

# ***APPENDIX A***

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## ***REDDING RANCHERIA STRAWBERRY FIELDS EIS ECONOMIC ANALYSIS***



**Pro Forma**  
Advisors LLC

Report for:

# Redding Rancheria Strawberry Fields EIS Economic Analysis Redding, CA

Prepared for: Analytical Environment Services

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## Introduction

Pro Forma Advisors has been engaged by Analytical Environmental Services (AES) to perform a socioeconomic impact analysis for the Redding Rancheria's application requesting that the United States acquire land in trust in Shasta County, California, for the construction and operation of a new replacement casino resort. The Tribe's current casino facility operates near the City of Redding, California.

The proposed development would be a permanent casino replacement at a larger nearby parcel bordered by Interstate 5 and South Bonnyview Road (Strawberry Fields Site). The Redding Rancheria Tribe (Tribe) is considering a proposed project and five additional alternative project scenarios. Four project alternatives have been developed for the Strawberry Fields Site, one scenario for an alternative site location, and one for a remodel of the existing facility at its current location. This report examines and compares the various incremental impacts of the project alternatives against the current facility's operations from the socioeconomic perspective.

## Background

### Tribe

The Win-River Resort & Casino (Win-River) is a gaming and entertainment facility located on the Tribe's reservation near the City of Redding, California. The Bureau of Indian Affairs (BIA) purchased the land that is now considered the Redding Rancheria in 1922 to provide a place for Native American Indians of Pit-River, Wintu, and Yana descent. The Tribe was terminated by an act of congress on July 6, 1959 and it was no longer recognized by the government. During the late 1970's the Inter-Tribal Council of California was active in forming task forces challenging the termination of a number of state tribes. In 1983, a California district ruled that the failure of the BIA to comply with its obligations under the California Rancheria Act invalidated the Act. As a result, the Tribe and 17 other tribes were restored as federally-recognized Native American Indian tribes. In 1987 the restored Tribe formally adopted its Constitution.

### Win-River Casino

The original facility operated under the 1987 Indian Gaming Regulatory Act (IGRA) and 1999 Tribal Compact with the State of California. The facility was expanded in 2008 and further expanded in 2013 with additional gaming and a hotel property. The existing facility is open 24 hours a day, seven days a week, and currently features:

- ▶ Approximately 700 slots with 12 table games, 7 poker tables, and 300 bingo positions;
- ▶ Three food-service options - Elements (restaurant), Creekside Pub & Grill , and quick service and Overtime (lounge);
- ▶ An 84 room hotel;
- ▶ A gift shop;
- ▶ A 9,000 square foot event center for shows and bingo; and
- ▶ Approximately 1,000 parking spaces.

Given the site constraints and age of the existing facility, the Tribe is considering developing a replacement casino facility at the Strawberry Fields Site that would:

- ▶ Provide a modern and permanent facility to house a market scaled gaming program;
- ▶ Compete at a quality and experience level required based on existing market competition;

- ▶ Provide additional overnight accommodation amenity to guests; and
- ▶ Expand the customer base of the Win-River casino.

While the Strawberry Fields Site is assumed to meet the needed development requirements, any necessary infrastructure support would be included in the development. During construction, the existing facility will maintain usual operations in most of the development alternatives.

## Site Location

The Strawberry Fields Site consists of approximately 232-acres, located approximately two miles northeast of the the current Win-River facility, located adjacent to Interstate 5 and to the southwest of the South Bonnyview Road interchange.

**Figure 1 - Strawberry Fields Site Map**



Source: Pro Forma Advisors

## Alternatives

As part of the EIS, the proposed project along with three development programs have been determined for the Strawberry Fields Site, one scenario for an alternative site location,<sup>1</sup> and one scenario where the existing facility is remodeled at its current location. As described in detail below, Alternative A is referred herein as the Project while Alternatives B through F are collectively referred to as the “Project Alternatives” if not specifically referenced by name. The following provides a brief description of the Project and each of the Project Alternatives in comparison the current Win-River facility.

### Alternative A: Project

Alternative A illustrates the full buildout of the casino resort development. The program includes:

- ▶ Hotel - 250 key upscale hotel with amenities such as a spa, pool, amphitheater and winter garden;
- ▶ Casino - 70,000 square foot gaming floor with 1,200 slots, 30 table games, and a Poker room;
- ▶ Food & Beverage - 655 seats in various outlets including a buffet, cafe, fine dining, Sports Bar & Grill, quick service, and lounge;
- ▶ Meetings & Events - An 1,800 seat multiple-purpose venue and 10,000 square feet of meeting space;
- ▶ Parking - 1,650 structured parking and 600 space surface parking; and
- ▶ Retail - 130,000 square foot Outdoor Sports Retail.

**Figure 2 - Alternative A: Project Development Elements**

Element	Existing Facility	New Development	Net New Development
Square Feet (rounded)			
Gaming	34,000	69,500	35,500
Hotel and Spa	60,700	171,300	110,600
Events and Conference Center	9,800	62,300	52,500
Restaurants	5,500	31,600	26,100
Non-Casino Related Retail	0	130,000	130,000
Parking Garage	0	583,500	583,500

Note: New development assumes closure of existing gaming facility. Existing surface parking not included.  
 Source: AES

### Alternative B: Project with No Big Box Retail Alternative

Alternative B illustrates the full buildout of the casino resort development Alternative A without the proposed large-scale retail development. The program includes:

- ▶ Hotel - 250 key upscale hotel with amenities such as a spa, pool, amphitheater and winter garden;
- ▶ Casino - 70,000 square foot gaming floor with 1,200 slots, 30 table games, and a Poker room;

<sup>1</sup> Located in Anderson, California adjacent to Interstate 5 and bounded by North Street (South) and Oak Street (West)

- ▶ Food & Beverage - 655 seats in various outlets including a buffet, cafe, fine dining, Sports Bar & Grill, quick service, and lounge;
- ▶ Meetings & Events - An 1,800 seat multiple-purpose venue and 10,000 square feet of meeting space; and
- ▶ Parking - 1,650 structured parking and 600 space surface parking.

**Figure 3 - Alternative B Development Elements**

Element	Existing Facility	New Development	Net New Development
	Square Feet (rounded)		
Gaming	34,000	69,500	35,500
Hotel and Spa	60,700	171,300	110,600
Events and Conference Center	9,800	62,300	52,500
Restaurants	5,500	31,600	26,100
Non-Casino Related Retail	0	0	0
Parking Garage	0	583,500	583,500

Note: New development assumes closure of existing gaming facility. Existing surface parking not included.

Source: AES

### **Alternative C: Reduced Intensity Alternative**

Alternative C illustrates a reduced intensity buildout of the casino resort development. The program includes:

- ▶ Hotel - 250 key upscale hotel with amenities such as a spa, pool, amphitheater and winter garden;
- ▶ Casino - 56,000 square foot gaming floor with 825 slots, 25 table games, and a Poker room;
- ▶ Food & Beverage - 630 seats in various outlets including a buffet, cafe, fine dining, Sports Bar & Grill, quick service, and lounge;
- ▶ Meetings & Events - An 1,800 seat multiple-purpose venue and 10,000 square feet of meeting space;
- ▶ Parking - 1,650 structured parking and 600 space surface parking; and
- ▶ Retail - 130,000 square foot Outdoor Sports Retail.

**Figure 4 - Alternative C Development Elements**

Element	Existing Facility	New Development	Net New Development
Square Feet (rounded)			
Gaming	34,000	56,400	22,400
Hotel and Spa	60,700	171,300	110,600
Events and Conference Center	9,800	62,300	52,500
Restaurants	5,500	30,400	24,900
Non-Casino Related Retail	0	130,000	130,000
Parking Garage	0	583,500	583,500

Note: New development assumes closure of existing gaming facility. Existing surface parking not included.

Source: AES

### Alternative D: Non-Gaming Alternative

Alternative D illustrates a non-gaming buildout. The program includes:

- ▶ Hotel - 128 key hotel with amenities such as a spa and pool;
- ▶ Food & Beverage - 265 seats in various outlets including a cafe, fine dining, Sports Bar & Grill, quick service, and lounge;
- ▶ Parking - 200 space surface parking; and
- ▶ Retail - 120,000 square foot Outdoor Sports Retail.

**Figure 5 - Alternative D Development Elements**

Element	Existing Facility	New Development	Net New Development
Square Feet (rounded)			
Gaming	34,000	34,000	0
Hotel and Spa	60,700	89,700	29,000
Events and Conference Center	9,800	9,800	0
Restaurants	5,500	12,200	6,700
Non-Casino Related Retail	0	120,000	120,000
Parking Garage	0	0	0

Note: New development assumes no change to existing gaming facility. Existing surface parking not included.

Source: AES

## Alternative E: Anderson Site

Alternative E illustrates an alternative site development of the casino resort development located near Interstate 5. The program includes:

- ▶ Hotel - 250 key upscale hotel with amenities such as a spa, pool, amphitheater and winter garden;
- ▶ Casino - 70,000 square foot gaming floor with 1,200 slots, 30 table games, and a Poker room;
- ▶ Food & Beverage - 655 seats in various outlets including a buffet, cafe, fine dining, Sports Bar & Grill, quick service, and lounge;
- ▶ Meetings & Events - 10,000 square feet of meeting space;
- ▶ Parking - 1,650 structured parking and 600 space surface parking; and
- ▶ Retail - 120,000 square foot Outdoor Sports Retail.

**Figure 6 - Alternative E Development Elements**

Element	Existing Facility	New Development	Net New Development
Square Feet (rounded)			
Gaming	34,000	69,500	35,500
Hotel and Spa	60,700	165,800	105,100
Events and Conference Center	9,800	62,300	52,500
Restaurants	5,500	31,600	26,100
Non-Casino Related Retail	0	120,000	120,000
Parking Garage	0	583,500	583,500

Note: New development assumes closure of existing gaming facility. Existing surface parking not included.

Source: AES

## Alternative F: Expansion Alternative

Alternative F illustrates an expansion of the existing casino resort development. The program includes:

- ▶ Hotel - Existing 84 room hotel;
- ▶ Casino - 9,826 square foot gaming floor remodel expanding to 881 slots, 15 table games, and a Poker room;
- ▶ Food & Beverage - Existing program;
- ▶ Meetings & Events - 10,000 square feet of new event center (replacement);
- ▶ Parking - 1,710 structured parking replacing existing surface lot; and
- ▶ Retail - No additional retail.

**Figure 7 - Alternative F Expansion Elements (Existing Site Location)**

Element	Existing Facility	Remodeled Development	Net New Development
Square Feet (rounded)			
Gaming	34,000	43,800	9,800
Hotel and Spa	60,700	60,700	0
Events and Conference Center	9,800	10,000	200
Restaurants	5,500	5,500	0
Non-Casino Related Retail	0	0	0
Parking Garage	0	604,500	604,500

Note: New development assumes redevelopment of existing gaming facility. Existing surface parking not included.

Source: AES

## General Assumptions

The findings presented herein make many general assumptions, which include:

- ▶ The Project and Project Alternatives are assumed to open in 2020 with the full envisioned development program as noted above in each identified alternative;
- ▶ The first year of stabilized operations is assumed to occur in 2022;
- ▶ For simplicity each financial model year reflects a full calendar year of operation;
- ▶ The Project and Project Alternatives are assumed to be operated under current class standards of the existing Win-River casino;
- ▶ No major changes to current tax structures in place as of year-end 2016;
- ▶ No major changes to the City of Redding or Shasta County's levels of service or budget process;
- ▶ No major changes to market competition; and
- ▶ No disruptive economic shocks (recession, oil price spikes, natural or manmade disasters, etc.) are assumed. Though such contingencies present significant risk, they are beyond the scope of an analysis of this type.



## Socioeconomic Analysis

The Strawberry Fields Site is located in the City of Redding (City), which is located within Shasta County (County) in northern California (State). The following section presents an overview of select socioeconomic characteristics of the City in relation to the County and State. This socioeconomic analysis is followed by an overview of the social implications of gaming and a discussion of potential real estate impacts of a new casino resort facility. The purpose of this section is to establish the regions historic, current, and projected socioeconomic characteristics prior to evaluating the potential impact of the Project and Project Alternatives.

## Population

According to the Census and the Department of Finance population projection, the City gained approximately 23,770 residents between 1990 and 2016. This represents an increase, on average, of 914 people per year or an annual growth rate of 1.2 percent a year. As of January 1st, 2016, the City represented approximately 50 percent of the County's population and 75 percent of the County's growth since 1990. The City's overall population growth has outpaced the County and State's growth during the time period under evaluation. However, like the County, the City's population growth has been relatively flat over the last six years. Due to its large land area and high percentage of rural areas, the County has a population density significantly lower than the State and most of the growth has occurred due to migration into the County.

**Figure 8 - Population Trends**

	4/1/90	4/1/00	4/1/10	1/1/16
<b>Population</b>				
City of Redding	66,462	80,865	89,861	90,230
Shasta County	147,036	163,256	177,223	178,592
State	29,758,213	33,873,086	37,253,956	39,255,883
<b>Average Annual Population Growth</b>	<i>4/1/90 - 4/1/00</i>	<i>4/1/00 - 4/1/10</i>	<i>4/1/10 - 1/1/16</i>	<i>1990 - 2016</i>
City of Redding	1,440	900	62	914
Shasta County	1,622	1,397	228	1,214
State	411,487	338,087	333,655	365,295
<b>Population Growth Rate (CAGR)</b>	<i>4/1/90 - 4/1/00</i>	<i>4/1/00 - 4/1/10</i>	<i>4/1/10 - 1/1/16</i>	<i>1990 - 2016</i>
City of Redding	2.0%	1.1%	0.1%	1.2%
Shasta County	1.1%	0.8%	0.1%	0.8%
State	1.3%	1.0%	0.9%	1.1%

Note: CAGR = Compound Annual Growth Rate

Source: US Census and California Department of Finance (Demographic Research Unit).

The most recent City projections, from the Shasta Regional Transportation Agency, of long-term population growth is estimated to increase between 2015 and 2030 at a slower rate than experienced since 1990. It is projected that the



majority of new population growth between 2015 and 2030 will continue to reside in the City (74 percent) and they will continue to represent the majority of County residents in 2030.

**Figure 9 - Population Projections**

	2010	2020	2030
<b>Population</b>			
City of Redding	89,861	92,101	99,555
Shasta County	177,223	183,920	193,928
State	38,896,969	40,619,346	42,373,301
<b>Average Annual Population Growth</b>	<i>2010 - 2020</i>	<i>2020 - 2030</i>	<i>2010 - 2030</i>
City of Redding	224	745	485
Shasta County	670	1,001	835
State	172,238	175,396	173,817
<b>Population Growth Rate (CAGR)</b>	<i>2010 - 2020</i>	<i>2020 - 2030</i>	<i>2010 - 2030</i>
City of Redding	0.2%	0.8%	0.5%
Shasta County	0.4%	0.5%	0.5%
State	0.4%	0.4%	0.4%

Note: City of Redding and Shasta County estimates provided from the Shasta Regional Transportation Agency, which does not specify date of population estimate. Estimates were projected based on most recent population data provided by the Department of Finance and projected out based on published growth rates over the same period of time. CAGR = Compound Annual Growth Rate

Source: California Department of Finance (Demographic Research Unit) and Shasta Regional Transportation Agency

## Education

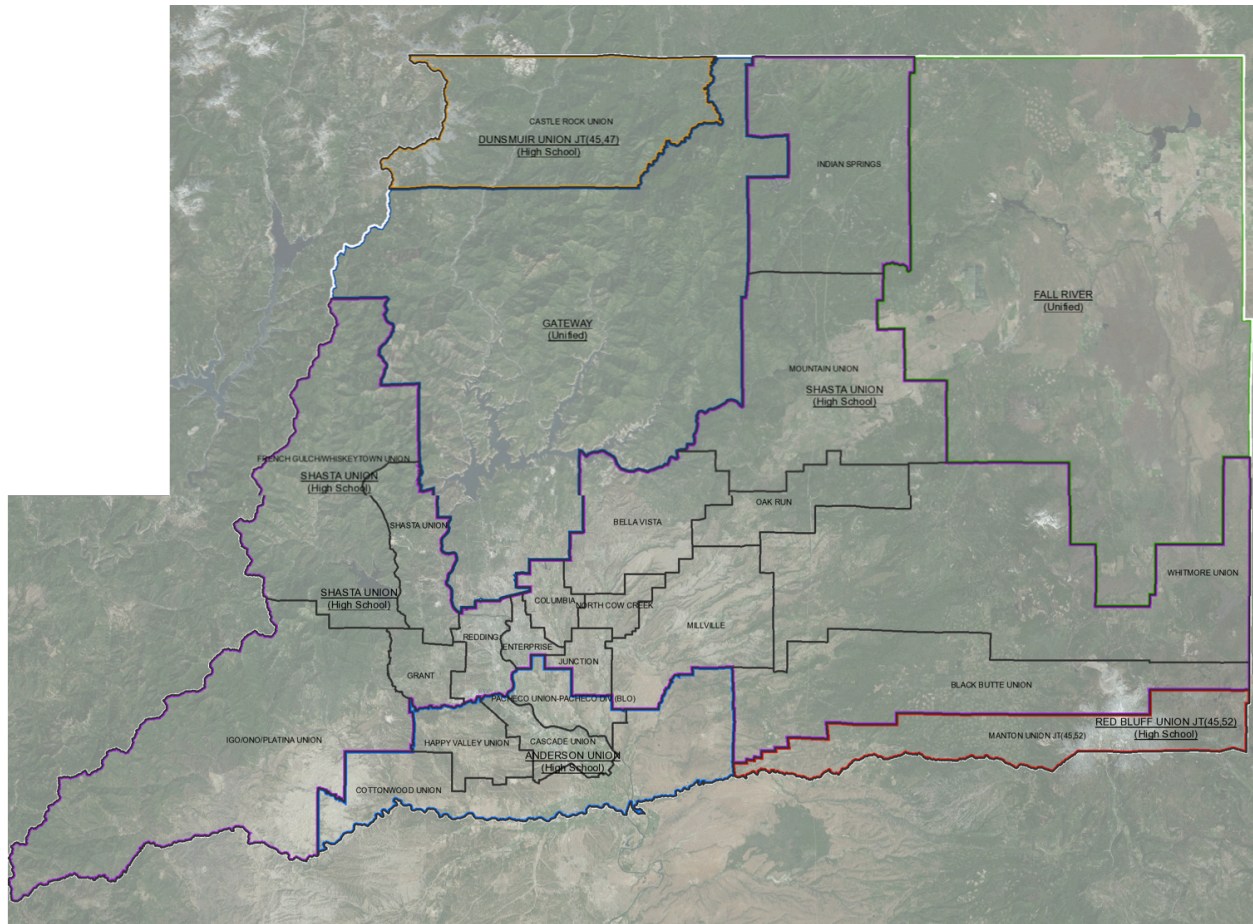
Shasta Union is the largest of three high school districts in the County and the various elementary districts feed into it. In total there are 25 school districts with over 100 public schools located throughout the County. As of the 2015 - 2016 school year the Department of Finance reports that the County's public schools have approximately 26,400 kindergarten through twelfth grade students. Since a peak attendance level of approximately 30,400 students in the 2000 - 2001 school year, enrollment has declined by approximately one percent per year. Looking forward, this trend is anticipated to continue with an average loss of approximately 160 students per year through 2026. Public education is evaluated because an increase or decrease in population may have an impact the County's public school system. Implicit in these projections are that fewer family households with children will be present in the region over the next 10-years.

**Figure 10 - Shasta County Public Schools**

Source: Shasta County Office of Education

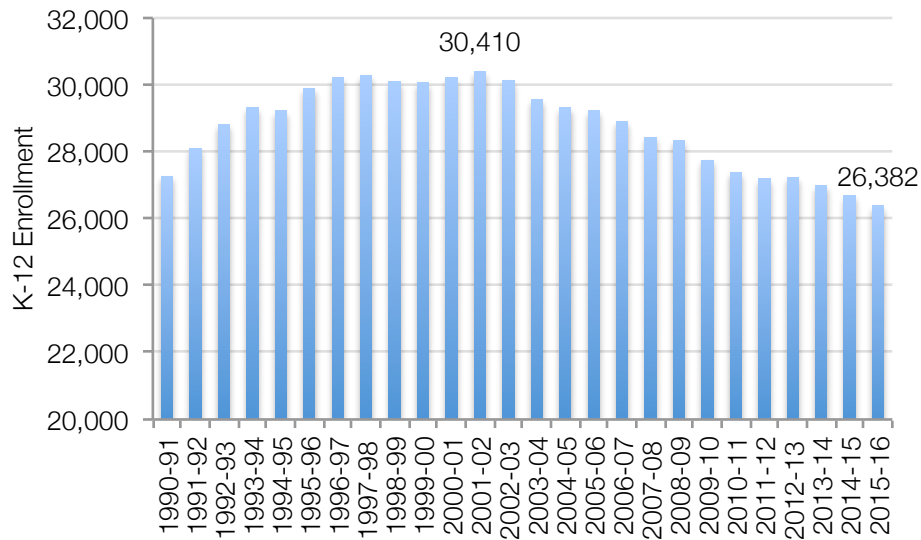
Academy of Personalized Learning	Foothill Plus High School	Pacheco Elementary School
Alta Mesa Elementary School	Freedom High Community Day	Parsons Jr. High
Anderson Adult School	French Gulch Whiskeytown Elementary School	Pioneer Continuation High School
Anderson Heights Elementary School	Gateway Community Day	Platina Elementary
Anderson High School	Gateway Educational Options	Prairie Elementary School
Anderson Middle School	Grand Oaks Elementary School	Redding Collegiate Academy
Anderson New Technology High School	Grant Elementary School	Redding Community Day
Bella Vista Elementary School	GREAT Partnership	Redding School of the Arts II
Black Butte Elementary	Happy Valley Community Day School	Redding STEM Academy
Black Butte Jr. High	Happy Valley Elementary School	Rocky Point Charter
Bonny View Elementary School	Happy Valley Primary	Rother Elementary School
Boulder Creek Elementary School	Igo-Ono-Elementary School	Sequoia Middle School
Buckeye School of the Arts	Indian Springs Elementary School	Shasta Adult School
Burney Community Day School	Junction Elementary School	Shasta County Independent Charter School
Burney Elementary School	Junction Middle School	Shasta County Juvenile Court School
Burney Jr/Sr High School	Juniper School	Shasta High School
Career Pathways to Success Community School	Lassen View Elementary School	Shasta Plus High School
Cascade Community Day School	Manzanita Elementary School	Shasta Lake School
Castle Rock Union Elementary School	Meadow Lane Elementary School	Shasta Meadows Elementary School
Central Valley High School	Millville Elementary School	Shasta Charter Academy
Chrysalis Charter School	Mistletoe Elementary School	Shasta-Trinity ROP
Columbia Elementary School	Monarch Learning Center	Shasta Union Elementary School
Cottonwood Community Day	Montgomery Creek Elementary School	Soldier Mountain Continuation High
Cottonwood Creek Charter School	Mountain Lakes High School	South County Community Day School
Cypress Elementary School	Mountain View Continuation High School	Special Ed/EXCEL Academy
Early Childhood Services	Mountain View Middle School	Stellar Charter Tech/Home Study
East Valley Community Day School	New Day Academy	Sycamore Elementary School
Enterprise High School	North Cottonwood Elementary School	Turtle Bay Elementary School
Enterprise Plus High School	North Cow Creek Elementary School	University Preparatory
EXCEL Academy (Special Education)	North State Independence High School	West Cottonwood Jr. High School
Fall River Community Day School	North Valley Continuation High School	West Valley High School
Fall River Elementary Community Day	Northern Summit Academy	Whitmore Elementary School
Fall River Elementary School	Oak Run Elementary School	
Fall River Jr/Sr High School	Oakview High School	
Foothill High School	PACE Academy	

**Figure 11 - Shasta County Public School District Map**



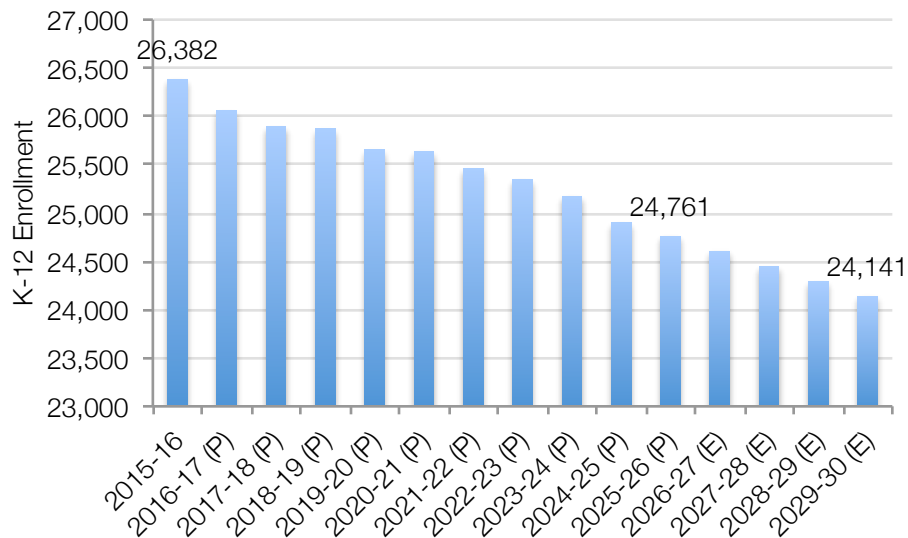
Source: Shasta County Office of Education

**Figure 12 - Shasta County Public School Enrollment**



Source: California Department of Finance (Demographic Research Unit)

**Figure 13 - Projected Shasta County Public School Enrollment**



Note: (P) Projected; (E) Estimate from Pro Forma Advisors based on extrapolation of Department of Finance projections

Source: California Department of Finance (Demographic Research Unit)

## Employment

An evaluation of the primary “in-place” jobs in the City, County, and State was analyzed to more accurately reflect the employment activity that is occurring within these geographic areas. Many employment surveys are based on where workers live rather than where they work, which often skew the perception of jobs located in a regional economy.

Total in-place jobs<sup>2</sup> in the City and County declined from 2004 to 2009 due to the Great Recession. Unlike the City, where primary jobs remain slightly below their 2004 level, primary jobs in the County have increased since 2004 based on the last available year data. In all cases, in-place employment has risen between 2009 and 2014 as the economy recovered from the Great Recession. There were approximately 43,400 total jobs in the City, which represents approximately 72 percent of all jobs in the County.

**Figure 14 - Employment Trends**

	2004	2009	2014
<b>Employment</b>			
City of Redding	43,910	40,615	43,406
Shasta County	59,400	57,986	59,996
State	13,912,748	14,122,178	15,614,666
<b>Average Annual Employment Growth</b>			
	2004 - 2009	2009 - 2014	2004 - 2014
City of Redding	-659	558	-50
Shasta County	-283	402	60
State	41,886	298,498	170,192
<b>Employment Growth Rate (CAGR)</b>			
	2004 - 2009	2009 - 2014	2004 - 2014
City of Redding	-1.5%	1.3%	-0.1%
Shasta County	-0.5%	0.7%	0.1%
State	0.3%	2.0%	1.2%

Note: CAGR = Compound Annual Growth Rate

Source: Shasta Regional Transportation Agency and US Census, Center for Economic Studies

The most recent long-term employment City projections from the Shasta Regional Transportation Agency anticipates that jobs will increase between 2015 and 2020 and grow, on average, by 319 net new jobs per year between 2010 and 2030. This reflects a long-term growth rate of slightly under one percent for both the City and County and similar to in-place employment gains generally experienced over the last five-years of US Census data.

Unlike long-term population forecasting, which is typically more reliable because there is a deterministic element to the process (birth rate, death, etc.), long-term employment projections are often more unreliable because of the uncertainty involved in accurately predicting future economic trends. Most long-term economic forecasts simply assume that near-

<sup>2</sup> All public and private sector jobs.

term growth rates will continue at a set rate into the future and do not account for future recessions or other such downturns in economic activity.

**Figure 15 - Employment Projections**

	2010	2020	2030
<b>Employment</b>			
City of Redding	42,619	45,526	49,003
Shasta County	59,735	64,256	69,399
<b>Average Employment Growth</b>	<i>2010 - 2020</i>	<i>2020 - 2030</i>	<i>2010 - 2030</i>
City of Redding	291	348	319
Shasta County	904	514	483
<b>Employment Growth Rate (CAGR)</b>	<i>2010 - 2020</i>	<i>2020 - 2030</i>	<i>2010 - 2030</i>
City of Redding	0.7%	0.7%	0.7%
Shasta County	0.7%	0.8%	0.8%

Note: City of Redding and Shasta County estimates provided from the Shasta Regional Transportation Agency, which does not specify date of employment estimate. Estimates were projected based on most recent employment data provided by the US Census Center of Economic Studies and projected out based on published growth rates over the same period of time. CAGR = Compound Annual Growth Rate

Source: Shasta Regional Transportation Agency and US Census, Center for Economic Studies

## Income

As of the 2000 Census, the City's median household income was approximately four percent lower than the County and 28 percent lower than the State. The household income projections (2016 - 2021), provided by ESRI Business Analyst, suggest that the City's households tend to be more concentrated in income cohorts below \$100,000. Average household incomes and per capita incomes in the City, County, and State are projected to experience similar growth between 2016 and 2021 with median household incomes projected to decline slightly in the City and the County. This trend suggests that higher paying jobs will push the average household wage higher while the "middle" wage will not grow.

**Figure 16 - Income Trends**

	Census 2000	2016	2021	CAGR (2016-2021)
<b>Median Household Income</b>				
City of Redding	\$34,194	\$44,931	\$44,804	-0.1%
Shasta County	\$34,335	\$45,817	\$45,504	-0.1%
State	\$47,493	\$62,554	\$71,566	2.7%
<b>Average Household Income</b>				
City of Redding	\$44,712	\$63,259	\$68,187	1.5%
Shasta County	\$44,810	\$63,837	\$68,872	1.5%
State	\$64,725	\$90,812	\$98,876	1.7%
<b>Per Capita Income</b>				
City of Redding	\$18,207	\$26,179	\$28,108	1.4%
Shasta County	\$17,738	\$25,916	\$27,882	1.5%
State	\$22,711	\$30,905	\$33,433	1.6%

Note: Income expressed in current year dollars. CAGR = Compound Annual Growth Rate

Source: ESRI Business Analyst and US Census

## Housing

As of January 1st, 2016 there were approximately 39,400 housing units in the City. This represents approximately half of the total housing units in the County. Since 1990, the City has increased its housing stock by 1.4 percent per year based on a compound annual growth rate basis. This is a higher rate than both the County and State over the same period of time. Due to the Great Recession, delivery of new housing units has slowed in recent years with average annual deliveries down 74 percent from the historic 25-year average.

**Figure 17 - Housing Trends**

	4/1/90	4/1/00	4/1/10	1/1/16
<b>All Housing Units (HU)</b>				
City of Redding	27,238	33,837	38,679	39,423
Shasta County	60,552	68,810	77,313	78,379
State	11,182,513	12,214,550	13,670,304	13,981,826
<b>Average Annual HU Growth</b>	<i>4/1/90 - 4/1/00</i>	<i>4/1/00 - 4/1/10</i>	<i>4/1/10 - 1/1/16</i>	<i>1990 - 2016</i>
City of Redding	660	484	124	469
Shasta County	826	850	178	686
State	103,204	145,575	51,920	107,666
<b>HU Growth Rate (CAGR)</b>	<i>4/1/90 - 4/1/00</i>	<i>4/1/00 - 4/1/10</i>	<i>4/1/10 - 1/1/16</i>	<i>1990 - 2016</i>
City of Redding	2.2%	1.3%	0.3%	1.4%
Shasta County	1.3%	1.2%	0.2%	1.0%
State	0.9%	1.1%	0.4%	0.9%

Note: CAGR = Compound Annual Growth Rate; Housing Units inclusive of single-family, multi-family, and mobile homes.

Source: US Census and California Department of Finance (Demographic Research Unit).

As the economy continues to improve, housing unit production in the City and County are anticipated to increase in the near future. Looking forward over the 2010 to 2030 horizon the delivery of housing units is projected to be slightly higher than historic averages. However, it should be noted that these projections from the Shasta Regional Transportation Agency and are based on transportation models and associated land use planning and may not reflect changes in residential market conditions (i.e. similar to the employment projections).



**Figure 18 - Housing Projections**

	2010	2020	2030
<b>Housing Units (HU)</b>			
City of Redding	33,837	41,048	44,431
Shasta County	68,810	82,923	87,726
<b>Average HU Growth</b>	<i>2015 - 2020</i>	<i>2020 - 2025</i>	<i>2025 - 2030</i>
City of Redding	721	338	530
Shasta County	1,411	480	946
<b>HU Growth Rate (CAGR)</b>	<i>1990 - 2000</i>	<i>2000 - 2010</i>	<i>2010 - 2017</i>
City of Redding	2.0%	0.8%	1.4%
Shasta County	1.9%	0.6%	1.2%

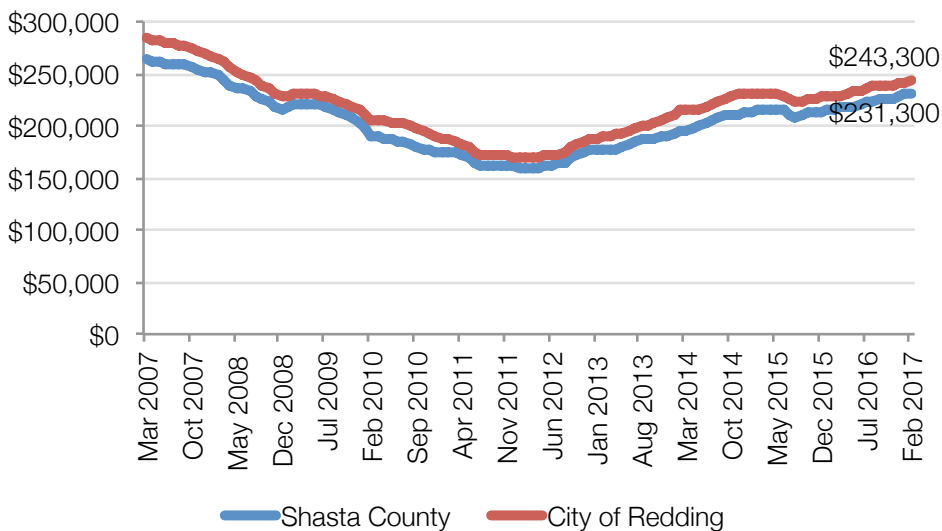
Note: Housing unit estimate was projected using Shasta Regional Transportation Agency projected household growth rates applied to the most recent year of housing data. CAGR = Compound Annual Growth Rate

Source: Department of Finance and Shasta Regional Transportation Agency

## Housing Market Trends

In February 2017 the median home price in the City was approximately \$243,300 for all for-sale residential housing units, which is approximately 5 percent higher than the County (\$231,200). Following similar trends in the State, residential housing prices peaked around 2007. However, after the rapid drop in median housing prices from 2007 to 2011, prices have been generally increasing. Both the City and County's housing market lost approximately 40 percent of its value during the recession, but are now within 12 and 14 percent of their peak value, respectively. All pricing is presented in current year dollars and not adjusted for inflation.

**Figure 19 - Historic Median Home Sales Prices (2007-2017)**



Source: Zillow (all For-Sale Housing Included)

## Social Cost of Gaming

The following provides an overview of select research regarding the social cost of gaming. This review focuses on research on the potential impact of gaming as it relates to crime and other social costs borne by the gambler, residents, and general society specific to the State.

### Literature Review of Social Impacts of Gaming

A literature review was conducted to identify a select number of studies that provide insights regarding the social impacts of gaming. These studies were analyzed to assist in ascribing potential “costs” to the City, County, and State based on the incremental gaming increase in the Project and some of the Project Alternatives evaluated herein. A full understanding of the social impact of gaming on its surrounding communities is difficult to measure given that there is not a large volume of comprehensive research on the subject that is independent.<sup>3</sup> The research selected for this study include three commonly cited studies prepared for government agencies.<sup>4</sup>

As noted by Alan Mallach, in the report to the Federal Reserve Bank of Philadelphia (Economic and Social Impact of Introducing Casino Gambling), casinos are generally believed to impose social costs to local communities including, but not limited to an increase in crime, bankruptcies, and problem or pathological gambling. These community costs can potentially offset the benefits of casinos with respect to increased economic activity or potential direct or indirect tax revenues.

From an economic perspective, accounting for the fiscal impact of the social costs created by casino gambling is significantly more difficult than measuring the gross economic or revenue impact. This is true for a couple of reasons, which include the complexity of defining what is considered a “social cost” and what social costs can reasonably be attributed to a casino rather than to other factors in society.

Specifically, the Economic and Social Impact of Introducing Casino Gambling report identifies three distinct costs arising from problem gambling or other social costs potentially triggered by casinos:

1. Costs borne by the individual exhibiting that behavior;
2. Costs borne by the family and friends of that individual; and
3. Costs borne by society.

The first cost is thought to be a private expense of the individual engaging in the behavior (assuming the individual partaking in that behavior assumes the full cost of his or her behavior). For example, if one has significant gambling losses, even if they are disproportionately high relative to others participating in gaming, they are not social costs but rather private costs as long as the individual can afford to participate in that activity. With the exception of those

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<sup>3</sup> National Gambling Impact Study Commission (1999)

<sup>4</sup> “Economic and Social Impact of Introducing Casino Gambling,” Federal Reserve of Philadelphia (2010); “The Impact of Gambling: Economic Effects More Measurable than Social Effects,” General Accounting Office (2000); and “Gambling’s Impact on People and Place’s,” National Gambling Impact Study Commission (1999).

classified as having a gambling disorder the gambler is behaving rationally as it is his or her choice of how to spend discretionary income, even though it may not conform to societal norms.

The second and third identified categories are both external costs. It is difficult to quantify the costs to family and friends as they cannot always be documented. Societal costs (e.g. crime and the related police, judicial, and penal costs) are more easily determined. However, as noted in the Economic and Social Impact of Introducing Casino Gambling report, truly quantifying the social costs directly attributable to a casino is not straightforward due to the question of causality.

The observation that gaming is correlated with various problems does not necessarily imply that gaming causes them (i.e. If gaming was not present, would a person who engages in such behavior still harm the community in other ways?). If pathological gambling is a primary disorder, then there is a legitimate case that the costs associated with that disorder can be assigned to the casino. If it is a secondary disorder, the argument is more questionable. This issue is also referred to as the “co-morbidity” of pathological and problem gambling.

## **Problem Gaming**

While most people gamble responsibly for recreation, as noted above, a certain number of people gamble excessively and become what is commonly referred to as either a pathological or problem gambler. Pathological gambling is a recognized impulse control disorder by the American Psychiatric Association. Pathological gamblers (often also referred to as “compulsive” gamblers) are identified by a number of characteristics, including repeated failures to resist the urge to gamble, loss of control over their gambling, personal lives, and employment, reliance on others to relieve a desperate financial situation caused by gambling, and the committing of illegal acts to finance gambling. Problem gambling, on the other hand, refers to gambling that significantly interferes with a person’s basic occupational, interpersonal, and financial functions, albeit to a lesser degree than compulsive gambling.<sup>5</sup>

One way to address pathological and problem gaming is through publicly funded services. According to the 2014 study prepared for the National Council of Problem Gambling and Association of Problem Gaming, the total number of states that reported publicly funded problem gambling services increased from 37 in 2010 to 39 in 2013. The State dedicated \$8.7 million in funds for such services, which was the most of any state offering public gambling services in the United States (\$60.6 million in 2013). Although the State invested almost twice as many funds in problem gambling services as most other states, it is also has the largest population. The State’s per capita allocation (23 cents) was below the 32 cent average among states with public funding for problem gambling services.

However, looking at national statistics from the study, there is not a clear correlation between the amount of gaming activity and the percent of the population identified as having a gambling disorder.<sup>6</sup> In 2012 it was estimated that the State ranked first in gaming revenues, generating over \$2.4 billion in reported gaming revenues. At the same time it was

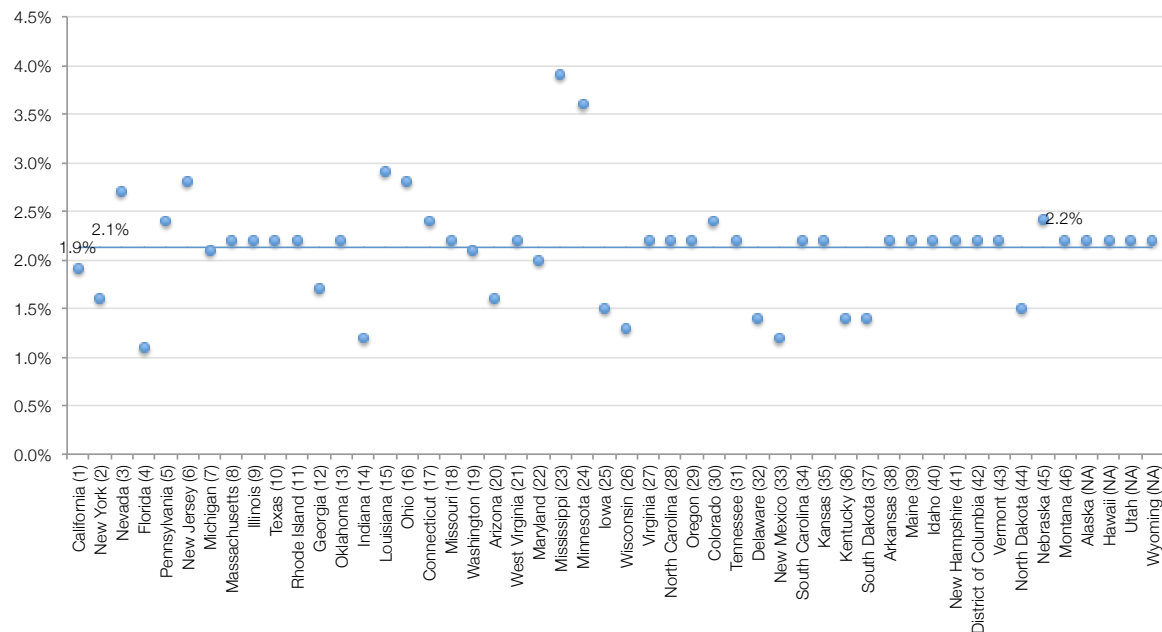
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<sup>5</sup> General Accounting Office (2000)

<sup>6</sup> The National Council on Problem Gambling uses the following definition: “Problem gambling is gambling behavior which causes disruptions in any major area of life: psychological, physical, social or vocational. The term “Problem Gambling” includes, but is not limited to, the condition known as “Pathological”, or “Compulsive” Gambling, a progressive addiction characterized by increasing preoccupation with gambling, a need to bet more money more frequently, restlessness or irritability when attempting to stop, “chasing” losses, and loss of control manifested by continuation of the gambling behavior in spite of mounting, serious, negative consequences.”

estimated that 1.9 percent of the State's population (544,981 citizens)<sup>7</sup> are believed to have a gambling disorder. Conversely, Montana ranked last in reported gaming revenue<sup>8</sup>, generating \$71.5 million in gaming activity while 2.2 percent of the state's population (17,226) is believed to have a gambling disorder.<sup>9</sup> On average, it is estimated that 2.1 percent of the population will have a pathological gambling disorder.

**Figure 20 - State Rank by Gaming Revenue and Percent of Population with Gambling Disorder**



Source: 2013 National Survey of Problem Gaming

<sup>7</sup> Based on a 2012 U.S. Census Bureau estimate of 28,683,238 persons age 18 and over and findings from two California problem gambling prevalence studies (1990, 2006) converted into a standardized past year problem gambling rate by Williams, Volberg, & Stevens (2012).

<sup>8</sup> Alaska, Hawaii, Utah, and Wyoming did not report any gaming revenue.

<sup>9</sup> Based on a 2012 U.S. Census Bureau estimate of persons age 18+ multiplied by the national average adult past year prevalence rates of problem gambling as reported and converted into standardized rates by Williams, Volberg, & Stevens (2012).

## Public Safety

Proponents of gambling tend to stress the economic benefits of gaming while opponents site its social costs. Clearly there are both benefits and costs of gaming to a community. In the County, the Win-River casino was recognized as one of the top twenty-five employers in 2016. As previously noted, due to the complexity of estimating the total social impacts of gaming, it is not possible to determine its precise impact on a community. However, historical information regarding public safety is one important metric to analyze the existing and potential future impact of gaming to the region.

The County has identified a list of crimes that have been reported at the current Win-River facility that include, but not limited to:<sup>10</sup>

- Assault
- Burglary
- Grand Theft
- Petty Theft
- Robbery
- Narcotic Possession and Use
- Narcotic Sales
- Prostitution and Sex Trafficking
- Auto Theft
- Fighting/Disturbances
- Driving While Intoxicated
- Public Drunkenness
- Disorderly Conduct

The two jurisdictions that would be most impacted by current and potential future expanded casino operations are the City and the County. Currently the Win-River casino has a memorandum of understanding with the County's Sheriff's Department to provide law enforcement services. As such, the City does not provide police protection for the Win-River casino, nor is expected to provide police protection for the Project or Project Alternatives. However, given that potential crime can take place in the City, both the City and County were analyzed as it relates to potential increases in public safety issues coming from expanded casino operations.

## City

Examining historic data from City, it was reported that the City had approximately 94,500 police related calls-for-service (CFS) for year end 2015. This is up from approximately 85,500 calls-for-service in 2008. Approximately five percent of these CFS were classified as Part 1 Crimes, which are cited as the most severe consequences of problem gaming (e.g. auto theft, robbery, etc.). For illustrative purposes, these Part 1 Crimes were analyzed from 2008 to 2015 to the Win-River gross gaming revenue (GGR) as a proxy of comparative growth. The data suggest that as GGR grew by nine percent, Part 1 Crimes have grown by approximately 27 percent with little comparison in the trend lines. Unlike the

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<sup>10</sup> Letter from Terri Howat, Chief Financial Officer, Shasta County Administrative Office, dated December 28, 2016, "Re: NOI Comments, Redding Rancheria Project."



County, which is discussed in the next section, the City crimes would occur within its jurisdiction and does not necessarily have any relationship to casino operations and are provided for comparison purposes only.

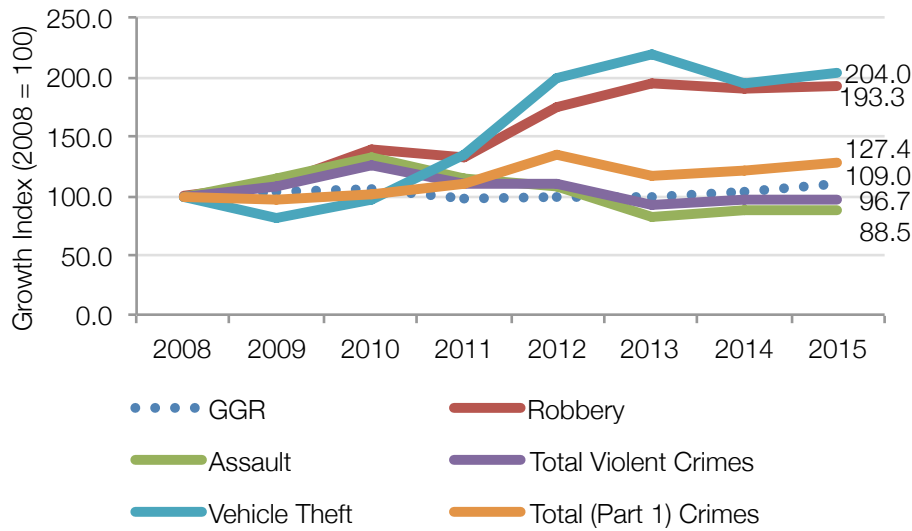
## **County**

Examining historic data from County, it was reported that the County had approximately 2,300 Part 1 Crime calls per year, on average, from 2000 - 2011.<sup>11</sup> For illustrative purposes, an estimate regarding calls initiated by the Win-River casino to the Sheriff's Department is provided. On average, 2 to 5 calls a month are initiated by the Win-River casino to the Sheriff's Department. As such, based on these historic trends there has not been a pressing need for law enforcement at the casino. It is important to note these data are not comparable because of the nature of the tracked calls (e.g. the CFS is not necessarily classified as a Part 1 Crime).

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<sup>11</sup> The most current years of available information from the Shasta County Sheriff's Office Annual Report.

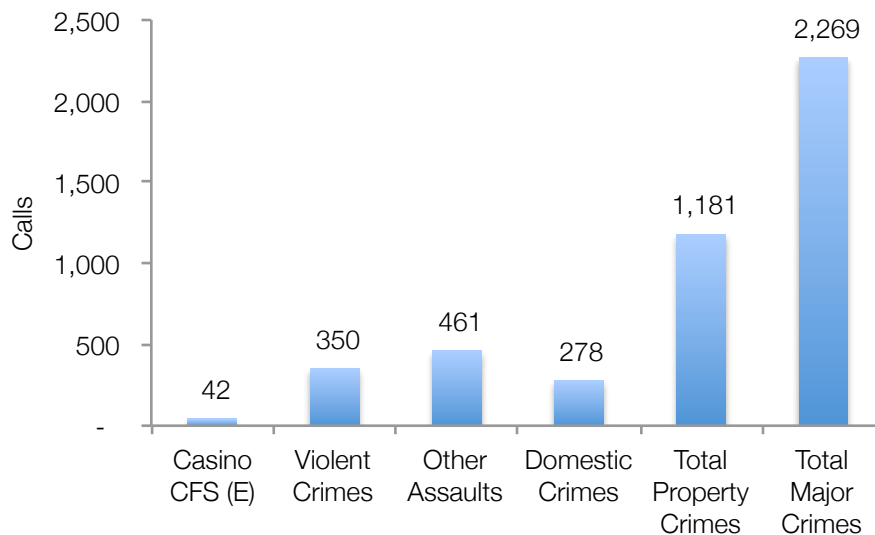
**Figure 21 City of Redding Part I Crime Index (2008 - 2015)**



Note: GGR = Gross Gaming Revenue

Source: City of Redding Police Department; Win-River Resort & Casino

**Figure 22 Shasta County Part I Crime - Average Calls (2000 - 2011)**



Note: CFS = Calls for Service; E = Estimate (as provided by Win River Casino)

Source: Shasta County Sheriff's Office Annual Report; Win-River Resort & Casino



## **Implications of Casino Operations on Housing Values**

As in most areas, the larger macro trends that influence the residential market will play a greater role in influencing home values than that of a specific development. However, a potential concern of residents of the City or County could be the impact of residential property values based on the Project and the Project Alternative. Similar to the social cost of gaming, there has been research conducted to determine the impacts of gaming operations on local residential real estate values.

As is the case with other types of commercial or industrial properties, the siting of a casino produces externalities that in turn can create positive and negative impacts on residential property values. Positive externalities will increase home values, while negative externalities will decrease home values. For example, studies observe positive price effects given a house's proximity to open space or an ocean and negative effects for proximity to rail a cell phone tower (visual) or a flight path (noise). The negative externalities are typically various types of residential "nuisances" that, while controlling for all other factors (e.g. house size, location, etc.), contribute to some quantifiable decrease in homing values. In contrast, positive externalities contribute to some quantifiable increase in residential home values.

Casinos would appear to have the potential of creating a negative impact on residential property values in their immediate area based on the externalities created from residential nuisances such as increased traffic, noise, perceived crime, light, etc. On a broader, area-wide basis; however, casinos may create new jobs and improve the economy that in turn can benefit housing prices. It is important to note that the location or siting of a casino operation and the relative impact of the negative externalities attributed to its operations on local residential real estate values are unique and differ widely from one area to another.

In the case of the Project and Project Alternatives, there is no anticipated impact on residential home values for several reasons. First, any negative externalities created by the casino are theoretically priced into the larger market area due to the existing operations at the Win-River casino. Second, the Project and Project Alternatives locations are near the Interstate 5 freeway and other commercial areas. These existing "negative" externalities make it difficult to isolate the potential incremental impact of future casino operations. On the other hand, there could be a positive impact to existing neighborhoods surrounding the existing Win-River casino site depending on the redevelopment of the current facility in Project Alternatives A, B, C, and E.

## Competition

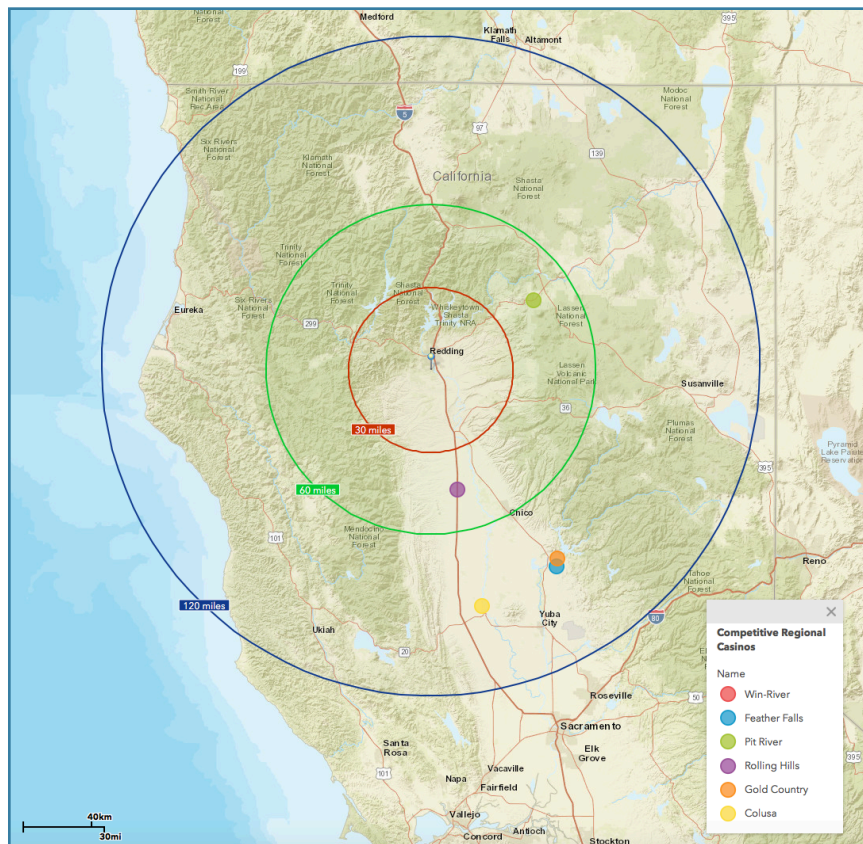
The following section provides analysis regarding the proposed development components (i.e. gaming, hotel, and retail) of the Project and Project Alternative's market (competition, performance, etc.) and a discussion of the estimated impact on the market's competition (also known as substitution or competitive effect).

## Market Analysis

### Gaming

As noted, the Project and Project Alternatives inclusive of gaming will operate within the framework of IGRA and a compact with the State. As there is no legal Las Vegas-style gaming in the State, other than that offered by Tribal Nations, the Project and Project Alternatives with gaming will primarily compete with regional Tribal casinos. The Northern California area is home to a number of tribal casinos, with five major competitive facilities within approximately a two hour drive time of the Win-River facility. The locations of the key competitive casinos are shown in the following map. To a lesser extent, the Project and certain Project Alternatives will compete with gaming destinations in Nevada and the rest of the State, as well as other forms of gaming (e.g. card clubs).

**Figure 23 Gaming Competition Map**



Source: ESRI; Pro Forma Advisors

The following is an overview of the current competitive casinos and the general characteristics of these properties in the market. Within the regional market, the key competitive facilities (primary competition) are Rolling Hills and Pit River and, to a lesser extent, Feather Falls, Gold Country, and Colusa casinos (generally defined as secondary competition in the analysis). There are a number of other casinos that are within the larger market area and are included in the gravity model analysis, but not listed below. Examples would include the new or under construction facilities such as Fire Mountain and Rain Rock casinos as well as others existing casinos that fall within the “other” competitive market category.

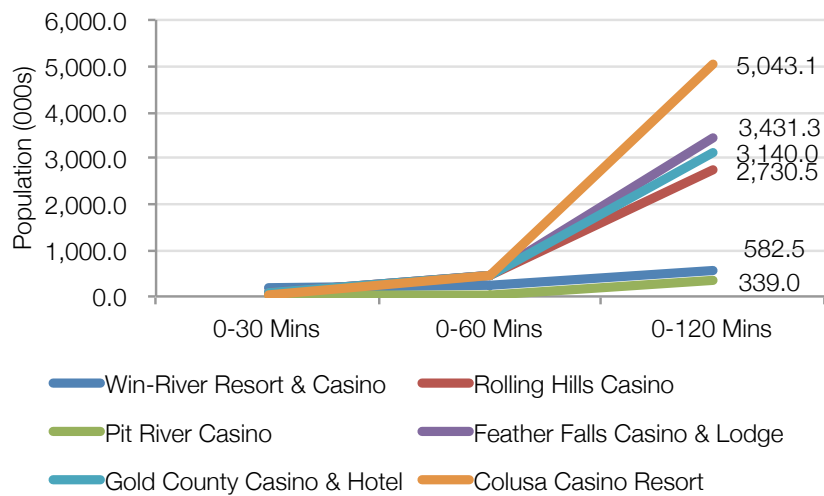
**Figure 24 Competitive Casinos**

Element	Primary		Feather Falls Casino & Lodge	Secondary	
	Rolling Hills Casino	Pit River Casino		Gold County Casino & Hotel	Colusa Casino Resort
Distance from Site (miles)	48	58	94	93	99
Casino Size (ft <sup>2</sup> )	70,000	9,000	118,112	60,000	66,000
Slots	840	145	1,000	930	1,000
Table Games	7	1	22	14	11
Poker	2	1	12	7	2
Restaurants & Bars	4	1	4	4	3
Hotel Rooms	111	0	84	87	52

Source: Casino City, Google Maps

As illustrated below, the available population for the existing Win-River casino is significantly lower than most other competitive casinos in the competitive market area. Pit River Casino, located approximately a hour northeast of the current Win-River facility has a similar market population within a two-hour drive time. The closest competitive casino is Rolling Hills Casino, which is approximately a 45-minute drive south of the current Win-River facility. Rolling Hills Casino along with the other secondary competitive locations benefit from a site location closer to population centers in the greater Sacramento area in the two-hour drive time market area.

**Figure 25 Comparative Population (Thousands) by Travel Time (2017)**

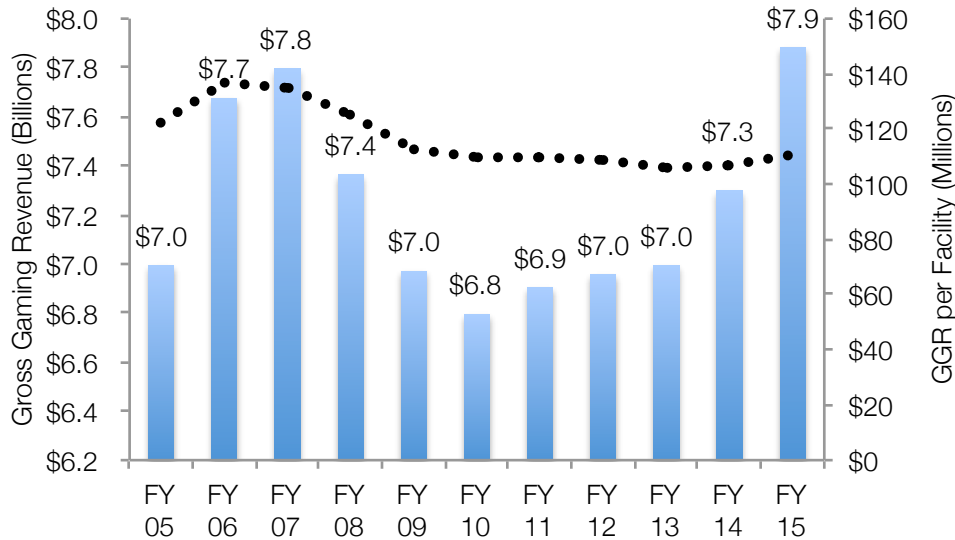


Casino	Drive Time (Population in 000s)		
	0-30 Minutes	0-60 Minutes	0-120 Minutes
Win-River Resort & Casino	177	252	583
Rolling Hills Casino	83	436	2,731
Pit River Casino	8	28	339
Feather Falls Casino & Lodge	84	450	3,431
Gold County Casino & Hotel	75	436	3,140
Colusa Casino Resort	33	476	5,043

Source: ESRI; Google Maps

State tribal casinos are not required to report independent public information on gaming revenue or performance. By compact, however, they report gaming revenues and revenue share payments to the State and National Indian Gaming Commission. As such, the total gaming revenues can be tracked. During the Fiscal Year (July - June) 2005, total State Tribal gaming revenues were \$7.0 billion. They peaked in Fiscal Year (FY) 2007 at \$7.8 billion, although only slightly up from FY2006. The first half of calendar year 2008 was a period of slower economic activity, mostly impacted by a severe increase in gas prices. FY2009, which included the November 2008 credit crisis period and subsequent "Great Recession" saw a decrease of 5.3% in GGR. In FY2010, statewide GGR fell another 2.5 percent to a low of \$6.8 billion. Statewide GGR stabilized in FY2011 and has remained virtually flat at about \$7.0 billion for FY2011 through FY2013. As of FY2015, statewide gaming revenue increased by 8.2 percent to 7.9 billion, which is the first time the total exceeded FY2007 peak levels. During the same time, more operations have opened and the average GGR per facility has remained relatively constant. Since fiscal year 2010, GGR per facility has increased only 1.3 percent (not adjusted for inflation).

**Figure 26 State Tribal Gaming Revenues (in Billions of Dollars) Fiscal Year 2005 - 2015**



Source: National Indian Gaming Commission

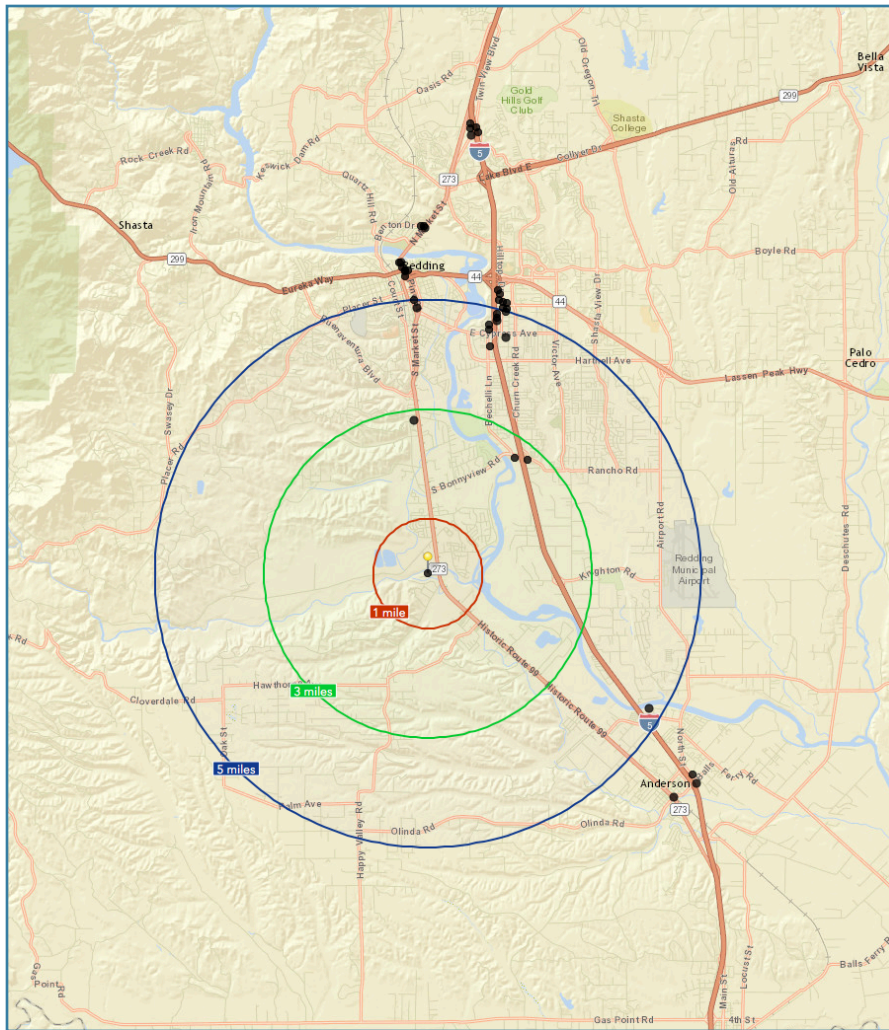
## Hotel

Tourism and hospitality is one of the State's largest, most visible, and valuable industry sectors, generating billions of dollars in economic activity. While a significant part of leisure and hospitality activity is associated with tourism, many of these jobs serve the local population and business travelers alike. The Project and Project Alternatives are located within the larger Shasta Cascade (also known as California North) hotel market area and more locally competitive Redding/Chico submarket area as defined by Smith Travel Research (STR). These various hotel markets are used to evaluate historic trends and competitive forces that could impact future hotel development for the Project and Project Alternatives with a hotel component.

In general, the State's northeast corner tourism market is oriented towards outdoor activities. The region includes volcanoes, forests, and rivers where individuals fish, camp, hike, and mountain bike. The City is the Shasta Cascade market's largest metropolitan area, and includes many visitor destinations such as riverfront trails, Turtle Bay Exploration Park, and the Sundial Bridge. According to STR data, hotels located within the City represent approximately half of hotel room supply in the submarket.



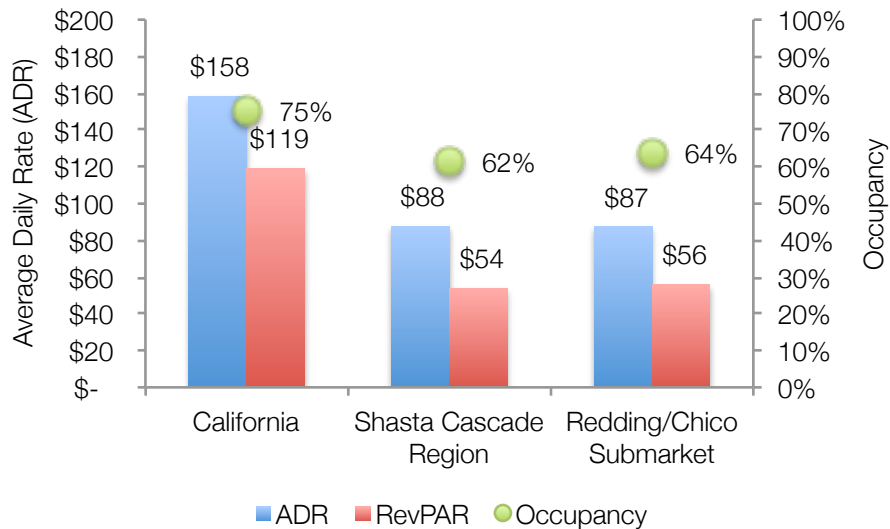
**Figure 27 Competitive Hotel Map**



Source: STR Global and Pro Forma Advisors

The following table provides information about key performance metrics for calendar year 2016. Hotels within the submarket perform comparably to the larger region with a slightly lower average daily rate (ADR) and slightly higher occupancy and revenue per available room (RevPAR). The submarket's ADR and RevPAR increased by 3.7 and 4.4 percent (year-over-year) from 2015, respectively. In terms of seasonality, occupancy and the ADR is typically highest in the summer months when recreational activities are at peak demand.

**Figure 28 Comparative Hotel Performance by Market (2016)**



Source: Smith Travel Research

By examining the types of hotel by segment and market area, some distinctions can be drawn. First, the region (inclusive of all market areas) is primarily composed of economy class hotels. In all instances this hotel segment represents approximately 40 percent of the hotel inventory. Second, given the significant number of economy class rooms and properties, which were often developed a decade or so ago and typically have a smaller number of rooms per property, the average size of hotel in the region is low (56 rooms per hotel). The City has the highest average hotel rooms with 77 rooms per property. This is followed by the Redding/Chico submarket with 68 rooms per hotel property. Third, given the significant number of value oriented hotel properties the 2016 ADR and RevPAR is significantly lower than the State. A typical range of average low and high rack rates by hotel segment and the relative room share by market is presented for comparison purposes.

**Figure 29 Hotel Metrics by Market**

Location/Segment	Rack Rate		Properties	Rooms	Room Share	Avg. Size
	Avg. Low	Avg. High				
Redding/Anderson						
Economy Class	\$53	\$61	21	1,278	40%	61
Midscale Class	\$93	\$111	8	769	24%	102
Upper Midscale Class	\$77	\$89	9	846	27%	94
Upscale Class	\$139	\$149	3	297	9%	89
Total			37	3,190	100%	77
Redding/Chico						
Economy Class	\$56	\$67	44	2,216	41%	50
Midscale Class	\$94	\$112	12	987	18%	82
Upper Midscale Class	\$81	\$92	17	1,642	31%	97
Upscale Class	\$118	\$129	6	508	9%	85
Total			79	5,353	100%	68
Shasta Cascade Region						
Economy Class	\$59	\$74	305	13,653	38%	45
Midscale Class	\$94	\$122	96	6,004	17%	63
Upper Midscale Class	\$98	\$131	111	7,048	20%	63
Upscale Class	\$117	\$167	70	4,537	13%	65
Upper Upscale Class	\$164	\$268	23	2,246	6%	98
Luxury Class	\$282	\$441	38	2,573	7%	68
Total			643	36,061	100%	56

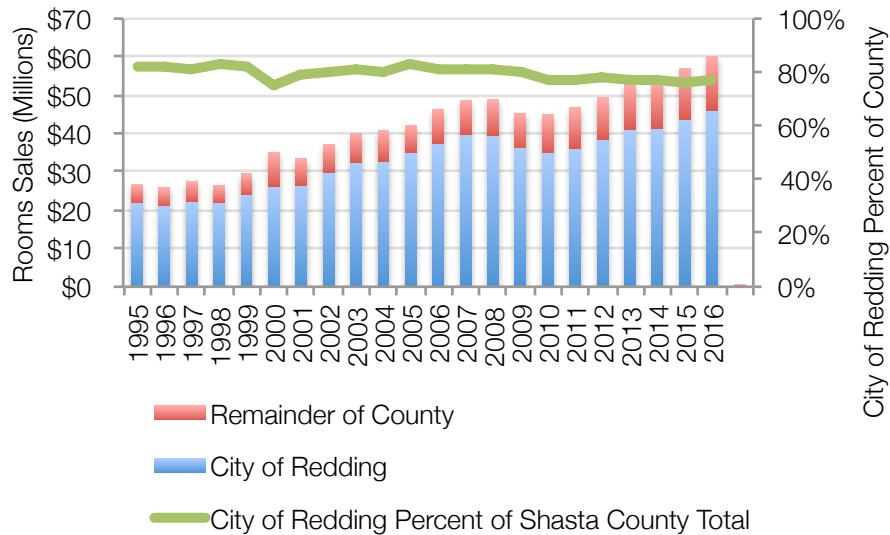
Note: Hotel data current as of mid-year end 2015; Win-River's current hotel is considered an Upscale Class segment property

Source: Smith Travel Research and Pro Forma Advisors

Examining historic room sales in the City and County demonstrates similar trends in historic performance. Between 1995 and 2008, the City's hotel sales and associated transient occupancy tax (TOT) grew by approximately 4.7 percent. This was followed by a two-year post-recession decline in room sales. Since 2010, the TOT in the City has increased by approximately a 4.5 percent compound annual growth rate. At the same time, room revenue outside of the City (remainder of County) grew by a 6.0 percent compound annual growth rate. The historic growth of room revenue and associated TOT demonstrate that the market continues to grow its visitation and associated demand for overnight hotel accommodations both in the City and within the larger County region.

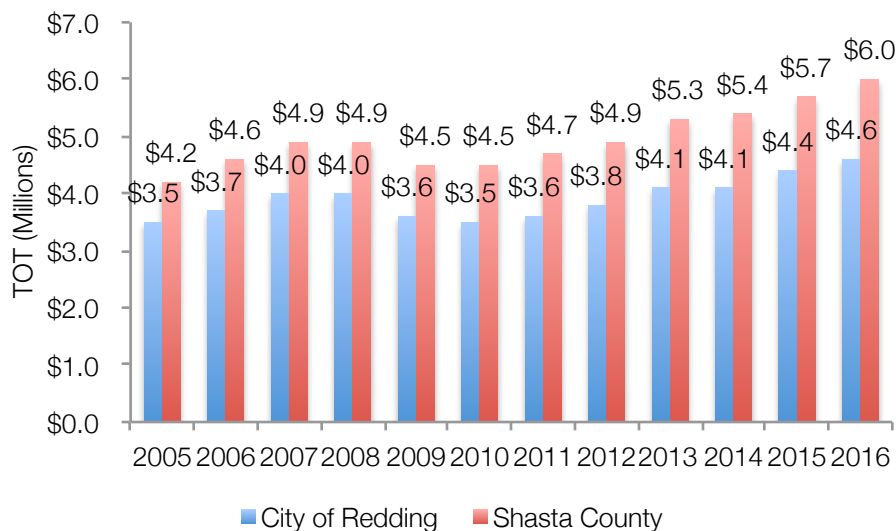


**Figure 30 Room Sales in City of Redding and Shasta County (1995 - 2016)**



Source: Smith Travel Research

**Figure 31 Transient Occupancy Tax in City of Redding and Shasta County (2005 - 2016)**



Source: Smith Travel Research

## Retail

Specific retail developments are oriented to capture sales from various markets based on their size and tenant mix. Specifically, market sheds (distance in which one will travel to buy goods) for shopping centers are defined by their type. For example, a super regional mall with an average gross lease area of over one million square feet typically has 40 to 80 smaller inline stores with a number of larger anchor retail stores designed to attract a large number of shoppers from up to 25 miles. In contrast, a strip/convenience shopping center with an average gross lease area of approximately 13,000 square feet include anchor-less small convenience oriented retail offerings (such as a mini-mart) and attract the majority of their sales from under a mile radius. The following summary of shopping centers and associated table provides a summary of United States shopping center classification and characteristics.

The following information from the International Council of Shopping Centers (ICSC) provides a general overview of the most common retail shopping center types located in the City, County, and State:

- ▶ **Super Regional Mall:** Similar in concept to regional malls, but offering more variety and assortment.
- ▶ **Regional Mall:** General merchandise or fashion-oriented offerings. Typically, enclosed with inward-facing stores connected by a common walkway. Parking surrounds the outside perimeter.
- ▶ **Community Center:** General merchandise or convenience- oriented offerings. Wider range of apparel and other soft goods offerings than neighborhood centers. The center is usually configured in a straight line as a strip, or may be laid out in an L or U shape, depending on the site and design.
- ▶ **Neighborhood Center:** Convenience oriented.
- ▶ **Strip/Convenience:** Attached row of stores or service outlets managed as a coherent retail entity, with on-site parking usually located in front of the stores. Open canopies may connect the store fronts, but a strip center does not have enclosed walkways linking the stores. A strip center may be configured in a straight line, or have an "L" or "U" shape. A convenience center is among the smallest of the centers, whose tenants provide a narrow mix of goods and personal services to a very limited trade area.
- ▶ **Power Center:** Category-dominant anchors, including discount department stores, off-price stores, wholesale clubs, with only a few small tenants.
- ▶ **Lifestyle:** Upscale national-chain specialty stores with dining and entertainment in an outdoor setting.
- ▶ **Factory Outlet:** Manufacturers' and retailers' outlet stores selling brand- name goods at a discount.
- ▶ **Theme/Festival:** Leisure, tourist, retail and service-oriented offerings with entertainment as a unifying theme. Often located in urban areas, they may be adapted from older--sometimes historic--buildings and can be part of a mixed-use project.
- ▶ **Airport Retail:** Consolidation of retail stores located within a commercial airport.

**Figure 32 United States Shopping-Center Classification and Characteristics (2017)**

Type of Shopping Center	Centers	Gross Lease Area (GLA) in Millions Square Feet (SF)	Percent Share	Avg. Size	Typical GLA Range (SF)	Acres	Trade Area
<b>General Purpose Center</b>	<b>112,520</b>	<b>6,315</b>	<b>83%</b>	<b>56,122</b>			
Super Regional Mall	620	778	10%	1,255,382	800K +	3+	5-25 Miles
Regional Mall	600	354	5%	589,659	400K-800K	2+	5-15 Miles
Community Center	9,776	1,931	25%	197,509	125K-400K	2+	3-6 Miles
Neighborhood Center	32,588	2,341	31%	71,827	30K-125K	1+	3 Miles
Strip/Convenience	68,936	911	12%	13,218	<30K	<3	< 1 Mile
<b>Specialized-Purpose Centers</b>	<b>3,275</b>	<b>1,266</b>	<b>17%</b>	<b>386,622</b>			
Power Center	2,258	990	13%	438,626	250K-600K	25-80	5-10 Miles
Lifestyle	491	165	2%	335,852	150-500K	10-40	8-12 Miles
Factory Outlet	367	87	1%	238,060	50K-400	10-50	25-75 Miles
Theme/Festival	159	23	0%	147,791	80K-250K	5-20	25-75 Miles
<b>Limited-Purpose Property</b>	<b>62</b>	<b>15</b>	<b>0%</b>	<b>249,240</b>			
Airport Retail	62	15	0%	249,240	75K-300K	NA	NA
<b>Total</b>	<b>115,857</b>	<b>7,597</b>	<b>100%</b>	<b>65,568</b>			

Source: ICSC Research, CoStar, and Pro Forma Advisors

The proposed retail under consideration in the Project (Alternative A) and Project Alternatives C, D, and E would be an 120,000 to 130,000 square foot retailer of outdoor sporting, inclusive of hunting, fishing, camping and related merchandise. The business model is similar to large-scale retail shopping centers that rely on a large market area to drive business sales.<sup>12</sup> Such large-scale (also commonly referred to as “big box”) retail outdoor recreation developments are often located in areas that have a significant level of outdoor activities with an associated visitor market. These retail stores are also considered attractions in their own right, often customized to reflect the character of the region with other non-retail amenities such as aquariums, archery ranges, wildlife mounts and dioramas, restaurants, and other recreation activities. Examples include Bass Pro Shops and Cabella's,<sup>13</sup> which have collectively pioneered the concept of outdoor

<sup>12</sup> Bass Pro Shops often sites a market draw of 100 - 200 miles.

<sup>13</sup> In October 2016 Bass Pro Shops announced that it had reached a deal to acquire Cabela's Inc.

recreation stores that double as both shopping centers and entertainment destinations. In 2017, Bass Pro Shops boasted drawing more than 120 million visitors<sup>14</sup> in its 100 stores in North America.

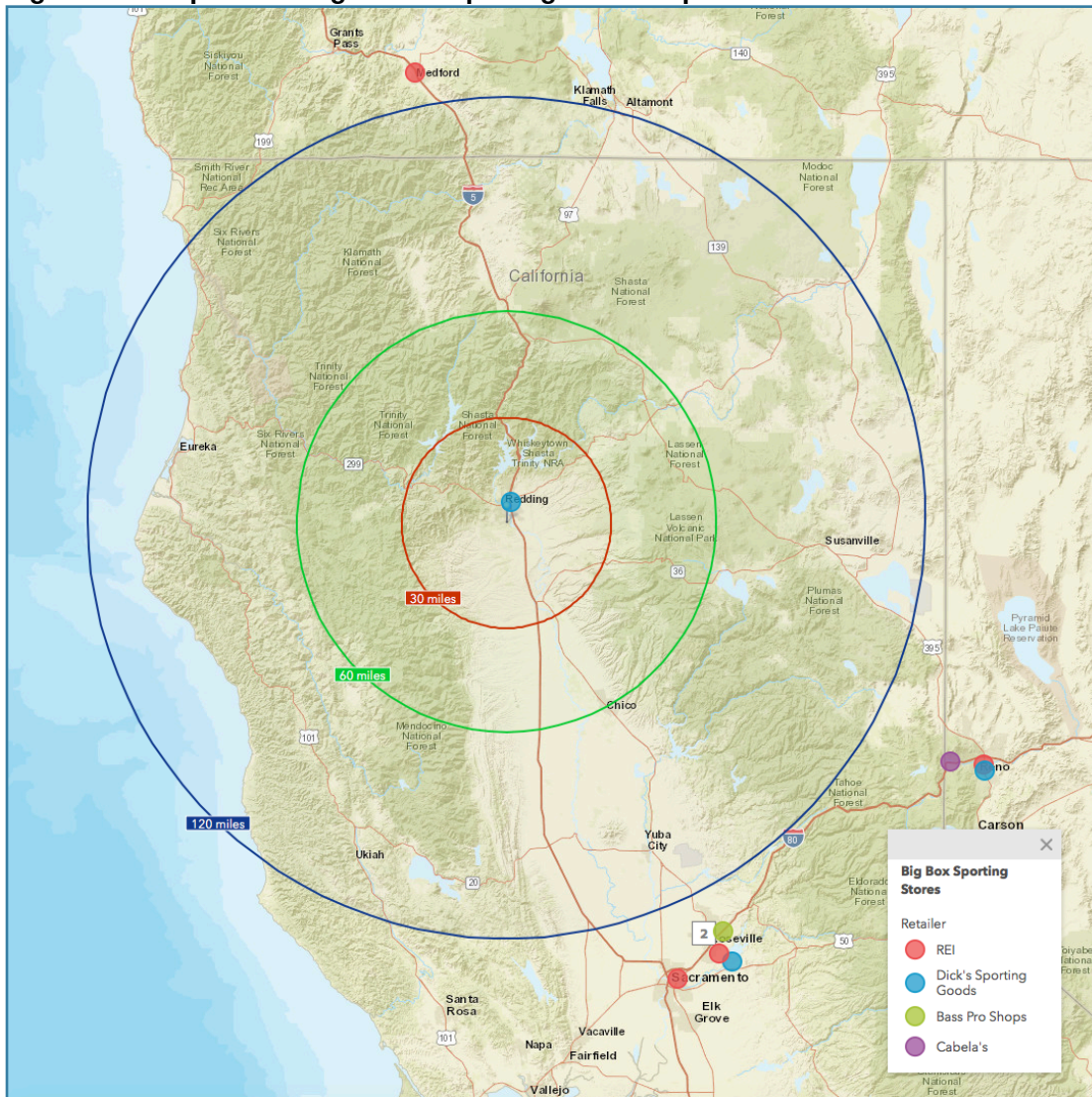
Besides Bass Pro Shops and Cabela's, there are a number of other big box outdoor sport retailers. The most prominent larger scale sporting stores include Dick's Sporting Goods and REI. The following map illustrates that besides the Dick's Sporting Goods, which is located in the City, there are not any additional large-scale competitive outdoor retailers within the 120 mile market radius. It should be noted that there are a number of other smaller competitive sporting stores (i.e. Sports Ltd, Big 5, Sportsman's Warehouse, etc.) and other national chains such as Target, Walmart, etc. that also sell similar products. Examining the competitive large-scale outdoor sports stores, most are located over two-hours south of the alternative sites where there is a significantly larger number of available population within comparable market sheds.

Examining the key competitive retailers, Pro Forma Advisors has collected national data estimates regarding the most recently reported number of stores, associated square feet, and sales productivity. Additional information has also been collected regarding the number of jobs (inclusive of both full- and part-time employees) at each retail chain. The retail development contemplated herein would be most analogous to a Bass Pro Shops or Cabela's retail development. On average, these stores have 121,000 square feet with sales of \$46.7 million or \$386 per square foot of retail space. The observed employment density is approximately 500 per retail square feet per job. These chains also have the highest retail productivity on a square foot basis among competitive retailers.

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<sup>14</sup> Visitors not analogous to tourists and may not be unique as people may visit the stores more than once a year.

**Figure 33 Competitive Large-Scale Sporting Retail Map**



Source: STR Global and Pro Forma Advisors

**Figure 34 Comparative Population (Thousands) by Market Shed (2017)**

Name	City	State	Market Population (in 000s)		
			0-30 Miles	0-60 Miles	0-120 Miles
Strawberry Fields Site	Redding	CA	210	340	1,214
REI	Medford	OR	280	386	1,010
REI	Roseville	CA	2,181	393	12,800
REI	Sacramento	CA	2,125	4,507	13,132
REI	Folsom	CA	2,101	3,756	12,916
REI	Reno	NV	572	720	3,460
Dick's Sporting Goods	Reno	NV	575	719	3,482
Dick's Sporting Goods	Folsom	CA	2,066	3,610	12,885
Dick's Sporting Goods	Redding	CA	201	289	1,256
Bass Pro Shops	Rocklin	CA	2,059	3,288	12,764
Cabela's	Verdi	NV	559	727	3,709

Source: ESRI; Google Maps

**Figure 35 Competitive Retail Inventory by Performance Metrics and Location**

Retailer	Stores	Millions of Square Feet (SF)	SF/Store	Sales (Billions)	Sales/SF	Jobs	Jobs/SF
Dick's Sporting Goods	644	34.4	53,000	\$6.9	\$201	37,200	925
Bass Pro Shops	94	12.8	136,000	\$4.5	\$352	22,000	582
Cabela's	77	7.9	103,000	\$3.5	\$441	19,700	401
REI	143	6.4	45,000	\$2.2	\$342	12,000	536
<b>Total</b>	<b>958</b>	<b>61.5</b>	<b>64,000</b>	<b>\$17.1</b>	<b>\$278</b>	<b>90,900</b>	<b>677</b>
<b>Bass Pro/Cabela's Total</b>	<b>171</b>	<b>20.7</b>	<b>121,000</b>	<b>\$8.0</b>	<b>\$386</b>	<b>41,700</b>	<b>496</b>

Source: SGB Medial and Pro Forma Advisors

## Substitution Analysis

### Gaming

Gaming is a highly regulated industry which generally has limited the supply or capacity relative to the natural demand for gaming entertainment. Depending on the supply constraints, many markets have significant unmet demand and market growth potential. As such, many gaming market would be expected to grow with new supply before exhibiting significant substitution impact from existing facilities.

To measure the potential substitution impacts from the Project and Project Alternatives that include an increase in gaming, Pro Forma Advisors has used the Market Demand Gravity model and compared projections of Gaming Revenue for all market properties from the resident day trip market. The Market Demand Gravity Model (described in further detail in an Appendix) models the gaming market growth and substitution impacts by census tract between all market facilities. This provides a baseline GGR estimate assuming no market changes against estimated GGR Demand for the Project Alternative.

Using model year 2020 for comparison, the analysis indicates that the Project would generate an additional \$24.6 million in GGR from the resident market compared to the existing Win-River casino. Approximately \$21.7 million (88.2%) would come from growth in the market from increased trip frequency and market penetration, while approximately \$2.9 million (11.8%) is estimated to come from gaming substitution from competitive facilities. These totals assume the closure of the existing facility and represent the net incremental revenue over the assumed baseline no development condition. The other Project Alternatives range from 7.7 to 22.5 percent substitution of future market growth.

**Figure 36 Gaming Market Substitution - All Alternatives (2020)**

Casino	Substitution (Million)					Percent of Total				
	A	B	C	E	F	A	B	C	E	F
Project Increase in GGR from Residents	\$24.6	\$24.6	\$17.8	\$18.4	\$3.5	100.0	100.0	100.0	100.0	100.0
<i>GRR Increase due to market growth</i>	<i>\$21.7</i>	<i>\$21.7</i>	<i>\$16.4</i>	<i>\$14.2</i>	<i>\$2.8</i>	<i>88.2</i>	<i>88.2</i>	<i>92.3</i>	<i>77.5</i>	<i>80.2</i>
<i>GGR substitution from market facilities</i>	<i>\$2.9</i>	<i>\$2.9</i>	<i>\$1.4</i>	<i>\$4.1</i>	<i>\$0.7</i>	<i>11.8</i>	<i>11.8</i>	<i>7.7</i>	<i>22.5</i>	<i>19.8</i>
GGR Substitution (2022 Dollars)	\$3.3	\$3.3	\$1.6	\$4.6	\$0.8					

Note: The projected gross gaming revenue in Alternatives A, B, C, and E is net of closure of the existing facility. Alternatives D has no new gaming and Alternative F gaming revenue is net of the redevelopment of the existing facility.  
 Source: Pro Forma Advisors



The substituted gaming revenue comes primarily from regionally competitive facilities. The following table presents the impact estimates to key competitive facilities.

**Figure 37 Competitive Properties Substitution (2020)**

Casino	Substitution as a Percent of Estimated 2020 GGR				
	A	B	C	E	F
Rolling Hills Casino	5.8%	5.8%	3.0%	9.0%	1.4%
Pit River Casino	7.2%	7.2%	4.7%	3.5%	1.3%
Feather Falls Casino & Lodge	0.5%	0.5%	0.2%	0.9%	0.1%
Gold County Casino & Hotel	0.6%	0.6%	0.2%	1.1%	0.2%
Colusa Casino Resort	0.4%	0.4%	0.1%	0.6%	0.1%

Source: Pro Forma Advisors

Based on personal income and population growth assumptions in the Market Demand Gravity model, the gaming potential is estimated to increase by 0.92 percent annually in real growth terms in the residential market. As such, estimated declines based on substitution of GGR could be recaptured in the competitive facilities in subsequent years after the Project or Project Alternative is opened. For example, if the Project (Alternative A) was developed it would take or Pit River Casino an estimated eight years (assuming no additional changes in the market and equal allocation of GGR) to recapture the estimated loss of revenues from the new gaming facility.<sup>15</sup>

It is important to note that there are other gaming facilities, such as card clubs, that are not directly competitive with the Project or Project Alternatives in the market. Since these establishments are currently operating within the market area, any competitive effects will be occurring today. Given that the number of table games are not significantly changing in the Project or Project Alternatives, there is no anticipated gaming substitution with these facilities.

Convenience and leisure oriented retail is a typical component of casino developments. Typical casino resorts have retail stores to support guest convenience requirements, as well as to offer some unique impulse-oriented products. While not large enough to attract off-site customers outright, the casino retail offering leverages the proximity of hotel and casino guests. Some common impulse retail items include branded merchandise, gifts, artwork, and apparel.

It is assumed that no additional substitution will occur in casino retail and food and beverage spending, as this spending is not substitutable in the market given its direct association with gaming. Any substitution impacts have been accounted for in relation to the estimated net change (post existing facility closure) in gaming revenue as retail and food and beverage spendings is estimated as six (6.0) percent of GGR.

## Hotel

Casino hotels have become integral elements in casino development strategies to increase gaming revenue and overall profitability. While typical competitive hotels in the submarket area accommodate demand for overnight out-of-town guests, casino hotels are developed primarily for marketing, player development programs, and to induce additional

<sup>15</sup> 7.2 percent substituted GGR divided by 0.92 percent annual growth = 7.8 years to recapture substituted GGR.



visitation to the casino. Overnight visits to a casino hotel are generally additive to day trip visits, even though most originate from the same geographic day trip market. Overnight visitors, while lower in volume, are typically higher in value by selective marketing and management to gaming customers. As such, issues of substitution with hotels in the market area are largely irrelevant.

The core issue in casino hotel feasibility is not to quantify demand in an absolute market sense, but rather to ensure that the hotel component is optimized as an investment in the context of day trip market scale and other relevant economic factors. As such, Pro Forma Advisors estimates there will be minimal substitution in the local hotel market. The figure below presents the methodology utilized to determine the competitive effect of the development of net new hotel rooms in the market.

This estimate does not account for increased hotel demand that could offset any of the projected substitution herein. Project Alternatives A, B, C, D, and E all have an estimated substitution impact of approximately 6 to 24 percent of projected room sales. Alternative F does not include new hotel room supply in the market. As such, it will not have a substitution impact. This level of substitution reflects between approximately 0.5 to 4 percent of sales within the City and would most likely impact nearby comparable hotels as well as those located along I-5 oriented toward the freeway intercept market.

**Figure 38 Hotel Substitution Impacts (2016)**

	Alternative				
	A	B	C	D	E
Total Hotel Rooms	250	250	250	128	250
Occupancy	78%	78%	78%	78%	78%
Hotel Room Nights	71,175	71,175	71,175	36,442	71,175
Comp Hotel Room Nights	58,353	58,353	54,297	34,089	54,600
Cash Hotel Room Nights	12,822	12,822	16,878	2,353	16,575
Cash Hotel Room Nights (% of total hotel room nights)	18%	18%	24%	6%	23%
Average Daily Rate (ADR)	\$105	\$105	\$105	\$105	\$105
Total Market Sales Substitution (Millions)	\$1.3	\$1.3	\$1.8	\$.2	\$1.7
Total Market Sales of Existing Room Sales in the City (Millions)	\$46.1	\$46.1	\$46.1	\$46.1	\$46.1
Percent Substitution of Existing Room Sales in the City	2.9%	2.9%	3.8%	0.5%	3.8%
Total Market Sales Substitution (Millions of 2022 Dollars)	\$1.5	\$1.5	\$2.3	\$.2	\$1.9

Source: Dean Runyan Associates, Visit California, Pro Forma Advisors

## Retail

Retail offered within the Project and Project Alternatives will be smaller stores oriented towards casino customers or the large-scale outdoor sporting goods store previously discussed. Unlike the casino retail previously discussed, the large-scale outdoor sporting goods store would stand alone and be primary marketed to the larger non-casino customers. As noted, the large-scale outdoor sporting store properties have a market shed of anywhere up to a four-hour drive time (100 - 200 miles) along with overnight tourist markets. The following table presents an estimate regarding the most recent per capita spending on general sporting good stores businesses in the State, County, and City.

**Figure 39 Taxable Sales by Type of Business (Calendar Year 2015)**

2012 NAICS	Type of Business	Per Capita Taxable Transactions		
		State	County	City
441	Motor Vehicle and Parts Dealers	\$2,065	\$4,662	\$4,062
442-443	Home Furnishings and Appliance Stores	\$733	\$1,070	\$899
444	Building Material and Garden Equipment and Supplies	\$865	\$2,286	\$1,771
445	Food and Beverage Stores	\$718	\$1,514	\$1,009
446	Health and Personal Care Stores (1)	\$318		
447	Gasoline Stations	\$1,218	\$3,124	\$1,843
448	Clothing and Clothing Accessories Stores	\$988	\$1,229	\$973
452	General Merchandise Stores	\$1,243	\$3,403	\$2,708
722	Food Services and Drinking Places	\$1,899	\$2,596	\$2,063
446, 451, 453, 454	Other Retail Group	\$1,047	\$2,744	\$1,888
<b>45111</b>	<b>Sporting Goods Stores (2)</b>	<b>\$134</b>		
<b>Total</b>		<b>\$11,094</b>	<b>\$22,628</b>	<b>\$17,216</b>

Note: (1) Health and Personal Care Stores are not provided at the County and City level (included in Other Retail Group); and (2) County and City Sporting Good Stores not reported. Pro Forma Estimate based on State spending, NAICS = North American Industry Classification System

Source: ESRI and Pro Forma Advisors

Given confidentiality issues associated with disclosure of retail sales by business type, specific information regarding the current level of sales in sporting good stores is not available at the County or City level. ESRI Business Analyst, however, provides estimates regarding estimated sales based on publicly reported information. The following table summarizes the 2016 estimates in the City and County.

**Figure 40 Sporting Good Stores Sales Leakage/Surplus Analysis (2016)**

	Estimated Retail Sales	
	County	City
Sporting Goods, Hobby, Book & Music Stores (NAICS 451) Sales	\$86,542,713	\$75,639,073
Sporting Good Stores percent of NAICS 451 (2015)	46%	46%
Sporting Good Stores Sales	\$39,809,648	\$34,793,974
Population	180,992	91,389
Sporting Good Stores Sales Per Capita	\$220	\$381
Sporting Good Stores Demand Per Capita	\$160	\$161
Leakage/Surplus Sales Per Capita	-\$60	-\$220
Leakage/Surplus Factor	-15.9	-40.6
Number of Businesses	104	71
<i>Estimated Sales for Project Alternatives (Large-Format Retail)</i>	<i>\$50,180,000</i>	<i>\$50,180,000</i>

Note: The Leakage/Surplus Factor presents a snapshot of retail opportunity. This is a measure of the relationship between supply and demand that ranges from +100 (total leakage) to -100 (total surplus). A positive value represents 'leakage' of retail opportunity outside the trade area. A negative value represents a surplus of retail sales, a market where customers are drawn in from outside the trade area. Example based on 130,000 square foot store.

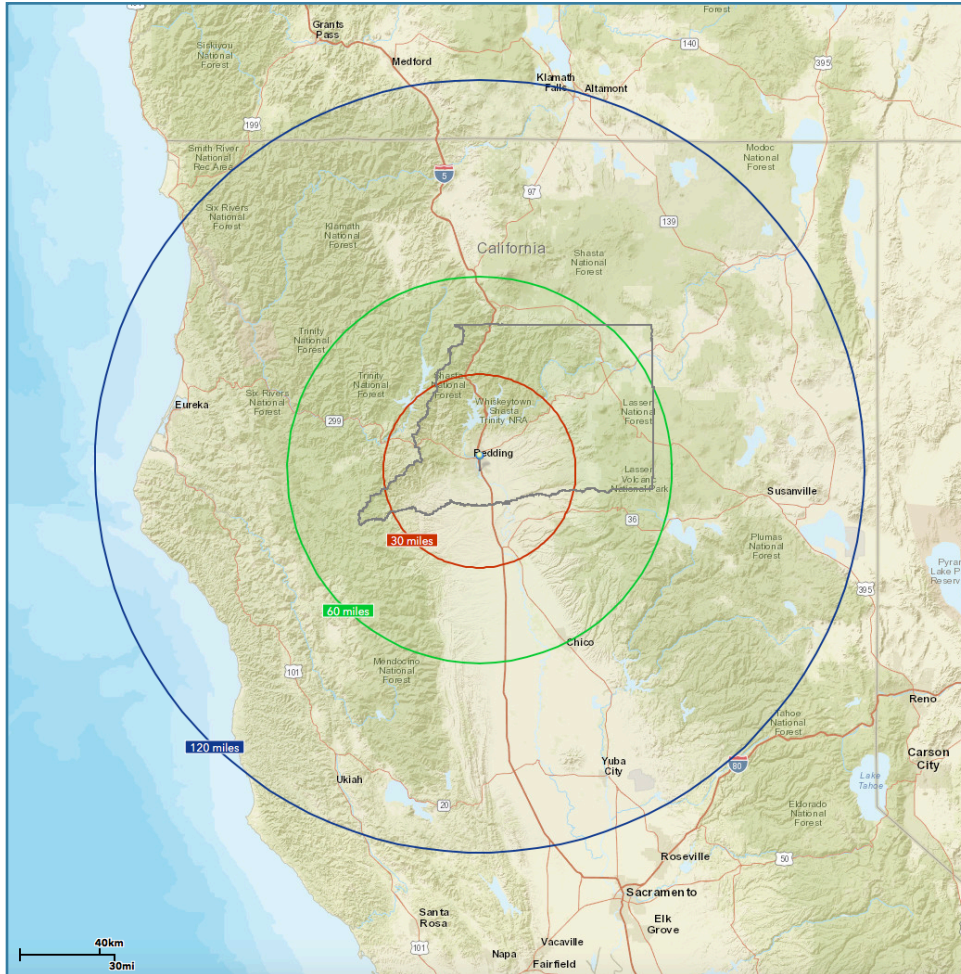
Source: ESRI and Pro Forma Advisors

Notable findings based on the ESRI estimates include:

- ▶ Both the City and County have estimated retail surpluses (suggesting that it exports sales to people living outside the region) for sporting good store sales.
- ▶ The proposed large-format retail store is 120,000 to 130,000 square feet. Using current estimated sales productivity of \$386 per square foot suggests annual sales of around \$50.2 million could be achieved in the 130,000 square foot development, which is potentially larger than the estimated sales volume of all existing sporting stores in the City and greater County area combined.
- ▶ Given these dynamics, while the proposed large-scale format outdoor sporting goods retailer could take away some of the existing sales in the City and County, the vast majority of its projected sales would require the capture of sales from outside the region.

The following map helps contextualize the market sheds using market shed rings overlaid on the County's boundary.

**Figure 41 Large-Scale Sporting Retail Market in Comparison to County Map**



Source: ESRI and Pro Forma Advisors

Given these dynamics, Pro Forma Advisors estimates there will be substitution in the local retail market. Utilizing a Market Demand Gravity retail model, the following table calculates the projected level of sporting goods substitution in the market.<sup>16</sup> The competitive effect examines the impact to retailers located within the City based on the current level of estimated sales.

<sup>16</sup> On Cabela's fourth quarter 2014 earnings call, management cited four examples of new stores that were drawing from existing store sales, the combination of which reportedly hurt same store sales by 15 to 20 percent. In theory, this level of substitution would be the most relevant percentage for similar sales that could be applied to a competitive effect in the market. However, based on the gravity model analysis we have used a more conservative estimate herein.

**Figure 42 Large-Scale Retail Substitution Impacts (2016)**

	Alternatives D and E	Alternatives A and C
Dollars in Millions	120,000 SF	130,000 SF
Projected Large-Scale Outdoor Retail Sales	\$46.3	\$50.2
Less 10.4% of Projected Non-Substitutable Retail Sales	\$4.8	\$5.2
Projected Project Sporting Goods Sales (Less 10.4% of Projected Non-Substitutable Retail Sales)	\$41.5	\$45.0
Existing Sporting Goods Sales in the City	\$34.8	\$34.8
Less Projected Change in Sporting Goods Sales with Large-Scale Outdoor Retail Sales	\$26.5	\$26.4
Total Market Sales Substitution	\$8.3	\$8.4
Total Market Sales Substitution as a Percent of Existing Sporting Goods Sales in the City	23.9%	24.1%
Total Market Sales Substitution (2022)	\$9.4	\$9.5

Source: Pro Forma Advisors

According to 2015 Cabela's Annual Report (Form 10-K) 30.4 percent of sales are within the General Outdoor category. This sales category includes the sales of boats and marine equipment and all-terrain vehicles that are not sold at comparable sports retail outlets. Using an estimate that one-third of these sales come from retail expenditures outside the traditional sporting goods sales category (NAICS 451) a 10.4 percent estimate has been utilized to quantify non-substitutable sales.

As noted, it is estimated that there is currently \$34.8 million in sporting good store sales in the City with the proposed large-scale outdoor sporting goods store adding an adjusted \$41.5 million to \$45.0 million for the 120,000 square foot or 130,000 square foot development, respectively. Based on the gravity model, the introduction of the new large-scale outdoor sporting retailer to the market, sales are anticipated to decrease to approximately \$26.5 million in the existing sporting goods retailers in the City. This suggests the competitive effect of a loss of approximately \$8.4 million in retail sales or approximately 24 percent retail sales substitution in the City.

Based on this analysis, it is projected that approximately 24 percent of sporting good stores sales would be net transfers from existing retailers in the City. Once again, this does not any account for natural increase in future retail demand created by population and income growth that could offset any of the projected substitution estimated herein.

## **Events and Conference Center**

A component of the proposed Events and Conference Center in Alternatives A, B, C, and E is a dedicated 1,800 seat theater that would increase Win-River's capacity by approximately 800 seats. Due to the nature of current entertainment programming at Win River (e.g. music acts, comedy, etc.), it is not anticipated that the new facility will have any quantifiable net new substitution effects with existing entertainment venues in the City of Redding. The Redding Civic Auditorium (2,000 seats) and Cascade Theater (1,350 seats) include a significant number of other events (e.g. symphony, performing arts, community events, etc.) that are not competitive with Win-River entertainment programming. Furthermore, the variability and unpredictability of annual performance acts among venues as well as the casino's comping practices make it difficult to compare Win-River with local venues as it relates to the substitution of cash ticket sales.

## Financial Analysis

The following include Pro Forma estimates regarding the projected financial performance of the Project and Project Alternatives. The incremental revenue projections presented herein will be used as inputs to the impact analysis.

### Methodology

#### Introduction

The key revenue projection for the Proposed Project and Project Alternatives that include gaming will be the GGR that can be expected based on the available markets, competition, and target penetration rates based on comparable market performance. Pro Forma Advisors uses a Market Demand Gravity Model that is a summation of demand from three distinct markets. These markets, in order of scale, are:

- ▶ Resident Market Gravity – Gaming demand from residents up to a four hour drive time from the casino site.
- ▶ Resort Overnight Market – Guests staying at the casino resort accommodations.
- ▶ Intercept Market – Long haul passengers passing adjacent to the facility along Interstate 5.

The resident market growth opportunity for Project gaming revenues will come from four main sources:

- ▶ Overall market population and future growth;
- ▶ Increased Attraction of the higher quality, larger scale casino to the resident market;
- ▶ Real and inflationary growth in income levels; and
- ▶ Impacts of competition.

Pro Forma Advisors has modeled the resident market gaming demand using the Market Demand Gravity Model, which is described in a detailed Appendix. The Market Demand Gravity Model steps consist of:

1. Gross GGR Demand by market census tract based on Attraction (e.g. quality and scale of facility), travel time, tract demographics and potential casino Yield (win per visitors based on quality of casino/amenities) for each casino in the market.
2. Substitution impacts for each census tract between competing casino facilities to estimate Net GGR Demand.
3. Market share calculations for Net GGR Demand for each census tract for each competing facility

A Project-specific Market Demand Gravity Model has been developed to illustrate the Project's market dynamics with all population sources, travel access, and gaming facilities. The Project-specific model inputs for Attraction are derived by calibrating the outputs to known or estimated GGR values for each of the competitive facilities. The Attraction and Yield variables are then compared to other market benchmarks to ensure that inputs are within consistent propensities.

Projections for the Project and Project Alternatives moving forward are generated by updating census tract population and demographic data, adjusting Attraction and Yield for the new facility, and incorporating changes in the competitive landscape. New Attraction and Yield inputs for the Project and competitors are based on comparisons with existing calibration levels and local and regional facility benchmarks with respect to number of gaming positions, quality level, amenities, etc.

The ratio of hotel rooms to gaming positions has been identified as a key ratio in defining the maturity of a casino destination as an overnight destination. In general, as a greater portion of gaming revenues come from overnight visitors, the ratio of rooms to gaming positions increases. Single property destinations have ratios of approximately 0.10 to 0.20. Pro Forma has modeled the hotel as a component of the larger casino development.

Pro Forma Advisors has modeled the big box outdoor retail development under an assumption set that assumes that the market conditions are viable for the delivery of a successful outdoor sports retail development similar to Bass Pro Shops or Cabella's. Pro Forma Advisors projects total retail sales productivity for the large-scale outdoor retailer of \$434 dollars per square foot (in 2022 dollars).

## Revenue Summary

The following tables highlights the operation and development cost projections for the Project and Project Alternatives by land use.

### Casino

The Proposed Project (Alternative A) and Project with no Big Box Alternative (Alternative B) are projected to yield an estimated \$39.6 million in net new revenue (after accounting for the effect of market substitution), which represent the highest revenue of all the proposed projects. Besides the Non-Gaming Alternative (Alternative D), the Expansion Alternative (Alternative F) has the lowest potential revenue based on the analysis. The following table provides a summary of net casino revenue in year 2022.

**Figure 43 Summary of Incremental Gross Gaming Revenue (millions) - Stabilized Year (2022)**

	Alternative				
	A (2022)	B (2022)	C (2022)	E (2022)	F (2022)
<b>Operations Revenue</b>					
GGR Potential	\$38.0	\$38.0	\$26.2	\$32.6	\$3.7
Less Substitution	\$3.3	\$3.3	\$1.6	\$4.6	\$.8
Casino GGR	\$34.7	\$34.7	\$24.6	\$27.9	\$2.9
F&B	\$4.6	\$4.6	\$3.7	\$4.0	\$1.5
Retail/Other	\$.3	\$.3	\$.3	\$.3	\$.1
<b>Total</b>	<b>\$39.6</b>	<b>\$39.6</b>	<b>\$28.5</b>	<b>\$32.2</b>	<b>\$4.5</b>

Note: Substitution included in gaming model. No substitution assumed for food and beverage, retail, or other revenue.

Source: Pro Forma Advisors

### Hotel

The Proposed Project (Alternative A), Project with no Big Box Alternative (Alternative B), Reduced Intensity Alternative (Alternative C), and Anderson Site (Alternative E) are all projected to create an estimated \$5.6 million in room revenue in 2022 after accounting for market substitution, which represent the highest revenue of all the proposed projects. The Non-



Gaming Alternative (Alternative D) and the Expansion Alternative (Alternative F), which contemplate a smaller number of hotel rooms, have the lowest potential room revenue based on the Pro Forma Analysis. The following table provides a summary of net hotel revenue in year 2022.

**Figure 44 Summary of Incremental Hotel Revenue (millions) - Stabilized Year (2022)**

	Alternative				
	A (2022)	B (2022)	C (2022)	D (2022)	E (2022)
<b>Operations Revenue</b>					
Revenue (Millions)	\$7.0	\$7.0	\$7.0	\$2.0	\$7.0
Less Substitution	\$1.5	\$1.5	\$2.3	\$2.2	\$1.9
<b>Total</b>	<b>\$5.6</b>	<b>\$5.6</b>	<b>\$4.7</b>	<b>\$1.8</b>	<b>\$5.1</b>

Source: Pro Forma Advisors

## Retail

The following table present a summary of the large-scale outdoor retail revenue potential in year 2022. With the exception of the Non-Gaming Alternative (Alternative D) and Expansion Alternative (Alternative F) the development alternatives that include the proposed large-scale outdoor retail are anticipated to generate between \$47.0 and \$42.6 million after accounting for market substitution in year 2022.

**Figure 45 Summary of Incremental Retail Revenue (millions) - Stabilized Year (2022)**

	Alternative			
	A (2022)	C (2022)	D (2022)	E (2022)
<b>Large-Scale Outdoor Retail</b>				
Square Feet (SF)	130,000	130,000	120,000	120,000
Sales Productivity per SF	\$434	\$434	\$434	\$434
Revenue (Millions)	\$56.4	\$56.4	\$52.0	\$52.0
Less Substitution	\$9.5	\$9.5	\$9.4	\$9.4
<b>Total</b>	<b>\$46.9</b>	<b>\$46.9</b>	<b>\$42.7</b>	<b>\$42.7</b>

Source: Pro Forma Advisors

## Development Cost Summary

The following table highlights the projections for the Proposed Project and the Project Alternative. The estimated cost of development ranges significantly based on the alternative and associated level of proposed development.

**Figure 46 Summary of Estimated Development Costs (2017 millions of dollars)**

	Alternative					
	A (2016)	B (2016)	C (2016)	D (2016)	E (2016)	F (2016)
Casino/Hotel	\$165.9	\$165.9	\$147.8	\$35.9	\$190.9	\$43.3
Large Scale Outdoor Retail	\$32.5	\$0.0	\$32.5	\$30.0	\$30.0	\$0.0
<b>Total</b>	<b>\$198.4</b>	<b>\$165.9</b>	<b>\$180.3</b>	<b>\$65.9</b>	<b>\$220.9</b>	<b>\$43.3</b>

Source: Pro Forma Advisors

## Impact Analysis

This section provides a general explanation of the methodology utilized to estimate the potential economic impacts, fiscal impacts, and community and social impacts of the proposed Project and proposed Project Alternatives. Following the methodology, where the model inputs are described, the impacts for the Project and Project Alternatives are discussed.

## Methodology and Base Assumptions

### Economic Impacts

Economic impact can be described as the sum of the economic activity within a defined geographic region resulting from an initial change in the economy. This initial change spurs a series of subsequent indirect and induced activities (the re-spending of dollars) as a result of interconnected economic relationships.

Economic impact is composed of the following components:

- ▶ **Direct Impact:** Direct Impact is the initial change in the economy attributed to the development of the proposed project, i.e. output, jobs, and labor income generated directly by the Project or Project Alternative.
- ▶ **Indirect and Induced Impact,** commonly referred to as the multiplier effect:
  - **Indirect Impact:** Additional output, earnings, and employment generated as a result of the purchases of the industries that supply goods and services to the development under consideration.
  - **Induced Impact:** Additional output, earnings, and employment generated by re-spending of employee income for household purchases.
- ▶ **Total Impact:** The cumulative impact of the above components.

Economic Impact is reported in terms of:

- ▶ **Output:** Output represents the value of industry production. In IMPLAN, the economic impact modeling software used in this analysis, these are annual production estimates for the year of the data set and are in producer prices.
- ▶ **Jobs:** In IMPLAN a job is equivalent to the the average monthly jobs in the corresponding industry. Thus, 1 job lasting 12 months, 2 jobs lasting 6 months each and 3 jobs lasting 4 months are all equivalent. A job could be either full-time or part-time. The one-time construction impact is inclusive of an estimate for all jobs over the development period.
- ▶ **Labor Income:** All forms of employment income including employee compensation (e.g. wages and benefits). Total income for the Project's related jobs (gaming, food & beverage, etc.) includes labor income.

Economic multipliers measure the re-spending of dollars in an economy and are used to calculate indirect and induced impact. Economic multipliers are developed using an accounting framework called Input-Output (I-O) tables, which are tables that provide information on all production activities and transactions between producers and consumers in an economy.

As noted, this analysis uses the IMPLAN Software to derive multipliers, key economic data, and total economic impact. IMPLAN is an economic impact assessment software system that assembles economic accounts using I-O tables and social accounting formats to derive multipliers.

The IMPLAN system is widely used throughout the public and private sectors to estimate the economic impact of changes in a regional economy.

The analysis quantifies: (1) the ongoing annual economic impact generated as a result of the stabilized operations of the Project and Project Alternatives; and (2) the one-time construction impact generated by the construction of the Project and Project Alternatives. Annual ongoing economic impact has been evaluated using a revenue approach through IMPLAN. In this approach, indirect and induced impact is determined based on estimated Project and Project Alternatives *revenue* as opposed to *expenditures*. This approach was utilized given the preliminary nature of the planning.

The Project and Project Alternatives are further analyzed to estimate locally-purchased goods, services, and employment.<sup>17</sup> The indirect and induced impact is then determined by applying multipliers to these local purchases, to estimate the re-spending generated within the City and County. The direct impact is then added back to the indirect and induced impact generated by locally purchased goods, services, and employees, in order to determine the total impact. Based on IMPLAN's estimates approximately 91 to 96 percent of construction and 51 to 76 percent of operations spending will be captured in the County, depending on the development scenario.

All model inputs are in the “event” year (e.g. operation data in inflated 2022 dollars), which is then adjusted by IMPLAN to run the impact analysis through the base year and then presented in constant 2017 dollars. The default model assumptions have not been adjusted in this analysis with the exception that retail revenue has been presented as gross retail sales or purchasers prices. As a result, the appropriate retail margin<sup>18</sup> has been applied and the impacts only reflect that marginalized retail value. Finally, as previously noted, all impacts are presented net of existing casino operations.

**Figure 47 Summary of Model Assumptions (Model Base Year 2015)**

Region	Jobs	Labor Income (Billions)	Output (Billions)
Shasta County	90,516	\$3.51	\$11.00

Source: IMPLAN and Pro Forma Advisors

The economic impact analysis does not considers that substitution can be an offsetting factor to the total economic impact beyond the adjustments previously discussed and noted in this analysis. Some may argue that a portion of spending may be substituted for other local economic consumption (e.g. other related activities), which is beyond the scope of this study.

<sup>17</sup> IMPLAN Regional Purchase Coefficients (RPC) are used to determine the share of each expenditure category assumed to be purchased locally. For each industry, the regional purchase amount represents the average locally-purchased amount of goods and services within the defined area. IMPLAN is also used to estimate detailed re-purchasing by expenditure category. Similarly, the “Locally-purchased employee earnings” are the earnings of employees who are residents of the City or County.

<sup>18</sup> The paid by industries and final users for the goods and services they use. Purchaser Prices is equal to producers value plus trade (wholesale and retail) margins and transportation costs.

## Fiscal Impacts

There will be fiscal revenue generated from the construction and operation of the proposed Project and Project Alternatives at the City, County, State, and federal levels from a variety of taxes. In some cases there may be tax exemptions due to purchases by the Tribe and its tax exempt status. The IMPLAN model creates a projection of the total taxes, such that these discounts are not reflected in the model's tax tables. All fiscal impacts are based on construction cost estimates and stabilized operation presented in constant 2017 dollars.

It should be noted that any increase in population or employment in the City and County may also result in fiscal costs and revenues as well. The primary anticipated fiscal costs (as applicable) are typically public safety related, which are discussed below in the social effect section. The City and County do not provide utilities (water, sewer, etc.) to the current Win-River casino facility. City power comes to the Tribal boundary, at which point it becomes Tribal power. As such, the Tribe is a customer of the City but incurs no direct fiscal costs. This said, the City does maintain and provide services associated with roadways and employees of the casino living within and outside the City.

The most immediate fiscal impact will occur once the Strawberry Fields Site is placed into trust by the United States and the land is then exempt from local and State taxation. The impact of the loss of property taxes will effect the proposed Project and Project Alternatives A, B, C, and D. Based on the secured tax roll for Fiscal Year July 1, 2016 to June 30, 2017 in the County, the loss of annual taxes would be \$33,962. Proposition 13 limits the properties' future value to increase at the inflation rate, which is measured by the lesser of the California consumer price index or two percent. The 2017 property tax estimate for the Strawberry Fields and Anderson sites, to be compared with fiscal impact of the Project and Project Alternatives, is \$34,641 and \$24,181, respectively.

**Figure 48 Strawberry Fields and Anderson Site Property Tax (Fiscal Year 7/1/16 - 6/30/17)**

Parcel	2016 Fee
Strawberry Fields Total Revenue	\$33,962
<i>Strawberry Fields Total Revenue (2017)</i>	<i>\$34,641</i>
Anderson Total Revenue	\$23,707
<i>Anderson Total Revenue (2017)</i>	<i>\$24,181</i>

Source: Shasta County and Pro Forma Advisors

## Community and Social Effects

A summary of the reported projected change in population, housing, employment, and public school enrollment are provided below, which will be compared against potential incremental growth created by the Project or Project Alternatives.

**Figure 49 Growth Estimate Summary (2016 - 2030)**

	2016	2030	Projected Change
<b>City</b>			
Population	90,230	99,555	9,325
Employment (1)	44,575	49,003	4,428
Housing	39,423	44,431	5,008
K-12 (2)	26,382	24,141	-2,241
<b>County</b>			
Population	178,592	193,928	15,336
Employment (1)	60,819	69,399	8,580
Housing	78,379	87,726	9,347
K-12 (2)	26,382	24,141	-2,241

Notes: (1) Employment (in-place) estimate based on extrapolation of 5-year employment trends based on US Census estimates; and (2) Public School projections available through 2015/2016 at County level only.

Source: Department of Finance; Shasta Regional Transportation Agency; and Pro Forma Advisors

## Employment

The unemployment rate in the County was 6.0 percent in April 2017, down from a revised 6.9 percent in March 2017, and below last years estimate of 7.0 percent. This compares with an unadjusted unemployment rate of 4.5 percent for the State and 4.1 percent for the nation during the same period.

Californians who have failed to find work and have stopped looking either because they believe no jobs are available for them ("discouraged" workers) or for any other reason ("marginally attached" workers) are not considered part of the labor force. It is estimated that the labor underutilization for the State is 11.1 percent. The estimate pertains to the averages from the second quarter of 2016 through the first quarter of 2017 in the State based on the U-6 classification.<sup>19</sup>

As such, It is assumed that most of the jobs created will be filled by local residents looking for work or a new job and some other jobs will be filled by people who live outside the City or County and commute in for work. Internal Revenue Service (IRS) 2011 - 2015 Statistic of Income (SOI) Tax Stats - Migration Data for the County were used to estimate new jobs induced from outside the County based on the Project and Project Alternatives. The five-year ratio of net new immigration income tax returns in relation to net new job growth suggests that, on average, 12.06 percent of new

<sup>19</sup> Total unemployed, plus all marginally attached workers, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all marginally attached workers.

employment is from new residents migrating to the County from areas outside the County. This benchmark has been used as an assumption in the analysis to estimate the impact of future non-County induced employment.

## Calls for Service

The social effects have been estimated utilizing a fair share analysis based on the current level of calls for service initiated by the casino. Using the high-range estimate (5 per month) for casino initiated calls for service to the County Sheriff, the current facility would represent under 0.1 percent of all calls in the County. The analysis has also assumed that the existing casino operations creates additional calls for service that are not initiated by the Win-River Casino. There is no historic basis for the estimate, but a similar non-casino related estimate (5 per month) has been utilized. In total there are an estimated 120 call for service per year based on current casino related operations. Additional calls for services is based on the assumed increase in annual visitors on a pro-rata basis. This ranges from a high of approximately 29 percent (Project Alternatives A and B) to 0 percent (Project Alternative D).

**Figure 50 Annual Casino Calls for Service Estimate (2016)**

	CFS per Month	CFS per Year	Casino Visitation Increase
Existing CFS			
Casino	5	60	0%
Additional (Non-Casino)	5	60	0%
Total	10	120	0%
Incremental CFS			
Project (A)	3	35	29%
Project with No Big Box (B)	3	35	29%
Reduced Intensity (C)	2	24	20%
Non-Gaming (D)	0	0	0%
Anderson Site (E)	2	25	21%
Expansion (F)	1	6	5%

Note: CFS = Call for Service

Source: Win-River Resort & Casino and Pro Forma Advisors

Additional calls for service will originate with the development of the large-scale outdoor sporting store and hotel. The following calls for service data have been extrapolated from the Police Service Impact Report for a Proposed Wal-Mart in the City of Galt (Police Service Impact Study) and reported City data. Based on the Police Service Impact Study, it was estimated that 24-hour operating Wal-Mart stores, on average, generate 118 calls for service per 100,000 square feet of retail space per year. The benchmark has been adjusted by 46 percent to align with the estimated hours of operations of the large-sale outdoor sporting goods store. This would project to 65 and 71 average calls for service for the 120,000 square feet and 130,00 square feet development, respectively.

**Figure 51 Annual Large-Scale Retail Calls for Service Benchmarks**

	120,000 SF	130,000 SF
CFS per 100,000 SF	118	118
Annual CFS Estimate	142	154
Hours of Operation		
Survey Hours of Operation	24	24
Large-Scale Outdoor Sporting Goods Store Hours of Operation	11	11
Percent of Total Hours of Operation	46%	46%
Estimated CFS for Large-Scale Outdoor Sporting Goods Store	65	71

Note: CFS = Call for Service

Source: Robert Olson Associates, "Police Service Impact Report - Proposed Wal-Mart Store City of Galt, California" (2008) and Pro Forma Advisors

Additional research was conducted to establish calls for service benchmarks for the hotel development on a per room basis. Below provides the findings for local, state and national municipalities, which include high calls for service ratios for distressed properties in less desirable locations (City of Redding and Costa Mesa) as well as a range of averages based various annual calls for service data. The annual estimate for the Project and Project Alternatives of 0.25 calls for service per hotel room was utilized because the proposed hotel development will be high quality and thus less likely to generate a large number of calls for service requests, which is aligned with the observed ratio in Chula Vista as well as the Tier 1 benchmark in Branson, Missouri.

**Figure 52 Annual Hotel and Retail Calls for Service Benchmarks**

	Annual CFS per Room
City	
City of Redding, CA (1)	2.20
City of Costa Mesa, CA (2)	4.80
City of Chula Vista, CA (3)	0.22
City of Branson, MO (4)	
Tier 1	Less than 0.25
Tier 2	0.25 - 0.99
Tier 3	Greater than 1.0
Estimate	0.25
Hotel Rooms	
250 Rooms (166 net new)	42
128 Rooms (44 net new)	11

Note: CFS = Call for Service (1) Represents most often cited hotels for CFS, seven month period extrapolated to 12-month period; (2) High benchmark for CFS; (3) Average CFS; (4) Low, mid, and high benchmarks for CFS.

Source: City of Redding Police Department, Los Angeles Times, City of Chula Vista, Branson Tri-Lakes News



## Model Inputs

### Construction (One-Time) Impacts

The following table summarizes previous presented information to present the estimated construction costs of the Project and Project Alternatives and the corresponding IMPLAN model input/output categories by code and description.

**Figure 53 Summary of Economic Impact Construction Inputs (Millions \$2017)**

Alternative	Facility	Parking (Structure)	Parking (Surface)	FF&E (Slots)	FF&E (Other)	Soft Costs	Cont.	Site Work / Other	Non- Casino Retail	Total	Total Less FF&E (Slots)
Project (A)	\$88.2	\$14.4	\$2.1	\$10.0	\$15.4	\$20.5	\$10.3	\$5.0	\$32.5	\$198.4	<b>\$188.4</b>
Project with No Big Box (B)	\$88.2	\$14.4	\$2.1	\$10.0	\$15.4	\$20.5	\$10.3	\$5.0	\$0.0	\$165.9	<b>\$155.9</b>
Reduced Intensity (C)	\$82.3	\$14.4	\$0.0	\$2.5	\$14.5	\$19.4	\$9.7	\$5.0	\$32.5	\$180.3	<b>\$177.8</b>
Non-Gaming (D)	\$21.6	\$0.0	\$0.7	\$0.0	\$3.2	\$4.3	\$1.1	\$5.0	\$30.0	\$65.9	<b>\$65.9</b>
Anderson Site (E)	\$88.2	\$14.4	\$2.1	\$10.0	\$15.4	\$20.5	\$10.3	\$30.0	\$30.0	\$220.9	<b>\$210.9</b>
Expansion (F)	\$4.0	\$15.1	\$0.0	\$3.6	\$2.9	\$3.8	\$1.9	\$12.0	\$0.0	\$43.3	<b>\$39.7</b>

Development Category	IMPLAN Code	IMPLAN Description
Facility	57	Construction of new commercial structures, including farm structures
Parking	58	Construction of other new nonresidential structures
Parking (Structure)	58	Construction of other new nonresidential structures
FF&E (Other)	450	Specialized design services
Soft Costs	449	Architectural, engineering, and related services
Cont.	58	Construction of other new nonresidential structures
Site Work/Other	58	Construction of other new nonresidential structures
Non-Casino Retail	57	Construction of new commercial structures, including farm structures

Note: Cont. = Contingency

Source: IMPLAN and Pro Forma Advisors

## Operations (On-Going) Impacts

The following table summarizes previous presented information to present the estimated operation revenues of the Project and Project Alternatives and the corresponding IMPLAN model input/output categories by code and description.

**Figure 54 Summary of Economic Impact Operation Inputs (Millions \$2022)**

Alternative	Casino	Hotel	Casino F&B	Casino Retail	Non-Casino Retail	Total
Project (A)	\$34.7	\$5.6	\$4.6	\$0.3	\$46.9	<b>\$92.1</b>
Project with No Big Box (B)	\$34.7	\$5.6	\$4.6	\$0.3	\$0.0	<b>\$45.2</b>
Reduced Intensity (C)	\$24.6	\$4.7	\$3.7	\$0.3	\$46.9	<b>\$80.2</b>
Non-Gaming (D)	\$0.0	\$1.8	\$2.7	\$0.2	\$42.7	<b>\$47.4</b>
Anderson Site (E)	\$27.9	\$5.1	\$4.0	\$0.3	\$42.7	<b>\$80.0</b>
Expansion (F)	\$2.9	\$0.0	\$1.5	\$0.1	\$0.0	<b>\$4.5</b>

Development Category	IMPLAN Code	IMPLAN Description
Casino	495	Gambling industries (except casino hotels)
Hotel	499	Hotels and motels, including casino hotels
Casino (F&B)	501	Full-service restaurants
Casino (Retail)	406	Retail - Miscellaneous store retailers
Non-Casino Retail	404	Retail - Sporting goods, hobby, musical instrument and book stores

Note: Operation impacts are net of closure/renovation of existing facility and substitution.

Source: IMPLAN and Pro Forma Advisors

## Alternative A - Project

### Economic Impacts

The following summarizes the economic impacts anticipated to result from the Project (Alternative A).

#### Construction

The one-time construction of the Project is anticipated to create the need for 2,127 temporary jobs. A summary of direct, indirect/induced, and total impact generated by Project construction is included below. The Project's one-time construction related impact on the County is estimated to create \$99.1 million in income earnings and \$270.6 million in output.

**Figure 55 Summary of Economic Impact of Alternative A Construction (Millions of 2017 dollars)**

Impact Type	Jobs	Labor Income	Output
Direct	1,372	\$67.6	\$175.4
Indirect/Induced	756	\$31.4	\$95.2
Total	2,127	\$99.1	\$270.6

Source: IMPLAN

#### Operations

As of stabilization in 2022, total Project direct employment of 921 jobs is expected. A summary of direct, indirect/induced, and total impact generated by Project operations is included below. As of 2022, the Project's ongoing operational impact on the County (presented in 2017 dollars) is estimated to include \$23.9 million in income earnings and \$82.2 million in output.

**Figure 56 Summary of Economic Impact of Alternative A Operations (Millions of 2017 dollars)**

Impact Type	Jobs	Labor Income	Output
Direct	650	\$14.2	\$50.4
Indirect/Induced	271	\$9.7	\$31.8
Total	921	\$23.9	\$82.2

Source: IMPLAN

## Fiscal Impacts

There will be fiscal impacts resulting from the construction and operation of Alternative A at the County, State, and federal level from a variety of taxes.

### Construction

The one time State and Local Tax (inclusive of City and County) are estimated at \$12.2 million, which reflect the significant taxes associated with construction materials. An additional \$22.3 million would be paid in federal taxes largely driven by taxes related to labor.

**Figure 57 Summary of Fiscal Impact of Alternative A Construction (2017 dollars)**

Description	Job Comp.	Proprietor Income	Tax on Production and Imports	HH	Corp.	Total
<b>State and Local Tax</b>						
Dividends	\$0	\$0	\$0	\$0	\$24,611	\$24,611
Social Insurance Tax	\$312,320	\$0	\$0	\$0	\$0	\$312,320
Tax on Production and Imports	\$0	\$0	\$7,913,916	\$0	\$0	\$7,913,916
Corporate Profits Tax	\$0	\$0	\$0	\$0	\$296,948	\$296,948
Personal Tax	\$0	\$0	\$0	\$3,615,782	\$0	\$3,615,782
<b>Total State and Local Tax</b>	<b>\$312,320</b>	<b>\$0</b>	<b>\$7,913,916</b>	<b>\$3,615,782</b>	<b>\$321,559</b>	<b>\$12,163,577</b>
<b>Federal Tax</b>						
Social Insurance Tax	\$9,991,038	\$882,935	\$0	\$0	\$0	\$10,873,973
Tax on Production and Imports	\$0	\$0	\$1,054,166	\$0	\$0	\$1,054,166
Corporate Profits Tax	\$0	\$0	\$0	\$0	\$1,984,528	\$1,984,528
Personal Tax	\$0	\$0	\$0	\$8,407,436	\$0	\$8,407,436
<b>Total Federal Tax</b>	<b>\$9,991,038</b>	<b>\$882,935</b>	<b>\$1,054,166</b>	<b>\$8,407,436</b>	<b>\$1,984,528</b>	<b>\$22,320,103</b>

Note: Job Comp. = Job Compensation; HH = Household; Corp. = Corporation

Source: IMPLAN

### Operations

As noted, in some instances direct taxes may not be applicable due to sales and property tax exemptions applicable to the Tribe. The IMPLAN model projects total taxes without consideration of these exemptions. As such, the IMPLAN model was adjusted to remove the direct tax impacts and only include the secondary tax impacts (indirect and induced) to more accurately reflect the alternatives fiscal impact of the Project's operations.

The ongoing State and Local Tax are estimated at \$1.9 million, which reflect the taxes associated with operation related costs. An additional \$2.4 million would be paid in federal taxes largely driven by taxes related to labor. Notwithstanding

Tribal tax exemptions, given the level of projected tax revenue, it is reasonable to assume that the operations will exceed the loss in property related taxes due to moving the Strawberry Fields Site into trust.

**Figure 58 Summary of Fiscal Impact of Alternative A Operations (2017 dollars)**

Description	Job Comp.	Proprietor Income	Tax on Production and Imports	HH	Corp.	Total
<b>State and Local Tax</b>						
Dividends	\$0	\$0	\$0	\$0	\$4,774	\$4,774
Social Insurance Tax	\$29,736	\$0	\$0	\$0	\$0	\$29,736
Tax on Production and Imports	\$0	\$0	\$1,475,014	\$0	\$0	\$1,475,014
Corporate Profits Tax	\$0	\$0	\$0	\$0	\$57,603	\$57,603
Personal Tax	\$0	\$0	\$0	\$352,945	\$0	\$352,945
<b>Total State and Local Tax</b>	<b>\$29,736</b>	<b>\$0</b>	<b>\$1,475,014</b>	<b>\$352,945</b>	<b>\$62,377</b>	<b>\$1,920,072</b>
<b>Federal Tax</b>						
Social Insurance Tax	\$951,265	\$93,588	\$0	\$0	\$0	\$1,044,853
Tax on Production and Imports	\$0	\$0	\$196,478	\$0	\$0	\$196,478
Corporate Profits Tax	\$0	\$0	\$0	\$0	\$384,967	\$384,967
Personal Tax	\$0	\$0	\$0	\$820,667	\$0	\$820,667
<b>Total Federal Tax</b>	<b>\$951,265</b>	<b>\$93,588</b>	<b>\$196,478</b>	<b>\$820,667</b>	<b>\$384,967</b>	<b>\$2,446,965</b>

Note: Job Comp. = Job Compensation; HH = Household; Corp. = Corporation

Source: IMPLAN

## Social and Community Effects

There could be a number of growth related impacts on the City or County based on the need for additional jobs, housing, and education that might increase demand (municipal service costs) for public services. Growth in both the construction and operational phase will be based on the creation of new full-time equivalent jobs and the secondary impacts on household foundation and educational requirements. It is important to note that all construction related job growth is considered to be temporary jobs that do not impact municipal costs given the nature of the construction industry. All jobs created by the Project and related impacts are discussed below.

Analyzing the potential impact of growth due to operations, the amount of projected population, housing, and public school capacity seem to be sufficient to accommodate projected growth. Based on these projections, the available housing supply or municipal costs will not be unduly burdened by the Project in the City or County. Due to diverse housing preferences it is assumed that enrollments will occur throughout the County and minimize the potential impacts at any particular school.

**Figure 59 Alternative A Growth Impact Analysis (Operations)**

	New Jobs	New FTE Jobs (Impact Jobs x .94)	New FTE Located in the County (FTE Jobs x 71.6%)	New FTE Located in the City (FTE Jobs x 44.0%)	Induced Growth from Outside of County (FTE Jobs x 12.1%)	
					City	County
Project	921	869	622	382	46	75

Notes: Assumes that 71.6 percent of new employees will live and work in Shasta County based on US Census 2014 and excludes those new employees estimated to work in the City of Redding. Assumes that 44.0 percent of new employees will live and work in the City of Redding based on US Census 2014 estimates; Employment (in-place) estimate based on extrapolation of IRS 2011 - 2015 SOI Tax Stats - Migration Data for Shasta County, which suggests that 12.06 percent of new employment is from in-migration based on the ratio of net new income tax returns in relation to net new job growth. FTE = Full-time equivalent job.

	2016	2030	Projected Change	Induced Growth from Outside of County	Growth as Percent of Projected Change
<b>City of Redding</b>					
Population (1)	90,230	99,555	9,325	87	0.9%
Employment (2)	44,575	49,003	4,428	46	1.0%
Housing (3)	39,423	44,431	5,008	48	1.0%
<b>Shasta County</b>					
Population (1)	178,592	193,928	15,336	180	1.2%
Employment (2)	60,819	69,399	8,580	75	0.9%
Housing (3)	78,379	87,726	9,347	79	0.8%
K-12 (4)	26,382	24,141	-2,241	40	-1.8%

Notes: (1) Analysis assumes ratio of 1.9 persons per household based on IRS 2011 - 2015 SOI Tax Stats - Migration Data for Shasta County; (2) Please see table above. (3) Assumes current ratio of 0.95 jobs per household; and (4) Public School projections available through 2015/2016 at County level only and analysis assumes current ratio of 22 percent of households having children that may require public school education.

Source: Department of Finance; IRS; Shasta Regional Transportation Agency; and Pro Forma Advisors

Based on the literature review, there is no conclusive evidence that legalized gambling increases the pathological or problem gaming. Furthermore, there is little correlation with legalized gambling and crime. Based on the existing reported CFS at the casino, the development would have little overall impact on public safety adding only 30 additional CFS based on the Project.

**Figure 60 Alternative A Calls for Service Estimate (Stabilized Year)**

	Casino			Hotel			Retail			Total
	Existing CFS	Attendance Increase	Net New CFS	New Rooms	CFS per Room	Net New CFS	New Retail (SF)	CFS per SF	Net New CFS	Net New CFS
Project	120	29%	35	166	0.25	42	130,000	54.3	71	147

Source: Win-River Resort & Casino and Pro Forma Advisors

## Alternative B - Project with No Big Box Retail Alternative

### Economic Impacts

The following summarizes the economic impacts anticipated to result from the Project Alternative B (Project with no Big Box Retail).

#### Construction

The one-time construction of the Project is anticipate to create the need for 1,745 temporary jobs. A summary of direct, indirect/induced, and total impact generated by Project Alternative B construction is included below. The Project Alternative B's one-time construction related impact on the County is estimated to create \$81.4 million in income earnings and \$221.4 million in output.

**Figure 61 Summary of Economic Impact of Alternative B Construction (Millions of 2017 dollars)**

Impact Type	Jobs	Labor Income	Output
Direct	1,114	\$55.2	\$142.6
Indirect/Induced	631	\$26.1	\$78.8
Total	1,745	\$81.4	\$221.4

Source: IMPLAN

#### Operations

As of stabilization in 2022, total Project Alternative B's direct employment of 494 jobs is expected. A summary of direct, indirect/induced, and total impact generated by Project Alternative B operations is included below. As of 2022, the Project Alternative B's ongoing operational impact on the County (presented in 2017 dollars) is estimated to include \$11.9 million in earnings and \$50.7 million in output.

**Figure 62 Summary of Economic Impact of Alternative B Operations (Millions of 2017 dollars)**

Impact Type	Jobs	Labor Income	Output
Direct	319	\$5.9	\$30.7
Indirect/Induced	175	\$6.0	\$20.0
Total	494	\$11.9	\$50.7

Source: IMPLAN

## Fiscal Impacts

### Construction

The one time State and Local Tax are estimated at \$9.9 million, which reflect the significant taxes associated with construction materials. An additional \$18.3 million would be paid in federal taxes largely driven by taxes related to labor.

**Figure 63 Summary of Fiscal Impact of Alternative B Construction (2017 dollars)**

Description	Job Comp.	Proprietor Income	Tax on Production and Imports	HH	Corp.	Total
<b>State and Local Tax</b>						
Dividends	\$0	\$0	\$0	\$0	\$19,844	\$19,844
Social Insurance Tax	\$255,441	\$0	\$0	\$0	\$0	\$255,441
Tax on Production and Imports	\$0	\$0	\$6,423,665	\$0	\$0	\$6,423,665
Corporate Profits Tax	\$0	\$0	\$0	\$0	\$239,439	\$239,439
Personal Tax	\$0	\$0	\$0	\$2,970,650	\$0	\$2,970,650
<b>Total State and Local Tax</b>	<b>\$255,441</b>	<b>\$0</b>	<b>\$6,423,665</b>	<b>\$2,970,650</b>	<b>\$259,283</b>	<b>\$9,909,039</b>
<b>Federal Tax</b>						
Social Insurance Tax	\$8,171,491	\$736,803	\$0	\$0	\$0	\$8,908,294
Tax on Production and Imports	\$0	\$0	\$855,658	\$0	\$0	\$855,658
Corporate Profits Tax	\$0	\$0	\$0	\$0	\$1,600,187	\$1,600,187
Personal Tax	\$0	\$0	\$0	\$6,907,374	\$0	\$6,907,374
<b>Total Federal Tax</b>	<b>\$8,171,491</b>	<b>\$736,803</b>	<b>\$855,658</b>	<b>\$6,907,374</b>	<b>\$1,600,187</b>	<b>\$18,271,513</b>

Note: Job Comp. = Job Compensation; HH = Household; Corp. = Corporation

Source: IMPLAN



## Operations

The ongoing State and Local Tax are estimated at \$1.2 million, which reflect the taxes associated with indirect and induced operation related costs. An additional \$1.5 million would be paid in federal taxes largely driven by taxes related to labor. Given the level of projected tax revenue, it is reasonable to assume that the operations will exceed the loss in property related taxes due to moving the Strawberry Fields Site into trust. Direct taxes have been removed to account for tax exemptions applicable to the Tribe.

**Figure 64 Summary of Fiscal Impact of Alternative B Operations (2017 dollars)**

Description	Job Comp.	Proprietor Income	Tax on Production and Imports	HH	Corp.	Total
<b>State and Local Tax</b>						
Dividends	\$0	\$0	\$0	\$0	\$3,099	\$3,099
Social Insurance Tax	\$18,090	\$0	\$0	\$0	\$0	\$18,090
Tax on Production and Imports	\$0	\$0	\$889,415	\$0	\$0	\$889,415
Corporate Profits Tax	\$0	\$0	\$0	\$0	\$37,400	\$37,400
Personal Tax	\$0	\$0	\$0	\$220,257	\$0	\$220,257
<b>Total State and Local Tax</b>	<b>\$18,090</b>	<b>\$0</b>	<b>\$889,415</b>	<b>\$220,257</b>	<b>\$40,499</b>	<b>\$1,168,261</b>
<b>Federal Tax</b>						
Social Insurance Tax	\$578,723	\$63,009	\$0	\$0	\$0	\$641,732
Tax on Production and Imports	\$0	\$0	\$118,473	\$0	\$0	\$118,473
Corporate Profits Tax	\$0	\$0	\$0	\$0	\$249,952	\$249,952
Personal Tax	\$0	\$0	\$0	\$512,141	\$0	\$512,141
<b>Total Federal Tax</b>	<b>\$578,723</b>	<b>\$63,009</b>	<b>\$118,473</b>	<b>\$512,141</b>	<b>\$249,952</b>	<b>\$1,522,298</b>

Note: Job Comp. = Job Compensation; HH = Household; Corp. = Corporation

Source: IMPLAN

## Community and Social Effects

Similar to the Project, given growth projections there does not appear to be any community and social impacts of the development for Project Alternative B.

**Figure 65 Alternative B Growth Impact Analysis**

	New Jobs	New FTE Jobs (Impact Jobs x .94)	New FTE Located in the County (FTE Jobs x 71.6%)	New FTE Located in the City (FTE Jobs x 44.0%)	Induced Growth from Outside of County (FTE Jobs x 12.1%)	
					City	County
Project	494	466	333	205	25	40

Notes: Assumes that 71.6 percent of new employees will live and work in Shasta County based on US Census 2014 and excludes those new employees estimated to work in the City of Redding. Assumes that 44.0 percent of new employees will live and work in the City of Redding based on US Census 2014 estimates; Employment (in-place) estimate based on extrapolation of IRS 2011 - 2015 SOI Tax Stats - Migration Data for Shasta County, which suggests that 12.06 percent of new employment is from in-migration based on the ratio of net new income tax returns in relation to net new job growth. FTE = Full-time equivalent job.

	2016	2030	Projected Change	Induced Growth from Outside of County	Growth as Percent of Projected Change
<b>City of Redding</b>					
Population (1)	90,230	99,555	9,325	48	0.5%
Employment (2)	44,575	49,003	4,428	25	0.6%
Housing (3)	39,423	44,431	5,008	26	0.5%
<b>Shasta County</b>					
Population (1)	178,592	193,928	15,336	96	0.6%
Employment (2)	60,819	69,399	8,580	40	0.5%
Housing (3)	78,379	87,726	9,347	42	0.5%
K-12 (4)	26,382	24,141	-2,241	21	-0.9%

Notes: (1) Analysis assumes ratio of 1.9 persons per household based on IRS 2011 - 2015 SOI Tax Stats - Migration Data for Shasta County; (2) Please see table above. (3) Assumes current ratio of 0.95 jobs per household; and (4) Public School projections available through 2015/2016 at County level only and analysis assumes current ratio of 22 percent of households having children that may require public school education.

Source: Department of Finance; IRS; Shasta Regional Transportation Agency; and Pro Forma Advisors

**Figure 66 Alternative B Calls for Service Estimate (Stabilized Year)**

	Casino			Hotel			Retail			Total
	Existing CFS	Attendance Increase	Net New CFS	New Rooms	CFS per Room	Net New CFS	New Retail (SF)	CFS per SF	Net New CFS	Net New CFS
Project with No Big Box	120	29%	35	166	0.25	42	0	54.3	0	76

Source: Win-River Resort & Casino and Pro Forma Advisors

## Alternative C - Reduced Intensity Alternative

### Economic Impacts

The following summarizes the economic impacts anticipated to result from the Project Alternative C (Reduced Intensity Alternative).

#### Construction

The one-time construction of the Project is anticipate to create the need for 2,008 temporary jobs. A summary of direct, indirect/induced, and total impact generated by Project Alternative C construction is included below. The Project Alternative C's one-time construction related impact on the County is estimated to create \$93.5 million in income earnings and \$255.4 million in output.

**Figure 67 Summary of Economic Impact of Alternative C Construction (Millions of 2017 dollars)**

Impact Type	Jobs	Income	Output
Direct	1,295	\$63.8	\$165.5
Indirect/Induced	713	\$29.7	\$89.8
Total	2,008	\$93.5	\$255.4

Source: IMPLAN

#### Operations

As of stabilization in 2022, total Project Alternative C's direct employment of 780 jobs is expected. A summary of direct, indirect/induced, and total impact generated by Project operations is included below. As of 2022, the Project Alternative C's ongoing operational impact on the County (presented in 2017 dollars) is estimated to include \$20.6 million in earnings and \$68.0 million in output.

**Figure 68 Summary of Economic Impact of Alternative C Operations (Millions of 2017 dollars)**

Impact Type	Jobs	Income	Output
Direct	558	\$12.7	\$41.9
Indirect/Induced	222	\$8.0	\$26.2
Total	780	\$20.6	\$68.0

Source: IMPLAN

## Fiscal Impacts

### Construction

The one time State and Local Tax are estimated at \$11.5 million, which reflect the significant taxes associated with construction materials. An additional \$21.1 million would be paid in federal taxes largely driven by taxes related to labor.

**Figure 69 Summary of Fiscal Impact of Alternative C Construction (2017 dollars)**

Description	Job Comp.	Proprietor Income	Tax on Production and Imports	HH	Corp.	Total
<b>State and Local Tax</b>						
Dividends	\$0	\$0	\$0	\$0	\$23,220	\$23,220
Social Insurance Tax	\$295,025	\$0	\$0	\$0	\$0	\$295,025
Tax on Production and Imports	\$0	\$0	\$7,471,916	\$0	\$0	\$7,471,916
Corporate Profits Tax	\$0	\$0	\$0	\$0	\$280,173	\$280,173
Personal Tax	\$0	\$0	\$0	\$3,413,037	\$0	\$3,413,037
<b>Total State and Local Tax</b>	<b>\$295,025</b>	<b>\$0</b>	<b>\$7,471,916</b>	<b>\$3,413,037</b>	<b>\$303,393</b>	<b>\$11,483,371</b>
<b>Federal Tax</b>						
Social Insurance Tax	\$9,437,777	\$831,279	\$0	\$0	\$0	\$10,269,056
Tax on Production and Imports	\$0	\$0	\$995,291	\$0	\$0	\$995,291
Corporate Profits Tax	\$0	\$0	\$0	\$0	\$1,872,419	\$1,872,419
Personal Tax	\$0	\$0	\$0	\$7,936,013	\$0	\$7,936,013
<b>Total Federal Tax</b>	<b>\$9,437,777</b>	<b>\$831,279</b>	<b>\$995,291</b>	<b>\$7,936,013</b>	<b>\$1,872,419</b>	<b>\$21,072,779</b>

Note: Job Comp. = Job Compensation; HH = Household; Corp. = Corporation

Source: IMPLAN

## Operations

The ongoing State and Local Tax are estimated at \$1.6 million, which reflect the taxes associated with indirect and induced operation related costs. An additional \$2.0 million would be paid in federal taxes largely driven by taxes related to labor. Given the level of projected tax revenue, it is reasonable to assume that the operations will exceed the loss in property related taxes due to moving the Strawberry Fields Site into trust. Direct taxes have been removed to account for tax exemptions applicable to the Tribe.

**Figure 70 Summary of Fiscal Impact of Alternative C Operations (2017 dollars)**

Description	Job Comp.	Proprietor Income	Tax on Production and Imports	HH	Corp.	Total
<b>State and Local Tax</b>						
Dividends	\$0	\$0	\$0	\$0	\$3,902	\$3,902
Social Insurance Tax	\$24,707	\$0	\$0	\$0	\$0	\$24,707
Tax on Production and Imports	\$0	\$0	\$1,228,224	\$0	\$0	\$1,228,224
Corporate Profits Tax	\$0	\$0	\$0	\$0	\$47,084	\$47,084
Personal Tax	\$0	\$0	\$0	\$291,463	\$0	\$291,463
<b>Total State and Local Tax</b>	<b>\$24,707</b>	<b>\$0</b>	<b>\$1,228,224</b>	<b>\$291,463</b>	<b>\$50,986</b>	<b>\$1,595,380</b>
<b>Federal Tax</b>						
Social Insurance Tax	\$790,359	\$75,803	\$0	\$0	\$0	\$866,162
Tax on Production and Imports	\$0	\$0	\$163,603	\$0	\$0	\$163,603
Corporate Profits Tax	\$0	\$0	\$0	\$0	\$314,671	\$314,671
Personal Tax	\$0	\$0	\$0	\$677,710	\$0	\$677,710
<b>Total Federal Tax</b>	<b>\$790,359</b>	<b>\$75,803</b>	<b>\$163,603</b>	<b>\$677,710</b>	<b>\$314,671</b>	<b>\$2,022,146</b>

Note: Job Comp. = Job Compensation; HH = Household; Corp. = Corporation

Source: IMPLAN

## Community and Social Effects

Similar to the Project, given growth projections there does not appear to be any community and social impacts of the development for Project Alternative C.

**Figure 71 Alternative C Growth Impact Analysis**

	New Jobs	New FTE Jobs (Impact Jobs x .94)	New FTE Located in the County (FTE Jobs x 71.6%)	New FTE Located in the City (FTE Jobs x 44.0%)	Induced Growth from Outside of County (FTE Jobs x 12.1%)	
					City	County
Project	780	736	527	323	39	63

Notes: Assumes that 71.6 percent of new employees will live and work in Shasta County based on US Census 2014 and excludes those new employees estimated to work in the City of Redding. Assumes that 44.0 percent of new employees will live and work in the City of Redding based on US Census 2014 estimates; Employment (in-place) estimate based on extrapolation of IRS 2011 - 2015 SOI Tax Stats - Migration Data for Shasta County, which suggests that 12.06 percent of new employment is from in-migration based on the ratio of net new income tax returns in relation to net new job growth. FTE = Full-time equivalent job.

	2016	2030	Projected Change	Induced Growth from Outside of County	Growth as Percent of Projected Change
<b>City of Redding</b>					
Population (1)	90,230	99,555	9,325	74	0.8%
Employment (2)	44,575	49,003	4,428	39	0.9%
Housing (3)	39,423	44,431	5,008	41	0.8%
<b>Shasta County</b>					
Population (1)	178,592	193,928	15,336	151	1.0%
Employment (2)	60,819	69,399	8,580	63	0.7%
Housing (3)	78,379	87,726	9,347	66	0.7%
K-12 (4)	26,382	24,141	-2,241	33	-1.5%

Notes: (1) Analysis assumes ratio of 1.9 persons per household based on IRS 2011 - 2015 SOI Tax Stats - Migration Data for Shasta County; (2) Please see table above. (3) Assumes current ratio of 0.95 jobs per household; and (4) Public School projections available through 2015/2016 at County level only and analysis assumes current ratio of 22 percent of households having children that may require public school education.

Source: Department of Finance; IRS; Shasta Regional Transportation Agency; and Pro Forma Advisors

**Figure 72 Alternative C Calls for Service Estimate (Stabilized Year)**

	Casino			Hotel			Retail			Total
	Existing CFS	Attendance Increase	Net New CFS	New Rooms	CFS per Room	Net New CFS	New Retail (SF)	CFS per SF	Net New CFS	Net New CFS
Reduced Intensity	120	20%	24	166	0.25	42	130,000	54.3	71	136

Source: Win-River Resort & Casino and Pro Forma Advisors

## Alternative D - Non-Gaming Alternative

### Economic Impacts

The following summarizes the economic impacts anticipated to result from the Project Alternative D (Non-Gaming Alternative).

#### Construction

The one-time construction of the Project is anticipated to create the need for 757 temporary jobs. A summary of direct, indirect/induced, and total impact generated by Project Alternative D construction is included below. The Project Alternative D's one-time construction related impact on the County is estimated to create \$35.2 million in income earnings and \$96.7 million in output.

**Figure 73 Summary of Economic Impact of Alternative D Construction (Millions of 2017 dollars)**

Impact Type	Jobs	Income	Output
Direct	497	\$24.2	\$63.4
Indirect/Induced	260	\$10.9	\$33.3
Total	757	\$35.2	\$96.7

Source: IMPLAN

#### Operations

As of stabilization in 2022, total Project Alternative D's direct employment of 445 jobs is expected. A summary of direct, indirect/induced, and total impact generated by Project Alternative D operations is included below. As of 2022, the Project Alternative D's ongoing operational impact on the County (presented in 2017 dollars) is estimated to include \$12.3 million in earnings and \$32.0 million in output.

**Figure 74 Summary of Economic Impact of Alternative D Operations (Millions of 2017 dollars)**

Impact Type	Jobs	Income	Output
Direct	346	\$8.6	\$20.1
Indirect/Induced	98	\$3.7	\$12.0
Total	445	\$12.3	\$32.0

Source: IMPLAN

## Fiscal Impacts

### Construction

The one time State and Local Tax are estimated at \$4.4 million, which reflect the significant taxes associated with construction materials. An additional \$8.0 million would be paid in federal taxes largely driven by taxes related to labor.

**Figure 75 Summary of Fiscal Impact of Alternative D Construction (2017 dollars)**

Description	Job Comp.	Proprietor Income	Tax on Production and Imports	HH	Corp.	Total
<b>State and Local Tax</b>						
Dividends	\$0	\$0	\$0	\$0	\$9,036	\$9,036
Social Insurance Tax	\$111,697	\$0	\$0	\$0	\$0	\$111,697
Tax on Production and Imports	\$0	\$0	\$2,870,157	\$0	\$0	\$2,870,157
Corporate Profits Tax	\$0	\$0	\$0	\$0	\$109,022	\$109,022
Personal Tax	\$0	\$0	\$0	\$1,282,522	\$0	\$1,282,522
<b>Total State and Local Tax</b>	<b>\$111,697</b>	<b>\$0</b>	<b>\$2,870,157</b>	<b>\$1,282,522</b>	<b>\$118,058</b>	<b>\$4,382,434</b>
<b>Federal Tax</b>						
Social Insurance Tax	\$3,573,142	\$304,130	\$0	\$0	\$0	\$3,877,272
Tax on Production and Imports	\$0	\$0	\$382,317	\$0	\$0	\$382,317
Corporate Profits Tax	\$0	\$0	\$0	\$0	\$728,603	\$728,603
Personal Tax	\$0	\$0	\$0	\$2,982,126	\$0	\$2,982,126
<b>Total Federal Tax</b>	<b>\$3,573,142</b>	<b>\$304,130</b>	<b>\$382,317</b>	<b>\$2,982,126</b>	<b>\$728,603</b>	<b>\$7,970,318</b>

Note: Job Comp. = Job Compensation; HH = Household; Corp. = Corporation

Source: IMPLAN



## Operations

The ongoing State and Local Tax are estimated at \$772,000, which reflect the taxes associated with indirect and induced operation related costs. An additional \$945,000 would be paid in federal taxes largely driven by taxes related to labor.

Given the level of projected tax revenue, it is reasonable to assume that the operations will exceed the loss in property related taxes due to moving the Strawberry Fields Site into trust. Direct taxes have been removed to account for tax exemptions applicable to the Tribe.

**Figure 76 Summary of Fiscal Impact of Alternative D Operations (2017 dollars)**

Description	Job Comp.	Proprietor Income	Tax on Production and Imports	HH	Corp.	Total
<b>State and Local Tax</b>						
Dividends	\$0	\$0	\$0	\$0	\$1,695	\$1,695
Social Insurance Tax	\$11,940	\$0	\$0	\$0	\$0	\$11,940
Tax on Production and Imports	\$0	\$0	\$602,035	\$0	\$0	\$602,035
Corporate Profits Tax	\$0	\$0	\$0	\$0	\$20,454	\$20,454
Personal Tax	\$0	\$0	\$0	\$135,667	\$0	\$135,667
<b>Total State and Local Tax</b>	<b>\$11,940</b>	<b>\$0</b>	<b>\$602,035</b>	<b>\$135,667</b>	<b>\$22,149</b>	<b>\$771,791</b>
<b>Federal Tax</b>						
Social Insurance Tax	\$381,977	\$30,935	\$0	\$0	\$0	\$412,912
Tax on Production and Imports	\$0	\$0	\$80,193	\$0	\$0	\$80,193
Corporate Profits Tax	\$0	\$0	\$0	\$0	\$136,696	\$136,696
Personal Tax	\$0	\$0	\$0	\$315,454	\$0	\$315,454
<b>Total Federal Tax</b>	<b>\$381,977</b>	<b>\$30,935</b>	<b>\$80,193</b>	<b>\$315,454</b>	<b>\$136,696</b>	<b>\$945,255</b>

Note: Job Comp. = Job Compensation; HH = Household; Corp. = Corporation

Source: IMPLAN

## Community and Social Effects

Similar to the Project, given growth projections there does not appear to be any community impacts of the development for Project Alternative D. Given that no new gaming will occur there will be no additional social impact on the City or County.

**Figure 77 Alternative D Growth Impact Analysis**

	New Jobs	New FTE Jobs (Impact Jobs x .94)	New FTE Located in the County (FTE Jobs x 71.6%)	New FTE Located in the City (FTE Jobs x 44.0%)	Induced Growth from Outside of County (FTE Jobs x 12.1%)	
					City	County
Project	445	419	300	184	22	36

Notes: Assumes that 71.6 percent of new employees will live and work in Shasta County based on US Census 2014 and excludes those new employees estimated to work in the City of Redding. Assumes that 44.0 percent of new employees will live and work in the City of Redding based on US Census 2014 estimates; Employment (in-place) estimate based on extrapolation of IRS 2011 - 2015 SOI Tax Stats - Migration Data for Shasta County, which suggests that 12.06 percent of new employment is from in-migration based on the ratio of net new income tax returns in relation to net new job growth. FTE = Full-time equivalent job.

	2016	2030	Projected Change	Induced Growth from Outside of County	Growth as Percent of Projected Change
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### City of Redding

Population (1)	90,230	99,555	9,325	42	0.4%
Employment (2)	44,575	49,003	4,428	22	0.5%
Housing (3)	39,423	44,431	5,008	23	0.5%

### Shasta County

Population (1)	178,592	193,928	15,336	86	0.6%
Employment (2)	60,819	69,399	8,580	36	0.4%
Housing (3)	78,379	87,726	9,347	38	0.4%
K-12 (4)	26,382	24,141	-2,241	19	-0.8%

Notes: (1) Analysis assumes ratio of 1.9 persons per household based on IRS 2011 - 2015 SOI Tax Stats - Migration Data for Shasta County; (2) Please see table above. (3) Assumes current ratio of 0.95 jobs per household; and (4) Public School projections available through 2015/2016 at County level only and analysis assumes current ratio of 22 percent of households having children that may require public school education.

Source: Department of Finance; IRS; Shasta Regional Transportation Agency; and Pro Forma Advisors

**Figure 78 Alternative D Calls for Service Estimate (2022)**

	Casino			Hotel			Retail			Total
	Existing CFS	Attendance Increase	Net New CFS	New Rooms	CFS per Room	Net New CFS	New Retail (SF)	CFS per SF	Net New CFS	Net New CFS
Non-Gaming	120	0%	0	44	0.25	11	120,000	54.3	65	76

Source: Win-River Resort & Casino and Pro Forma Advisors

## Alternative E - Anderson Site

### Economic Impacts

The following summarizes the economic impacts anticipated to result from the Project Alternative E (Anderson Site).

#### Construction

The one-time construction of the Project is anticipate to create the need for 2,392 temporary jobs. A summary of direct, indirect/induced, and total impact generated by Project Alternative E construction is included below. The Project Alternative E's one-time construction related impact on the County is estimated to create \$111.2 million in income earnings and \$305.5 million in output.

**Figure 79 Summary of Economic Impact of Alternative E Construction (Millions of 2017 dollars)**

Impact Type	Jobs	Income	Output
Direct	1,537	\$75.6	\$197.9
Indirect/Induced	855	\$35.5	\$107.6
Total	2,392	\$111.2	\$305.5

Source: IMPLAN

#### Operations

As of stabilization in 2022, total Project Alternative E's direct employment of 783 jobs is expected. A summary of direct, indirect/induced, and total impact generated by Project Alternative E operations is included below. As of 2022, the Project Alternative E's ongoing operational impact on the County (presented in 2017 dollars) is estimated to include \$20.6 million in earnings and \$69.7 million in output.

**Figure 80 Summary of Economic Impact of Alternative E Operations (Millions of 2017 dollars)**

Impact Type	Jobs	Income	Output
Direct	554	\$12.4	\$42.8
Indirect/Induced	229	\$8.2	\$26.9
Total	783	\$20.6	\$69.7

Source: IMPLAN

## Fiscal Impacts

### Construction

The one time State and Local Tax are estimated at \$13.6 million, which reflect the significant taxes associated with construction materials. An additional \$25.0 million would be paid in federal taxes largely driven by taxes related to labor.

**Figure 81 Summary of Fiscal Impact of Alternative E Construction (2017 dollars)**

Description	Job Comp.	Proprietor Income	Tax on Production and Imports	HH	Corp.	Total
<b>State and Local Tax</b>						
Dividends	\$0	\$0	\$0	\$0	\$28,067	\$28,067
Social Insurance Tax	\$346,180	\$0	\$0	\$0	\$0	\$346,180
Tax on Production and Imports	\$0	\$0	\$8,868,283	\$0	\$0	\$8,868,283
Corporate Profits Tax	\$0	\$0	\$0	\$0	\$338,650	\$338,650
Personal Tax	\$0	\$0	\$0	\$4,061,767	\$0	\$4,061,767
<b>Total State and Local Tax</b>	<b>\$346,180</b>	<b>\$0</b>	<b>\$8,868,283</b>	<b>\$4,061,767</b>	<b>\$366,717</b>	<b>\$13,642,947</b>
<b>Federal Tax</b>						
Social Insurance Tax	\$11,074,235	\$1,037,877	\$0	\$0	\$0	\$12,112,112
Tax on Production and Imports	\$0	\$0	\$1,181,292	\$0	\$0	\$1,181,292
Corporate Profits Tax	\$0	\$0	\$0	\$0	\$2,263,225	\$2,263,225
Personal Tax	\$0	\$0	\$0	\$9,444,444	\$0	\$9,444,444
<b>Total Federal Tax</b>	<b>\$11,074,235</b>	<b>\$1,037,877</b>	<b>\$1,181,292</b>	<b>\$9,444,444</b>	<b>\$2,263,225</b>	<b>\$25,001,073</b>

Note: Job Comp. = Job Compensation; HH = Household; Corp. = Corporation

Source: IMPLAN

## Operations

The ongoing State and Local Tax are estimated at \$1.6 million, which reflect the indirect and induced taxes associated with operation related costs. An additional \$2.1 million would be paid in federal taxes largely driven by taxes related to labor. Given the level of projected tax revenue, it is reasonable to assume that the operations will exceed the loss in property related taxes due to moving the Anderson Site into trust. Direct taxes have been removed to account for tax exemptions applicable to the Tribe.

**Figure 82 Summary of Fiscal Impact of Alternative E Operations (2017 dollars)**

Description	Job Comp.	Proprietor Income	Tax on Production and Imports	HH	Corp.	Total
<b>State and Local Tax</b>						
Dividends	\$0	\$0	\$0	\$0	\$4,031	\$4,031
Social Insurance Tax	\$25,259	\$0	\$0	\$0	\$0	\$25,259
Tax on Production and Imports	\$0	\$0	\$1,253,955	\$0	\$0	\$1,253,955
Corporate Profits Tax	\$0	\$0	\$0	\$0	\$48,627	\$48,627
Personal Tax	\$0	\$0	\$0	\$299,114	\$0	\$299,114
<b>Total State and Local Tax</b>	<b>\$25,259</b>	<b>\$0</b>	<b>\$1,253,955</b>	<b>\$299,114</b>	<b>\$52,658</b>	<b>\$1,630,986</b>
<b>Federal Tax</b>						
Social Insurance Tax	\$808,012	\$78,749	\$0	\$0	\$0	\$886,761
Tax on Production and Imports	\$0	\$0	\$167,033	\$0	\$0	\$167,033
Corporate Profits Tax	\$0	\$0	\$0	\$0	\$324,983	\$324,983
Personal Tax	\$0	\$0	\$0	\$695,501	\$0	\$695,501
<b>Total Federal Tax</b>	<b>\$808,012</b>	<b>\$78,749</b>	<b>\$167,033</b>	<b>\$695,501</b>	<b>\$324,983</b>	<b>\$2,074,278</b>

Note: Job Comp. = Job Compensation; HH = Household; Corp. = Corporation

Source: IMPLAN

## Community and Social Effects

Similar to the Project, given growth projections there does not appear to be any community and social impacts of the development for Project Alternative E.

**Figure 83 Alternative E Growth Impact Analysis**

	New Jobs	New FTE Jobs (Impact Jobs x .94)	New FTE Located in the County (FTE Jobs x 71.6%)	New FTE Located in the City (FTE Jobs x 13.2%)	Induced Growth from Outside of County (FTE Jobs x 12.1%)	
					City	County
Project	783	738	528	97	12	64

Notes: Assumes that 71.6 percent of new employees will live and work in Shasta County based on US Census 2014 and excludes those new employees estimated to work in the City of Anderson. Assumes that 13.2 percent of new employees will live and work in the City of Anderson based on US Census 2014 estimates; Employment (in-place) estimate based on extrapolation of IRS 2011 - 2015 SOI Tax Stats - Migration Data for Shasta County, which suggests that 12.06 percent of new employment is from in-migration based on the ratio of net new income tax returns in relation to net new job growth. FTE = Full-time equivalent job.

	2016	2030	Projected Change	Induced Growth from Outside of County	Growth as Percent of Projected Change
<b>City of Anderson</b>					
Population (1)	10,485	13,183	2,698	23	0.8%
Employment (2)	3,032	3,780	748	12	1.6%
Housing (3)	4,141	5,260	1,119	13	1.1%
<b>Shasta County</b>					
Population (1)	178,592	193,928	15,336	154	1.0%
Employment (2)	60,819	69,399	8,580	64	0.7%
Housing (3)	78,379	87,726	9,347	67	0.7%
K-12 (4)	26,382	24,141	-2,241	34	-1.5%

Notes: (1) Analysis assumes ratio of 1.9 persons per household based on IRS 2011 - 2015 SOI Tax Stats - Migration Data for Shasta County; (2) Please see table above. (3) Assumes current ratio of 0.95 jobs per household; and (4) Public School projections available through 2015/2016 at County level only and analysis assumes current ratio of 22 percent of households having children that may require public school education.

Source: Department of Finance; IRS; Shasta Regional Transportation Agency; and Pro Forma Advisors

**Figure 84 Alternative E Calls for Service Estimate (Stabilized Year)**

	Casino			Hotel			Retail			Total
	Existing CFS	Attendance Increase	Net New CFS	New Rooms	CFS per Room	Net New CFS	New Retail (SF)	CFS per SF	Net New CFS	Net New CFS
Anderson Site	120	21%	25	166	0.25	42	120,000	54.3	65	132

Source: Win-River Resort & Casino and Pro Forma Advisors

## Alternative F - Expansion Alternative

### Economic Impacts

The following summarizes the economic impacts anticipated to result from the Project Alternative F (Expansion Alternative).

#### Construction

The one-time construction of the Project is anticipated to create the need for 450 temporary jobs. A summary of direct, indirect/induced, and total impact generated by Project Alternative F construction is included below. The Project Alternative F's one-time construction related impact on the County is estimated to create \$20.8 million in income earnings and \$58.2 million in output.

**Figure 85 Summary of Economic Impact of Alternative F Construction (Millions of 2017 dollars)**

Impact Type	Jobs	Income	Output
Direct	280	\$13.8	\$37.1
Indirect/Induced	170	\$7.0	\$21.0
Total	450	\$20.8	\$58.2

Source: IMPLAN

#### Operations

As of stabilization in 2022, total Project Alternative F's direct employment of 64 jobs is expected. A summary of direct, indirect/induced, and total impact generated by Project Alternative F operations is included below. As of 2022, the Project Alternative F's ongoing operational impact on the County (presented in 2017 dollars) is estimated to include \$1.6 million in earnings and \$5.7 million in output.

**Figure 86 Summary of Economic Impact of Alternative F Operations (Millions of 2017 dollars)**

Impact Type	Jobs	Income	Output
Direct	45	\$0.9	\$3.4
Indirect/Induced	19	\$0.7	\$2.2
Total	64	\$1.6	\$5.7

Source: IMPLAN

## Fiscal Impacts

### Construction

The one time State and Local Tax are estimated at \$2.5 million, which reflect the significant taxes associated with construction materials. An additional \$4.6 million would be paid in federal taxes largely driven by taxes related to labor.

**Figure 87 Summary of Fiscal Impact of Alternative F Construction (2017 dollars)**

Description	Job Comp.	Proprietor Income	Tax on Production and Imports	HH	Corp.	Total
<b>State and Local Tax</b>						
Dividends	\$0	\$0	\$0	\$0	\$5,402	\$5,402
Social Insurance Tax	\$61,092	\$0	\$0	\$0	\$0	\$61,092
Tax on Production and Imports	\$0	\$0	\$1,613,253	\$0	\$0	\$1,613,253
Corporate Profits Tax	\$0	\$0	\$0	\$0	\$65,179	\$65,179
Personal Tax	\$0	\$0	\$0	\$763,865	\$0	\$763,865
<b>Total State and Local Tax</b>	<b>\$61,092</b>	<b>\$0</b>	<b>\$1,613,253</b>	<b>\$763,865</b>	<b>\$70,581</b>	<b>\$2,508,791</b>
<b>Federal Tax</b>						
Social Insurance Tax	\$1,954,299	\$234,805	\$0	\$0	\$0	\$2,189,104
Tax on Production and Imports	\$0	\$0	\$214,893	\$0	\$0	\$214,893
Corporate Profits Tax	\$0	\$0	\$0	\$0	\$435,595	\$435,595
Personal Tax	\$0	\$0	\$0	\$1,776,143	\$0	\$1,776,143
<b>Total Federal Tax</b>	<b>\$1,954,299</b>	<b>\$234,805</b>	<b>\$214,893</b>	<b>\$1,776,143</b>	<b>\$435,595</b>	<b>\$4,615,735</b>

Note: Job Comp. = Job Compensation; HH = Household; Corp. = Corporation

Source: IMPLAN



## Operations

The ongoing State and Local Tax are estimated at \$135,000, which reflect the indirect and induced taxes associated with operation related costs. An additional \$176,000 would be paid in federal taxes largely driven by taxes related to labor. Project Alternative F does not contemplate require moving the Strawberry Fields Site into trust, hence it will not result in the loss of the site's property tax. Direct taxes have been removed to account for tax exemptions applicable to the Tribe.

**Figure 88 Summary of Fiscal Impact of Alternative F Operations (2017 dollars)**

Description	Job Comp.	Proprietor Income	Tax on Production and Imports	HH	Corp.	Total
<b>State and Local Tax</b>						
Dividends	\$0	\$0	\$0	\$0	\$332	\$332
Social Insurance Tax	\$2,080	\$0	\$0	\$0	\$0	\$2,080
Tax on Production and Imports	\$0	\$0	\$103,585	\$0	\$0	\$103,585
Corporate Profits Tax	\$0	\$0	\$0	\$0	\$4,004	\$4,004
Personal Tax	\$0	\$0	\$0	\$24,728	\$0	\$24,728
<b>Total State and Local Tax</b>	<b>\$2,080</b>	<b>\$0</b>	<b>\$103,585</b>	<b>\$24,728</b>	<b>\$4,336</b>	<b>\$134,729</b>
<b>Federal Tax</b>						
Social Insurance Tax	\$66,555	\$6,587	\$0	\$0	\$0	\$73,142
Tax on Production and Imports	\$0	\$0	\$13,798	\$0	\$0	\$13,798
Corporate Profits Tax	\$0	\$0	\$4,201	\$0	\$26,765	\$30,966
Personal Tax	\$0	\$0	\$587	\$57,501	\$0	\$58,088
<b>Total Federal Tax</b>	<b>\$66,555</b>	<b>\$6,587</b>	<b>\$18,586</b>	<b>\$57,501</b>	<b>\$26,765</b>	<b>\$175,994</b>

Note: Job Comp. = Job Compensation; HH = Household; Corp. = Corporation

Source: IMPLAN

## Community and Social Effects

Similar to the Project, given growth projections there does not appear to be any community and social impacts of the development for Project Alternative F.

**Figure 89 Alternative F Growth Impact Analysis**

	New Jobs	New FTE Jobs (Impact Jobs x .94)	New FTE Located in the County (FTE Jobs x 71.6%)	New FTE Located in the City (FTE Jobs x 44.0%)	Induced Growth from Outside of County (FTE Jobs x 12.1%)	
					City	County
Project	64	60	43	27	3	5

Notes: Assumes that 71.6 percent of new employees will live and work in Shasta County based on US Census 2014 and excludes those new employees estimated to work in the City of Redding. Assumes that 44.0 percent of new employees will live and work in the City of Redding based on US Census 2014 estimates; Employment (in-place) estimate based on extrapolation of IRS 2011 - 2015 SOI Tax Stats - Migration Data for Shasta County, which suggests that 12.06 percent of new employment is from in-migration based on the ratio of net new income tax returns in relation to net new job growth. FTE = Full-time equivalent job.

	2016	2030	Projected Change	Induced Growth from Outside of County	Growth as Percent of Projected Change
<b>City of Redding</b>					
Population (1)	90,230	99,555	9,325	6	0.1%
Employment (2)	44,575	49,003	4,428	3	0.1%
Housing (3)	39,423	44,431	5,008	3	0.1%
<b>Shasta County</b>					
Population (1)	178,592	193,928	15,336	12	0.1%
Employment (2)	60,819	69,399	8,580	5	0.1%
Housing (3)	78,379	87,726	9,347	5	0.1%
K-12 (4)	26,382	24,141	-2,241	3	-0.1%

Notes: (1) Analysis assumes ratio of 1.9 persons per household based on IRS 2011 - 2015 SOI Tax Stats - Migration Data for Shasta County; (2) Please see table above. (3) Assumes current ratio of 0.95 jobs per household; and (4) Public School projections available through 2015/2016 at County level only and analysis assumes current ratio of 22 percent of households having children that may require public school education.

Source: Department of Finance; IRS; Shasta Regional Transportation Agency; and Pro Forma Advisors

**Figure 90 Alternative F Calls for Service Estimate (Stabilized Year)**

	Casino			Hotel			Retail			Total
	Existing CFS	Attendance Increase	Net New CFS	New Rooms	CFS per Room	Net New CFS	New Retail (SF)	CFS per SF	Net New CFS	Net New CFS
Expansion	120	5%	6	0	0.25	0	0	54.3	0	6

Source: Win-River Resort & Casino and Pro Forma Advisors

## Appendix

### Firm Overview

Pro Forma Advisors is a partnership committed to providing objective, unbiased economic analysis of real estate development projects. We specialize in land use economics consulting for developers, owners, operators, investors, cultural institutions, non-profits, government, and sovereign Indian Tribes. We offer exceptional global market experience, yet avoid ancillary services which might compromise our objectivity and allows us to support partnering firms in the areas of design, engineering, or project management. We provide our clients and partners with superior service in delivering accurate, actionable, and objective assessments of a project's market and financial potential. We apply extensive experience, creative thinking, new business approaches, and data-driven analysis to your projects.

Our entertainment + resort (e+r) practice offers services in our areas of specialty, which include integrated resorts, theme parks, casino gaming, dining, retail and entertainment (RD&E) centers, branded attractions, museums, and visitor destinations of all types. Our economic master planning (emp) practice focuses on advisory services for traditional land use development including urban mixed-use, large scale master plans, retail and other site specific development. Services common to our practice areas include market analysis, financial feasibility, program right-sizing, economic impacts, fiscal impacts, valuations, and negotiation support.

Pro Forma Advisors was founded in 2008 by former Principals from Economics Research Associates (ERA) after its acquisition by AECOM. The founding principles are to maintain a strategic focus on recreation feasibility while offering independent, high quality service in the most cost-effective manner. We have built a team comprised of five core partners who were former department heads and lead managers at ERA. We focus on the highest value portion of the analytical process, while maintaining strong working relationships with specialists and outside consultants who are affiliated with our firm, as well as with dedicated research teams and staff. This allows us to concentrate on our core competency, while offering the highest value possible for our clients.

Below is information for the company's partners that worked on this analysis.

#### **Mark Dvorchak, Managing Partner**

With over 20 years of experience in the entertainment and real estate industry, Mr. Dvorchak is an experienced land-use economist. His practice specialty is the analysis of integrated and unique projects combining traditional real estate development with entertainment land uses such as theme parks, casinos, and destination resorts.

Mr. Dvorchak is a founding partner of Pro Forma Advisors, having brought together experienced land use professionals to create a firm dedicated to market and financial analysis of land use. Prior to founding Pro Forma Advisors, Mr. Dvorchak was a Vice President at Economics Research Associates (ERA) where he was a principal in the Recreation Practice. He also was a Product Manager at Iwerks Entertainment working on product development and Location Based Entertainment. Prior to his graduate degree, he worked in technology for Andersen Consulting and Unify Software.

Mark received an M.B.A from the UCLA's Anderson School of Management in 1994 specializing in entertainment and strategy. He also has a B.S degree in Computer Science from the University of Illinois. Mr. Dvorchak represents Pro

Forma Advisors in the Themed Entertainment Association (TEA) and International Association of Amusement Parks and Attractions (IAAPA). Mr. Dvorchak has presented and moderated panels at many industry events such as the Global Gaming Expo (G2E), the TEA Summit, and G2E Asia.

**Lance Harris, Partner**

With over 10 years of experience in land use economics, Mr. Harris provides clients with market demand and feasibility studies, mixed-use programming recommendations, financial analysis, economic and fiscal impact assessments, and economic development strategies.

Integral to Mr. Harris's work is the premium placed on developing analysis techniques to gather data at the micro level for market analysis. Using a combination of public data sources, private secondary data sources, first person interviews, GIS data, and on-the-ground site inspection, he is able to construct various models of analysis to effectively determine a development's market area, capture rate, and absorption, which determine overall demand and feasibility. Mr. Harris also has vast experience with both fiscal/economic impact analysis. Mr. Harris has created a variety of fiscal models and provided economic impact analysis at the city, county, state, and national level.

Prior to joining Pro Forma Advisors, Mr. Harris was an Associate Director of Economics at AECOM. He was also a Senior Associate at Economics Research Associates (ERA) prior to the company's acquisition. Mr. Harris received an M.A. in Urban Planning from the USC Price School of Public Policy specializing in real estate and economic development. He also has a B.A. degree in Political Science from the Trinity College in Hartford, Connecticut. Mr. Harris represents Pro Forma Advisors in the American Planning Association and is the chair of APA's national Economic Development Division.

**Contact Information**

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## **Pro Forma Gravity Model Overview**

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Appendix

# Market Demand Gravity Model

Version: 3.0

## 1. Gravity-based Market Model Details

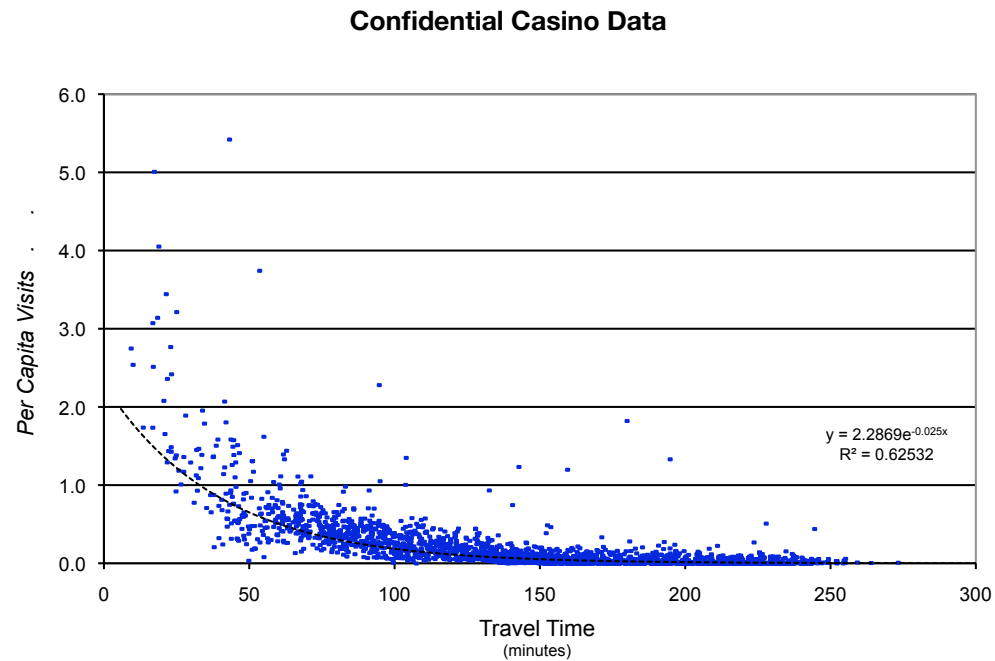
### Theoretical Gaming Demand - How much day trip gaming revenue is possible for a given facility in a given location?

- The model estimates theoretical gaming demand for all individuals in reasonable daytrip travel distance from a facility. By summing this demand, a theoretical total can be generated for each facility.

Impact Factors	Comments	Modeling Approach
Distance	Accounts for up to two-thirds of variability in penetration rates.	Model includes drive-time distance from each census tract in the market to each casino property in the market.
Facility Attractiveness	<p>Combination of scale, quality, amenities, competitive environment, and operational skill that collectively form a facility's market drawing power.</p> <p>With respect to distance, close-in market tends to visit at similar rates whether facility is destination or locals-oriented. Attraction represents the ability to maintain drawing power at greater distances.</p>	<p>Model uses comparable facility values from real-life Attractiveness Factor calibrations of GGR.</p> <p>Attractiveness Factor has both quantitative and qualitative input, but in general is calibrated to reflect a facility's <i>actual</i> ability to penetrate markets over distance.</p>
Demographics	Certain demographic factors other than distance tend to increase/decrease market penetration potential.	Model adjusts distance-penetration of a census tract based on a relative index of age and income.
Yield	Different facilities will tend to have varying win-per-visitor averages, a dynamic influenced by factors such as visitor length of stay, bet limit or other similar regulations, and overall focus on cultivating high-value visitors.	Model allows a yield factor for each facility to account for observed or expected differences in win-per-visitor.
Source: Pro Forma Advisors		

## Distance Impact

- Casinos exhibit typical geometric declines in penetration at increased travel times. Statistical patterns and trend lines provide expected penetration values for various casino facilities.



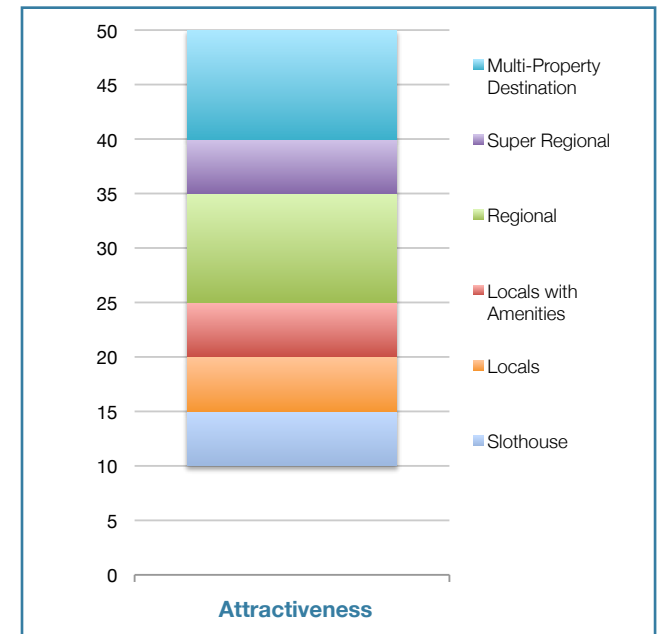
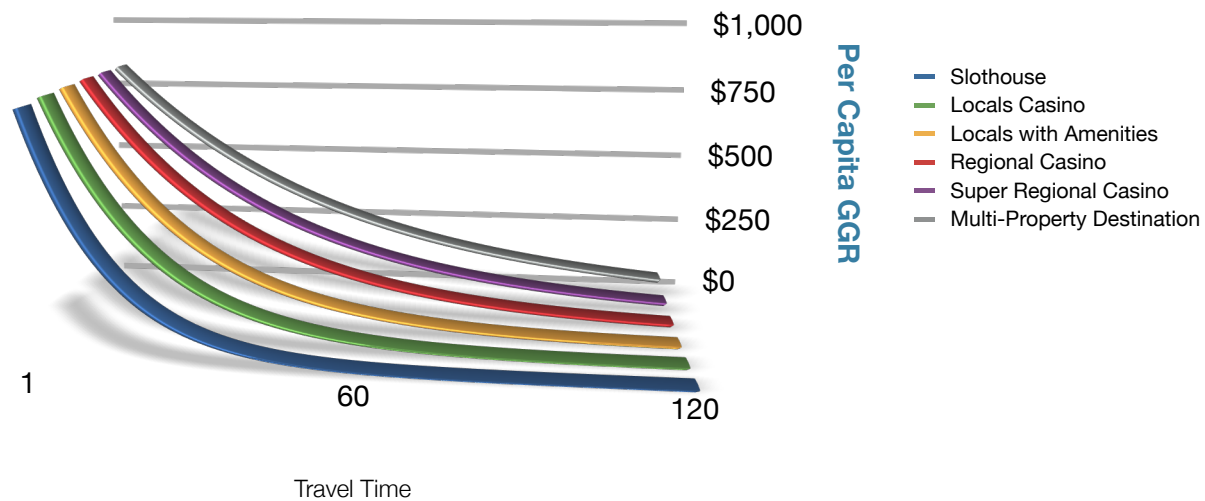
Source: Pro Forma Advisors



## Attraction Factor

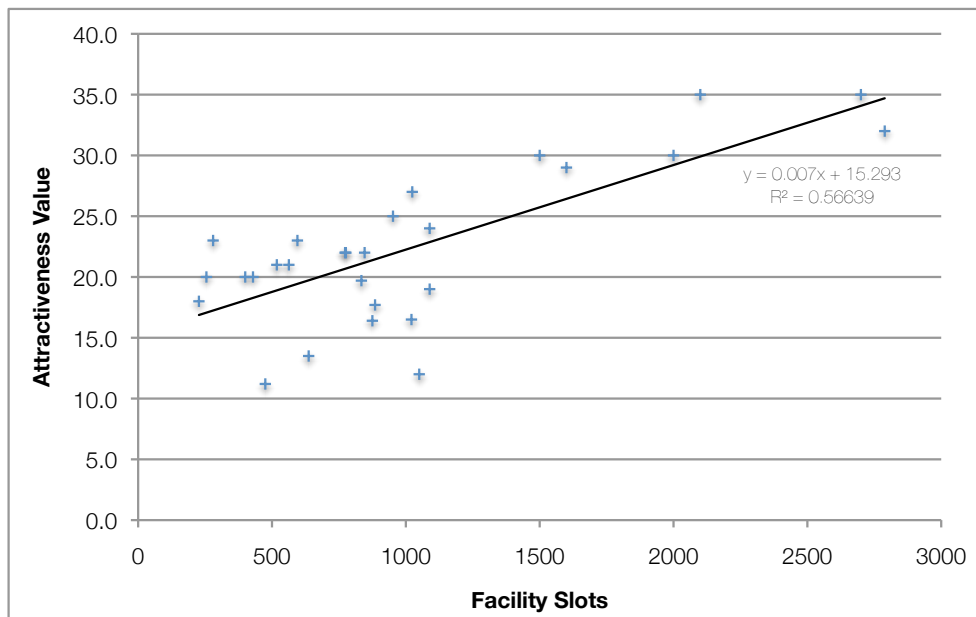
- 🔊 A facility's Attractiveness is based on many factors including:
  - ✓ Size (Slots, Tables, Casino floor, etc.)
  - ✓ Quality (Finishes, spacing, layout, landscaping, parking, etc)
  - ✓ Amenities (Restaurants, Entertainment, Lounges, etc)
  - ✓ Operations (Staff, Marketing, Comping Policy, CMS skill, Promotions, etc)
- 🔊 Additional factors also impact Attractiveness
  - ✓ Highway adjacency increases calibrated Attractiveness
  - ✓ High win-per-unit (implying high utilization/low availability) reduces expected Attractiveness Factor

## Penetration Rates by Attraction Factor



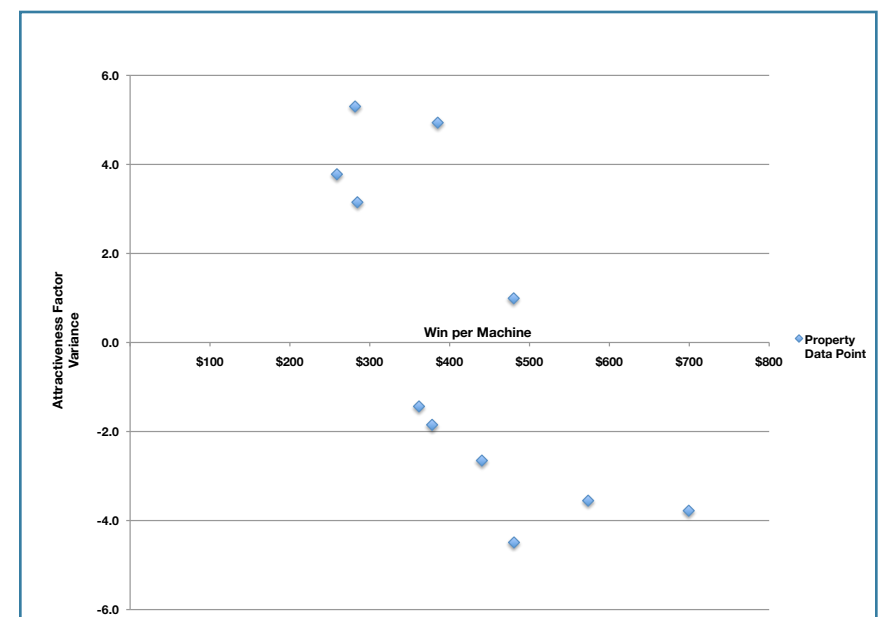
- Calibrated **Attractiveness** is highly correlated with scale (e.g. number of slots)
- However, a statistically significant discount in calibrated **Attractiveness** is seen when slot utilization (win per unit) is high.

**Attractiveness Factor vs. Casino Machine Count**



Source: Pro Forma Advisors

**Attractiveness Factor Variance vs. Daily Win per Machine**



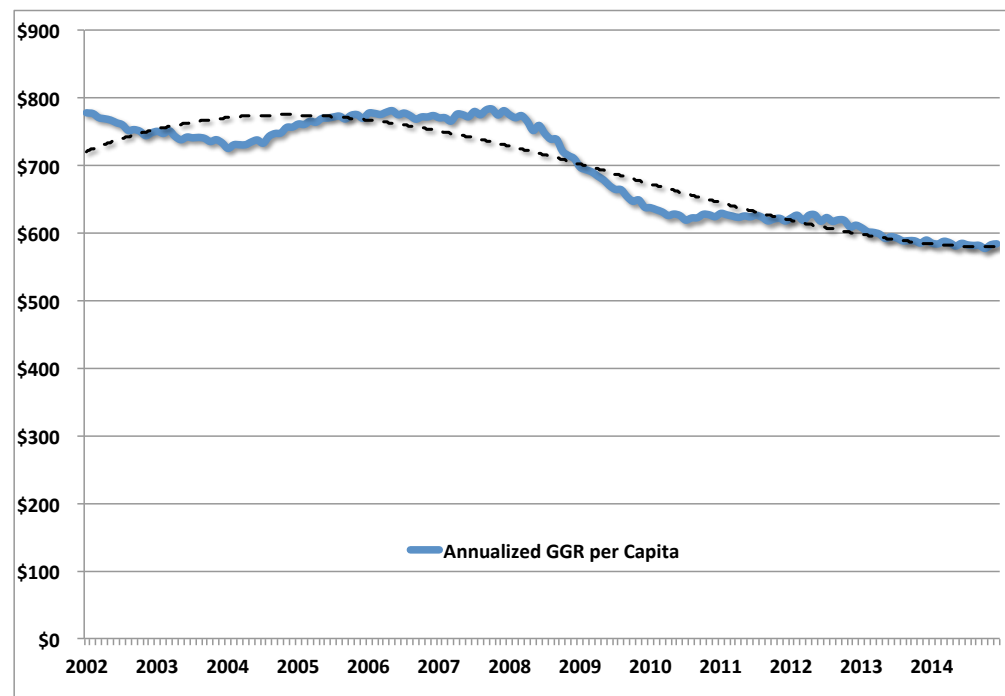
Source: Pro Forma Advisors

## Per Capita GGR

- GGR per capita is a function of visits multiplied by win-per-visit, which in turn is impacted by distance, attractiveness, etc. The Pro Forma model directly calculates GGR per capita.
- Theoretical per capita GGR is the average amount of gaming at zero distance. This amount is imputed from various data sources depending on the market being analyzed.
- Las Vegas (non-Strip) provides a near-saturation gaming market with spending levels approaching theoretical GGR per capita.

### **Las Vegas Resident Market GGR per Capita Trend**

*(Rolling Twelve-Month Average, Nominal Dollars)*

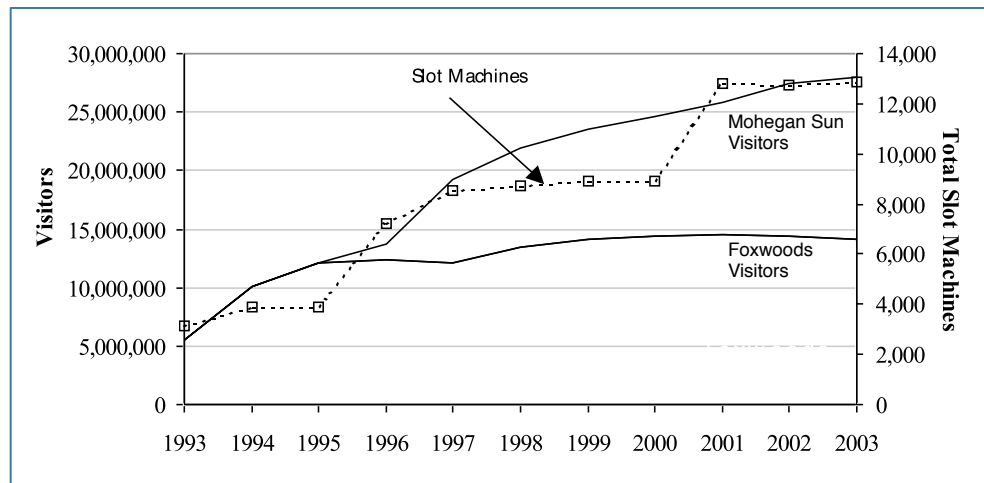


Source: Nevada Gaming Commission

## Net Demand - When there is more than one casino in a market, how is total market gaming revenue impacted?

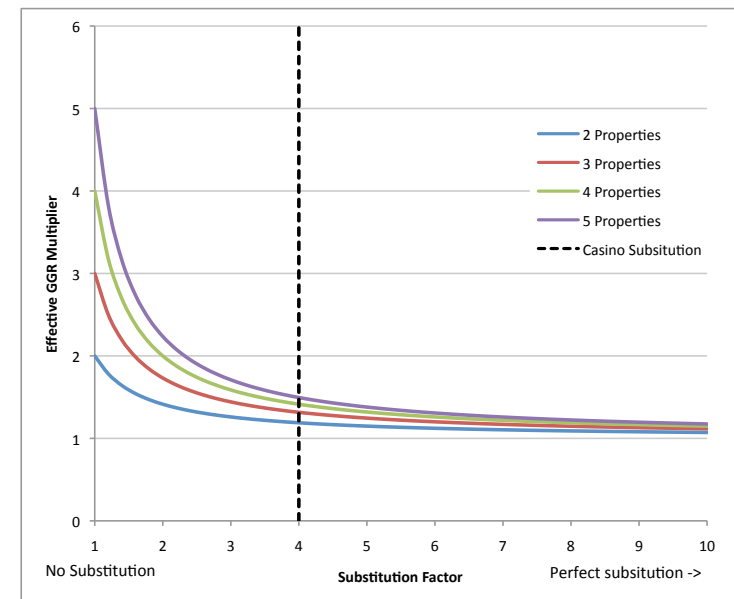
- ☞ The question can be rephrased as one of Economic Substitution:
  - ☑ With **perfect substitution**, all facilities are “generic” and customers will substitute demand at one facility for another - total gaming revenue remains the same and is just split across all facilities.
  - ☑ With **no substitution**, each facility’s demand is not impacted by any other facility - theoretical gaming revenue is achieved for each facility.
  - ☑ In the real world, substitution is partial - somewhere between the two extremes. The model calculates a substitution multiplier for each census tract based on the competitive situation.
- ☞ With partial substitution, total market gaming revenue will increase with additional facilities, but at a lower level than if there was no substitution. However, individual facilities are impacted and may see decreases in GGR.

### Connecticut Slot Market Analysis



Source: State of Connecticut and Pro Forma Advisors

### Substitution Multiplier



Source: Pro Forma Advisors

## Market Share and Competition

- Market share is calculated as a power share based on theoretical distribution. (Typically a square function in a gravity model, power share compares individual “T-contribution” vs. all others.

## Calibration

- The most current year is “calibrated” to understand and confirm the market model projections.
- Attractiveness and yields are set to match current market conditions. Assuming no major anomalies, the calibrated model illustrates how well properties are performing in the current market and competitive situation.

## Net Demand Example

Selma (Tract ID: 6019007002)	TMC	Chukchansi	Tachi	Others
Population	5,618			
Travel Minutes To:	41.2	51.9	38.9	--
Theoretical GGR Demand <small>Calculated using calibration Attractiveness, etc)</small>	\$1,054	\$753	\$1004	\$456
Total Theoretical (No Substitution)	\$3267			
Net GGR (with Substitution Multiplier)	\$1267			
Power Share by Contribution	34.9%	21.9%	32.5%	10.7%
<b>Projected GGR Demand</b>	<b>\$442</b>	<b>\$278</b>	<b>\$412</b>	<b>\$135</b>

