

County of Kern Intergovernmental Agreement with the Tejon Indian Tribe for the proposed Hard Rock Hotel and Casino Project

Key Points

- The Tejon Indian Tribe is the only federally recognized tribe in Kern County
- The Tribe has commenced the process with the Bureau of Indian Affairs (BIA) to take acquired private land into Federal Trust for economic development purposes, including gaming. The site is 306 acres accessed from Highway 99 near the 166 Mettler exit.
- Plans have been announced for the proposed development of a \$600 million Hard Rock Hotel and Casino on that Federal Trust Land. The project includes a 400 room hotel, resort style pool area, a Rock Spa and Fitness facility, 13 restaurants and bars, a Hard Rock Live concert venue, the largest conference center and meeting space in Kern County, and designated RV park, among other resort style amenities.
- The project is estimated to create more than **1,000 construction jobs, and 2,000 permanent jobs once completed**, with a projected \$60 million annual payroll. There is a Local Hiring provision that is consistent with the BOS policy to encourage at least 50% of workers for the project come from local communities within the County of Kern.
- It is anticipated, based on **2019 JobsEQ data**, that the project could generate an additional 1,240 jobs in the local economy, which could yield an additional \$85.3 million in indirect and induced compensation and an estimated \$275.8 million in indirect and induced sales on an annual basis.
- A proposed **Intergovernmental Agreement (IGA) is coming before the BOS on July 23**. Since tribal lands are exempt from paying taxes, the primary purpose of the IGA is to provide a funding mechanism for the Tribe to compensate the County for services needed at the Hard Rock Hotel and Casino, such as law enforcement, fire protection, and emergency services, among others.

- Terms of the IGA were a collaborative effort between the CAO, Fire, Sheriff, Planning, Public Health, and County Counsel. 20-year agreement, with ability to negotiate new agreement at the end of 20-years.
- The IGA will provide up to \$13.3 million in **one-time** payments to:
 - Build a joint Fire/Sheriff substation
 - Purchase new 110-ft. ladder truck
 - Purchase new Type-6 Wildland Fire vehicle
 - Purchase 12 new, fully equipped Sheriff patrol vehicles
 - Fund a Deputy Sheriff training academy
- The IGA will provide **recurring annual payments** for the next 20 years to provide:
 - Ongoing fire staffing at the joint substation (9 new positions)
 - Ongoing sheriff's deputy staffing at the joint substation (13 new positions)
 - Capital outlay for the replacement of fire/sheriff equipment at the joint substation
 - Direct General Fund contribution based on a calculation of standard property tax formulas and a 6% Occupied Room Fee
 - Gambling treatment program
- The proposed IGA significantly enhances public safety efficacy throughout this area of the County, in addition to fully addressing impacts on County services due to the development of the Hard Rock Hotel & Casino.
- The estimated value of the one-time and recurring payments to the County of Kern are estimated at nearly **\$220 million over the 20-year duration of the IGA**, which begins on commencement of operation.
 - General Fund Allocation \$140,120,865
 - Fire Fund Allocation \$77,729,150

IGA Revenue Detail:

One Time Payments:

Construction of new Fire/Sheriff Substation \$10,000,000
110-ft. Ladder Truck (Fire Fund) \$1,800,000
Type 6 Wildlands Fire Vehicle (Fire Fund) \$130,000
Sheriff Patrol Vehicles \$962,000
Sheriff Academy \$500,000
Subtotal: \$13,392,000

Recurring Payments over 20 years (Assumed CPI @1.5% except for Occupied Room Fee)

Fire Staffing (Fire Fund) \$66,480,543
Sheriff Staffing \$57,809,168
Fire/Sheriff Capital Outlay
 Fire Fund 66.5% \$9,318,607
 Sheriff/GF 33.5% \$4,694,336
 Total: \$14,012,942
General Fund \$47,935,362 (calculation of standard property tax formulas)
Occupied Room Fee @6%/GF \$18,220,000
Subtotal: \$204,458,015

Total General Fund Allocation \$140,120,865

Total Fire Fund Allocation \$77,729,150

Grand Total: \$217,850,015