

## 4.7 SOCIOECONOMIC CONDITIONS AND ENVIRONMENTAL JUSTICE

### 4.7.1 SOCIOECONOMIC CONDITIONS

This section provides an analysis of the socioeconomic effects of each alternative. Effects analyzed include increased employment and revenue, changes to County revenue and expenditure, community infrastructure and housing effects, and social effects from increased gambling. The Tribe recently completed a socio-economic study on the impacts of the project on Del Norte County (McCann *et al.*, 2004). A copy of this study appears in **Appendix O**.

#### ***ALTERNATIVE A – PREFERRED ALTERNATIVE: CASINO, HOTEL, CONFERENCE CENTER, AND PARKING FACILITY***

The Martin Ranch parcels are currently assessed at \$678,032. The property taxes for the Martin Ranch property equal one percent of the assessed value, which is \$6,780. Currently, the largest share (\$4,610) of the assessment is transferred to the Del Norte County Unified School District; the remainder (\$2,170) goes to the County's General Fund. The Proposed Action would result in the loss of these tax dollars from the County. However, the Tribe has agreed to make payments in lieu of taxes to the County to mitigate any potential loss as follows: \$3,006 upon commencement; \$25,000 in years 1-3; \$50,000 in years 4-7; and an amount between \$50,000 and \$90,000 annually thereafter, subject to negotiation between the County and the Tribe. The related details appear in **Appendix O**, page 14.

It is estimated that the Tribe's Proposed Project would create an additional 200 jobs in excess of the number of positions offered by the Tribe's existing Tribal government gaming facility. The existing employees would be relocated from the Tribe's existing casino to the Proposed Project and the existing casino would be closed. The estimated average hourly wage for entry-level positions at the Proposed Project is \$9.04, based on a full-time 40-hour work week (Nailon, pers. comm., 2006). This wage exceeds both the federal hourly minimum wage for non-exempt employees which is \$5.15 and the California minimum wage which is \$6.75 (U.S. Department of Labor, 2006). Further, this wage exceeds the current average entry-level hourly wage for all jobs in Del Norte County, which is \$7.69 (Upstate Economic Development Council, 2006). In addition to wages, full-time employees would be eligible for medical benefits and a 401k. Further, some employees will occupy positions in which they will receive additional income through tips from patrons.

As discussed in **Section 3**, the County currently has a substantial available labor supply to fill the expected new jobs, with an unemployment rate of 7.7 %. The proposed project may attract employees to the region who are not currently residents of Del Norte County. The County currently has a housing vacancy rate of over 12%, which is more than double the statewide

average. The current housing supply is adequate to absorb the impact with 1,200 vacant units (**Appendix O**).

Households with school-age children would increase enrollment at local schools. Increased enrollment would be funded by incoming worker's property taxes and in-lieu payments to the County made by the Tribe as outlined in the Memorandum of Understanding (**Appendix F**). The number of new households requiring social services would vary depending on number of earners per household, number of children, and position at the casino. Given that the median entry-level wage is comparable to the per capita income for Del Norte County, a significant increase in persons requiring social services is not expected.

Overall, however, the proposed casino/resort project would improve the existing socioeconomic conditions of the County, the Tribe and nearby jurisdictions. Under the Proposed Action, operation of the gaming facility, hotel, and parking facility would contribute important socioeconomic benefits to the Tribe, such as providing income, employment, and medical care, and eventually the monetary means for additional housing. The project would also generate substantial revenue, including direct and indirect sales in the local area. It would also generate revenue through direct and indirect salaries and wages in the local area.

Application of the regional economic model by McCann *et al.* (2004) predicts positive indirect impacts on both measurements of economic activity: 1) total output and 2) value added. With the onset of construction in 2005 the total impacts are at an increase in \$96 million in output and \$39 million in value added, and about 430 jobs are added, a portion of which is an indirect and positive impact to the community and region as a whole. At the onset of casino operations in 2006 at the new site, total output increases by \$24 million with value added increasing by \$10 million. Total output and value added increase to \$29 million and \$12 million, respectively, by 2010. Net job growth is 200 jobs in 2006, increasing to 210 by 2010.

Pursuant to the Tribe's MOU with Del Norte County, the project would result in annual payments to the County in increasing increments through the life of the agreement. The Tribe would also impose a Transient Occupancy Tax on all hotel rooms and remit 90% of the revenues to the County. The Tribe would also provide sales tax revenue to the County that the Tribe would otherwise be exempt from collecting. An assessment of these benefits appears in the socioeconomic study in **Appendix O**.

Potential economic effects of the Proposed Action are considered beneficial. No mitigation is required.

***Potential Social Costs Associated with Gambling***

Substantial research has been conducted on the social costs associated with gambling across the nation, most comprehensively in a report issued by the National Gambling Impact Study Commission (NGISC, 1999). The American Psychiatric Association describes pathological gambling as an impulse control disorder characterized by “persistent and recurrent maladaptive gambling behavior that disrupts personal, family, or vocational pursuits. The gambling pattern may be regular or episodic, and the course of the disorder is typically chronic” (NGISC, 1999). They have created ten criteria for diagnosis, which include preoccupation, tolerance, withdrawal, escape, chasing, lying, loss of control, illegal acts, risked significant relationship, and financial bailout. Pathological gamblers typically meet at least five criteria and problem gamblers between three and five. Collectively, both pathological and problem gambling are referred to as “problem gambling”. The NGISC commissioned companion reports on the issue of problem gambling by the National Research Council (NRC) and National Opinion Research Center (NORC). The NGISC also “held hearings throughout the country, heard testimony on a number of relevant topics, reviewed thousands of articles and comments, and considered academic research” (NGISC, 1999:7-2). In its report, the NGISC provided an in-depth analysis of the effects of gambling, including effects on people and places. Lifetime measurements analyze the percentage of those with gambling problems at some point during their lifetime; past-year measurements analyze the percentage of gamblers who have exhibited symptoms in the past twelve months. The NGISC provided estimates based on the results of the NRC and NORC reports:

The NRC estimated the “lifetime” rate of pathological gambling to be 1.5 percent of the adult population, or approximately 3 million people. In addition, in a given year, 0.9 percent of all adults in the United States, approximately 1.8 million people, meet the necessary criteria to be categorized as “past year” pathological gamblers. The NRC estimated that another 3.9 percent of adults (7.8 million people) meet the “lifetime” criteria for problem gambling, and that 2 percent (4 million people) meet “past year” criteria. The NRC also stated that between 3 and 7 percent of those who have gambled in the past year reported some symptoms of problem or pathological gambling.

The NORC study, based on a national phone survey supplement with data from on-site interviews with patrons of gambling establishments, concluded that approximately 1.2 percent of the adult population (approximately 2.5 million people) are “lifetime” pathological gamblers and that 0.6 percent (approximately 1.2 million) were “past year.” An additional 1.5 percent of the adult population (approximately 3 million) fit the criteria for “lifetime” problem gamblers; “past year” problem gamblers were 0.7 percent of the population (approximately 1.4 million). Based on “lifetime” data, more than 15 million Americans were identified as “at-risk” gamblers (NGISC, 1999:4-5).

NORC estimated that the annual average costs of job loss, unemployment benefits, welfare benefits, poor physical and mental health, and problem or pathological gambling treatment is approximately \$1,200 per pathological gambler per year and approximately \$715 per problem gambler per year (NGISC, 1999:4-14).

Secondary effects from problem gambling are more difficult to quantify. The gambler and his or her family may experience problems including involvement in crime, bankruptcy, divorce and domestic violence, and mental or physical health problems. Problem gambling often occurs with other behavioral and emotional problems that contribute to secondary issues, making correlation between problem gambling and secondary effects difficult.

Two of the most discussed effects of gambling are crime and bankruptcy. NORC analyzed FBI crime data from 100 communities with varying degrees of proximity to casino gambling. The study concluded that the availability of casino gambling had no effect on rates of serious violent or property crimes like larceny, murder, burglary, motor vehicle theft, assault, or robberies (NGISC, 1999). The National Public Sector Gaming Study Commission (NPSGSC), a national commission of state and local government leaders, also concluded that “the majority of the information collected during the past decade indicates that there is no link between gambling, particularly casino-style gambling, and crime. The security on the premises of gambling facilities, the multiple layers of regulator control, and the economic and social benefits that gambling seems to offer to communities are effective deterrents of criminal activity” (NPSGSC, 2000). Regardless, impacts to law enforcement services are further addressed in **Section 4.9**.

The Tribe is concerned about problem and pathological gamblers and the potential social and economic costs associated with problem gambling. Accordingly, the Tribe has indicated that it will restrict access to the casino to those 21 years of age and older to limit access to alcohol and gambling to adults.

The Tribe has identified additional mitigation measures, based on NIGSC recommendations, to address potential effects (**Section 5.0**). These measures include a training program to assist employees to recognize indicators of problem gambling, and establishing policies that result in the refusal of service to such persons, as well as providing referrals to services for problem gamblers. These measures are expected to reduce potential effects from problem and pathological gambling to a less than significant level.

***ALTERNATIVE B – GOLF COURSE, HOTEL, CONFERENCE CENTER, AND PARKING FACILITY  
(NON-GAMING ALTERNATIVE)***

As with the Proposed Action, this alternative would improve the existing socioeconomic conditions of the Tribe and nearby jurisdictions, although to a lesser extent.

As Alternative C would generate 260 jobs and Alternative A would generate 200 jobs, it is estimated that the golf course without the casino would generate 60-100 jobs (**Appendix O**). Entry-level wages would be similar to those of Alternative A. As with Alternative A, the County currently has a substantial available labor supply to fill the expected new jobs, with an unemployment rate of 7.7%. The development may attract employees to the region who are not currently residents of Del Norte County. The County currently has a vacancy rate of over 12%, which is more than double the statewide average. The current housing supply is adequate to absorb the impact with 1,200 vacant units (**Appendix O**). As with Alternative A, increased school enrollment would be funded by incoming worker's property taxes and in-lieu payments to the County made by the Tribe. Social services qualification varies based on number of earners per household, number of children, and job type. As wages at the project would be comparable to the average for Del Norte County, a significant increase in social services is not expected.

The Non-Gaming Alternative would contribute important socioeconomic benefits to the Tribe, but considerably fewer than the Proposed Action. Revenues would be more affected by season, market conditions, and existing and future local competition, making them less predictable. While construction and maintenance costs are expected to be equally predictable, management costs would be less predictable, making business planning more challenging. Project operations would create jobs, but considerably fewer than would result from the Proposed Action. The Martin Ranch would still be taken into trust for the benefit of the Tribe, which would allow the Tribe to exercise its sovereignty over the land and restore lands lost due to termination of the historic Elk Valley Rancheria. However, this alternative would be expected to do less toward satisfying the purpose and need of providing income, employment, medical care, and eventually the monetary means for additional housing. While the MOU between the Tribe and Del Norte County would still be applicable, impact fees and annual payments to the County under the agreement would be considerably lower. No mitigation would be required.

***ALTERNATIVE C – CASINO, HOTEL, CONFERENCE CENTER, GOLF COURSE, AND PARKING FACILITY***

As with the Proposed Action, Alternative C would improve the existing socioeconomic conditions of the Tribe and nearby jurisdictions.

Alternative C is estimated to generate 260 jobs (**Appendix O**). Entry-level wages would be similar to those of Alternative A. As with Alternative A, the County currently has a substantial available labor supply to fill the expected new jobs, with an unemployment rate of 7.7%. The development may attract employees to the region who are not currently residents of Del Norte County. The County currently has a vacancy rate of over 12%, which is more than double the statewide average. The current housing supply is adequate to absorb the impact with 1,200 vacant units (**Appendix O**). As with Alternative A, increased school enrollment would be funded by incoming worker's property taxes and in-lieu payments to the County made by the Tribe.

Social services qualification varies based on number of earners per household, number of children, and job type. As wages at the project would be comparable to the average for Del Norte County, a significant increase in social services is not expected.

Alternative C would contribute important socioeconomic benefits to the Tribe. Revenues from golf course operations would be more affected by season, market conditions, and existing and future local competition, making them less predictable than for gaming operations. While construction and management costs are expected to be equally predictable, management costs would be more predictable with a golf course, facilitating business planning. Project operations would create jobs, possibly more than would result from the Proposed Action.

While the MOU between the Tribe and Del Norte County would still be applicable, impact fees and annual payments to the County under the agreement would be considerably lower. No mitigation would be required.

#### ***Potential Social Costs Associated with Gambling***

For information on potential social costs associated with gambling please see the discussion under Alternative A. The Tribe is concerned about problem and pathological gamblers and the potential social and economic costs associated with problem gambling. Accordingly, the Tribe has identified mitigation measures, based on NIGSC recommendations, to address potential effects (**Section 5.0**). These measures are expected to reduce potential effects from problem and pathological gambling to a less than significant level.

#### ***ALTERNATIVE D – ENDERTS BEACH DEVELOPMENT***

The 2002-2003 tax-year property taxes for the Enderts Beach property are \$2,793.30. The Enderts Beach Alternative would potentially result in the loss of these tax dollars from the County. However, the Tribe has entered into a MOU with the County that would reimburse the County for the County's share of property tax revenue.

As the facilities for Alternative D are the same as those proposed for Alternative A, Alternative D is estimated to generate 200 jobs (**Appendix O**). Entry-level wages would be similar to Alternative A. As with Alternative A, the County has a substantial currently available labor supply to fill the expected new jobs, with an unemployment rate of 7.7%. The development may attract employees to the region who are not currently residents of Del Norte County. The County currently has a vacancy rate of over 12%, which is more than double the statewide average. The current housing supply is adequate to absorb the impact with 1,200 vacant units (**Appendix O**). As with Alternative A, increased school enrollment would be funded by incoming worker's property taxes and in-lieu payments to the County made by the Tribe. Social services qualification varies based on number of earners per household, number of children, and job type.

As wages at the project would be comparable to the average for Del Norte County, a significant increase in social services is not expected.

Overall, however, the proposed casino/resort project would improve the socioeconomic conditions of the County, the Tribe and nearby jurisdictions. As with the Proposed Action, operation of the gaming facility and hotel would contribute socioeconomic benefits to the Tribe, such as providing income, employment, and medical care, and the monetary means for housing. The project would also generate substantial revenue, including direct and indirect sales in the local area. It would also generate revenue through direct and indirect salaries and wages in the local area.

Application of the regional economic model by McCann *et al.* (2004) predicts positive indirect impacts on both measurements of economic activity: 1) total output and 2) value added. With the onset of construction in 2005 the total impacts are at an increase in \$96 million in output and \$39 million in value added, and about 430 jobs are added, a portion of which is an indirect and positive impact to the community and region as a whole. At the onset of casino operations in 2006 at the new site, total output increases by \$24 million with value added increasing by \$10 million. Total output and value added increase to \$29 million and \$12 million, respectively, by 2010. Net job growth is 200 jobs in 2006, increasing to 210 by 2010.

Although the Enderts Beach property is not specifically addressed in the Tribe's MOU with Del Norte County, the project could also result in annual payments to the County in increasing increments through the life of the agreement, assuming the MOU were amended. As with the Proposed Action, and assuming the Tribe and County agree to amend the existing MOU, the Tribe could also impose a Transient Occupancy Tax on all hotel rooms and remit 90% of the revenues to the County. The Tribe would also provide sales tax revenue to the County that the Tribe would otherwise be exempt from collecting.

Potential economic effects of the Enderts Beach Alternative are considered beneficial. No mitigation is required.

#### ***Potential Social Costs Associated with Gambling***

For information on potential social costs associated with gambling please see the discussion under Alternative A. The Tribe is concerned about problem and pathological gamblers and the potential social and economic costs associated with problem gambling. Accordingly, the Tribe has identified mitigation measures, based on NIGSC recommendations, to address potential effects (**Section 5.0**). These measures are expected to reduce potential effects from problem and pathological gambling to a less than significant level.

**ALTERNATIVE E – NO ACTION**

Under the No-Action Alternative, land would not be taken into trust for the benefit of the Tribe. Neither the Tribe nor the local governments would gain any of the potential socioeconomic benefits associated with the Proposed Action or other development alternatives.

**4.7.2 ENVIRONMENTAL JUSTICE**

According to the Council and Environmental Quality's *Environmental Justice Guidance Under the National Environmental Policy Act*, low-income populations in an affected area should be identified with the poverty thresholds from the Census Bureau. Minorities are members of the following population groups: American Indian or Alaskan Native; Asian or Pacific Islander; Black, not of Hispanic Origin; or Hispanic. Minority populations should be identified where either: (a) the minority population of the affected area exceeds 50 percent or (b) the minority population percentage of the affected area is meaningfully greater than the minority population percentage in the general population or other appropriate unit of geographic analysis.

A significant environmental justice effect would result if a project results in a disproportionately high, adverse effect to minority and low-income populations or if such an effect occurs with greater frequency for these populations than for the general population as a whole.

In accordance with Executive Order 12898, this section identifies where minority and low-income populations reside and analyzes project impacts related to low and moderate-income persons and minority persons. Compliance with this Executive Order has been incorporated into the NEPA compliance requirements of the BIA.

**ALTERNATIVE A – PREFERRED ALTERNATIVE: CASINO, HOTEL, CONFERENCE CENTER, AND PARKING FACILITY**

The proposed project would be located in Del Norte County Census Tract 1.02 in a relatively undeveloped area that is planned for agricultural use. The project would not result in the involuntary displacement or relocation of households. The project would not be located in a minority neighborhood. Census tract 1.02 has a lower concentration of non-white persons than the County or City as a whole. According to the 2000 Census (U.S. Census Bureau, 2002), the Del Norte County region and Crescent City area have a predominately Caucasian ethnic composition. Whites make up between 78 and 79 percent of the overall one-race population. This is considerably higher than California as a whole. By contrast, the project area is nearly 86 percent white among one-race individuals.

The proposed project would not be located in a low-income neighborhood. The Census Tract associated with the site has a median household income of \$28,663, considerably more than that of Crescent City and only slightly less (approximately 3%) than the County as a whole, which has

a median household income of \$29,642. No disproportionate effects to low-income or minority populations would occur as a result of the Proposed Action.

***ALTERNATIVE B – GOLF COURSE, HOTEL, CONFERENCE CENTER, AND PARKING FACILITY (NON-GAMING ALTERNATIVE)***

The Non-Gaming Alternative would not result in the involuntary displacement or relocation of households. It would not be located in a low-income neighborhood or minority neighborhood. No disproportionate effects to low-income or minority populations would occur as a result.

***ALTERNATIVE C – CASINO, HOTEL, CONFERENCE CENTER, GOLF COURSE, AND PARKING FACILITY***

Alternative C would not result in the involuntary displacement or relocation of households. It would not be located in a low-income neighborhood or minority neighborhood. No disproportionate effects to low-income or minority populations would occur as a result.

***ALTERNATIVE D – ENDERTS BEACH DEVELOPMENT***

The Enderts Beach property is located in Del Norte County Census Tract 1.02 in a relatively undeveloped area. The project would not result in the involuntary displacement or relocation of households. The project would not be located in a minority neighborhood or low-income neighborhood. No disproportionate effects to low-income or minority populations would occur as a result of the Enderts Beach Alternative.

***ALTERNATIVE E – NO ACTION***

Under the No Action Alternative, no disproportionate effects to low-income or minority populations would occur.