6,000,000	\$1,300,000	\$136,400,000

SOURCE: Innovation Group, 2008; ESA, 2009.

As a conservative assumption for the impact analysis, it is assumed that all of the \$38.5 million in casino spending by local residents' would in effect be "cannibalized" from the River Rock Casino or other local entertainment destinations' revenues. Under this assumption, these sales would not represent any new local revenues, and so would not add any new economic benefits to Sonoma County's economy. In actuality, a portion of the \$38.5 million in potential gambling revenues from local residents spending would indeed be sales that currently may be spent outside the County at

other casinos or entertainment destinations. Alternative A would have an even greater beneficial effect on local sales within Sonoma County if it could recapture this lost spending by local residents.

Within the hotel sector, the marketing analysis projects that approximately 58 percent of the lodging revenues would be derived from project visitors and only a very minor proportion would be from local residents (approximately 2 percent of sales). The Innovation Group analysis of a proposed hotel concludes that the new facility “would have a minimally dilutive impact on demand for other hotels in the market... (and) would reflect a cannibalization of approximately 70 rooms per night by the Cloverdale casino hotel.”⁶ For the purpose of this impact analysis, it is conservatively assumed that 42 percent of the total hotel revenues for the proposed 275-room hotel and conference center development could be “cannibalized” revenues (i.e., casino revenues that represent “sales substitutions” from existing local businesses). This sales substitution effect is equivalent to the projected annual revenue earnings for 110 hotel rooms. Under this sales substitution projection, annual lodging-related revenues of up to approximately \$4.3 million (including lodging-related food and retail sales) could be obtained from existing hotel businesses in Sonoma. In which case, Alternative A’s net lodging-related revenues would be approximately \$6 million.

The proposed entertainment center would attract new visitors and serve local residents. Using a mid-point value of the local revenue generation estimates for the casino and hotel sales, it is conservatively assumed that 32 percent of the entertainment center’s annual \$1.9 million sales may be obtained from existing local entertainment business. In which case, Alternative A’s net lodging-related revenues would be approximately \$1.3 million.

Based on this evaluation, it is projected that, at a minimum, \$137.1 million of the casino’s projected \$179.8 million future annual sales would represent new net sales to the Sonoma County economy annually. This would be a beneficial economic impact. No mitigation is required.

Operations Employment

Future operating employment for the project was based on IMPLAN estimates and verified from comparisons with similar recently completed and proposed casino projects. As shown in **Table 4.7-2**, the project’s total annual employment was conservatively estimated to correspond to one job per approximately \$0.11 million of revenues. Under Alternative A, it is estimated that the proposed hotel and casino resort would employ a total of approximately 1,610 employees.

The proposed project would offer a variety of new employment opportunities ranging from management to entry-level positions. The proposed casino and hotel operations will require staff for its gaming, lodging, entertainment, sales, marketing, security and food and beverage operations. The skills and experience requirements for these jobs will vary but it is expected that onsite training will be sufficient for the majority of positions. Consequently, most of the project’s future jobs should be suitable for the region’s labor force.

⁶ The marketing analysis did not offset its projected hotel cannibalization findings of 70 room nights per day (i.e. approximately annual 21,500 room night stays) with the more than 9,700 room night stays for other local hotels that might be expected from future Casino visitors.

The project's future job allocations and wages are expected to be comparable with those at other gambling facilities and casino hotels. **Table 4.7-5** shows the projected employment for the major job categories based on the most current available national employment data for gambling industries (NAICS 713200) and casino hotels (NAICS 721120) (BLS, 2009).

**TABLE 4.7-5
JOB CATEGORY AND WAGE PROJECTIONS – ALTERNATIVE A**

Job Category	SOC Groups ^a	Alt A		Average Wage ^c
		Est. % ^b	Est. Jobs	(2008 \$)
Management	11, 13, 15, 27	6.0%	97	\$67,800
Office	43	10.0%	161	\$27,760
Sales	41	10.5%	169	\$23,640
Service	39	32.0%	515	\$26,420
Food & Beverage	35	22.5%	362	\$25,150
Security	33	7.0%	113	\$27,980
Maintenance	37, 49, 51, 53	12.0%	193	\$26,230
Total		100.0%	1,610	\$27,850^d

a Principal occupations reported for Gambling Industries (NAICS 713200) and Casino Hotels (NAICS 721120).

b Approximate weighted average of job distribution for Gambling Industries and Casino Hotels.

c Approximate weighted average of SOC Groups' wages.

d Reported Total Average Wage for Gambling Industries and Casino Hotels

SOURCE: U.S. Bureau of Labor Statistics, 2009

Table 4.7-5 also shows the national average wages for casinos and casino hotels by job category. Wages for most job categories at casino hotels are generally slightly higher than those for stand alone casino operations. California employment data reports that the average weekly pay in 2007 was \$586 for gambling industries (NAICS 713200) and \$666 for casino hotels (NAICS 721120) (EDD, 2009). These weekly wage levels are equivalent to annual salaries of \$32,900 and \$37,400 respectively in 2009 dollar terms. The equivalent hourly wage for these workers would be \$14.65 and \$16.65 per hour.

By contrast, California employment data also reports that the average wage for the combined lodging and food service sector was \$352 per week. Wages within the lodging industry are generally higher than those for the food service industry. In 2007, the average weekly wage for the fast food restaurant workers was \$278 per week – less than half that for casino workers and almost 40 percent of that for casino hotel workers. The average wage for hotel workers was estimated to be \$527 per week but lower than the average wage for both casino and casino hotel workers. The minimum wage in California was raised to \$8 per hour in 2008.

For the impact analysis, it is conservatively assumed that future wages for the project's employees would at least be comparable to the national stand alone wages for casino operations. Based on the national average casino worker wage of \$27,850 for 2008, the average employee wage for project employees is expected to be \$28,900 per year (adjusted for inflation into 2009 dollar terms). This wage rate is equivalent to approximately \$14.15 per hour which is substantially higher than the minimum wage in California which is currently \$8 per hour. While entry-level wages will likely

be lower than the average wages estimated for each job category, the comparably high average wage indicates that permanent employees will be able to earn annual salaries substantially higher than other typical service industries and is comparable to the prevailing wage rate in Sonoma County for most of the other local employment opportunities where a post-secondary degree is not required (SCEDB, 2008). A wage rate of \$14.15 per hour may be considered a “living” wage in Sonoma County given the past Living Wage Ordinances passed in Sebastopol, Sonoma, and Petaluma which mandate a wage of \$11.70 an hour with benefits (or \$13.20 without) for workers employed by the city, city contractors, and firms receiving economic development assistance.

The project’s future job opportunities will be attractive for unemployed or “underemployed” residents.⁷ The size of the proposed casino should ensure a wide variety of job opportunities and work schedules that may be conducive for many Sonoma County residents. Unemployed residents will likely gain the greatest benefit from the new employment opportunities. Currently employed local or County residents may choose to switch their place of employment to the proposed casino (perhaps to reduce their existing commute or improve their work situation). Faced with the project’s new employment opportunities, currently underemployed individuals may also benefit by being able to increase their personal earnings. Sonoma County will also benefit from reduced service demand as previously unemployed individuals will reduce their dependence on public assistance. Increased income earnings would also lead to higher retail sales and other tax gains.

However, future employment benefits to Sonoma County would be affected by potential substitution effects determined for future sales. Consequently, the net future employment benefits to the County may similarly be expected to be less than the total employment and correspond with the sales substitution effects. Consequently, it is conservatively estimated that at least 1,225 of these jobs would represent net new employment opportunities benefiting county residents and the Sonoma County economy. This would be a beneficial economic impact. No mitigation is required.

Impact 4.7.1-2: Indirect Economic Effects from Construction and Operation (Beneficial Impact)

The project’s total construction cost represents the magnitude of overall economic activity directly associated with the project’s development. However, the extent that the construction spending and employment benefits Sonoma County’s economy would primarily depend on the proportion of the spending and employment occurring within the County. For example, materials purchased or equipment leased from non-County businesses would generate little direct economic benefit to Sonoma County, since that spending “leaks out” to benefit neighboring counties’ economies.

IMPLAN input-output modeling is a widely accepted tool for estimating the indirect economic effects of spending changes to an area’s economy such as those resulting from a major construction project or new business activity. The IMPLAN model represents the structure of the local economy and

⁷ “Underemployed” includes part-time employed or non-employed individuals (e.g. homemakers) not included in the unemployment estimates that are willing to work more if suitable work opportunities and conditions are available.

economic interrelationships among its firms and industry sectors. The IMPLAN economic model and data provides a representation of Sonoma County's specific economic characteristics and relationships from which the proportion and type of project-related spending impacts to the Sonoma County economy are projected.

The project's secondary economic impacts include: (1) indirect effects resulting from the procurement of construction-related supplies, services, materials, and equipment; and (2) induced effects of construction workers or the construction support businesses (and their employees) future spending for goods or services within Sonoma County. The model can predict both the indirect (i.e., business to business) and induced (i.e., individuals local spending of project related earnings/income) impacts. IMPLAN can also be used to predict indirect impacts on local employment levels and income for individual industry sectors. These impacts are estimated using IMPLAN multipliers that represent the typical flow of indirect and induced spending within the county's economy.

A project's economic effects can include changes in spending (i.e. which affect the output/sales of local businesses) and employment. These economic effects are generally measured in three ways: direct, indirect and induced impacts.

- *Direct* economic impacts are those economic changes directly related to the economic activity. For example, direct employment would represent those individuals paid by the developer or casino operator to work on the project. Typically, most of these project employees would work on site and examples would include construction laborers, card dealers, casino managers and other staff.
- *Indirect* employment represents workers providing support services for the casino but who are not directly paid/employed by the casino. Generally these are supply jobs or sales created by the casino operations and examples would include wholesalers delivering food or laundry services.
- *Induced* employment or sales represent the other economic activity generated by the new spending. For example, construction workers' lunch purchases would be an induced spending benefit to a local sandwich shop. Generally, induced effects are predominantly sales or jobs created by the spent earnings of local residents directly or indirectly employed by the casino. For example, home groceries bought by the sandwich shop employee (an indirect casino construction job) could be an induced sales impact.

IMPLAN estimates the multiplier effect of spending changes (such as new construction or visitor sales) on Sonoma County's economy based on county-level data that represents the existing economic interrelationships of the county's businesses and their customers. The IMPLAN data includes information on the types and magnitudes of the economic output of the industries within Sonoma County to account for local business productivity. IMPLAN also considers the average prices and demand for goods from County businesses and households to determine its indirect and induced impacts. Local and regional commuting patterns are also factors in its employment estimates.

IMPLAN estimates the various indirect and induced spending effects and aggregates them to determine the total indirect or induced impact to business output and employment. The specific nature of the initial business would partly determine the resulting indirect and induced impacts. A comparatively low indirect and induced impacts (e.g. less than 50 percent of the initial spending)

indicates that there is considerable sales leakage occurring. Such leakage is typical for more rural or smaller economies where goods or services must frequently be imported.

Materials, services and equipment that have to be imported would provide minimal economic benefit to Sonoma County. The extent of the construction spending benefits leaking out of the Sonoma County would depend on the type of the construction expenditures and the availability of existing Sonoma businesses that can provide the necessary materials, services or equipment. Highly specialized equipment (such as slot machines) is unlikely to be manufactured or sold by businesses within Sonoma County. However, more common construction equipment (such as forklift trucks) or activities (surveying services) are likely to be available for lease or purchase from local businesses.

As discussed above, the IMPLAN model estimates the proportion of the future spending expected to be captured by businesses within the County based on the current economic relationships and conditions of Sonoma County's businesses and residents. The estimated indirect and induced economic impacts associated with the proposed development alternatives are identified below.

Indirect and Induced Impacts from Construction Spending

Output

The total indirect and induced spending impacts associated with construction of the proposed development alternatives are presented in **Table 4.7-6**. It is expected that the \$319.6 million in total construction spending for Alternative A would generate approximately \$82.4 million in indirect spending and \$125.1 million of induced spending for businesses in Sonoma County. The total secondary economic spending benefits generated by future construction of Alternative A would be \$207.5 million. This would be a temporary, beneficial impact to Sonoma County that would last only for the duration of the construction period. No mitigation is required.

**TABLE 4.7-6
ESTIMATED INDIRECT AND INDUCED SPENDING FROM CONSTRUCTION BY ALTERNATIVE**

Impact	Alt. A	Alt. B	Alt. C	Alt. D	Alt. E
Construction Spending					
Indirect	\$82,429,000	\$56,394,000	\$55,611,000	\$21,879,000	\$11,665,000
Induced	\$125,074,000	\$88,603,000	\$84,381,000	\$33,198,000	\$17,700,000
Total	\$207,503,000	\$144,997,000	\$139,992,000	\$55,077,000	\$29,365,000

SOURCE: IMPLAN, 2009; ESA, 2009.

Employment

The project's indirect and induced spending would also generate increased employment within Sonoma County businesses. The total indirect and induced employment impacts associated with construction of all the project alternatives are presented in **Table 4.7-7**. Alternative A's total construction spending would not only create 1,065 direct construction jobs but it is also expected to generate approximately 349 indirect jobs and 605 induced jobs within Sonoma County businesses. The total employment benefits generated by Alternative A construction would be 2,019 jobs.

This would be a temporary beneficial impact to Sonoma County that would last only for the duration of the construction period. No mitigation is required.

**TABLE 4.7-7
ESTIMATED INDIRECT AND INDUCED EMPLOYMENT FROM CONSTRUCTION BY ALTERNATIVE**

Impact	Alt. A	Alt. B	Alt. C	Alt. D	Alt. E
Construction Employment					
Indirect	349	247	235	83	83
Induced	605	428	406	161	144
Total	954	675	641	244	227

SOURCE: IMPLAN, 2009; ESA, 2009.

Indirect and Induced Impacts from Operations

Output

The total indirect and induced spending impacts associated with Alternative A's future operations are presented in **Table 4.7-8**. Although it is expected that the project would generate \$179.8 million in total operating revenues, the impact analysis also conservatively assumes that up to \$43.8 million of these sales may be obtained from other existing Sonoma County business. Therefore, Alternative A is projected to generate at least net sales of \$136.4 million annually. No net indirect or induced sales benefits would be gained on future casino sales obtained from other local businesses. As a result, it is estimated that the \$136.4 million in net sales would generate at least \$34.4 million in net indirect spending and \$36.3 million of net induced spending for businesses in Sonoma County annually.

**TABLE 4.7-8
ESTIMATED INDIRECT AND INDUCED SPENDING FROM OPERATIONS BY ALTERNATIVE**

Impact	Alt. A	Alt. B	Alt. C	Alt. D	Alt. E
Operations Spending					
Indirect	\$34,429,000	\$30,825,000	\$26,586,000	\$21,995,000	\$30,673,000
Induced	\$36,347,000	\$31,045,000	\$26,779,000	\$22,136,000	\$32,693,000
Total	\$70,776,000	\$61,870,000	\$53,365,000	\$44,131,000	\$63,366,000

SOURCE: IMPLAN, 2009; ESA, 2009.

The total economic spending benefits generated by Alternative A operations would be \$70.8 million annually. This would be a long term beneficial impact to Sonoma County that would last for the duration of the project's future operating period.⁸ No mitigation is required.

Employment

The project's future indirect and induced employment impacts for the proposed development alternatives are presented in **Table 4.7-9**. Alternative A's future indirect and induced employment

⁸ Unless major changes in customer demand, local competition or other market conditions alter the future operational performance.

impacts are based only on its expected net sales of \$136.4 million. No net indirect or induced employment benefits would be gained from future casino sales obtained from other local business. As discussed above, the direct *net* employment benefits to Sonoma County are projected to be 1,225 jobs. In addition, the Alternative A operations are also expected to generate approximately 255 indirect jobs and 221 induced jobs within Sonoma County businesses. Therefore, Alternative A's future operations would generate total employment benefits of 1,701 new jobs. This would be a long term beneficial impact to Sonoma County that would last for the duration of the project's operating period. No mitigation is required.

**TABLE 4.7-9
ESTIMATED INDIRECT AND INDUCED EMPLOYMENT FROM OPERATIONS BY ALTERNATIVE**

Impact	Alt. A	Alt. B	Alt. C	Alt. D	Alt. E
Operations Employment					
Indirect	255	221	191	159	249
Induced	221	228	197	164	266
Total	476	449	388	323	515

SOURCE: IMPLAN, 2009; ESA, 2009.

Impact 4.7.1-3: Effects to Housing Supply (Less than Significant)

Employment Absorption by Current County Labor Force

The extent that project-generated employment benefits are captured by the Sonoma County economy would depend on the County's ability to provide the necessary workers for the project. As discussed in **Section 3.7** (Socioeconomic Conditions), in 2008 Sonoma County's total labor force was estimated to be approximately 270,500, with a county-wide unemployment rate of 6.5 percent. This rate is much higher than its historical average of 4.2 percent. This suggests that of the 17,800 Sonoma County residents who are currently unemployed, there are at least 6,220 residents (i.e. 2.3 percent of the total labor force) who are likely readily employable and available to work. The current economy's weakness also suggests that unemployment rates may increase further in the future which increase the job demand by Sonoma County's residents.

Although the total currently unemployed population is approximately 17,800 residents, in practice there is a natural and "healthy" minimum proportion of the labor force expected to remain unemployed. This base unemployment generally represents those residents in the midst of job-transitions such as changing jobs, leaving or re-entering the work force for training, or family reasons. Generally, a base unemployment rate of 2 or 3 percent is considered healthy. Applying a 2.5 percent minimum unemployment rate (comparable to Sonoma County's historic low unemployment rate of 2.6 percent), it is estimated that 10,820 current residents are available for potential employment by the project. **Table 4.7-10** shows this potentially employable labor force within Sonoma County by their place of residence.

TABLE 4.7-10
SONOMA COUNTY LABOR FORCE, UNEMPLOYMENT RATE AND POTENTIALLY EMPLOYABLE
LABOR FORCE (2008)

Location	Labor Force (2008)	Unemployment Rate (2008)	Rate of Potential Employable Residents (2008) ^a	Potential Employable Labor Force (2008) ^a
Sonoma County	270,500	6.5%	4.0%	10,820
<i>Cloverdale</i>	3,800	9.0%	6.5%	247
Cotati	4,100	6.4%	3.9%	160
Healdsburg	6,100	7.2%	4.7%	287
Petaluma	33,200	5.9%	3.4%	1,129
Rohnert Park	26,400	6.4%	3.9%	1,030
Santa Rosa	85,900	6.5%	4.0%	3,436
Sebastopol	4,500	3.8%	1.3%	59
Sonoma	5,000	4.7%	2.2%	110
Windsor	13,000	5.3%	2.8%	364
Unincorporated County	88,500	7.0%	4.5%	3,983

a Assuming a necessary minimum unemployment rate of 2.5 percent.

SOURCE: California EED, 2008.

The project's location in northern Sonoma County is well served by Highway 101 as a primary transportation route. This would enable most County residents the opportunity of a reasonable commute for work at the project site. Currently, just over three quarters of Sonoma County residents live and work within the County. Santa Rosa is the most popular commuter destination. In recent years, the average commute time for Sonoma County residents has decreased to its lowest level in over a decade – averaging approximately 25 minutes one-way. In 2000, the average commute time for Sonoma County residents was approximately 35 minutes. Downtown Santa Rosa is approximately 30 miles from the project site. Given Santa Rosa's accessibility from Highway 101, most future casino employees may be expected to be commuters from Santa Rosa and the other cities north of Santa Rosa along Highway 101. In addition, future implementation of proposed transportation **Mitigation Measure 5.4-2** is expected to greatly facilitate employee commuting through its incorporation of public transit into the project design, ride-sharing promotion, car-sharing programs, shuttle service to public transit and public transit incentives.

While Highway 101 is likely to remain a key transportation route, construction of the Sonoma Marin Area Rail Transit (SMART) is planned by 2014. The Cloverdale Station is located on the south side of Citrus Fair Road at its intersection with Asti Road just north of the project site. Once completed, the rail system will further improve public transportation for both casino visitors and workers which would further facilitate workers commuting to work at the casino.

As shown in **Table 4.7-10** there are major populations of potentially employable residents in Santa Rosa, Rohnert Park and the County's unincorporated areas (most of whose inhabitants live close to the County's cities). The available workforce in these communities and elsewhere within northern Sonoma County far exceeds both the project's short-term construction workforce requirements of 1,065 workers and its subsequent casino employment needs of 1,255 new workers (i.e. the net new employment associated with the proposed project recognizing the potential for some substitution

effects on other local businesses). This suggests that few (if any) of the new jobs created by the project would be staffed by out-of-county residents or workers relocating to Sonoma County.

The project's indirect and induced jobs would be more widely dispersed within Sonoma County and therefore would be even more accessible to Sonoma County residents. Consequently, the project's total employment impacts (i.e. including the indirect and induced employment) can be expected to be met by local residents and therefore it is considered unlikely that any significant worker migration or relocation to Sonoma County would occur as a result of the project.

Future County Labor Force Growth

Sonoma County's population is projected to increase annually by 0.7 percent (as shown in **Table 3.7-7**). This growth may be expected to result in similar County labor force growth and add over 1,890 new workers annually. By the time that the project would begin to operate in 2011 (at the earliest), at least two years of labor force growth would have occurred, resulting in more than 3,780 newly available workers within Sonoma County – of which approximately 1,200 would live in Santa Rosa alone. Such annual labor force growth would further increase the potentially employable labor force available for the project. Consequently, labor force growth within mid and northern Sonoma County is expected to be a major source of potential employees for the proposed project. The new labor force growth will also likely provide additional supply of “new” workers suitable for the project's entry-level positions.

Housing Vacancy

Employee Housing

As discussed above, the large population of unemployed (and underemployed) residents within Sonoma County suggests that the proposed project's future jobs will be predominately staffed by individuals currently living within Sonoma County. In which case, there will be little if any in-migration of new residents. Consequently, there would be little impact on local housing since there would be minimal (if any) project-related population growth in the area. Instead, most of the casino workers are expected to live in Santa Rosa and elsewhere within the Highway 101 accessible areas of mid and northern Sonoma County.

In any case, Sonoma County has considerable unoccupied housing. In 2008, Sonoma County had 197,907 housing units with a vacancy rate of 5.8 percent. This suggests that there are up to 11,480 housing units currently empty that could potentially be occupied. Although many of these homes may currently be vacation properties or otherwise currently unavailable as additional housing for new County residents, the existing house supply conditions nonetheless suggest that considerable potential underused housing capacity existing within Sonoma County. Assuming a base vacancy rate of 2 percent (which corresponds to several of the cities in Sonoma's current housing conditions), up to 7,520 housing units could be occupied within Sonoma County. Of these, approximately 6,625 homes (88 percent) are located in unincorporated areas of the County. In Santa Rosa, up to 450 homes could be re-occupied and in Cloverdale approximately 90 homes are currently vacant.

Consequently, in the unlikely event that relocating workers or new County residents need additional housing, their housing needs could be potentially absorbed by existing vacant homes in the Sonoma County. This further suggests that the project's future employment needs can be adequately met

without new housing construction. Most housing absorption would occur within the unincorporated areas since that is where most of the potential available vacant homes are located.

The project's new employment opportunities could encourage some relocation of population to the northern Sonoma Region by employees wishing to reduce their commute. The extent that such relocation would occur is primarily dependent on the availability of current vacant housing for sale or rent. The project's new job opportunities might also encourage some local area residents currently commuting for work in Santa Rosa to switch jobs. In which case, depending on non-project factors, there could be some redistribution of residents within the region. However, the net effect of any such local population shifts within the County is nonetheless expected to have little impact at the county level.

Affordable Housing

The availability of affordable housing is frequently a concern for many communities. As a result of the recent economic downturn, Sonoma County property values have declined substantially from their peak values in 2006 when the median sales price for homes sales was over \$600,000. In 2008, the average home sales price was approximately \$349,000 and in April 2009, the median sold home price was \$290,000. Although the weakened economy has also increased local unemployment rates, the declining home prices have improved the relative affordability of homes in Sonoma County.

Adjusted for inflation, rental rates within Sonoma have remained relatively stable between 2003 and 2008 – averaging \$900 for a one bedroom apartment and \$1,600 for a three bedroom apartment. These rental rates are comparatively low by Bay Area standards and would require average hourly earnings per household of \$17.30 and \$30.80 respectively to meet U.S. Housing and Urban Development guidelines. Although partly affected by household size, this indicates that rental housing in Sonoma County should be relatively affordable for individuals employed in a wide variety of occupations. Given that average future wages for many casino jobs are expected to roughly comparable to these hourly earning requirements, it also indicates most casino employees should be able to afford housing in Sonoma County. In addition the relatively high level of local unemployment also suggests the casino will provide much needed employment opportunities for many current residents that will reduce their reliance on county and state assistance.

Affordable housing remains a concern for most Bay Area counties and cities. The most recent inventory of affordable rental housing identifies 9,740 total rental units (including senior housing). Nearly half of the rental units are located in Santa Rosa (4,756 units of non-senior housing) which suggests that there is considerable existing affordable housing within a reasonable commute distance from the proposed casino (SCCDC, 2009). Sonoma County has implemented several initiatives and programs as part of its Affordable Housing Program to meet its affordable housing needs. Since the 2001 Sonoma County Housing Element was approved, Sonoma County has adopted several land use ordinances to encourage development of affordable housing within the County. In addition, in June 2005 the County implemented inclusionary housing requirements / development fees for both new residential and non-residential development. Sonoma County also has an enhanced density bonus program allowing greater residential development for qualified residential projects with afford housing components.

Over the last few years, new housing production in Sonoma County has been close to meeting its 2001 Quantified Objectives for affordable housing. Between 2001 and 2008, 2,482 new housing units were permitted within the unincorporated areas of the County - of which 1,028 were affordable units. However, due to the real estate appreciation and rising contraction during that period, the affordable housing development was insufficient to meet the Regional Housing Needs Allocation (RHNA) set for the Sonoma County. The revised RHNA requirement for 2007-2014 is 1,364 units of which 800 need to be “affordable” units (SCCDC, 2008). These efforts to continue to promote the development of more affordable housing options will improve the County’s ability to ensure there are sufficient local housing options.

Consequently, based on the above analysis, Alternative A’s future job creation is projected to have a less than significant impact on housing in Sonoma County. No mitigation is required.

Impact 4.7.1-4: Fiscal Effects to Sonoma County and the City of Cloverdale (Less than Significant)

As the project site would be taken into trust, the proposed future development would be exempt from many of the taxes and fees that businesses operating within the City or County’s jurisdiction would typically incur, which generate revenues for the jurisdiction or other local assessment districts.

Principal Tax Revenue Sources

Property Tax Revenues

Once the land is placed in trust, it would no longer be subject to property taxes. As discussed in **Section 3.7**, the project site currently generates approximately \$155,600 in annual property taxes and fees of which Sonoma County directly receives \$146,300 in property taxes. Sonoma County would permanently lose these annual tax revenues under all the development alternatives.

Only one of the six parcels (APN 166-310-020) is located within the City of Cloverdale’s jurisdiction. As discussed in **Section 3.7**, the City of Cloverdale currently receives approximately \$8,000 in annual tax revenues from the single property under its jurisdiction. The City of Cloverdale would permanently lose the annual tax revenue from this property under all the development alternatives.

Business Personal Property Tax Revenues

Business Personal Property (BPP) includes all supplies, equipment and any fixtures used in the operation of a business. Tribal owned businesses operating on trust land would be exempt from paying any BPP taxes. However, non-tribal businesses operating on trust lands are still fully liable for BPP taxes. Consequently, relocation of any County business onto tribal property would have no BPP tax revenue implications.

BPP taxes are based on the assessed value of the business and levied at the same rate as the local property rate (i.e. 1 to 1.25 percent). The County of Sonoma and/or City of Cloverdale would lose some BPP revenues if local businesses’ assessed values decreased as result of the project’s sales

shift effects. BBP taxes are collected by the County on behalf of the State of California which returns a portion of the revenues to County and local school districts.

Sales and Use Tax Revenues

Retail businesses in California are required to collect sales taxes on most goods purchased from them. Goods exempt from sales tax include grocery items and some pharmacy items. In addition, a “use tax” is also applicable for many purchases from retailers not subject to sales tax (such as retail and meal sales by Native American tribes).

One percent of the state-wide 7.25 percent sales and use tax rate provide local (city and county) funding, of which 0.25 percent is allocated for County transportation funds. Local governments and districts can (subject to voter approval) add additional taxes to this statewide base rate.

Within most of Sonoma County the sales tax rate is 7.75 percent as a result of an additional 0.25 percent district rate for the Sonoma County Open Space Authority (SCOS) and also for the Sonoma County Transportation Authority (SNTA). The Cities of Santa Rosa and Sebastopol both have additional 0.25 percent city taxes.

Since the Tribe would pay “use taxes” for retail and meal sales in lieu of sales taxes, any retail or dining “sales shifts” between the local business and the tribe would not result in any net sales revenue losses to Sonoma County. However, local cities may experience some sales tax revenue decreases if food or retail sales by businesses within their jurisdiction relocate to the casino.

In addition, the County of Sonoma and other local city governments could lose some net local sales tax revenues to the extent that the casino redirects taxable good spending by local residents to non-taxable gambling purchases. Although little data is available on the source of gambling spending, casino spending will generally be a recreational and discretionary purchase. As such it is more likely to substitute for other recreational activities than for retail spending.

Transient Occupancy Taxes

Sonoma County levies taxes of 9 percent on lodging and camping facilities operating within the unincorporated areas of the county. Similarly, the City of Cloverdale has 10 percent transient occupancy tax assessment on lodging within its jurisdiction. Similarly all of the cities in Sonoma County also assess transient occupancy taxes for overnight lodging within their jurisdiction. The County of Sonoma would be unable to collect any transient occupancy taxes on future lodging revenues on trust lands. Consequently, Sonoma County and other local cities could lose some of their current transient occupancy taxes from any **net** loss of overnight stays associated with the proposed project.⁹

⁹ However, there could also be some countervailing positive spillover effects from visitors attracted by the proposed project to stay at non-casino hotels in the area.

Business Permit Fees

Businesses are not required to obtain a business permit to operate within unincorporated areas of Sonoma County although generally cities within Sonoma County require businesses operating within their jurisdictions to purchase an annual license or permit. Although, the permit fees vary they are typically very minor (\$50 to \$300 per year).

Estimated Indirect Business Tax Revenues Impacts from Construction

The IMPLAN model was used to estimate the total business tax impacts associated with the proposed construction of the proposed alternatives. The tax impacts include the direct, indirect and induced spending associated with the project. **Table 4.7-11** present the results for the five development alternatives for the construction activities.

TABLE 4.7-11

STATE AND LOCAL TAX IMPACTS TO BUSINESSES FROM CONSTRUCTION – ALL ALTERNATIVES

State and Local Indirect Business Taxes	Alt. A	Alt. B	Alt. C	Alt. D	Alt. E
Sales / Use Tax	\$5,612,000	\$3,975,500	\$3,786,000	\$1,489,500	\$794,000
Property Tax	\$4,329,000	\$3,066,500	\$2,920,500	\$1,149,000	\$612,500
Other Tax	\$1,250,500	\$886,000	\$843,500	\$332,000	\$17,700
State and Local Non Taxes	\$472,000	\$334,500	\$318,500	\$122,500	\$67,000
Total	\$11,663,500	\$8,262,500	\$7,868,500	\$3,093,000	\$1,491,200

SOURCE: IMPLAN, 2009; ESA, 2009.

In addition to the state and local impacts show in the table, the construction spending also generated major additional federal and personal tax benefits for the state and federal governments.

Under Alternative A, it is projected that approximately \$5.6 million in sales taxes benefits would be generated for the State of California and local Sonoma County jurisdictions and assessment districts. Since these taxes are generated from new additional spending within Sonoma County, the resulting tax revenues will represent a net increase to the recipients and hence will represent beneficial tax impacts.

The majority of these tax revenues would be kept by the State of California. Conservatively assuming an applicable County sales tax rate of 7.75 percent, based on its sales tax revenue allocation (6.25 percent of taxable sales), it can be expected that the State would receive approximately \$4.52 million of the sales tax revenues generated by project construction activity. Similarly it may be projected that Sonoma County transportation funding, SCOS and SNTA would each receive approximately \$180,600 in sales taxes based on their revenue allocation (0.25 percent). The remaining \$540,000 in sales tax revenues would be shared by Sonoma County or city governments depending on the location of the sales purchases. Altogether, county and other local government agencies in the County are projected to gain \$1.08 million in sales tax revenues.

The property tax revenues identified below would include both BPP taxes and household property taxes.¹⁰ Therefore, these taxes include direct revenue benefits to the State of California and the local governments within Sonoma County. Other taxes would likely include transient occupancy taxes and motor vehicle taxes amongst others. These revenues would likely be shared by both the State and local governments. The “non tax” category would include fees and donations.

Although the proportion of County and local government tax revenues from the Alternative A construction can not be precisely determined, the magnitude and nature of the aggregate impacts indicate that one time construction related tax benefits would be appreciable.

Estimated Indirect Business Tax Revenues Impacts from Operations

The IMPLAN model was used to estimate the total business tax impacts associated with the proposed operations. The tax impacts include the direct, indirect and induced spending associated with the project’s future operations and are based on the net revenue impacts projected for Alternative A (i.e. it thereby does not project future tax benefits for any casino revenues potentially “cannibalized” from other existing Sonoma County businesses). While sales transferred from River Rock Casino would be relocated they would not represent any new spending and therefore would not have any net economic impact. Consequently, the taxes estimated below represent only the additional new tax revenue effects to state, county and local agencies generated by the proposed future casino operations.

Table 4.7-12 shows the estimated tax impacts results for future operations. Unlike the construction spending tax impacts, the operations effects would continue annually for the duration of the development future operations. The tax benefit estimates shown below are for future “stabilized” casino operations (i.e. when the casino is fully operational and integrated into the regional casino and entertainment market). The sales tax revenues are expressed in 2009 dollar terms. Therefore, the actual tax benefits when the casino is fully optional (i.e. 2013 or 2014) will be higher in nominal terms since they will be accrued in 2013 or 2014 dollar terms and therefore will be subject to inflation effects during the interim period.

The tax impacts for the proposed project have been adjusted to recognize that the proposed casino will not generate sales or business property taxes for Sonoma County from its gambling business. **Table 4.7-12** primarily shows the aggregate sales, property and other tax revenues for the State, County and other local jurisdictions (such as Cloverdale and other cities in the county) from the taxed sales at the casino (i.e. retail and dining) as well as the indirect and induced tax revenues supported by the casino worker’s wages and the casino’s supplier businesses. However, the tax impact estimate does not include the annual revenue contribution that the project would generate for the State of California under its future gambling compact.

It is projected that the State would receive approximately \$1.6 million of the sales tax revenues generated by future project operations. Similarly it may be projected that Sonoma County transportation funding, SCOS and SNTA would each receive approximately \$64,000 in sales taxes based on their revenue allocation (0.25 percent each). The remaining \$248,000 in sales

¹⁰ Household spending is considered a business within the IMPLAN model.

tax revenues would be shared by Sonoma County or city governments depending on the location of the sales purchases. Altogether, county and other local government agencies in the County are projected to gain approximately \$0.38 million in sales tax revenues.

**TABLE 4.7-12
ANNUAL STATE AND LOCAL TAX IMPACTS TO BUSINESSES FROM OPERATIONS
– ALL ALTERNATIVES**

State and Local Indirect Business Taxes	Alt. A	Alt. B	Alt. C	Alt. D	Alt. E
Sales / Use Tax	\$1,976,000	\$1,782,716	\$1,535,529	\$1,282,550	\$1,208,394
Property Tax	\$1,524,500	\$1,375,210	\$1,184,523	\$989,315	\$932,109
Other Tax	\$1,558,500	\$1,406,000	\$1,211,000	\$1,011,500	\$953,000
State and Local Non Taxes	\$588,000	\$530,500	\$457,000	\$382,000	\$359,500
Total	\$5,647,000	\$5,094,426	\$4,388,051	\$3,665,365	\$3,453,003

SOURCE: IMPLAN, 2009; ESA, 2009.

The property tax benefits estimated in **Table 4.7-12** would also predominantly benefit Sonoma County. The other tax revenue benefits identified above will include future transient occupancy tax benefits (with solely benefit the county and local governments) that may be expected from increased local overnight accommodation both directly attracted from the proposed project and through the project's more indirect payroll and local business effects. It should be noted that the impact analysis has been very conservative by basing the impact analysis on net revenue projections that assume major substitution impacts that reduce Alternative A's annual revenues by \$43.4 million – more than a 24 percent reduction in total revenues. The adjustment also ensures that the tax impacts estimated above are net impacts and therefore represent estimated tax benefits to state and local government.

It is conservatively estimated that up to \$43.4 million of the proposed casino earning (i.e. sales shifts) would be obtained from existing Sonoma County businesses. The majority of the sales impacts will be casino revenues which are projected to be up to \$38.5 million. As a direct competitor, River Rock casino may be expected to be a primary source of these future sales as some of its customers may be attracted to the new casino with its additional amenities (including lodging). The transferred lodging sales are estimated to be approximately \$4.3 million. As discussed earlier the limited (\$0.6 million) expected retail and dining revenues will still generated sales/use tax benefits for Sonoma County and therefore there would be no net tax impact.

The project's potential greatest tax impacts will be from lost transient occupancy tax revenues on the transferred lodging sales to Sonoma County and the other cities. Local transient occupancy tax rates vary within Sonoma County from 8 percent in Windsor to as high as 12 percent in Healdsburg and Rohnert Park. The transient occupancy tax rate is 9 percent in both Santa Rosa and unincorporated areas of Sonoma County. The City of Cloverdale has a 10 percent transient occupancy rate. Conservatively assuming a 10 percent average transient occupancy tax rate, the \$4.3 million in projected lodging sales shift impacts would represent approximately \$430,000 in lost transient occupancy tax revenues. This will represent a maximum transient occupancy tax estimate, since it

is conservative in the extent of lodging substitution by the casino and it does not include any beneficial indirect transient occupancy tax gains from the spillover effects from the casino spending or its customers staying locally at non-casino lodging. The projected \$430,000 tax impact would represent approximately a relatively minor 2.1 percent reduction of the \$20.3 million in 2008 total annual transient occupancy tax receipts within the Sonoma County.

The distribution of the potential transient occupancy tax impacts among Sonoma County and the other local communities will depend on lodging market conditions. However, since Sonoma County currently collects approximately 38 percent of total countywide transient occupancy taxes, it may be expected to bear a majority of the impact along with the other major lodging locations within the northern / mid-county area (Santa Rosa (18.3 percent) and Healdsburg (9.1 percent)). Although neighboring the project, Cloverdale typically collects less than 0.9 percent of the countywide total (approximately \$175,000 in annual tax revenues). Consequently, while Cloverdale's tax revenues might be reduced by the casino, some portion of Cloverdale's lodging guests would be expected to nonetheless prefer to stay at its lodging facilities. In addition, due to its proximity Cloverdale's lodging would also be well position to capture "spillover" benefits of added overnight stays from casino customers during busy periods such as weekends and holidays. Consequently, although difficult to project, even under the most conservative of assumption, if Cloverdale would experience a disproportionate degree of the lost lodging revenues, they would not be expected to be more than a 50 percent decrease in its transient occupancy tax receipts (i.e. approximately \$86,000 and 20 percent of the maximum countywide impact).

In fact most of the lodging sales shift impacts would be expected to be absorbed at the mid-county's major lodging locations due to the quantity of competing inventory (i.e. affordable/non-destinational lodging). Conservatively assuming that all \$430,000 in transient occupancy impacts are distributed proportionately among the three primary locations, then Sonoma County would lose up to \$250,000 (58 percent), Santa Rosa would lose \$120,000 (28 percent) and Healdsburg would lose \$60,000 (14 percent). In each of these cases, any such tax impacts would represent a relatively minor proportion (less than 3.5 percent) of their total annual transient occupancy tax receipts.

The potential for any sales tax impacts from the projected \$38.5 million of sales shift for gambling revenues will depend on the source of the revenues. If majority of these sales are "cannibalized" from Red Rock casino then there would be minimal sales tax impacts. Similarly sales substituted from many alternative recreational spending activities (e.g. movie, sports, performances) will be non-sales taxes generating and therefore will not generate any sales tax losses. Project related sales tax impacts will only be associated with existing retail spending that would be redirected to gambling sales. Very conservatively projecting that only 50 percent of the sales shifts for gambling would be obtained from the Red Rock casino and other recreational spending, would translate to \$19.25 million of taxable retail sales converted to gambling sales. Given that the total taxable sales within Sonoma County was \$7,877 million, the county sales loss would be comparatively negligible at a county level as the sales tax revenue loss would be at most \$192,500 (i.e. 1 percent of the taxable sales amount).

Although the proportion of County and local government tax revenues from Alternative A's future operations can not be precisely determined, the magnitude and nature of the estimated total tax impacts indicate that total annual tax benefits from the proposed development's operations would exceed the identified lost property taxes from the site's transfer into tribal trust lands (\$146,000). Even adding very conservative estimates of the maximum expected project related transient occupancy tax losses (\$250,000) and potential sale tax losses (\$192,500) would be roughly offset by the sales and property tax gains generated by the project. Consequently, the net tax impact on Sonoma County would be less than significant.

The lost property taxes from the site's transfer into tribal trust lands for Cloverdale would be \$8,000 per year. In addition, there could be some transient occupancy and sales tax losses for the City. Very conservative estimates project maximum transient occupancy tax losses up to at most \$86,000 from potential sales shift to casino lodging.¹¹ However, compensating spillover effects could offset the lodging occupancy decreases especially during peak periods. Cloverdale has a very small retail economy - in 2007 the total taxable retail sales at businesses within the City were less than \$56 million dollars. As a result, any sales shift impacts from the project would predominantly occur in Sonoma County, Santa Rosa and elsewhere in the County that have larger retail and residential uses. Consequently, retail sales shift impacts from Cloverdale will be limited and offset by additional incidental sales by project visitors.

As discussed above, the proposed project will provide considerable new employment opportunities for local residents. Given Cloverdale's relatively high unemployment rate and potentially employable available workforce of nearly 250 residents, these jobs will bring considerable new wage earnings into the local economy that will benefit local residents and existing local businesses. While the proportion of the project's sales and property tax benefits estimated in **Table 4.7-12** that would be gained by Cloverdale can not be precisely determined, even a relatively small proportion of the project's indirect and induced spending benefits could more than offset the actual future tax impacts to Cloverdale. In any case, even in the unlikely circumstances that the maximum transient occupancy tax losses occur, the impacts to the Cloverdale City General Fund will likely be minimal and limited to at most the \$8,000 in lost property tax revenues of parcel 116-310-020.

Therefore the net tax impact on the City of Cloverdale would be less than significant. No mitigation is required.

Impact 4.7.1-5: Effects to Community Infrastructure (Less than Significant)

The majority of service demands on local community infrastructure can be expected to be from the local residential population, the predominant service users. However, visitor (and non-local employee) service demands could also impact local community services in some circumstances.

¹¹ In 2006, only 42.3 percent of Cloverdale transient occupancy tax revenues were used for its General Fund. Most of the tax revenues were used for tourism promotion. The proposed project would include major local advertising that would consequently reduce the City's own tourism promotion needs. As a result, even if transient occupancy taxes were reduced by 50%, the City of Cloverdale's General Fund would not need to be financially impacted.

Service Demand by Local Residents

As discussed previously in the employment and housing analysis, it is expected that the project's employment needs can be met by existing Sonoma County residents. Consequently, the proposed project's employment effects would not be expected to increase Sonoma County's residential population and hence would not increase the demand for community services by County residents.

No new housing development is expected to be associated with the proposed project. However, some population relocation could occur as currently underused homes might be occupied. While the net revenue impacts would likely be minor (i.e. since new property tax gains would be limited to any home sales), there could be some increase in service levels if local service demand shifts significantly. The extent of the impact on specific community services would primarily depend on each agency's specific circumstance and service capabilities.

Overall, it is important to recognize that any resulting additional service demand resulting from lower local housing vacancy rates would not in itself be a service impact, as service provision and infrastructure should have already been in place based on the amount of local housing.

Service Demand by Casino Visitors and Employment

Since the proposed development would be located on federal trust lands, technically there would be no increase in the local service population for the County of Sonoma or the City of Cloverdale since the site would be outside the County's and City's jurisdiction.

Visitors and non-local employees to the proposed casino could under some circumstances add additional service demands. However, the visitors and non-local employees would likely have limited impacts on local services since their primary demand for most services would occur at their location of residence. For example, visitors would be relatively unlikely to use local library or recreation facilities. Even if they relocate some of their service use, it may be expected that in most cases there would be a corresponding reduction in their home demand.

The specific project impacts on key community services are analyzed below or in **Section 4.10**, (Public Services). The subsequent discussions and analyses focus on determining the extent that any future additional service impacts can be specifically attributed to the proposed project.

Schools

As discussed previously in the employment and housing analysis, it is expected that the project's employment needs can be met by existing Sonoma County residents. Consequently, the proposed project's employment effects would not be expected to increase Sonoma County's residential population and hence would not affect local school enrollment.

Libraries and Parks

Project-related increases in service demand and facility use levels would be necessary for any significant impacts to occur to local libraries and parks. Such demand and use increases are generally most clearly associated with new residential development within the area and are generally met from development fees and future property tax increases associated with the new housing.

Visitors would not be expected to frequent local libraries or parks, and therefore would not have any significant use impacts to these public service operations or its facilities. Local residents are the predominant users of these public services and facilities. As discussed previously in the employment and housing analysis, the proposed casino development is not expected to result in any significant new local housing development as the casino's future employment needs are expected to be met by current Sonoma County residents. Consequently, there would be no net increase in the service demand or facility use from new housing.

Furthermore, the City of Cloverdale has nearly 83 acres of operating parkland – more than twice the standard required by the City's General Plan. As a result, there is more than a sufficient number of existing local park and recreation facilities in the area to absorb any service demand and facility use increase.

Overall, no significant increase in new service demand and facility use is projected and no mitigation is necessary.

Roads

The transportation analysis in **Section 3.8** evaluated the potential for traffic change impacts on the local road network. The analysis estimates future traffic load changes and when necessary proposes roadway improvements necessary to maintain adequate levels of service for traffic for the major routes in the region.

In addition to these major roadways, additional project related traffic may also be expected to be dispersed on more minor roadways maintained by the County of Sonoma and other local city governments. Impacts to these County and City maintained roads would be primarily related to local resident's potential trip travel patterns changes – possibly as part of their local commute for work at the casino or alternate routing to avoid traffic changes on major routes. Given the dispersed and unknown nature of any the employment changes amongst local residents (and therefore any local traffic re-routing) it is not possible to locate or quantify the changes to the local road infrastructure. However, given that there is no significant net County population increase associated with the proposed project, any roadway use increases may reasonably be expected to be offset by reduced use on existing routes. Furthermore, the project's location would likely encourage most local residents (whether they are commuting or visiting the project) to use Highway 101 to access the site. As result, the net impact on the community's local road infrastructure is projected to be less than significant.

Impact 4.7.1-6: Social Costs Associated with Problem Gambling (Potentially Significant)

Problem Gambling

For most people, gambling is generally a positive experience. However, for a minority, gambling is associated with social difficulties of a varying severity and duration. Some habitual gamblers

can develop significant, debilitating problems that may also result in harm to people around them and to the wider community.

Identification of Pathological and Problem Gamblers

Pathological gambling is defined by the American Psychiatric Association (APA) as an impulse control disorder characterized by “persistent and recurrent maladaptive gambling behavior that disrupts personal, family or vocational pursuits. The gambling pattern may be regular or episodic, and the course of the disorder is typically chronic (National Gambling Impact Study Commission [NGISC], 1999). The APA has identified ten diagnostic criteria which include preoccupation, tolerance, withdrawal, escape, chasing, lying, loss of control, illegal acts, risked significant relationships and financial bailout. Generally, pathological gamblers would meet at least five of these criteria. Individuals that meet three to five of these criteria are generally identified as problem gamblers. “Problem gambling” is commonly used to refer to both pathological and problem gamblers.

Gambling problems exist on a continuum and there is increasing evidence that shows such problems may not necessarily be chronic or a chronically relapsing disorder. A growing number of studies suggest that there are high rates of natural recovery among problem gamblers, particularly when their problems are less severe, do not co-occur with alcohol problems and/or are associated with gaming machine participation. This small body of research indicates that subclinical problem gambling, in particular, is a highly transitional state and also suggest that brief early intervention and preventive measures may be effective in reducing problem gambling impacts.

Problem Gambling Research

Extensive sociological research has been performed to evaluate the prevalence of problem gambling and social costs associated with gambling. However, review of the varied literature and analyses on the subject reveals that the findings and conclusions of the studies can differ greatly and many issues are contentious. Both negative and positive impacts have been attributed to casino operations.

Most fundamentally, the basic causality and correlation of casino and social problems is highly complex and as yet poorly understood. Similar to most other social impacts, the causal relationship between casinos and problem gambling are difficult to measure. Considerable debate remains within the public health community on the causal link between gambling addiction and the prevalence of casinos. One factor contributing to the difficulty in evaluating this relationship is that pathological gambling often occurs in conjunction with other behavioral problems including substance abuse, mood disorders and personality disorders. Public health experts generally agree that gambling addiction is very frequently correlated with depression and substance abuse problems

Even if the effects specific to an individual’s problem gambling can be isolated, it remains difficult to distinguish effects specific to casino gambling from other prevalent forms of gambling such as lotto, scratch cards, internet gambling and card rooms.

The most comprehensive analysis to date of the social impacts of gambling was the “National Gambling Impact Study Commission Report” by the NGISC (1999). The NGISC commissioned two companion reports focused on the issues of problem gambling: “Pathological Gambling:

A Critical Review” by the National Research Council (NRC); and “Gambling Impact and Behavior Study” by the National Opinion Research Center (NORC) at the University of Chicago (1999). The NGISC national research effort includes extensive public hearings, testimony on key issues, and review of thousands of articles and comments, as well as extensive academic research.

More recently, the California State Office of Problem Gambling (OPG) completed extensive analysis of gambling behavior and treatment within California with two major research efforts. Its “Situational Assessment of Problem Gambling Services in California (2005)” analyzed the issues and challenges related to problem gambling treatment in California. The “2006 Adult Problem Gambling Prevalence Study” was specifically designed to identify the current scope and nature of problem gambling in California.

The fundamental issue for most of these studies is determining the extent that increases in opportunities to gamble are linked to increases in the prevalence of problem gambling. Most of the major studies have concluded, with varying degrees of qualification that increased availability leads to more gambling and more problem gambling. Two national survey analyses quantified the increase in problem gambling prevalence. The NORC study determined that problem gambling is twice as prevalent amongst residents living within 50 miles of a casino (1999) while Welte estimates the effect to be more limited to a 90 percent increase for those individuals living within 10 miles of a casino (2004).

The issue is however complicated by observed declines and changes in gambling participation. OPG’s 2006 study concludes:

“With respect to problem gambling, some of these jurisdictions saw significant increases in prevalence while others saw significant decreases and still other saw little or no change. Taken together, the evidence suggests that changes in the proportion of the population that gambles regularly are not sufficient to explain increases or decreases in problem gambling prevalence... (I)n addition to behavioral changes and provision of problem gambling services, there are likely other, as-yet-unidentified cultural, social and economic forces that contribute to changes in problem gambling prevalence.”

This finding undercuts the causal assertion that increases in gambling opportunities in and of themselves result in problem gambling impacts.

Problem Gambling Population Estimates

The NGISC study found that most Americans report past participation in some form of gambling (including lotteries, poker, betting, internet or casino gambling). According to the study’s finding, 86 percent of Americans stated that they have gambled at least once in their lifetime and 63 percent reported having gambled within the previous year (NGISC, 1999). The study also reported on previous studies which estimated the percentage of American adults classified as pathological gamblers ranged from 1.2 to 1.6 percent. The NGISC study itself more conservatively concluded that 0.6 percent of adults were pathological, while 0.7 percent were problem gamblers. Analysis by the American Gaming Association projects that nationwide 1.14 percent of adults were compulsive gamblers, and 2.8 percent were problem gamblers.

OPG's "2006 Adult Problem Gambling Prevalence Study" was specifically designed to identify the current scope and nature of problem gambling in California. The study determined that the proportion of problem gamblers in California had increased to 1.3 percent in 2006 - a 0.5 percent increase from the previous estimated statewide prevalence rate of 0.8 percent, from the first prevalence study specifically performed in California in 1990. This increase may be largely attributable to the widespread introduction of tribal gaming throughout the state during the intervening period.

However, the presence of several other casinos in the region combined with the increasing prevalence of other forms of gambling (e.g. lottery games, card rooms and internet gambling) also suggests that the addition of the proposed new casino development would have a limited if any impact on the number of pathological gamblers in the community. It is likely that the great majority of people predisposed to pathological gambling already have ample opportunities to gamble either near their place of residence or place of work. Gaming is already relatively accessible to most Sonoma County residents. In which case, the addition of another casino would have little effect in increasing the incidence of pathological gambling behavior since it is likely those individuals predisposed to such behavior would have already been fully exposed to many other gambling opportunities.

A very conservative estimate of the potential problem gambling service population can be estimated using OPG's prevalence rate of 1.3 percent with the more inclusive NORC estimate of 100 percent prevalence impact increase for all adults living within 50 miles of the casino. The potential customer base living within 50 miles of the Cloverdale casino in 2011 is 369,400 (Innovation Group, 2007) and consequently the increase in problem gamblers would be up to 4,800 individuals. Given the existing presence of the River Rock Casino is located 12 miles south of Cloverdale and closer to this customer market it seems reasonable to share any such new problem gambler impact equally between the two casinos. In which case, at most 2,400 problem gamblers might be associated with the proposed Cloverdale casino.

OPG's reports that approximately three percent of those with severe gambling problems are referred to specialized treatment in a given year (OPG, 2005). This treatment rate would result in a problem gambling service demand of up to 72 individuals annually. Recent data from the Association of Problem Gambling Service Administrators (APGSA) indicates that counselor to patient ratios for publicly funded programs vary widely. In 2003, the Oregon Problem Gambling Service Program had approximately 60 clients per counselor while the Nebraska Gamblers assistance Program served approximately 40 clients per counselor. Using an average of 1 counselor per 50 clients, it is estimated that Sonoma County would need to employ at least 1.4 licensed counselors to treat the potential increased problem gambling population due to the development of Alternative A.

Effectiveness of Problem Gambling Treatment

While OPG's "Situational Assessment of Problem Gambling Services in California" acknowledges that the existing research evaluating the efficacy of treatment programs and options is far from conclusive, it confirms the positive and consistent treatment outcomes by counselors who have received some specialized training and who are based within larger addiction or mental health treatment programs (2005).

The study also suggests that problem gambling may be attenuated, or possibly reversed through implementation of effective gambling treatment services. The report cites evidence from research performed in Montana, Oregon, North Dakota and Washington – all of which had recently opened tribal casinos and have other forms of legal gambling available. According to the report:

“With respect to problem gambling, significant increases in prevalence were found in Montana and North Dakota. Significant decreases were found in Oregon and Washington. The major difference between states with increased and decreased gambling problems was the availability of services for problem gamblers.”

Consequently, it recommends that a much larger number of individuals might be helped through brief interventions and public awareness campaigns than through formal, clinically-based treatment programs. These findings suggest that future problem gambler treatment services should be able to reduce the adverse social impacts associated with problem gambling.

Conclusion

Due to the potential increase in problem gambling and need for licensed counselors this impact is considered potentially significant. **Mitigation Measure 5.7-1** is recommended to reduce impacts to a less than significant level.

Crime

A literature review was conducted to assess research findings on the link between casinos and crime rates. The studies represent a range of analyses with different methods and different geographical study areas. In each case the studies attempt to analyze whether the presence of a casino in particular community increases crime rates in that respective community. It should be noted that in nationwide studies include data from high concentration gaming areas such as Atlantic City and Las Vegas. Incorporation of data from these areas may skew results specific to development of a casino in a semi-urban or more rural setting.

National Gambling Impact Study Commission Report (1999)

The NGISC conducted a comprehensive literature review and commissioned NORC to evaluate the impacts of casinos upon crime. NORC found insufficient data to quantify or determine the relationship between casinos and crime rates. The findings of NGISC stated that “[t]aken as a whole, the literature shows that communities with casinos are just as safe as communities that do not have casinos.”

Casinos, Crime and Community Costs (Grinols and Mustard, 2004)

Grinols and Mustard developed a nationwide model using county-level data from 1977 to 1996 for examining crime related to casinos. The results of the model suggest that the effect on crime is low shortly after a casino opens and grows over time. The authors put forth that most factors that reduce crime occur before or shortly after a casino opens, while those that increase crime, including problem and pathological gambling occur over time.

Socio-Economic Impact Study for the Proposed Graton Rancheria Hotel/Casino Project (BAE, 2006)

BAE studied five California casino communities for the proposed Graton Rancheria Casino project. BAE contacted local law enforcement agencies to discuss the perceived impacts on the local community. Law enforcement officials reported increases in law enforcement service demand from the opening of the casino and expressed that they felt the increased concentrations of people within the local area led to the increase in crime. When compared to overall County crime rates, three of the communities experienced lower crime rates, one experienced comparable crime rates and one experienced greater crime rates. The results of the analysis were inconclusive as to whether the opening of a casino increases local crime rates beyond a similar scale non-casino development.

Rohnert Park Department of Public Safety Inter-Office Memorandum Regarding Thunder Valley Casino Trip (Sweeney, 2006)

Police Sergeant Art Sweeney from the Rohnert Park Department of Public Safety met with Placer County law enforcement officials who provide primary law enforcement services to the Thunder Valley Casino. The memorandum reported that the presence of video technology led to an increase in detective follow-ups. The Placer County Sheriff's Office noted that they experienced more service demand from the County's growth rate than the casino itself and that casino calls were similar to what would be expected from the opening of a tourist attraction.

Conclusion

While results vary as to the degree of correlation between crime and casinos, impacts from crime are considered potentially significant. These impacts and suggested mitigation are analyzed further in **Section 4.10** (Public Services).

Bankruptcy

Numerous research efforts have sought to establish whether casino gambling increases local bankruptcy rates. While some studies have suggested that there may be some limited effects of casino gambling contributing to higher local bankruptcy rates (Barron, 2000; Evans, 2002), the U.S. Department of the Treasury has researched the issue and found "no connection between state bankruptcy rates and either the extent of or introduction of casino gaming." The NORC study also concurred that bankruptcies were no more common within communities with casinos than those without casino gaming. Consequently, no adverse social impact from project-related increases in personal bankruptcies is projected to occur. No mitigation is required.

Significance after Mitigation: Less than Significant

Impact 4.7.1-7: Effects to the Cloverdale Rancheria of Pomo Indians (Beneficial Impact)

Tribal Attitudes, Expectations, Lifestyle and Culture

A key purpose of the proposed project is to attract new local business as economic development assistance for the Tribe. The proposed hotel and casino development would provide several important socioeconomic benefits to both the Tribe as a whole and also to its individual Tribal members.

The proposed development would provide major employment and revenue benefits to Tribal members. As discussed in **Section 3.7** (Socioeconomic Conditions), unemployment rates amongst Tribal members far exceed county averages. The jobs and earning generated by the proposed casino development would greatly improve the individual Tribal members' standard of living. The personal earnings and tribal revenues may also be expected to greatly improve the educational opportunities for the Tribe's younger members.

Tribal members would also gain particular benefit from the development of major employment opportunities within their current community. The development would ensure current and future members are provided with local employment opportunities, long-term economic security and greater self-reliance. The proposed development would enable Tribal members to remain and thrive within the same community where they have a long standing historical heritage. Tribal elders would also have the added confidence that there would be long-term employment and economic development opportunities for their children that would enable them to continue to live within the area.

The nature and magnitude of the proposed development would also ensure that Tribal members would be able to work together which in turn would help foster and develop their shared Tribal identity. The Tribe's community bonds may be expected to be strengthened from their partnering together for the success of their shared Tribal enterprise. Coupled with the economic benefits to its members and the economic development of the Tribe as whole, the proposed development is expected to greatly enhance the Tribe's capacity for self-governance and self-determination.

In addition to the internal cultural and social benefits to Tribal members, the proposed project would also greatly enhance both awareness of the Tribe and respect for its role in the local community. The project gives the Tribe an opportunity for a greater presence and participation in the local economy and local community. This should enhance the Tribe's long-standing tradition of positive coexistence with the environment and cooperation with its non-Indian neighbors in the region.

Alternative A would have a beneficial socioeconomic impact on the Tribe and its members. No mitigation required.

4.7.2 Alternative B – Reduced Hotel and Casino

The facilities under Alternative B would be similar to those proposed for Alternative A, but on a reduced scale; additionally, no convention center would be constructed. As described under Alternative A, the development of the proposed gaming facility at the project site would result in economic effects from both the facility's initial construction and its subsequent future operations.

Impact 4.7.2-1: Direct Economic Effects from Construction and Operation (Beneficial Impact)***Construction Spending***

Construction required for Alternative B would generate substantial economic activity within Sonoma County and the Bay Area region. Direct impacts consist primarily of expenditures to local construction and engineering firms for construction of the project facilities. As shown in **Table 4.7-1**, ESA estimates the total construction cost for the proposed Alternative B project would be approximate \$226.4 million. This is a beneficial economic impact to the Sonoma County and the region. No mitigation required.

Construction Employment

Fewer jobs are expected to be generated by Alternative B construction activity due to the reduced scale of proposed facilities compared to Alternative A. As shown in **Table 4.7-1**, it is projected that approximately 755 construction jobs would be created. This is a beneficial economic impact to the Sonoma County and the region. No mitigation required.

Operations Revenues

Alternative B's future hotel and casino resort operations would generate lower annual future sales than those that would occur under Alternative A. Nonetheless, as shown in **Table 4.7-2**, the proposed Alternative B facilities are projected to generate approximately \$151.2 million in total annual revenues. Based on marketing analysis of the project and conservative assessments of its future customer base, the impact analysis conservatively projects that up to \$36.1 million of these future sales may be obtained from other existing businesses in Sonoma County. As a result, it is projected that net sales revenue impact of Alternative B future operations would be \$115.1 million to Sonoma County. This is a beneficial economic impact to the Sonoma County and the region. No mitigation is required.

Operations Employment

Alternative B's future operations are expected to generate fewer jobs than Alternative A due to the reduced scale of the proposed development under the alternative. It is projected that a total of approximately 1,350 casino jobs would be created by the project's future casino resort operations. Based on marketing analysis and conservative assessments of the project's customer base, it is projected that the proposed casino facility future operations would be have a net impact of creating 1,028 new jobs within Sonoma County. This is a beneficial economic impact to the Sonoma County and the region. No mitigation is required.

Impact 4.7.2-2: Indirect Economic Effects from Construction and Operation (Beneficial Impact)***Indirect and Induced Impacts from Construction Spending***

The indirect and induced construction spending impacts of Alternative B on Sonoma County's economy would be similar to those of Alternative A although lesser in magnitude given the reduced

construction necessary to built the smaller proposed casino and hotel facility. The total indirect and induced spending impacts associated with construction of Alternative B are presented in **Table 4.7-6**. It is expected that the \$226.4 million in total construction spending would generate approximately \$56.4 million in indirect spending and \$88.6 million of induced spending for businesses in Sonoma County. The total secondary economic spending benefits generated by construction would be \$145.0 million. This would be a temporary beneficial impact to Sonoma County that would last only for the duration of the construction period. No mitigation is required.

Sonoma County would also gain additional indirect and induced employment from the indirect and induced spending from construction of Alternative B. The total indirect and induced employment impacts from Alternative B's construction are presented in **Table 4.7-7**. As discussed earlier, besides the direct job impact of generating 755 construction jobs, the construction spending would also create approximately 247 indirect jobs and 428 induced jobs within Sonoma County businesses. The total employment benefits generated by Alternative B construction would be 1,430 jobs. This would be a temporary beneficial impact to Sonoma County that would last only for the duration of the construction period. No mitigation is required.

Indirect and Induced Impacts from Operations

Alternative B's indirect and induced operating spending impacts on Sonoma County's economy would be similar to those of Alternative A but lesser in magnitude given the reduced size of the proposed facility which would generate less annual sales revenues.

The total indirect and induced spending impacts associated with Alternative B are presented in **Table 4.7-8**. Although it is expected that Alternative B would generate approximately \$151.2 million in total operating revenues, the impact analysis also conservatively assumes that up to \$36.1 million of these future sales may be obtained from existing businesses in Sonoma County. Therefore, it is estimated that Alternative B would generate annual net sales of \$115.1 million which would also create at least \$30.8 million in net indirect spending and \$31.0 million of net induced spending for businesses in Sonoma County annually. The total secondary economic spending benefits generated by Alternative B's future hotel and casino resort operations would be \$61.8 million annually. This would be a long term beneficial impact to Sonoma County that would last for the duration of the casino's future operating period. No mitigation is required.

Sonoma County would also gain additional indirect and induced employment benefits from the indirect and induced spending created by the future casino operations. The total indirect and induced employment impacts associated with Alternative B are presented in **Table 4.7-9**. As discussed earlier, is expected that project's future operations not only generate 1,028 direct jobs but would also create approximately 221 indirect jobs and 228 induced jobs within Sonoma County businesses. The total employment benefits generated by Alternative B would be 1,477 jobs. This would be a long term beneficial impact to Sonoma County that would last for the duration of the casino's operating period. No mitigation is required.

Impact 4.7.2-3: Effects to Housing Supply (Less than Significant)

The future employment associated with both the future construction and subsequent casino resort operations for Alternative B would be less than that projected for Alternative A. As a result, Alternative B's potential housing impact would be less than that associated with Alternative A. Therefore, Alternative B is projected to have a less than significant impact on housing in Sonoma County. No mitigation is required.

Impact 4.7.2-4: Fiscal Effects to Sonoma County and the City of Cloverdale (Less than Significant)

Overall, as shown in **Table 4.7-11**, future total tax revenues generated for Sonoma County from Alternative B's indirect business tax changes are expected to offset the projected tax losses to the Sonoma County and the City of Cloverdale from the future transfer of the project site into trust lands. Therefore the adverse impact to Sonoma County and the City of Cloverdale is less than significant. No mitigation is required.

Impact 4.7.2-5: Effects to Community Infrastructure (Less than Significant)

The future employment associated with both the construction and subsequent casino resort operations for Alternative B would be less than that projected for Alternative A. Similarly, under Alternative B future casino visitation would be less than that projected to occur under Alternative A. As a result, Alternative B's potential community infrastructure impact would be less than that associated with Alternative A. Therefore, Alternative B is projected to have a less than significant impact on community infrastructure in Sonoma County. No mitigation is required.

Impact 4.7.2-6: Social Costs Associated with Problem Gambling (Potentially Significant)

As discussed for Alternative A, it is conservatively estimated that Sonoma County would need to employ 1.4 licensed counselors to treat the potential increased problem gambling population from the development of a casino at the project site. This impact is potentially significant and **Mitigation Measure 5.7-1** is recommended to reduce impacts to a less than significant level. Impacts to crime are analyzed further in **Section 4.10** (Public Services). As discussed for Alternative A, no adverse social impact from project-related increases in personal bankruptcies is projected to occur.

Significance after Mitigation: Less than Significant

Impact 4.7.2-7: Effects to the Cloverdale Rancheria of Pomo Indians (Beneficial Impact)

The annual revenues projected from Alternative B operations would be less than those projected to occur under Alternative A. Therefore, the magnitude of the project-related benefits to the Tribe and its members generated by Alternative B would be less than would be created by Alternative A. However, Alternative B is still expected to generate over \$151.2 million in total annual revenues and provide more than 1,350 local jobs. As a result, Alternative B is expected to have a beneficial impact on the Tribe. No mitigation is required.

4.7.3 Alternative C – Reduced Casino

The facilities under Alternative C would be similar to those proposed for Alternative A, but on a reduced scale; additionally, no convention center would be constructed. The casino component proposed under this alternative is smaller than both Alternative A and Alternative B. As described under Alternative A, the development of the proposed gaming facility at the project site would result in economic effects from both the facility's initial construction and its subsequent future operations.

Impact 4.7.3-1: Direct Economic Effects from Construction and Operation (Beneficial Impact)***Construction Spending***

Construction of Alternative C would generate substantial economic activity within Sonoma County and the Bay Area region. Direct impacts consist primarily of expenditures to local construction and engineering firms for construction of the project facilities. As shown in **Table 4.7-1**, ESA estimated the total construction cost for the proposed Alternative C project would be approximate \$215.6 million, only \$10.8 million less than Alternative B's estimated total construction cost. This is a beneficial economic impact to the Sonoma County and the region. No mitigation is required.

Construction Employment

Fewer jobs are expected to be generated by Alternative C construction activity due to the reduced scale of the proposed development compared to Alternatives A and B. As shown in **Table 4.7-1**, it is projected that approximately 720 construction jobs would be created. This is a beneficial economic impact to the Sonoma County and the region. No mitigation is required.

Operations Revenues

Alternative C would result in reduced annual future sales than those that would occur under Alternative A and B. As shown in **Table 4.7-2**, the proposed Alternative C development is estimated to generate approximately \$130.5 million in total future annual revenues. Based on market analysis and conservative assessments of the project's future customer base, the impact analysis conservatively assumes that up to \$31.3 million of these future sales may be obtained from other existing businesses in Sonoma County. As a result, Alternative C's proposed casino facilities are projected to have a net revenue impact of \$99.2 million to Sonoma County. This is a beneficial economic impact to the Sonoma County and the region. No mitigation is required.

Operations Employment

Alternative C's future operations are expected to generate fewer jobs than Alternatives A and B due to the reduced scale of the proposed development proposed. It is projected that approximately 1,170 total casino jobs would be created by the project's future casino resort operations. Based on marketing analysis and conservative assessments of the project's customer, it is projected that future operation of the Alternative C casino facility would have a net impact of creating approximately 890 new jobs within Sonoma County. This is a beneficial economic impact to the Sonoma County and the region. No mitigation is required.

Impact 4.7.3-2: Indirect Economic Effects from Construction and Operation (Beneficial Impact)

Indirect and Induced Impacts from Construction Spending

Alternative C's indirect and induced construction spending impacts on Sonoma County's economy would be similar to those of Alternatives A and B although lesser in magnitude given the reduced construction necessary to built its smaller casino and hotel facilities. The total indirect and induced spending impacts associated with construction of Alternative C are presented in **Table 4.7-6**. It is expected that the \$215.6 million in total construction spending would generate approximately \$55.6 million in indirect spending and \$84.4 million of induced spending for businesses in Sonoma County. The total secondary economic spending benefits generated by construction would be \$140.0 million. This would be a temporary beneficial impact to Sonoma County that would last only for the duration of the construction period. No mitigation is required.

Sonoma County would also gain additional indirect and induced employment from the indirect and induced spending created by the Alternative C construction. The total indirect and induced employment impacts from Alternative C's construction are presented in **Table 4.7-7**. As discussed earlier, the project's construction spending would generate 755 direct construction jobs and also approximately 235 indirect jobs and 406 induced jobs within Sonoma County businesses. The total employment benefits generated by the future Alternative C construction would be 1,396 jobs. This would be a temporary beneficial impact to Sonoma County that would last only for the duration of the construction period. No mitigation is required.

Indirect and Induced Impacts from Operations

Alternative C's indirect and induced operating spending impacts on Sonoma County's economy would be similar to those of Alternative A and Alternative B but lesser in magnitude given the reduced size of its pproposed facilities which would generate less annual sales revenues.

Alternative C operation's projected total indirect and induced spending impacts are presented in **Table 4.7-8**. Although it is expected that Alternative C would generate \$130.5 million in total operating revenues, the impact analysis also conservatively projects that up to \$31.3 million of it future sales may be obtained from existing businesses in Sonoma County. In which case, Alternative C would generate annual net sales of \$99.2 million for Sonoma County. The project's

net sales would also create at least \$26.6 million in net indirect spending and \$26.8 million of net induced spending for businesses in Sonoma County annually. The total secondary economic spending benefits generated by Alternative C's future hotel and casino resort operations would be \$53.4 million annually. This would be a long term beneficial impact to Sonoma County that would last for the duration of the casino's future operating period. No mitigation is required.

Sonoma County would also gain additional indirect and induced employment associated with the casino operation's indirect and induced spending. The total indirect and induced employment impacts associated with Alternative C are presented in **Table 4.7-9**. As discussed earlier, is expected that project's future operations not only generate 890 direct jobs but also approximately 191 indirect jobs and 197 induced jobs within Sonoma County businesses. The total employment benefits generated by the future Alternative C would be 1,278 jobs. This would be a long term beneficial impact to Sonoma County that would last for the duration of the casino's operating period. No mitigation is required.

Impact 4.7.3-3: Effects to Housing Supply (Less than Significant)

The future employment associated with both the future construction and subsequent casino resort operations for Alternative C would be less than that projected for Alternative A. As a result, Alternative C's potential housing impact would be less than that associated with Alternative A. Therefore, Alternative C is projected to have a less than significant impact on housing in Sonoma County. No mitigation is required.

Impact 4.7.3 -4: Fiscal Effects to Sonoma County and the City of Cloverdale (Less than Significant)

Overall, as shown in **Table 4.7-11**, future total tax revenues generated for Sonoma County from Alternative C's indirect business tax changes are expected to offset the projected tax losses to the Sonoma County and the City of Cloverdale from the future transfer of the project site into trust lands. Therefore the adverse impact to Sonoma County and the City of Cloverdale is less than significant. No mitigation is required.

Impact 4.7.3-5: Effects to Community Infrastructure (Less than Significant)

The future employment associated with both the construction and subsequent casino resort operations for Alternative C would be less than that projected for Alternative A. Similarly, under Alternative C future casino visitation would be less than that projected to occur under Alternative A. As a result, Alternative C's potential community infrastructure impact would be less than that associated with Alternative A. Therefore, Alternative C is projected to have a less than significant impact on community infrastructure in Sonoma County. No mitigation is required.

Impact 4.7.3-6: Social Costs Associated with Problem Gambling (Potentially Significant)

As discussed for Alternative A, it is conservatively estimated that Sonoma County would need to employ 1.4 licensed counselors to treat the potential increased problem gambling population from the development of a casino at the project site. This impact is potentially significant and **Mitigation Measure 5.7-1** is recommended to reduce impacts to a less than significant level. Impacts to crime are analyzed further in **Section 4.10** (Public Services). As discussed for Alternative A, no adverse social impact from project-related increases in personal bankruptcies is projected to occur.

Significance after Mitigation: Less than Significant

Impact 4.7.3-7: Effects to the Cloverdale Rancheria of Pomo Indians (Beneficial Impact)

The annual revenues projected from Alternative C would be less than those projected to occur under Alternative A. Therefore, the magnitude of the project-related benefits to the Tribe and its members generated by Alternative C would be less than would be created by Alternative A. However, Alternative C is still expected to generate over \$130.5 million in total annual revenues and provide more than 1,170 local jobs. As a result, Alternative C is expected to have a beneficial impact on the Tribe. No mitigation is required.

4.7.4 Alternative D – Casino Only

The casino component proposed under this alternative is smaller than all the other casino developments (Alternatives A, B and C). Alternative D does not include any hotel, conference or entertainment center facilities. The casino facilities proposed under Alternative D are also smaller than those planned under Alternative C. As described under Alternative A, development of the proposed casino facility would result in economic effects from both the facility's initial construction and its subsequent future operations.

Impact 4.7.4-1: Direct Economic Effects from Construction and Operation (Beneficial Impact)

Construction Spending

Construction required for Alternative D would generate substantial economic activity within Sonoma County and the Bay Area region. Direct impacts consist primarily of expenditures to local construction and engineering firms for construction of the project facilities. As shown in **Table 4.7-1**, ESA estimated the total construction cost for the proposed Alternative D project would be approximately \$84.3 million, approximately \$131.3 million less than Alternative C's estimated total construction cost. This is a beneficial economic impact to the Sonoma County and the region. No mitigation is required.

Construction Employment

Fewer jobs are expected to be generated by Alternative D construction activity due to the reduced scale of the proposed development compared to the other casino development alternatives. As shown in **Table 4.7-1**, it is projected that approximately 280 construction jobs would be created. Nonetheless, this is a beneficial economic impact to the Sonoma County and the region. No mitigation is required.

Operations Revenues

Alternative D would result in reduced annual future sales than those that would occur under Alternatives A, B or C. As shown in **Table 4.7-2**, Alternative D is projected to generate approximately \$107.2 million in total annual revenues. Based on marketing analysis and conservative assessments of its future customer base, the impact analysis conservatively projects that up to \$24.6 million of its future sales may be obtained from other existing businesses in Sonoma County. As a result, the net revenue impact of the proposed Alternative D casino facility is projected to be \$82.6 million. This is a beneficial economic impact to the Sonoma County and the region. No mitigation is required.

Operations Employment

Alternative D's future operations are expected to generate fewer jobs compared to the other casino development alternatives given the limited size of its proposed casino facilities. It is projected that approximately a total 960 casino jobs would be created by its future operations. Based on market analysis and conservative assessments of its future customer base, it is projected that the proposed casino facility's future operations would be have a net impact of creating approximately 740 new jobs within Sonoma County. This is a beneficial economic impact to the Sonoma County and the region. No mitigation is required.

Impact 4.7.4-2: Indirect Economic Effects from Construction and Operation (Beneficial Impact)

Indirect and Induced Impacts from Construction Spending

Alternative D's indirect and induced construction spending impacts on Sonoma County's economy would be similar to those of the other casino development alternatives but lesser in magnitude given the reduced construction necessary to build the smaller proposed casino. The total indirect and induced spending impacts associated with construction of Alternative D are presented in **Table 4.7-6**. It is expected that the \$84.3 million in total construction spending would generate approximately \$21.9 million in indirect spending and \$33.2 million of induced spending for businesses in Sonoma County. The total secondary economic spending benefits generated by construction would be \$55.1 million. This would be a temporary beneficial impact to Sonoma County that would last only for the duration of the construction period. No mitigation is required.

In conjunction with the secondary economic benefits from the construction spending, Sonoma County would also gain additional indirect and induced employment associated with the indirect

and induced spending. The total indirect and induced employment impacts associated with construction of Alternative D are presented in **Table 4.7-7**. As discussed earlier, is expected that project's construction spending not only generate 280 direct construction jobs but also approximately 83 indirect jobs and 161 induced jobs within Sonoma County businesses. The total employment benefits generated by the future Alternative D construction would be 524 jobs. This would be a temporary beneficial impact to Sonoma County that would last only for the duration of the construction period. No mitigation is required.

Indirect and Induced Impacts from Operations

The indirect and induced operating spending impacts of Alternative D on Sonoma County's economy would be similar to those of the other casino development Alternatives but lesser in magnitude given the lower annual sales revenues generated at the its smaller casino facilities.

The projected indirect and induced spending impacts associated with Alternative D's future operations are presented in **Table 4.7-8**. Although Alternative D's proposed casino development is expected to generate total annual revenues of \$107.2 million, the impact analysis also conservatively projects that up to \$24.6 million of these future sales may be obtained from other existing businesses in Sonoma County. Therefore, it is estimated that Alternative D operations would generate annual net sales of \$82.6 million which would also create at least \$22.0 million in net indirect spending and \$22.1 million of net induced spending for businesses in Sonoma County annually. As a result, the total secondary economic spending benefits generated by Alternative D's future casino operations would be \$44.1 million annually. This would be a long term beneficial impact to Sonoma County that would last for the duration of the casino's future operating period. No mitigation is required.

Sonoma County would also gain additional indirect and induced employment associated with the indirect and induced spending from its future operations. The total indirect and induced employment impacts from Alternative D's are presented in **Table 4.7-9**. As discussed earlier, is expected that project's future operations not only generate 740 net new jobs but also approximately 159 indirect jobs and 164 induced jobs within Sonoma County businesses. The total employment benefits generated by the future Alternative D would be 1,063 jobs. This would be a long term beneficial impact to Sonoma County that would last for the duration of the casino's operating period. No mitigation is required.

Impact 4.7.4-3: Effects to Housing Supply (Less than Significant)

The future employment associated with both the future construction and subsequent casino operations for Alternative D would be less than that projected for Alternative A. As a result, Alternative D's potential housing impact would be less than that associated with Alternative A. Therefore, Alternative D is projected to have a less than significant impact on housing in Sonoma County. No mitigation is required.

Impact 4.7.4-4: Fiscal Effects to Sonoma County and the City of Cloverdale (Less than Significant)

Overall, as shown in **Table 4.7-11**, future total tax revenues generated for Sonoma County from Alternative D's indirect business tax changes are expected to offset the projected tax losses to the Sonoma County and the City of Cloverdale from the future transfer of the project site into trust lands. Therefore the adverse impact to Sonoma County and the City of Cloverdale is less than significant. No mitigation is required.

Impact 4.7.4-5: Effects to Community Infrastructure (Less than Significant)

The future employment associated with both the construction and subsequent casino operations for Alternative D would be less than that projected for Alternative A. Similarly, under Alternative D future casino visitation would be less than that projected to occur under Alternative A. As a result, Alternative D's potential community infrastructure impact would be less than that associated with Alternative A. Therefore, Alternative D is projected to have a less than significant impact on community infrastructure in Sonoma County. No mitigation is required.

Impact 4.7.4-6: Social Costs Associated with Problem Gambling (Potentially Significant)

As discussed for Alternative A, it is conservatively estimated that Sonoma County would need to employ 1.4 licensed counselors to treat the potential increased problem gambling population from the development of a casino at the project site. This impact is potentially significant and **Mitigation Measure 5.7-1** is recommended to reduce impacts to a less than significant level. Impacts to crime are analyzed further in **Section 4.10** (Public Services). As discussed for Alternative A, no adverse social impact from project-related increases in personal bankruptcies is projected to occur.

Significance after Mitigation: Less than Significant

Impact 4.7.4-7: Effects to the Cloverdale Rancheria of Pomo Indians (Beneficial Impact)

The annual revenues projected from Alternative D casino resort operations would be less than those projected to occur under Alternative A. Therefore, the magnitude of the project-related benefits to the Tribe and its members generated by Alternative D would be less than would be created by Alternative A. However, Alternative D is still expected to generate over \$107.2 million in total annual revenues and provide more than 960 local jobs. As a result, Alternative D is expected to have a beneficial impact on the Tribe. No mitigation is required.

4.7.5 Alternative E – Commercial Retail-Office Space

The facilities under Alternative E would be developed as a commercial retail and office center with light industrial warehouse space. Alternative E does not include any casino, hotel, conference or entertainment center facilities. However, development of the proposed office/warehouse facility would result in economic effects from both the facility's initial construction and its subsequent future operations.

Impact 4.7.5-1: Direct Economic Effects from Construction and Operation (Beneficial Impact)

Construction Spending

Construction required for Alternative E would generate substantial economic activity within Sonoma County and the Bay Area region. Direct impacts consist primarily of expenditures to local construction and engineering firms for construction of the project facilities. The construction cost estimates for the business park development alternative were \$150 per square for the office and restaurant facilities while the warehouse / industrial development was projected to cost \$100 per square foot. As shown in **Table 4.7-1**, ESA estimated the total construction cost for the proposed Alternative E project would be approximate \$45.2 million, approximately \$39.1 million less than Alternative D's estimated total construction cost. This is a beneficial economic impact to the Sonoma County and the region. No mitigation is required.

Construction Employment

For Alternative E, IMPLAN employment estimates have been used since the proposed new business park development would conform to a standard general use commercial building.

Fewer jobs are expected to be generated by Alternative E construction activity due to the reduced scale of the proposed development compared to most of the casino development alternatives. However, as shown in **Table 4.7-1**, it is projected that approximately 300 construction jobs would be created – which would be a comparable amount of employment as that projected to be generated under Alternative D. In this case, this is a beneficial economic impact to the Sonoma County and the region. No mitigation is required.

Operations Revenues

Alternative E would result in lower annual future sales than those that would occur under the larger casino development Alternatives. As shown in **Table 4.7-2**, Alternative E is projected to generate approximately \$106.4 million in total annual revenues which is comparable to Alternative D's projected annual revenues.

For potential tenants of the proposed Alternative E office/warehouse development there are few potential benefits differentiating it from other similar non-Indian office/warehouse parks. Therefore, the extent of the proposed development attracting new business to Sonoma County is likely to be relatively limited. As a result, the commercial office and warehouse space would likely compete directly with other similar developments within Sonoma County for local tenants and customers. Consequently, most of the Tribe's projected future revenues under Alternative E may be expected

to be obtained from other existing business parks in the Sonoma County or absorb future commercial / office space demand that could otherwise occur elsewhere in Sonoma County.¹²

As a result, while the future operations of the proposed commercial development and its tenants would generate business revenues and employment opportunities for Sonoma County, compared with the casino development alternatives, Alternative E would generate minimal direct net economic benefit for Sonoma County.

However, Alternative E would not generate any significant financial loss in sales or related tax revenues. Non-Indian owned businesses tenants at the proposed facility would pay the same sales and business property taxes. Alternative E is projected to generated annual revenues of up to \$106.4 million. This is a beneficial economic impact to the Sonoma County and the region. No mitigation is required.

Operations Employment

Alternative E's future operations are expected to generate fewer jobs compared to the other large casino development alternatives but its employment would be comparable to Alternative D. It is projected that approximately a total 935 commercial development jobs would be created by the future Alternative E operations. Although a major proportion of these jobs might not necessarily represent new employment for Sonoma County, as discussed above in the corresponding Operations Revenues impact discussion, the 935 future jobs projected to be created under Alternative E would represent a beneficial economic impact to the Sonoma County and the region. No mitigation is required.

Impact 4.7.5-2: Indirect Economic Effects from Construction and Operation (Beneficial Impact)

Indirect and Induced Impacts from Construction Spending

Alternative E's indirect and induced construction spending impacts on Sonoma County's economy would be similar to those of the other casino development alternatives but lesser in magnitude given the reduced construction involved for the commercial development. The total indirect and induced spending impacts associated with construction of Alternative E are presented in **Table 4.7-6**. It is expected that the \$45.2 million in total construction spending would generate approximately \$11.7 million in indirect spending and \$17.7 million of induced spending for businesses in Sonoma County. The total secondary economic spending benefits generated by the future Alternative A construction would be \$29.4 million. This would be a temporary beneficial impact to Sonoma County that would last only for the duration of the construction period. No mitigation is required.

¹² Under NEPA, the No Change Alternative F conditions have important distinction and clarification for this analysis. If the businesses that would occupy the Alternative E facility would not relocating from other existing sites in Sonoma (i.e. they are from other Counties, or part of future or currently unmet real estate demand), then it is most appropriate for the analysis to represent their revenues as project-related economic benefits

In conjunction with the secondary economic benefits from the construction spending, Sonoma County would also gain additional indirect and induced employment associated with the indirect and induced spending. The total indirect and induced employment impacts associated with construction of Alternative E are presented in **Table 4.7-7**. As discussed earlier, is expected that project's construction spending not only generate 280 direct construction jobs but also approximately 83 indirect jobs and 144 induced jobs within Sonoma County businesses. The total employment benefits generated by the future Alternative E construction would be 524 jobs. This would be a temporary beneficial impact to Sonoma County that would last only for the duration of the construction period. No mitigation is required.

Indirect and Induced Impacts from Operations

The indirect and induced operating spending impacts of Alternative E on Sonoma County's economy would be similar other development alternatives. Although the Alternative E base sales are lower, the greater multiplier effects of its businesses result in comparable levels of secondary revenue and employment impacts to Sonoma County.

The projected indirect and induced spending impacts associated with Alternative E's future operations are presented in **Table 4.7-8**. Alternative E's development is expected to generate total annual revenues of \$106.4 million. Although it is possible that a major proportion of these jobs might not necessarily represent new employment for Sonoma County, as discussed above in the corresponding Operations Revenues impact discussion. Therefore, it is estimated that Alternative E would generate annual net sales of \$106.4 million which would also create at least \$30.7 million in net indirect spending and \$32.7 million of net induced spending for businesses in Sonoma County annually. As a result, the total secondary economic spending benefits generated by Alternative E's would be \$63.4 million annually. This would be a long term beneficial impact to Sonoma County that would last for the duration of operating period. No mitigation is required.

Sonoma County would also gain additional indirect and induced employment associated with the indirect and induced spending from its future operations. The total indirect and induced employment impacts from Alternative E's future operations are presented in **Table 4.7-9**. As discussed earlier, is expected that project's future operations not only generate 935 new jobs but also approximately 249 indirect jobs and 266 induced jobs within Sonoma County businesses. The total employment benefits generated by Alternative E would be 1,450 jobs. This would be a long term beneficial impact to Sonoma County that would last for the duration of the casino's operating period. No mitigation is required.

Impact 4.7.5-3: Effects to Housing Supply (Less than Significant)

The future employment associated with both the future construction and subsequent office and warehouse operations for Alternative E would be less than that projected for Alternative A. As a result, Alternative E's potential housing impact would be less than that associated with

Alternative A. Therefore, Alternative E is projected to have a less than significant impact on housing in Sonoma County. No mitigation is required.

Impact 4.7.5-4: Fiscal Effects to Sonoma County and the City of Cloverdale (Less than Significant)

Overall, as shown in **Table 4.7-11**, future total tax revenues generated for Sonoma County from Alternative E's indirect business tax changes are expected to offset the projected tax losses to the Sonoma County and the City of Cloverdale from the future transfer of the project site into trust lands. Therefore the adverse impact to Sonoma County and the City of Cloverdale is less than significant. No mitigation is required.

Impact 4.7.5-5: Effects to Community Infrastructure (Less than Significant)

The future employment associated with both the construction and subsequent office and warehouse operations for Alternative E would be less than that projected for Alternative A. Under Alternative E future local visitation would be far less than that projected to occur under the casino development alternatives. As a result, Alternative E's potential community infrastructure impact would be less than that associated with casino development alternatives. Therefore, Alternative E is projected to have a less than significant impact on community infrastructure in Sonoma County. No mitigation is required.

Impact 4.7.5-6: Social Costs Associated with Problem Gambling (No Impact)

No casino operations are proposed under Alternative E. Therefore, Alternative E would have no effect on problem gambling in Sonoma County. No mitigation is required.

Impact 4.7.5-7: Effects to the Cloverdale Rancheria of Pomo Indians (Beneficial Impact)

The annual revenues projected from Alternative E commercial operations would be less than those projected to occur under Alternative A. Therefore, the magnitude of the project-related benefits to the Tribe and its members generated by Alternative E would be less than would be created by Alternative A. However, Alternative E is still expected to generate over \$106.4 million in total annual revenues and provide more than 935 local jobs. As a result, Alternative E is expected to have a beneficial impact on the Tribe. No mitigation is required.

4.7.5 Alternative F – No Action

Under Alternative F it is foreseeable that the project site would be developed with business park and industrial uses similar to Alternative E. Direct and indirect economic effects could be comparable to Alternative E depending on the scale and uses on site. The development would have a beneficial impact on the economy during the construction and operation of the facilities. As with Alternative E, it is anticipated that the existing housing supply would be adequate. Fiscal impacts to the City and County would be positive from incurred property and sales tax. It is anticipated that impacts to community infrastructure would be similar to Alternative E and less than significant.

References

- BAE, 2006. “Socio-Economic Impact Study for the Proposed Graton Rancheria Hotel/Casino Project. Bay Area Economics, December 2006.
- EDD, 2008. Unemployment Rates (Labor Force). State of California Employment Development Department. Available online at: <http://www.labormarketinfo.edd.ca.gov/?PAGEID=94>
- Grinols and Mustard, 2000. Casinos, Crime and Community Costs, E. Grinols, D. Mustard, and C. Dilley, June 2000.
- Innovation Group, 2007. Gaming and Hotel Market Assessment Cloverdale Rancheria: Cloverdale, CA. Innovation Group, June 2007 and updated December 2008.
- Innovation Group, 2008. Gaming and Hotel Market Assessment Cloverdale Rancheria: Cloverdale, CA – December 2008 Addendum. Innovation Group, December 2008.
- MIG, 2008. 2007 IMPLAN Data for Sonoma County. Minnesota IMPLAN Group, December 2008.
- NGISC, 1999. National Gambling Impact Study Commission Report, National Gambling Impact Study Commission, 1999.
- NRC, 1999. Pathological Gambling: A Critical Review, National Research Council, 1999.
- NORC, 1999. Gambling Impact and Behavior Study, National Opinion Research Center at the University of Chicago, 1999.
- OPG, 2005. Situational Assessment of Problem Gambling Services in California. California Department of Alcohol and Drug Programs Office of Problem and Pathological Gambling, March 2005.
- OPG, 2006. 2006 Adult Problem Gambling Prevalence Study. California Department of Alcohol and Drug Programs Office of Problem and Pathological Gambling, August 2006.
- Sonoma County Community Development Commission, Draft 2009 Housing Element Update. October, 2008.

Sonoma County Community Development Commission, Sonoma County Affordable Housing Inventory. June, 2009.

Sweeney, 2006. Rohnert Park Department of Public Safety Inter-Office Memorandum Regarding Thunder Valley Casino Trip. Memorandum from Sergeant Arthur Sweeney (Rohnert Park Department of Public Safety) City Manager Steven Donley (City of Rohnert Park), February 20, 2006.

Welte et al, 2004. Risk Factors for Pathological Gam`ling, J. Weite, E. Singe and A. Falkowski-Ham, 2004.