

**EXECUTIVE SUMMARY
MARKET ANALYSIS
NATIVE AMERICAN CASINO
IN BARSTOW, CALIFORNIA
MAY 2003**

Submitted to

**The Los Coyotes Band
The City of Barstow**

Prepared by:

MICHIGAN CONSULTANTS

426 W. Ottawa

Lansing, Michigan 48933

517-482-0790

michigan-consultants.com

Jacob Miklojcik, President

EXECUTIVE SUMMARY
MARKET AND ECONOMIC IMPACT ANALYSIS
NATIVE AMERICAN CASINO IN THE CITY OF BARSTOW

SETTING

The Lost Coyotes Band is proposing a casino in the City of Barstow. A site has been selected near an exit/entrance to I-15. The casino will offer the standard electronic games of chance and table games customers are accustomed to at California Native American casinos and in Las Vegas. The facility will operate under the existing regulations of the National Indian Gaming Commission and under a compact with the State of California. The site will include non-gaming alternatives, including dining and retail, with plans for a hotel. Other related investments are also under consideration.

IDENTIFICATION OF CORE MARKETS

The market for the casino in Barstow can be divided into two primary categories:

- Closer radius residents: Individuals who reside in areas where Barstow will either be the closest or one of the closer casinos.
- Longer distance travelers: The category focuses on the thousands of vehicles on I-15 now going to Las Vegas, many from Los Angeles.

The Barstow market has unique characteristics. At a more typical casino site, residents within a one hour drive time draw the most attention. For Barstow, however, the category of longer distance travelers is the most attractive. The Barstow market is figuratively and literally closer to a Las Vegas situation, where customers come from a wide area, rather than for a new casino that will rely on local customers.

The importance of the broader population is quickly seen in the table below (based upon distance from Barstow City Hall):

Total population within 25 miles	44,353
Total population within 50 miles	365,958
Total population within 100 miles	13,571,371

Various key distances (highway) are as follows:

<u>Destination/Origin from Barstow</u>	<u>Approx. Miles</u>
Los Angeles, CA (center)	120
Las Vegas, Nevada	153
Primm, Nevada	117
Highland, CA (San Manuel Casino)	75
Cabazon, CA (Casino Morongo)	109

The California Transportation Department reported a daily vehicle count average at Barstow-Lenwood Road of 58,035 per day or 19,345,000 annually. A large number of these vehicles are traveling to or from Las Vegas. The full report details a variety of Las Vegas visitor statistics and how they apply to the Barstow market. The results from a survey conducted in Barstow of I-15 travelers and a survey in Las Vegas of visitors from Southern California are also discussed and utilized in the analysis.

EXECUTIVE SUMMARY
MARKET AND ECONOMIC IMPACT ANALYSIS
NATIVE AMERICAN CASINO IN THE CITY OF BARSTOW
PAGE 2 OF 3

MARKET ANALYSIS

The market analysis uses a five-step process:

1. Categorize market pools between I-15 auto, bus, and area residents.
2. Sub-divide pools into differing lengths of casino visitation duration and average gaming expenditures.
3. Develop estimates of non-gaming spending, both on and off site.
4. Consider higher and lower ranges for each market pool.
5. For validation, compare estimates to other casinos and to market capture from a purely population based approach.

The "Mid-range" scenario estimates for visits and gaming revenues appears in Table A. The totals are viewed as prudent given the market opportunity.

Component	Visits	Gaming Revenues
I-15 travelers	1,592,198	\$102,298,750
Bus travelers	336,682	8,417,040
Residents within 90 minutes	346,222	22,087,158
Totals	2,275,102	\$132,802,948

NON-GAMING SPENDING

Casino visitors spend money on non-gaming items and pursuits. The analysis provides an estimate for "Food, beverage, retail, and entertainment" of \$34,590,626 annually. In addition, a portion of the visitors can be expected to spend at least one night in Barstow. It is estimated that the casino will generate 119,415 room nights annually. Of these, the on-site portion is projected to be 55,845, and the off-site hotel portion 63,570. Together the room nights represent an estimated \$8,041,192 in visitor spending

- Some non-gaming items, particularly recreational expenditures and from extended stays in the area are not estimated at this time, yet hold enormous potential benefits for the local economy. To a significant degree, the ability to attract overnight (and multiple-night) visitors will rest not only on the quality of the casino but also the cooperative relationship between the Band and the community in promoting a varied vacation experience.

TOTAL CASINO CUSTOMER EXPENDITURES CAPTURED LOCALLY

The analysis yields the totals in Table B for expenditures by casino patrons for those items enumerated.

EXECUTIVE SUMMARY
MARKET AND ECONOMIC IMPACT ANALYSIS
NATIVE AMERICAN CASINO IN THE CITY OF BARSTOW
PAGE 3 OF 3

TABLE B	
ANNUAL CUSTOMER SPENDING TOTALS	
Location/Category	Annual
<u>On-site</u>	
Gaming	\$ 132,802,848
Food, bev., retail & entertainment	22,483,907
Lodging	3,909,150
<u>Off-site</u>	
Food, bev., retail & entertainment	12,106,719
Lodging	4,132,042
	\$ 176,434,766

OTHER LOCAL SPENDING

The casino will be a major purchaser of goods and services locally; ranging from food produce to office goods to landscaping. The analysis estimates that these expenditures will exceed \$9.3 million annually. The employees hired on and off-site from customer and casino spending will themselves make purchases locally, commencing sequential rounds of local spending and job creation. This "ripple" or "multiplier" effect further enhances the economic benefits. Construction spending will provide an immediate economic boost once all permits have been arranged. The initial budget estimate is at least \$150 million in new investment, although final facility plans will adjust that figure.

EMPLOYMENT CREATED

Table C lists the job impact figures for the mid-range revenue scenario.

TABLE C	
SUMMARY OF JOB CREATION CALCULATIONS	
Category	Positions
Direct (on-site)	1,355
Indirect, from patron spending off-site	192
Indirect, from casino spending in area	104
<u>Subtotal, Direct and Indirect</u>	1,651
Induced (multiplier of 1.6, or 0.6 * direct and indirect)	990
Total job impact	2,641

PUBLIC REVENUES

The Band will negotiate with City officials annual impact payments, contributions towards infrastructure, and other financial considerations.



LOS COYOTES BAND

BARSTOW CASINO

Backgrounder

Project Statement

The Los Coyotes Band is proposing to construct and operate a first class casino/hotel/entertainment complex in Barstow California. Strategically located midway between the Los Angeles area and Las Vegas, the casino will be designed to attract a percentage of the more than 19 million vehicles carrying more than 45 million adults that pass back and forth through Barstow every year. The Band will work hand-in-hand as a partner with the city of Barstow to become an economic catalyst for the community while providing the Los Coyotes with much needed revenue to become self-sufficient and provide for the needs of the Band's members.

Native American Tribe: Los Coyotes Band
Casino Manager: BarWest Gaming L.L.C.

Project specifications

Location: Barstow California off the I-15 expressway
Projected Development Costs: \$150 Million+
Hotel: 180 Rooms
Casino: Approximately 50,000 square feet of gaming space.
1500 slot machines
25 table games
Other: Restaurant
Entertainment venue
Gift Shop
Recreational Vehicle Facilities

Economic Impact

Estimated visitors per year: 2.2 million (1.9 million from out of area)
Estimated yearly revenues: \$159 million
Jobs: 1200 construction year jobs
2600 total jobs created and supported by the casino
1300 direct permanent casino jobs with a local hiring preference
300 spin-off jobs in the community
900 induced jobs as a result of the casino

The Los Coyotes have agreed to not use their tax-exempt status to unfairly compete with any local business in the Barstow area. Retail and hotel taxes will be charged.

Estimated Revenue To Other Governments:

State: \$8 million + (not including sales and hotel taxes)
Local: To be determined

Development and Approval Process

1. City of Barstow passes development agreement (June 3, 2003)
2. Negotiate a compact with the governor of California that is approved by the state legislature and federal government.
3. Secure Land-In-Trust with the Department of Interior.
4. Department of Interior determines land to be eligible for gaming.
5. Construction and development.

For more information, contact Tom Shields at 517/372-4400 or toms@mvgmi.com

EXECUTIVE SUMMARY
MARKET AND ECONOMIC IMPACT ANALYSIS
NATIVE AMERICAN CASINO IN THE CITY OF BARSTOW

SETTING

The Lost Coyotes Band is proposing a casino in the City of Barstow. A site has been selected near an exit/entrance to I-15. The casino will offer the standard electronic games of chance and table games customers are accustomed to at California Native American casinos and in Las Vegas. The facility will operate under the existing regulations of the National Indian Gaming Commission and under a compact with the State of California. The site will include non-gaming alternatives, including dining and retail, with plans for a hotel. Other related investments are also under consideration.

IDENTIFICATION OF CORE MARKETS

The market for the casino in Barstow can be divided into two primary categories:

- Closer radius residents: Individuals who reside in areas where Barstow will either be the closest or one of the closer casinos.
- Longer distance travelers: The category focuses on the thousands of vehicles on I-15 now going to Las Vegas, many from Los Angeles.

The Barstow market has unique characteristics. At a more typical casino site, residents within a one hour drive time draw the most attention. For Barstow, however, the category of longer distance travelers is the most attractive. The Barstow market is figuratively and literally closer to a Las Vegas situation, where customers come from a wide area, rather than for a new casino that will rely on local customers.

The importance of the broader population is quickly seen in the table below (based upon distance from Barstow City Hall):

Total population within 25 miles	44,353
Total population within 50 miles.....	365,956
Total population within 100 miles.....	13,571,371

Various key distances (highway) are as follows:

<u>Destination/Origin from Barstow</u>	<u>Approx. Miles</u>
Los Angeles, CA (center).....	120
Las Vegas, Nevada.....	153
Primm, Nevada.....	117
Highland, CA (San Manuel Casino).....	75
Cabazon, CA (Casino Morongo).....	109

The California Transportation Department reported a daily vehicle count average at Barstow-Lenwood Road of 58,035 per day or 19,345,000 annually. A large number of these vehicles are traveling to or from Las Vegas. The full report details a variety of Las Vegas visitor statistics and how they apply to the Barstow market. The results from a survey conducted in Barstow of I-15 travelers and a survey in Las Vegas of visitors from Southern California are also discussed and utilized in the analysis.

EXECUTIVE SUMMARY
MARKET AND ECONOMIC IMPACT ANALYSIS
NATIVE AMERICAN CASINO IN THE CITY OF BARSTOW
PAGE 2 OF 2

MARKET ANALYSIS

The market analysis uses a five-step process:

1. Categorize market pools between I-15 auto, bus, and area residents.
2. Sub-divide pools into differing lengths of casino visitation duration and average gaming expenditures.
3. Develop estimates of non-gaming spending, both on and off site.
4. Consider higher and lower ranges for each market pool.
5. For validation, compare estimates to other casinos and to market capture from a purely population based approach.

The "Mid-range" scenario estimates for visits and gaming revenues appears in Table A. The totals are viewed as prudent given the market opportunity.

Component	Visits	Gaming Revenues
I-15 travelers	1,592,198	\$102,298,750
Bus travelers	336,682	8,417,040
Residents within 90 minutes	346,222	22,087,158
Totals	2,275,102	\$132,802,948

NON-GAMING SPENDING

Casino visitors spend money on non-gaming items and pursuits. The analysis provides an estimate for "Food, beverage, retail, and entertainment" of \$34,590,626 annually. In addition, a portion of the visitors can be expected to spend at least one night in Barstow. It is estimated that the casino will generate 119,415 room nights annually. Of these, the on-site portion is projected to be 55,845, and the off-site hotel portion 63,570. Together the room nights represent an estimated \$8,041,192 in visitor spending.

Some non-gaming items, particularly recreational expenditures and from extended stays in the area are not estimated at this time, yet hold enormous potential benefits for the local economy. To a significant degree, the ability to attract overnight (and multiple-night) visitors will rest not only on the quality of the casino but also the cooperative relationship between the Band and the community in promoting a varied vacation experience.

TOTAL CASINO CUSTOMER EXPENDITURES CAPTURED LOCALLY

The analysis yields the totals in Table B for expenditures by casino patrons for those items enumerated.

EXECUTIVE SUMMARY
MARKET AND ECONOMIC IMPACT ANALYSIS
NATIVE AMERICAN CASINO IN THE CITY OF BARSTOW
PAGE 3 OF 3

TABLE B	
ANNUAL CUSTOMER SPENDING TOTALS	
Location/Category	Annual
On-site	
	Gross Spending
Gaming	\$ 132,802,948
Food, bev., retail & entertainment	22,483,907
Lodging	3,909,150
Off-site	
Food, bev., retail & entertainment	12,106,719
Lodging	4,132,042
	\$ 175,434,786

OTHER LOCAL SPENDING

The casino will be a major purchaser of goods and services locally; ranging from food produce to office goods to landscaping. The analysis estimates that these expenditures will exceed \$9.3 million annually. The employees hired on and off-site from customer and casino spending will themselves make purchases locally, commencing sequential rounds of local spending and job creation. This "ripple" or "multiplier" effect further enhances the economic benefits. Construction spending will provide an immediate economic boost once all permits have been arranged. The initial budget estimate is at least \$150 million in new investment, although final facility plans will adjust that figure.

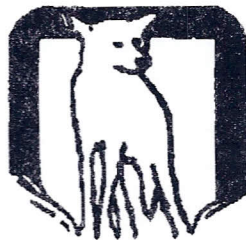
EMPLOYMENT CREATED

Table C lists the job impact figures for the mid-range revenue scenario.

TABLE C	
SUMMARY OF JOB CREATION CALCULATIONS	
Category	Positions
Direct (on-site)	1,355
Indirect, from patron spending off-site	192
Indirect, from casino spending in area	104
Subtotal, Direct and Indirect	1,651
Induced (multiplier of 1.6, or 0.6 * direct and indirect)	990
Total Job Impact	2,641

PUBLIC REVENUES

The Band will negotiate with City officials annual impact payments, contributions towards infrastructure, and other financial considerations.



LOS COYOTES BAND

BARSTOW CASINO

Backgrounder

Project Statement

The Los Coyotes Band is proposing to construct and operate a first class casino/hotel/entertainment complex in Barstow California. Strategically located midway between the Los Angeles area and Las Vegas, the casino will be designed to attract a percentage of the more than 19 million vehicles carrying more than 45 million adults that pass back and forth through Barstow every year. The Band will work hand-in-hand as a partner with the city of Barstow to become an economic catalyst for the community while providing the Los Coyotes with much needed revenue to become self-sufficient and provide for the needs of the Band's members.

Native American Tribe: Los Coyotes Band
Casino Manager: BarWest Gaming L.L.C.

Project specifications

Location: Barstow California off the I-15 expressway
Projected Development Costs: \$150 Million+
Hotel: 180 Rooms
Casino: Approximately 50,000 square feet of gaming space.
1500 slot machines
25 table games
Other: Restaurant
Entertainment venue
Gift Shop
Recreational Vehicle Facilities

Economic Impact

Estimated visitors per year: 2.2 million (1.9 million from out of area)
Estimated yearly revenues: \$159 million
Jobs: 1200 construction year jobs
2600 total jobs created and supported by the casino
1300 direct permanent casino jobs with a local hiring preference
300 spin-off jobs in the community
900 induced jobs as a result of the casino

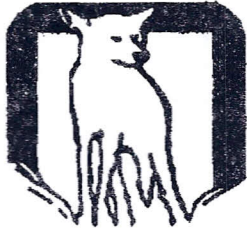
The Los Coyotes have agreed to not use their tax-exempt status to unfairly compete with any local business in the Barstow area. Retail and hotel taxes will be charged.

Estimated Revenue To Other Governments:
State: \$8 million + (not including sales and hotel taxes)
Local: To be determined

Development and Approval Process

1. City of Barstow passes development agreement (June 3, 2003)
2. Negotiate a compact with the governor of California that is approved by the state legislature and federal government.
3. Secure Land-In-Trust with the Department of Interior.
4. Department of Interior determines land to be eligible for gaming.
5. Construction and development.

For more information, contact Tom Shields at 517/372-4400 or toms@mrgmi.com



LOS COYOTES BAND OF INDIANS

The Los Coyotes Band is a Federally recognized Tribe located in the rural mountains of San Diego county between the Cleveland National Forest and the Anza-Borrego Desert State Park. United States President Woodrow Wilson signed an Executive Order May 5, 1889 to set apart the land now known as Los Coyotes Reservation.

The Culture and History of the Cahuilla people is kept alive through the personages of several elders including Katherine Siva Saubel and her brothers, Alvino Siva and Paul Siva. The Cahuilla people have lived in the tradition of their ancestors, and are teachers of their language and the songs that maintain their culture.

KATHERINE SIVA SAUBEL **Chairperson of the Los Coyotes Band of Indians**

Katherine Siva Saubel is acknowledged nationally and internationally as one of California's most respected Native American leaders.

Some of her greatest achievements as both a scholar and tribal leader can be seen in her efforts to preserve the language of the Cahuilla people. Mrs. Saubel's research has appeared nationally and internationally in a variety of government, academic and museum publications. She was inducted into the National Women's Hall of Fame in the 1990s.

Her knowledge of Cahuilla ethnobotany and tribal affairs has prompted State and Federal legislative committees to seek out her testimony. The depth of Mrs. Saubel's expertise in Cahuilla culture can be demonstrated in the second major focus of her scholarship: Native ethnobotany, the study of the plant lore of a specific ethnic group.

Mrs. Saubel is acknowledged as the founder of the Malki Museum and Malki Museum Press. The museum is the first nonprofit tribal museum on a Native American Reservation.

Past and current governors of California have honored Chairperson Saubel. She has been appointed to a variety of Commissions and agencies, where she has led the fight to preserve sacred locations throughout California while serving on the California Native American Heritage Commission.



2211 Woodward Ave 10th Floor
Detroit, MI 48201

BarWest Gaming L.L.C. is a casino development group of investors led by Marian Ilitch, a successful Michigan businesswoman who helped develop and owns part of one of the newest and successful casinos in the country. Investors in the BarWest group helped develop the MotorCity Casino in Detroit, which is operated by Mandalay Resort Group. They also helped develop two Indian casinos in northern Michigan, Little River Casino operated by the Little River Band of Ottawa Indians in Manistee and the Bay Mills Casino and Resort, operated by the Bay Mills Indian Tribe in Brimley. Marian is currently a minority owner in the MotorCity Casino in Detroit.

Marian Ilitch has been recognized as one of the most successful businesswomen in the country. Marian and her husband Mike Ilitch formed Ilitch Holdings to manage their primary business interest in the food, sports and entertainment industries. These ventures include Little Caesar Enterprises, the Detroit Red Wings NHL hockey team, Olympia Entertainment, historic Fox Theatre, Olympia Development, and a variety of venues within these entities. The holding company's total combined revenue in 2001 exceeded \$800 million.

Marian Ilitch received many awards including:

Hospice of Southeastern Michigan Council Crystal Rose Award for leadership, compassion and dedication to the community (1997).

American Red Cross of Southeastern Michigan for aiding emergency services and the work of the Red Cross friends (1996).

Working Women Magazine recognized as the number one women business owner in the nation (1994). Has been included in the top 10 for the last eight years.

Greater Detroit Chapter of the National Association of Women Business Owners recognized as one of Michigan's Top 25 women business owners (1994).

Roundtable for Women in Foodservice Pacesetter Award in recognition of lasting and outstanding contributions made by women in foodservice (1988).

In addition, Little Caesars and other Ilitch-owned companies have received numerous awards for outstanding contributions in business and community service, including special recognition from Presidents Clinton, Bush and Reagan, as well as former Michigan Governor John Engler, for the Love Kitchen Program for feeding the hungry nationwide.

###

4 Original contracts

**The City of Barstow
Redevelopment Agency**

AGENDA MATTER:

Exclusive Negotiating Agreement between the Barstow Redevelopment Agency and BARWEST, L.L.C.

EXECUTIVE SUMMARY:

Staff is proposing an Exclusive Negotiating Agreement (ENA) between the Barstow Redevelopment Agency (Agency) and BARWEST, L.L.C. (BARWEST) regarding an economic development proposal for the Lenwood area. BARWEST has indicated an interest in developing a first-class, high-quality destination resort, which will include an Indian gaming casino in the City. The ENA would provide an opportunity for the Agency and BARWEST to negotiate regarding a Disposition and Development Agreement (DDA) for the disposition of land by the Agency or the acquisition by Developer of privately owned land and for the establishment of exclusive rights of the Developer to develop a Indian gaming casino. Staff is recommending the approval of the Exclusive Negotiating Agreement between the Barstow Redevelopment Agency and BARWEST, L.L.C.

DISCUSSION:

BARWEST, L.L.C. (BARWEST) is proposing to develop a first-class, high-quality destination resort, including hotels, restaurants, hospitality services and a class III Indian gaming casino in the City of Barstow. Class III gaming is defined as gaming activities that are generally referred to as house-banked, which include Vegas-style games and video lottery terminals, or slot machines.

BARWEST's proposal will help to effectuate the Agency's and City's coordinated effort to maintain, improve and increase the amount of employment, recreation,

(Continued on page 2)

RECOMMENDED ACTION:

Approve Exclusive Negotiating Agreement between the Barstow Redevelopment Agency and BARWEST, L.L.C.

PROPOSED BY	FUNDS BUDGETED	FUNDS REMAINING	MEETING DATE
Ron Rector <i>RR</i>	N/A	N/A	June 2, 2003
E.D. APPROVAL	AMOUNT REQUIRED	CATEGORY	ITEM NUMBER
	N/A	Redevelopment	

(Continued from page 1)

transportation, and housing opportunities available to the residents of the Project Area and to improve the quality of life for all residents of the city.

The project will take time to develop. The ENA will provide time to the parties in which to analyze and study the project as it relates to its economic feasibility.

BARWEST has provided an Economic Impact Analysis Report (analysis) for the project. The analysis shows that the project will create 1,046 on-site gaming jobs, 309 on-site non-gaming jobs and 296 off-site direct jobs. This totals 1,651 new full-time equivalent jobs directly tied to the project. Casino industry statistics indicates that this project will also induce an additional 990 jobs through the multiplier effect. This project is estimated to create a potential job growth for the City and region of 2,641 new jobs.

New revenues generated from this project are difficult to project at this point in time. The analysis does provide some insight into the potential revenues that the City could realize, for example, Transient Occupancy Tax (TOT) and sales tax. Revenues from hotels are estimated to be \$8,041,192. TOT of 12.5% would return \$1,005,149 in revenues to the city. Off-site purchases have a potential of producing in excess of \$370,000 in sales tax revenues. Substantial property tax and sales tax revenues are expected from the \$47.5 million in new payroll. And finally, the city will certainly benefit from the \$150 million in construction costs, which includes 1,200 work years of construction employment.

The Initial Term for the ENA is three months. If BARWEST acquires the necessary land on which to build a first-class, high-quality destination resort, including hotels, restaurants, hospitality services and a class III Indian gaming casino, the ENA is extended by six months from the end of the Initial Term.