



**OPTION #2**  
**COST/BENEFIT ANALYSIS**  
**DRAFT SCOPE OF WORK-SUMMARY**

The Santa Ynez Valley Baseline Report is a countywide cost/benefit analysis of the Chumash casino. This Report will include an evaluation of the economic, environmental, and social costs versus benefits of Chumash casino operations throughout Santa Barbara County. The analysis will consist of four components; 1) a baseline report of data, 2) an economic impact analysis, 3) a fiscal impact analysis and, 4) an analysis of the cost versus benefits of casino operations.

**Summary: Scope of Work**

**1) Baseline Report of Primary and Secondary Data**

This first component will include data collection and documentation of social (demographic), economic, and environmental characteristics of the study area.

**2) Economic Impact Analysis**

This second component will document the combined:

- Direct impacts (initial spending of visitors to casino)
- Indirect impacts (casino purchases from other businesses to meet visitor demand)
- Induced impacts (increase in household spending due to increase in employment compensation in businesses that experience direct and indirect impacts caused by casino visitors) within regional economy

Impacts may be measured by:

- Output (value of total production in the industry)
- Value added (total employee compensation/payroll; self-employment income; payments for rents, royalties and dividends; excise taxes, property taxes, licenses, and sales taxes)
- Employment (number of jobs for each related industry)

**3) Fiscal Impact Analysis**

The third component will document the fiscal impacts to the County general fund, which result from casino operations.

**4) Cost/Benefits Analysis**

The fourth component will analyze the economic and social costs versus benefits of the casino. In order to adequately assess the social cost aspects of the analysis, the County will need to gather extensive data. This will be facilitated by a combination of survey work and focus group interviews. Potential surveys and studies needed to complete this analysis include:

- a) Gambling Prevalence Survey: Spanish & English survey development, implementation and analysis to determine percentage of problem and pathological gamblers in the County
- b) Resident Perceptions Survey: Perceptions of impacts from and activity related to casino gambling



- c) Business Perceptions Survey: Perceptions of impacts from and activity related to casino gambling
- d) Casino Intercept Survey: Survey of visitors interviewed at casino
- e) Casino License Plate Survey: Visual survey of visitor license plates at casino
- f) Casino Worker Survey: Characteristics of casino workers, past employment and reasons for accepting job with casino
- g) Social Costs Study: Estimating the social costs of gambling disorders for the County
- h) Bankruptcy Study: The impact of gambling at casino on personal bankruptcy



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**DRAFT SCOPE OF WORK**

County staff has identified the following tasks necessary for the successful preparation of this report. A consultant will be secured to complete the following tasks which are suggestive and intended as a general guideline. The consultant will be encouraged to recommend alternative tasks and services that may be appropriate, but to cost them as distinct line items.

**1) Prepare Greater Santa Ynez Valley Baseline Report**

- a) **Project Initiation Meeting/Refine Scope of Work**-The Consultant will meet with County staff to refine project scope of work. The Consultant will be responsible for completing the following tasks.
  - i) The Consultant will complete a revised/refined Scope of Work which will include a list of staff and Consultant recommendations related to the revision. The Consultant will submit this document to County staff for review and approval.
  - ii) The Consultant will refine the area of study within the greater Santa Ynez Valley region and document the appropriate geographic boundaries. The Consultant will submit this document to County staff for review and approval.
  - iii) The Consultant will complete a meeting memorandum summarizing the results of the project initiation meeting. The Consultant will submit this document to County staff for their records.
  
- b) **Baseline Report Design**- The final work product for this project will be a report titled “The Greater Santa Ynez Valley Baseline Report” (GSYVBR). The Consultant will be responsible for developing a methodology outlining the criteria for selection, categorization, and inclusion of social (demographic), economic, and environmental data and other information relevant to the project area. The Consultant will also compile and provide a list of the assumptions used in developing this methodology.
  - i) The Consultant will complete a project methodology summary and submit this document to County staff for review and approval.
  - ii) The Consultant will complete a Baseline Report design draft and submit this document to County staff for review and approval.
  - iii) An appendix will be included in the final report which will list the following: assumptions used and explanation of those criteria/assumptions; list of all public data and information submitted to the County; list of all individuals, organizations consulted, and information sources cited during the report preparation process.



- c) **Data Collection, Synthesis and Analysis**-The County will provide the Consultant with available data, and the Consultant will identify, other sources of data needed to complete the scope of work.

The major categories of information that the Consultant shall consider for potential study in this report are listed below. Only data that provides context to the Chumash casino and related Chumash enterprises in the greater Santa Ynez Valley region will be incorporated into the analysis and final report.

- i) **Social Data**-The Consultant will be responsible for adequate data collection substantiating past trends and existing characteristics associated with the social indicators listed below. This will include quantification of financial impacts related to social and public services indicators within the regional economy and upon the County general fund, which result from casino operations. Applicable social indicators may include:

- (1) *Demographic*-Characteristics of age, race/ethnicity, sex, household type and relationship, housing occupancy, income, poverty and labor force.
- (2) *Housing*-Characteristics of existing housing stock including, but not limited to, age, tenure, utilities, water resources, and common physical features (architectural style, form, technique, time period, material and size).
- (3) *Public Service Facilities (infrastructure)*-Characteristics of waste management, transportation, and water utility resources including, but not limited to, facility, age, processing or carrying capacity, and geographic location.
- (4) *Public Safety*-Characteristics of public safety including, but not limited to, police and fire protection scope, range of services and geographic coverage.
- (5) *Open Space and Recreation*-Characteristics of recreational resources (parks, recreational facilities) and open space (areas which provide scenic beauty and proximity and interaction with nature).
- (6) *Rural Heritage*-Characteristics of the area where historic, cultural, natural, and recreational resources have combined to form unified, distinctive landscapes evolving from patterns of present and past human activities shaped by geography.
- (7) *Schools*-Characteristics of public and private institutions of learning including, but not limited to, academic, vocational, and equestrian schools.
- (8) *Health, Welfare and Social Services*-Characteristics and activities of public and private health, welfare and social service institutions and agencies.
- (9) *Cultural Resources*-Characteristics of archeological sites, historical records, folk life, artifacts, spiritual places, social institutions, and agricultural or industrial heritage.

- ii) **Economic Data**-The Consultant will be responsible for ensuring adequate data collection and analysis or synthesis related to past trends, and associated with, employment characteristics for the sub-areas below. Additionally, the Consultant shall quantify the financial impacts within the regional economy, and upon the County general fund, which result from casino operations per applicable economic indicators:



- (1) *Agricultural Operations*-Characteristics of agricultural commercial and non-commercial operations including, but not limited to, agritourism, farming, ranching, raising livestock, horse farms, viticulture and wine making.
  - (2) *Construction*-Characteristics of commercial and residential construction including, but not limited to, common physical features such as architectural style, form, technique, time period, material and size.
  - (3) *Tradable Commercial (Goods/Services)*-Characteristics of commercial operations (excluding agricultural operations) including, but not limited to, manufacturing, financial, insurance, professional services, energy, transportation, telecommunications, technology, entertainment, and mining related industries.
  - (4) *Retail*-Characteristics of retail operations including, but not limited, to establishments engaged in the sales of goods or merchandise from a fixed location for direct consumption by a purchaser.
  - (5) *Tourism*-Characteristics of tourism operations including, but not limited to: historic sites; leisure; lodging/hospitality; restaurants; wine tasting; tours; and special events.
  - (6) *Real Estate*- Characteristics of real estate employment and product types.
- iii) **Environmental Data**-The Consultant will be responsible integrating technical information presently being collected for the Santa Ynez Valley Community Plan environmental review process. GSYVBR will highlight the linkages behind the environmental data as it relates to the study area. Additionally, the Consultant shall assess and analyze impacts within the regional economy and upon the County general fund, which result from casino operations per applicable environmental indicators:
- (1) *Biological Resources*-Characteristics of biodiversity within study area
  - (2) *Water Quality and Availability*-Characteristics of groundwater availability and quality within study area
  - (3) *Air Quality*-Characteristics of ambient particulate matter concentrations and sources
  - (4) *Traffic and Circulation*-Characteristics of traffic patterns associated with commerce including, but not limited to, major intersections, peak traffic volumes, and major roadway patterns.
- 2) **Cost/Benefits Analysis** – To effectively perform a cost/benefit analysis of the Chumash Casino, it would be necessary to establish a baseline report of social, economic and environmental costs, and identify those financial and social costs that are directly attributable to “problem” and “pathological” gamblers that patronize the Chumash Casino. While data detailing “problem” and “pathological” gamblers in regions throughout California is documented in the *2006 California Problem Gambling Prevalence Survey*, localized data is not available. Therefore, to determine the proportion of costs attributable to the percentage of local gamblers that frequent the Chumash casino, it would be necessary to conduct a gambling prevalence survey, which would quantify the number of “problem” and “pathological” gamblers that reside in the County and use the Casino. Using this



information, a costs/benefits analysis could be performed and calculations made to determine proportion of impact attributable to the Chumash Casino.

The Consultant will perform a cost/benefit analysis (CBA) of the combined economic and social costs versus the benefits attributable to the casino. In order to adequately assess the social cost aspects of the analysis, the County will need to gather extensive primary source data. This will be facilitated by a combination of survey work and focus group interviews. The Consultant will work with staff to determine which surveys are necessary to complete the CBA. Consultant will be responsible for survey design, administration, interpretation and analysis of these surveys as part of the CBA.

- a) Potential surveys and studies needed to complete this analysis may include:
  - i) Gambling Prevalence Survey: Spanish & English survey development, implementation and Analysis to determine percentage of problem and pathological gamblers in SB County
  - ii) Resident Perceptions Survey: Perceptions of impacts from and activity related to casino gambling
  - iii) Business Perceptions Survey: Perceptions of impacts from and activity related to casino gambling
  - iv) Casino Intercept Survey: Survey of visitors interviewed at casino
  - v) Casino License Plate Survey: Visual survey of visitor license plates at casino
  - vi) Casino Worker Survey: Characteristics of casino workers, past employment and reasons for accepting job with casino
  - vii) Social Costs Study: Estimating the social costs of gambling disorders for SB County
  - viii) Bankruptcy Study: The impact of gambling at casino on personal bankruptcy
  
- b) **Cost/Benefits Analysis Potential Cost Categories** - The table below highlights potential cost categories for consideration in the CBA. The Consultant will work with staff to refine these categories to identify relevant CBA variables that correspond to the study methodology and available data. The following table illustrates a potential list of variables for discussion purposes.

<b>Cost/Benefit Analysis Potential Economic/Social Benefits and Costs Categories</b>	
<b>Economic/Social Benefits</b> (Casino operations and Recreational, Problem and Pathological Gamblers)	<b>Economic/Social Costs</b> (Casino operations and Recreational, Problem and Pathological Gamblers)
<b>Direct spending</b> Net spending by local residents diverted from out-of-county gambling to Chumash casino	<b>Economic (county wide) Costs*</b> Bankruptcies: Increased personal and small business bankruptcies  Lost Employee Production: Increased costs to business due to employee theft, absenteeism and reduction in worker productivity



<b>Cost/Benefit Analysis</b>	
<b>Potential Economic/Social Benefits and Costs Categories</b>	
<b>Employment</b> Net jobs created (or jobs saved) by Chumash casino	<b>Fiscal (County) Public Services Costs*</b> Police/Sheriff Fire Housing Transportation/Transit Judicial System Infrastructure Open Space and Recreation Schools
<b>Earnings</b> Net income created (or saved) by Chumash casino	<b>Fiscal (County) Social Service Costs*</b> Health and Human Services: Increased social costs due to family problems (e.g. personal depression and suicide as determined by the number and types of negative outcomes associated with addictive gambling behavior and treatment costs to alleviate addictive gambling behavior.
<b>County revenues</b> Net spending related to Chumash casino visits	<b>Fiscal (County) Environmental Costs*</b> Biological Resources Water Quality and Availability Air Quality Transportation and Circulation
<b>County Special Distribution Fund</b> Net contribution by Chumash casino	
<b>Direct Tribal Benefits</b> Provides funding for education, social and healthcare services for tribal members	

*\*Attributable to Chumash casino operations*

- 3) **Project Meetings**-The Consultant will be required to attend periodic meetings called by the project manger. Over the course of the project, time has been allotted for 5-7 meetings, inclusive of the project kickoff, draft report presentation, and final report workshop. Meetings may be attended by a group of advisors chaired by the County Executive Officer. The purpose of the group of advisors is to ensure that the Baseline Report provides utility to the general public, County staff, and decision makers and that the information and data contained in the report accurately portrays the character of the region.
  
- 4) **Monthly Reports**-The Consultant will be responsible for submitting monthly written progress reports to the project manger via electronic mail.



## 5) County Review and Adoption

a) **County Draft Meeting**-The Consultant will be responsible for the preparation of a draft GSYVBR. This report will be discussed with County staff and the group of advisors during a draft report meeting.

i) The Consultant will submit the draft administrative report County staff for review.

ii) County staff will complete draft administrative report review

iii) Consultant will meet with County staff to discuss review comments and revision of report.

iv) Consultant will revise draft administrative report incorporating final edits.

6) **County Final Report**-The Consultant will be responsible for the preparation of a final report. This report will incorporate the approved list of revisions drafted during the draft meeting. The Consultant will submit final report County staff for final review and approval. The Consultant will incorporate any final recommendations into report and resubmit to County staff if necessary.

7) **Public Workshop**-Following completion of the GSYVBR, the Consultant will present the final report, methodology, assumptions, and a summary of public input during a public workshop tentatively scheduled for September 2008. The Consultant will also be available to present the final report to the Planning Commission (anticipated one presentation) and the Board of Supervisors (anticipated one presentation).