

POSITION STATEMENT SHINGLE SPRINGS CASINO

The Board of Supervisors has taken a consistently strong position against the construction and operation of a gambling casino on the Shingle Springs Rancheria. Many County residents have expressed to us the reasons why they feel that this huge proposed casino in Shingle Springs would be a disaster for the County. Some are against gambling altogether, some fear the inevitable increase in crime, some oppose placing a commercial development of this magnitude in the midst of a rural residential area, many businesses feel it unfair to have to compete with a tribe which pays no income or real property taxes, some are concerned about the additional drain on already depleted public resources, some lament the eyesore that casino-style architecture will create in the pastoral oak woodland of the central County, and many are concerned about the numerous negative environmental impacts the casino will cause. The Board has heard and understands these concerns, and is adamantly opposed to the building of a casino that will degrade the quality of life in El Dorado County in so many ways.

Many people do not understand the enormity of what is proposed. Existing gaming compacts with the State allow up to 2,000 slot machines per facility. This means a casino 25% larger than the largest currently at Lake Tahoe. Gaming tribes (including the Shingle Springs band) have recently written the Governor asking that compacts be renegotiated to allow even more slots. Incidentally, the existing compacts allow each tribe to have two casinos.

The casino Environmental Assessment (EA) states that the “hotel and casino complex” will occupy 381,250 square feet. That’s about seven times the size of the average full size supermarket, about four times the size of the Home Depot planned for Placerville Drive and about three times the size of the Wal-Mart that just opened on Missouri Flat Road. This size estimate includes a 250 room five story hotel, but does not include the “five level parking structure” for 3,000 cars. The casino complex would be the second largest building ever in El Dorado County (the largest is the Cable Data building in the El Dorado Hills business park). The EA states that the casino structure itself will be 115 feet tall, making it the tallest building in the County. The project will cover 29 acres of land with impervious surfaces.

The Rancheria does not have sufficient water supply to serve a casino, so the casino operators plan to either haul in 25 truck loads a day of water, a practice deemed unacceptable by the State Department of Health Services except for emergencies, or to use potable water from the El Dorado Irrigation District (EID) which would be illegal because the terms of the Rancheria’s annexation into the EID service area stipulates that EID water deliveries can only be used for residential purposes.

This part of the County is notorious for not “perking” and thus is generally unable to have septic systems. The casino plans to use a high tech waste water treatment system,

recycle as much of the treated effluent as it can and hope that it can get rid of the rest. They apparently intend to put a 1.8 million gallon recycled water storage reservoir “built into the top of the hill,” and also to store ten years worth of “biosolids” on site. Their plan says that they will dispose of the 76,000 gallons per day of treated effluent they cannot recycle by spreading it on 6 to 7 acres of leach field. This works out to about ½ inch per day of effluent over the 6-7 acres, which is about 6 times more than the amount that the Environmental Management Department believes is possible for the soil to absorb. The tribe has not identified a contingency plan in the event that its risky experiment with sewage disposal fails.

This is a planning nightmare— no rational planner and no sensible public official would ever approve a commercial project of this magnitude in an area zoned for rural residences. Yet this band and its gambling financiers claim to have the right to build such a monstrosity because of a distortion of history. When this parcel of land was purchased by the federal government in 1920 for two unrelated groups of 34 individuals living in Sutter and Sacramento Counties, who had no historic relationship to El Dorado County and no tribal relationship to one another, no one contemplated that 83 years later the consequences would be to allow anything like this.

The casino expects to receive 3.7 million visitors in the first year of operation. From the day it opens the casino will attract almost 10,000 car trips on Highway 50 every weekday, and almost 15,000 car trips per day on Saturdays. That’s what the casino backers admit; we believe they have underestimated the actual traffic to minimize the negative environmental impacts, and we believe that the true traffic problem will be much worse. The Board of Supervisors has struggled for years to insure that the car carrying capacity of Highway 50, which the taxpayers of the State and County paid to build over the years, is not degraded by new development unless that new development pays the cost of replacing the capacity it uses up. The voters of the County agreed with this principle by adopting Measure Y (the “Control Traffic Congestion Initiative”) in 1998. The County therefore makes all new development pay for the road capacity it consumes by imposing road impact fees on new residential and commercial development. County road fees cover the impacts to the roads in the immediate area of the development and to the major connector roads in the County. In addition El Dorado County is (we believe) the only local jurisdiction in the state to impose a comprehensive state road fee program. County staff has estimated that a similarly sized commercial project would pay to the County a total road impact fee of \$3.1 million, which includes the state highway fee. This casino will pay the County nothing. Once it is opened, the casino will bring the traffic on Highway 50 in the west end of the County to near gridlock levels, and the traffic will gradually get even worse over time. The Board was particularly dismayed to find that Caltrans approved the planned new interchange serving the casino but failed to impose any defined or enforceable mitigation measures that would help alleviate the traffic problems. The casino’s financial analysis, as we understand it, says that it is expected to gross \$194 million per year, and after the cost of running the operation, it will

net \$83.4 million. Thirty percent of that, or \$25 million per year, will go to the casino's backers, a gambling company from Minnesota named Lakes Entertainment and its partner, Kean- Argovitz Resorts. This enormous annual profit for the casino backers will be at the expense of the El Dorado County environment.

This many new auto trips will necessarily increase air pollution in the County, yet the environmental document prepared by the casino backers claims that there will be no significant adverse air quality impact. The casino EA reached this conclusion using a methodology which ignored the Sacramento Area Council of Governments and the regional Metropolitan Transportation Plan thresholds. Our experts, and common sense, tell us that air quality will be drastically impacted by the huge increase in traffic. El Dorado County is already ranked 18th out of the 25 most ozone polluted counties in the U.S. by the American Lung Association, and the casino will inevitably make the problem worse.

The casino EA makes many statements that make it sound like many of the obvious negative environmental impacts caused by the casino will be avoided by following county ordinances. For example, it concludes that the casino will not create light pollution because it will follow the County's light ordinance, and that when they move 227,000 cubic yards of dirt during construction they will minimize dust and erosion impacts by following El Dorado County's grading ordinance, and what they admit is a potentially significant health problem with asbestos will be mitigated because they will comply with the County Naturally Occurring Asbestos ordinance. However, the County does not have the ability to enforce its regulatory laws on the Rancheria, and the tribe has not offered to waive sovereign immunity so that these ordinances can be enforced by either the County or by the people who may be potentially harmed if they are not followed. CalTrans has not indicated any method by which it would be able to enforce the mitigation measures it recognizes are needed. We believe that the promises made in the EA to follow county or state environmental ordinances are illusory. This is a continuing difficulty when dealing with the tribe— it's difficult to take seriously any statements or promises that cannot be legally enforced.

Indian tribes pay no local property taxes. If this was a private development, the Assessor has tentatively estimated that it would pay \$2.68 million per year in real property taxes. This would put about \$536,000 per year in the County general fund to help pay for the variety of services that the County provides, such as law enforcement, social services, libraries, parks, etc. The balance of about \$2.14 million per year in property taxes would fund other local governmental programs and services such as fire, ambulance, schools, etc. Since Indian tribes pay no local taxes, the additional hardship the casino will place on local governmental services and the local schools will have to be borne by the taxpayers of the County. Indian tribes pay no income taxes at either the state or federal level. This tax inequality is not only unfair to the taxpayers who have to pay more or receive less to make up for the extra burden imposed by the casino, but it is

also unfair to local taxpaying businesses who will be handicapped in competing against the various non-taxpaying casino businesses (43,300 square feet of “food and beverage” sales, plus 4,000 square feet of retail space, plus 142,750 square feet of lodging).

We have heard many horror stories from locations around the state that have already experienced what casinos bring. A San Diego newspaper reports that one Indian casino sucks up so much water from its wells that the neighbors’ wells have gone dry, and the value of their houses has plummeted as a result. The tribe cannot be held responsible for the damages it causes because of the shield of sovereign immunity. One supervisor from a county with gambling told us of a local road that used to have one fatal accident every 7 years, but after a casino was built nearby now has 7 fatalities every year. Once again, the tribe does not consider this to be its problem. Patrons will drink at the Shingle Springs Casino, but then drive on our roads, putting all of us and our children at risk. It is reported that a tribe in Southern California provides health insurance to its employees who are tribal members, but not to the other mostly minority and minimum wage casino employees, who cannot afford health insurance and who therefore have to use MediCare, which we all subsidize, for health services. A commonly reported problem is the fact that non-tribal businesses in California must pay for workers compensation insurance so that workers injured on the job have their medical bills paid, and receive some compensation to live on while recuperating. Tribal casinos, on the other hand, are exempt. If casino or hotel workers at an Indian casino are injured on the job, they will have no benefits provided by their employer because the law does not require the Band to maintain workers compensation insurance. Welfare is the only likely recourse, which the County’s taxpayers will have to pay for. We have heard an appalling series of similar stories about the many types of problems that casinos cause, which the tribes operating them fail to alleviate. Time Magazine recently ran a series of major articles (one a cover story) which described how Indian casinos generally enrich their already wealthy financiers rather than improve the lot of the Indians, and how they destroy the rural communities in which they are built. (“Wheel of Misfortune,” December 16, 2002; “Who Gets the Money?,” December 16, 2002; and “Playing the Political Slots,” December 23, 2002.) If you haven’t read these horrifying stories, please request a copy from the Board of Supervisors Office or get them from Time’s web site (www.Time.com). Anyone who believes that casinos make good neighbors is sadly misinformed.

Several counties and local jurisdictions in California have entered into “fair share” agreements with Indian tribes who already have or wish to open or expand casinos, with the purpose of reimbursing the local jurisdiction for the actual burden the casino will place on public services. These agreements typically involve an initial payment calculated to approximate what an equivalent business would pay in one-time impact fees, plus an annual payment calculated to reimburse for the costs of ongoing services such as law enforcement, ambulance, social services, etc. The two most recent County-Tribal agreements were entered into in Yolo and Yuba Counties. Using the figures from

those agreements, our calculations show that if the Shingle Springs Band were to pay at the same rate per square foot as the Rumsey Band agreed to pay Yolo County, then they would pay El Dorado County an initial payment of \$7 million plus \$7.2 million annually. If the Shingle Springs Band were to pay at the same rate per square foot as the Enterprise Rancheria agreed to pay Yuba County, then they would pay El Dorado County an initial payment of \$1.75 million plus \$12.5 million annually. The situations in Yolo, Yuba and El Dorado Counties are obviously not all identical. However, the Yolo and Yuba County examples are graphic evidence of the magnitude of the true costs imposed on a community by a casino.

It is clear to us that our constituents are correct: the proposed casino will significantly degrade the quality of life for every resident of El Dorado County. The Board is committed to preventing this loss. This will be an expensive and difficult fight, but once a casino of this magnitude goes in, the battle is lost and County residents will suffer the unfortunate consequences forever. We have challenged the federal government's approval of the tribe's casino Development and Management Agreement with Lakes Entertainment and its partner in federal court on a number of grounds. We feel that the federal government gave the County short shrift by minimizing or ignoring the serious environmental impacts of the casino, and by not imposing any substantial mitigation measures to alleviate those impacts. Under federal law, gaming is only permitted by a federally recognized "Indian tribe" and only on "Indian lands," that is, land held in trust for an Indian tribe. Records from the Bureau of Indian Affairs disclose that the two unrelated groups of Indians from Sutter and Sacramento Counties, jointly referred to at that time as the "Sacramento-Verona Band of Homeless Indians" for administrative convenience, never functioned historically as a tribe, never had any historic relationship with El Dorado County, and were never formally or properly "recognized" by the federal government as an "Indian tribe." The land purchased for them in 1920, which was never the homeland of any Indians and which was never even occupied by the descendants of the Sacramento-Verona group until 1980, was not taken into trust and therefore does not qualify as "Indian lands." The County has also sued Caltrans for failing to follow CEQA in approving the interchange that will destroy the remaining capacity of Highway 50. This litigation is the only way available to us to stop the casino and halt this assault on the El Dorado County way of life. The fight will be expensive, and it is always difficult to predict the outcome of lawsuits, but we believe that our position in the litigation is fully supported by the facts and the law. It would be tragic to do nothing, and afterwards look back and realize the extent of the disaster that had hit the County.

The Governor has stated that he would like to re-negotiate the compact between the 61 gambling tribes and the State, to allow even more slot machines than before, and to require the tribes to mitigate the negative effects of their casinos on the local jurisdictions where they are located. The Governor appears motivated to increase the number of slot machines in return for payments from the tribes to the State to solve the

State budget crisis, and we are concerned that the Governor may not fight with the same vigor to assist the local cities and counties which actually experience the bulk of the damage from casinos. We urge all citizens of El Dorado County to call and write the Governor asking him to help us out. In the meantime, the Board of Supervisors will remain committed to doing everything it can to stop or mitigate the casino which a majority of our residents fear will substantially degrade our County.