

Appendix L

Economic Impact Analysis



**THE
INNOVATION
GROUP**

**Nisqually Quiemuth Village (Non-Gaming
Parcels) Economic Impact Analysis**
Lacey, Washington

Prepared for:

Acorn Environmental

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Quiemuth Village Economic Impacts

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EXECUTIVE SUMMARY

Acorn Environmental (“Client”) commissioned The Innovation Group for an Economic Impact Analysis and Community Impact Analysis of the proposed Quiemuth Village Mixed-Use Project in Lacey Washington in support of environmental documentation being prepared in compliance with the National Environmental Policy Act (NEPA). This report focuses on the two development plans—referred to as “Alternative 1” and “Alternative 2” throughout this report—proposed for the non-gaming parcels of the master planned development in Lacey, Washington. As such, the report summarizes the economic impacts—including job creation and increases in labor income, among others—that could be expected from the two planned alternative development options within the non-gaming parcels.

The executive summary details the key findings and conclusions from our analysis.

Ongoing Economic Impacts

Combining the local and rest of state impacts, the following table displays the total ongoing economic impacts from the non-gaming parcels development’s operations, which is projected to inject total value added of \$211.2 million into the local and state economy annually in Alternative 1 and \$125.0 million in Alternative 2.

Table 1: Quiemuth Non-Gaming Alternative 1 Total Ongoing Impacts

Impact Type	Employment	Labor Income (\$MM)	Value Added (\$MM)	Output (\$MM)
Direct Effect	2,466	\$77.4	\$121.5	\$185.2
Indirect Effect	380	\$24.1	\$41.1	\$81.1
Induced Effect	436	\$25.8	\$48.7	\$80.2
Total	3,282	\$127.3	\$211.2	\$346.5

Source: IMPLAN Group, LLC

Table 2: Quiemuth Non-Gaming Alternative 2 Total Ongoing Impacts

Impact Type	Employment	Labor Income (\$MM)	Value Added (\$MM)	Output (\$MM)
Direct Effect	1,308	\$42.1	\$74.6	\$113.2
Indirect Effect	218	\$13.9	\$23.7	\$46.8
Induced Effect	238	\$14.1	\$26.6	\$43.9
Total	1,764	\$70.1	\$125.0	\$203.9

Source: IMPLAN Group, LLC

Regarding fiscal impacts to the State and local jurisdictions (City of Lacey and Thurston County), we have only included development components that are assumed to be leased (that is, owned by non-Tribal entities). Furthermore, the *Tax Sharing Compact between the Nisqually Indian Tribe and the State of Washington* (“Tax Sharing Compact”) allows for the State and the Tribe to share the sales tax revenue generated by leased operations. The Tribe is to be directly reimbursed the first \$500,000 of the collected state sales taxes, and any tax above that amount is to be shared, with 60% distributed to the Tribe and 40% distributed to the State.

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The Compact does not affect the portion of taxes collected on behalf of local governments, meaning that 100% of the local sales tax from the leased development components are to be dispersed to local governments.

The following table displays the local and state sales tax rates applied to the leased non-gaming parcel development components.

Table 3: Sales Tax Rates

Local sales tax rate	0.030
State sales tax rate	0.065
Combined total local and state sales tax rate	0.095

Source: Washington State Department of Revenue

Based on the sales tax rates detailed above as well as the information contained in the Tax Sharing Compact, the following tables display our estimates for sales tax revenue accruing to the city of Lacey, Thurston County, and state of Washington.

Table 4: Sales Tax Impact: Quiemuth Non-Gaming Alternative 1 Ongoing Operations (\$000)

<i>State Taxes</i>	
2026 Estimated Total Tax Revenue Remitted to State	\$13,784.6
Less \$500k directly reimbursed to Tribe	\$13,284.6
Remaining State Sales tax revenue after 40/60 split with Tribe	\$5,313.8
<i>Local Taxes</i>	
Local Sales Taxes Remitted to the City of Lacey and Thurston County	\$6,362.1

Source: Washington State Department of Revenue, Nisqually Indian Tribe, The Innovation Group

Table 5: Sales Tax Impact: Quiemuth Non-Gaming Alternative 2 Ongoing Operations (\$000)

<i>State Taxes</i>	
2026 Estimated Total Tax Revenue Remitted to State	\$5,532.5
Less \$500k directly reimbursed to Tribe	\$5,032.5
Remaining State Sales tax revenue after 40/60 split with Tribe	\$2,013.0
<i>Local Taxes</i>	
Local Sales Taxes Remitted to the City of Lacey and Thurston County	\$2,553.5

Source: Washington State Department of Revenue, Nisqually Indian Tribe, The Innovation Group

Other fiscal impacts resulting from IMPLAN¹ include business taxes (including indirect and induced sales taxes), payroll taxes, property taxes, and other relevant taxes both locally and statewide. Based on the forecasted operations of the Quiemuth Village Alternative 1 non-gaming

¹ The Innovation Group utilized IMPLAN Online software and data in completing the Economic Impact Analysis

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parcels development, IMPLAN estimates that \$5.7 million of tax revenue would accrue to local governments while \$8.2 million of tax revenue would accrue to the state government and \$29.3 million of tax revenue would accrue to the federal government. Based on the forecasted operations of the Quiemuth Village Alternative 2 non-gaming parcels development, IMPLAN estimates that \$3.3 million of tax revenue would accrue to local governments while \$4.8 million of tax revenue would accrue to the state government and \$16.4 million of tax revenue would accrue to the federal government.

It is important to note that the fiscal impacts estimated by IMPLAN and illustrated in the tables below exclude direct effects for sales and property taxes given the Tribe’s tax compact with state and local governments. Sales taxes are detailed previously.

Table 6: Local Tax Impact: Quiemuth Non-Gaming Alternative 2 Ongoing Operations (\$000)

Description	Direct	Indirect	Induced	Total
Social Insurance Tax- Employee Contribution	\$0.0	\$0.0	\$0.0	\$0.0
Social Insurance Tax- Employer Contribution	\$0.0	\$0.0	\$0.0	\$0.0
TOPI: Sales Tax	\$0.0	\$411.0	\$743.2	\$1,154.2
TOPI: Property Tax	\$0.0	\$773.0	\$1,418.9	\$2,191.9
TOPI: Motor Vehicle License	\$26.9	\$2.4	\$4.3	\$33.6
TOPI: Severance Tax	\$26.8	\$1.9	\$3.5	\$32.3
TOPI: Other Taxes	\$1,337.6	\$96.6	\$179.0	\$1,613.2
TOPI: Special Assessments	\$546.5	\$39.9	\$73.8	\$660.2
Personal Tax: Motor Vehicle License	\$3.6	\$1.5	\$1.6	\$6.6
Personal Tax: Property Taxes	\$11.4	\$3.8	\$4.0	\$19.2
Personal Tax: Other Tax (Fish/Hunt)	\$0.0	\$0.0	\$0.0	\$0.0
Total	\$1,952.7	\$1,330.2	\$2,428.3	\$5,711.3

Source: IMPLAN Group, LLC

Table 7: State Tax Impact: Quiemuth Non-Gaming Alternative 1 Ongoing Operations (\$000)

Description	Direct	Indirect	Induced	Total
Social Insurance Tax- Employee Contribution	\$250.2	\$66.0	\$72.2	\$388.3
Social Insurance Tax- Employer Contribution	\$382.7	\$100.9	\$110.4	\$594.0
TOPI: Sales Tax	\$0.0	\$1,296.4	\$2,295.6	\$3,592.0
TOPI: Property Tax	\$0.0	\$258.6	\$471.5	\$730.1
TOPI: Motor Vehicle License	\$332.4	\$25.8	\$47.0	\$405.2
TOPI: Severance Tax	\$48.9	\$3.8	\$6.9	\$59.6
TOPI: Other Taxes	\$1,867.1	\$144.9	\$264.2	\$2,276.2
TOPI: Special Assessments	\$0.0	\$0.0	\$0.0	\$0.0
Personal Tax: Motor Vehicle License	\$60.7	\$20.6	\$21.8	\$103.1
Personal Tax: Property Taxes	\$3.7	\$1.3	\$1.3	\$6.3
Personal Tax: Other Tax (Fish/Hunt)	\$17.4	\$6.3	\$6.6	\$30.4
Total	\$2,963.1	\$1,924.5	\$3,297.7	\$8,185.3

Source: IMPLAN Group, LLC

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Table 8: Federal Tax Impact: Quiemuth Non-Gaming Alternative 1 Ongoing Operations (\$000)

Description	Direct	Indirect	Induced	Total
Social Insurance Tax- Employee Contribution	\$5,214.9	\$1,491.6	\$1,604.4	\$8,311.0
Social Insurance Tax- Employer Contribution	\$4,783.2	\$1,231.4	\$1,348.3	\$7,362.9
TOPI: Excise Tax	\$1,348.7	\$115.0	\$205.5	\$1,669.3
TOPI: Custom Duty	\$1,093.2	\$93.2	\$166.6	\$1,353.0
OPI: Corporate Profit Tax	\$121.9	\$416.7	\$507.8	\$1,046.3
Personal Tax: Income Tax	\$5,492.0	\$1,971.9	\$2,071.7	\$9,535.7
Personal Tax: Estate and Gift Tax	\$0.0	\$0.0	\$0.0	\$0.0
Total	\$18,054.0	\$5,319.9	\$5,904.3	\$29,278.2

Source: IMPLAN Group, LLC

Table 9: Local Tax Impact: Quiemuth Non-Gaming Alternative 2 Ongoing Operations (\$000)

Description	Direct	Indirect	Induced	Total
Social Insurance Tax- Employee Contribution	\$0.0	\$0.0	\$0.0	\$0.0
Social Insurance Tax- Employer Contribution	\$0.0	\$0.0	\$0.0	\$0.0
TOPI: Sales Tax	\$0.0	\$260.1	\$406.3	\$666.3
TOPI: Property Tax	\$0.0	\$489.6	\$774.4	\$1,264.1
TOPI: Motor Vehicle License	\$16.2	\$1.5	\$2.4	\$20.1
TOPI: Severance Tax	\$16.2	\$1.2	\$1.9	\$19.3
TOPI: Other Taxes	\$806.2	\$61.2	\$97.6	\$965.0
TOPI: Special Assessments	\$329.4	\$25.3	\$40.3	\$394.9
Personal Tax: Motor Vehicle License	\$1.9	\$0.9	\$0.9	\$3.7
Personal Tax: Property Taxes	\$6.1	\$2.2	\$2.2	\$10.5
Personal Tax: Other Tax (Fish/Hunt)	\$0.0	\$0.0	\$0.0	\$0.0
Total	\$1,176.0	\$842.0	\$1,325.9	\$3,343.9

Source: IMPLAN Group, LLC

Table 10: State Tax Impact: Quiemuth Non-Gaming Alternative 2 Ongoing Operations (\$000)

Description	Direct	Indirect	Induced	Total
Social Insurance Tax- Employee Contribution	\$135.1	\$37.9	\$39.5	\$212.4
Social Insurance Tax- Employer Contribution	\$206.6	\$57.9	\$60.4	\$325.0
TOPI: Sales Tax	\$0.0	\$819.0	\$1,257.8	\$2,076.7
TOPI: Property Tax	\$0.0	\$163.7	\$257.5	\$421.3
TOPI: Motor Vehicle License	\$200.3	\$16.3	\$25.7	\$242.4
TOPI: Severance Tax	\$29.5	\$2.4	\$3.8	\$35.7
TOPI: Other Taxes	\$1,125.3	\$91.7	\$144.3	\$1,361.4
TOPI: Special Assessments	\$0.0	\$0.0	\$0.0	\$0.0
Personal Tax: Motor Vehicle License	\$32.8	\$11.8	\$12.0	\$56.6
Personal Tax: Property Taxes	\$2.0	\$0.7	\$0.7	\$3.5
Personal Tax: Other Tax (Fish/Hunt)	\$9.4	\$3.6	\$3.6	\$16.7
Total	\$1,741.0	\$1,205.2	\$1,805.3	\$4,751.5

Source: IMPLAN Group, LLC

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Table 11: Federal Tax Impact: Quiemuth Non-Gaming Alternative 2 Ongoing Operations (\$000)

Description	Direct	Indirect	Induced	Total
Social Insurance Tax- Employee Contribution	\$2,815.9	\$857.4	\$877.2	\$4,550.5
Social Insurance Tax- Employer Contribution	\$2,582.8	\$707.1	\$737.1	\$4,026.9
TOPI: Excise Tax	\$812.9	\$72.7	\$112.5	\$998.1
TOPI: Custom Duty	\$658.9	\$58.9	\$91.2	\$809.0
OPI: Corporate Profit Tax	\$245.4	\$235.5	\$278.1	\$759.1
Personal Tax: Income Tax	\$2,965.5	\$1,134.5	\$1,134.8	\$5,234.8
Personal Tax: Estate and Gift Tax	\$0.0	\$0.0	\$0.0	\$0.0
Total	\$10,081.4	\$3,066.2	\$3,230.8	\$16,378.4

Source: IMPLAN Group, LLC

Construction Economic Impacts

Combining the local and rest of state impacts, the following table displays the total economic impacts from the construction of the development, which is projected to inject total value added of \$339.9 million into the local and state economy in Alternative 1 and \$259.1 million in Alternative 2.

Table 12: Quiemuth Non-Gaming Alternative 1 Total Construction Impacts

Impact Type	Employment	Labor Income (\$MM)	Value Added (\$MM)	Output (\$MM)
Direct Effect	2,090	\$157.1	\$186.3	\$300.9
Indirect Effect	585	\$37.3	\$62.8	\$116.6
Induced Effect	838	\$48.1	\$90.8	\$149.7
Total	3,514	\$242.6	\$339.9	\$567.2

Source: IMPLAN Group, LLC

Note: Single-year equivalents.

Table 13: Quiemuth Non-Gaming Alternative 2 Total Construction Impacts

Impact Type	Employment	Labor Income (\$MM)	Value Added (\$MM)	Output (\$MM)
Direct Effect	1,594	\$119.8	\$142.1	\$229.4
Indirect Effect	446	\$28.5	\$47.8	\$88.9
Induced Effect	639	\$36.7	\$69.2	\$114.1
Total	2,679	\$184.9	\$259.1	\$432.5

Source: IMPLAN Group, LLC

Note: Single-year equivalents.

Fiscal impacts resulting from IMPLAN include business taxes (including sales taxes), payroll taxes, property taxes, and other relevant taxes both locally and statewide. Based on the construction cost estimates for the Quiemuth Village non-gaming parcels development, the one-time fiscal impacts from construction would contribute \$9.3-\$12.2 million, \$13.0-\$17.1 million and \$38.8-\$50.9 million to local, state and federal governments, respectively.

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Table 14: Local Tax Impact from Construction: Quiemuth Non-Gaming Alternative 1 (\$000)

Description	Direct	Indirect	Induced	Total
Social Insurance Tax- Employee Contribution	\$0.0	\$0.0	\$0.0	\$0.0
Social Insurance Tax- Employer Contribution	\$0.0	\$0.0	\$0.0	\$0.0
TOPI: Sales Tax	\$876.1	\$1,406.3	\$1,391.5	\$3,673.9
TOPI: Property Tax	\$1,762.7	\$2,724.2	\$2,663.5	\$7,150.5
TOPI: Motor Vehicle License	\$4.6	\$7.9	\$8.0	\$20.6
TOPI: Severance Tax	\$4.6	\$6.9	\$6.7	\$18.2
TOPI: Other Taxes	\$229.8	\$347.0	\$336.7	\$913.5
TOPI: Special Assessments	\$93.9	\$142.7	\$138.7	\$375.3
Personal Tax: Motor Vehicle License	\$7.0	\$2.3	\$2.9	\$12.2
Personal Tax: Property Taxes	\$22.3	\$5.8	\$7.5	\$35.6
Personal Tax: Other Tax (Fish/Hunt)	\$0.0	\$0.0	\$0.0	\$0.0
Total	\$3,001.1	\$4,643.2	\$4,555.5	\$12,199.8

Source: IMPLAN Group, LLC

Table 15: State Tax Impact from Construction: Quiemuth Non-Gaming Alternative 1 (\$000)

Description	Direct	Indirect	Induced	Total
Social Insurance Tax- Employee Contribution	\$491.1	\$105.8	\$134.9	\$731.8
Social Insurance Tax- Employer Contribution	\$751.3	\$161.8	\$206.4	\$1,119.5
TOPI: Sales Tax	\$2,498.1	\$4,252.5	\$4,281.8	\$11,032.4
TOPI: Property Tax	\$572.5	\$899.5	\$884.1	\$2,356.1
TOPI: Motor Vehicle License	\$57.1	\$89.7	\$88.2	\$235.0
TOPI: Severance Tax	\$8.4	\$13.2	\$13.0	\$34.6
TOPI: Other Taxes	\$320.8	\$504.0	\$495.4	\$1,320.2
TOPI: Special Assessments	\$0.0	\$0.0	\$0.0	\$0.0
Personal Tax: Motor Vehicle License	\$119.1	\$31.8	\$40.7	\$191.6
Personal Tax: Property Taxes	\$7.3	\$2.0	\$2.5	\$11.7
Personal Tax: Other Tax (Fish/Hunt)	\$34.2	\$9.6	\$12.4	\$56.2
Total	\$4,859.9	\$6,069.9	\$6,159.3	\$17,089.2

Source: IMPLAN Group, LLC

Table 16: Federal Tax Impact from Construction: Quiemuth Non-Gaming Alternative 1 (\$000)

Description	Direct	Indirect	Induced	Total
Social Insurance Tax- Employee Contribution	\$10,237.3	\$2,338.4	\$3,002.3	\$15,578.0
Social Insurance Tax- Employer Contribution	\$9,389.9	\$1,975.4	\$2,523.3	\$13,888.5
TOPI: Excise Tax	\$231.7	\$384.3	\$384.0	\$1,000.0
TOPI: Custom Duty	\$187.8	\$311.5	\$311.2	\$810.5
OPI: Corporate Profit Tax	\$636.6	\$438.1	\$947.3	\$2,022.0
Personal Tax: Income Tax	\$10,781.3	\$3,003.4	\$3,864.7	\$17,649.4
Personal Tax: Estate and Gift Tax	\$0.0	\$0.0	\$0.0	\$0.0
Total	\$31,464.5	\$8,451.0	\$11,032.9	\$50,948.4

Source: IMPLAN Group, LLC

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Table 17: Local Tax Impact from Construction: Quiemuth Non-Gaming Alternative 2 (\$000)

Description	Direct	Indirect	Induced	Total
Social Insurance Tax- Employee Contribution	\$0.0	\$0.0	\$0.0	\$0.0
Social Insurance Tax- Employer Contribution	\$0.0	\$0.0	\$0.0	\$0.0
TOPI: Sales Tax	\$668.0	\$1,072.2	\$1,060.9	\$2,801.0
TOPI: Property Tax	\$1,343.9	\$2,077.0	\$2,030.7	\$5,451.6
TOPI: Motor Vehicle License	\$3.5	\$6.1	\$6.1	\$15.7
TOPI: Severance Tax	\$3.5	\$5.3	\$5.1	\$13.8
TOPI: Other Taxes	\$175.2	\$264.5	\$256.7	\$696.4
TOPI: Special Assessments	\$71.6	\$108.8	\$105.8	\$286.2
Personal Tax: Motor Vehicle License	\$5.3	\$1.8	\$2.2	\$9.3
Personal Tax: Property Taxes	\$17.0	\$4.4	\$5.7	\$27.2
Personal Tax: Other Tax (Fish/Hunt)	\$0.0	\$0.0	\$0.0	\$0.0
Total	\$2,288.1	\$3,540.0	\$3,473.1	\$9,301.3

Source: IMPLAN Group, LLC

Table 18: State Tax Impact from Construction: Quiemuth Non-Gaming Alternative 2 (\$000)

Description	Direct	Indirect	Induced	Total
Social Insurance Tax- Employee Contribution	\$374.4	\$80.7	\$102.9	\$558.0
Social Insurance Tax- Employer Contribution	\$572.8	\$123.4	\$157.4	\$853.5
TOPI: Sales Tax	\$1,904.6	\$3,242.2	\$3,264.4	\$8,411.2
TOPI: Property Tax	\$436.5	\$685.8	\$674.0	\$1,796.3
TOPI: Motor Vehicle License	\$43.5	\$68.4	\$67.2	\$179.2
TOPI: Severance Tax	\$6.4	\$10.1	\$9.9	\$26.4
TOPI: Other Taxes	\$244.6	\$384.3	\$377.7	\$1,006.5
TOPI: Special Assessments	\$0.0	\$0.0	\$0.0	\$0.0
Personal Tax: Motor Vehicle License	\$90.8	\$24.2	\$31.0	\$146.1
Personal Tax: Property Taxes	\$5.5	\$1.5	\$1.9	\$8.9
Personal Tax: Other Tax (Fish/Hunt)	\$26.1	\$7.3	\$9.4	\$42.8
Total	\$3,705.3	\$4,627.8	\$4,695.9	\$13,029.0

Source: IMPLAN Group, LLC

Table 19: Federal Tax Impact from Construction: Quiemuth Non-Gaming Alternative 2 (\$000)

Description	Direct	Indirect	Induced	Total
Social Insurance Tax- Employee Contribution	\$7,805.2	\$1,782.8	\$2,288.9	\$11,876.9
Social Insurance Tax- Employer Contribution	\$7,159.1	\$1,506.0	\$1,923.7	\$10,588.8
TOPI: Excise Tax	\$176.7	\$293.0	\$292.8	\$762.4
TOPI: Custom Duty	\$143.2	\$237.5	\$237.3	\$618.0
OPI: Corporate Profit Tax	\$485.3	\$334.0	\$722.2	\$1,541.6
Personal Tax: Income Tax	\$8,219.9	\$2,289.7	\$2,946.4	\$13,456.0
Personal Tax: Estate and Gift Tax	\$0.0	\$0.0	\$0.0	\$0.0
Total	\$23,989.4	\$6,443.0	\$8,411.3	\$38,843.6

Source: IMPLAN Group, LLC

Community Impacts

Increased local services and costs resulting from mixed-use developments generally fall into two categories: those arising from population and development growth and those arising from the impacts of increased visitation and traffic.

Increases to municipal services from the projected population growth, including at the Quiemuth Village residential units, are estimated on a pro-rata basis. An allowance for increased costs resulting from visitation to the commercial components is also applied regarding police and fire/EMS services.

Population and Employment Related Impacts

For the purposes of this section, Thurston County, the host county of the Quiemuth Village non-gaming parcel development, as well as the city of Lacey will be used as the primary study areas of impacts as pertaining to employment and increased population.

The Alternative 1 non-gaming parcel development in Lacey is estimated to produce \$342.6 million in annual gross revenue and directly employ 2,466 people by 2026—the development’s assumed second year of operations.

The Alternative 2 non-gaming parcel development in Lacey is estimated to produce \$211.2 million in annual gross revenue and directly employ 1,308 people by the development’s assumed second year of operations (2026).

Employment Impact

As noted, the proposed Quiemuth Village non-gaming parcel development is projected to require 2,466 jobs² in Alternative 1 and 1,308 in Alternative 2. These jobs are expected to be filled by a combination of local unemployed workers, local out-bound commuters, residents of neighboring cities, and new residents.

Unemployment in Thurston County stood at approximately 7,544 workers in 2021. While the 2020 recession adversely impacted unemployment in the area, pre-2020 we observed declines in unemployment levels in the market area. Additionally, 2021 data reveals that unemployment continued its downward trajectory following the 2020 recession.

As the following tables illustrate, the existing workforce in Thurston County is estimated to fill nearly 90.0% of the new jobs created by the non-gaming development, and the remaining 10.7%

² Headcount, including full and part-time workers.

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of workers in are estimated to represent new residents moving into the area in Alternative 1 and 10.2% in Alternative 2.

Table 20: Quiemuth Non-Gaming Alternative 1 Development Source of Workforce

Source of Employment	Proposed Project	Metric Applied	Source
A. Number of New Employees	2,466	Total Jobs	IMPLAN, The Innovation Group
B. Number of Commuters from outside Thurston County	1,108	44.9%, based on Workforce Commuting Patterns	US Census
C. I.W.V. Unemployed back to work	390	6.0% of a future estimate of 6,499 Unemployed Workers	US Census
D. Commuters Staying within Thurston County	704	1.3% of 54,181 Thurston workers who currently commute outside the area	US Census
E. Total from Existing Area Workforce	2,202	B+C+D	
F. Estimated Total New Workers Needed	264	A-E	
% of New Employees	10.7%	F/A	

Table 21: Quiemuth Non-Gaming Alternative 2 Development Source of Workforce

Source of Employment	Proposed Project	Metric Applied	Source
A. Number of New Employees	1,308	Total Jobs	IMPLAN, The Innovation Group
B. Number of Commuters from outside Thurston County	588	44.9%, based on Workforce Commuting Patterns	US Census
C. I.W.V. Unemployed back to work	208	3.2% of a future estimate of 6,499 Unemployed Workers	US Census
D. Commuters Staying within Thurston County	379	0.7% of 54,181 Thurston workers who currently commute outside the area	US Census
E. Total from Existing Area Workforce	1,175	B+C+D	
F. Estimated Total New Workers Needed	133	A-E	
% of New Employees	10.2%	F/A	

Household and Population Impact

Assuming approximately 1.1 non-gaming parcel workers per household, the total number of new households moving to Thurston County to work at the mixed-use development is estimated at 240 in Alternative 1 and 121 in Alternative 2. On average, households in Thurston County comprise 2.51 persons, bringing the total population increase resulting from new workers moving to Thurston County to a maximum of 600 people. In addition, Alternative 1 and Alternative 2 include 320 proposed housing units which would result in approximately 787 new residents moving onto the non-gaming parcels, based on the average household size of the City of Lacey of 2.46 persons. This conservatively assumes that everyone moving into the proposed housing units are new residents to the area and not moving from elsewhere in the City of Lacey or Thurston County. In total this represents a potential population increase of 0.5% of the 2021 Thurston County population and 2.5% of the city of Lacey 2021 population.

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Table 22: Quiemuth Non-Gaming Impact on Households and Population

	Alternative 1	Alternative 2
New employees moving to area	264	133
# of jobs per household	1.1	1.1
Number of new Employee Households	240	121
Thurston County Avg. Household Size	2.51	2.51
New Area Population due to Employment Increase	602	303
New Onsite Housing Units	320	320
City of Lacey Avg. Household Size	2.46	2.46
New Area Population due to Onsite Housing	787	787
Total Population Increase	1,389	1,090
% Increase of 2021 Thurston County Pop	0.5%	0.4%
% Increase of 2021 Lacey City Pop	2.5%	2.0%

Source: The Innovation Group

School Impact

Based on the number of new households and Washington household metrics, the increase to school enrollment is estimated to be approximately 114 children in Thurston County in Alternative 1 and 58 in Alternative 2 as a result of new population moving to Thurston County to work at Alternative 1. In addition, approximately 152 new school-age children may move into the proposed 320 onsite residential units. These new enrollments represent a minimal increase over 2021 enrollment, and conservatively assumes that all potential new school-aged children move onsite from outside of Thurston County school districts. It is important to note that development Alternative 2 includes the development of a school on the parcels. While this school component was not considered in our analysis it is likely, if it were developed, it would offset at least some of the impact to existing schools in Thurston County.

Table 23: Quiemuth Non-Gaming Development Impact on Thurston County School Enrollment

	Metric	Alternative 1	Alternative 2
Number of New Employee Households		240	121
Number of Households That Will Have Children*	31.8%	76	38
<i>Number of Children per Household**</i>	<i>1.87</i>		
Total Number of Children from Employment Increase		143	72
Projected School Age Children	80%	114	58
New Onsite Housing Units		320	320
Number of Households That Will Have Children*	31.8%	102	102
<i>Number of Children per Household**</i>	<i>1.87</i>		
Total Number of Children Moving Onsite		190	190
Projected School Age Children Onsite		152	152
Total Increase in School-Age Children		266	210
2021 Public School Enrollment		41,748	41,748
Post-Opening Projected School Enrollment		42,014	41,958
% Change		0.64%	0.50%

Source: ESRI, US Census Bureau: Table ST-F1-2000.; American Community Survey 2018

*Washington percent of households with presence of children under age of 18

**Washington's average number of children per family with children

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Housing Impact

The additional households that are projected to relocate in Thurston County will have a positive impact on the housing market. New households will support the current and future development of housing in the community.

At current rates, the number of surplus housing units in Thurston County—which was 7,235 housing units according to 2020 Census data—will be sufficient to accommodate the households estimated to relocate to Thurston County as a result of either the Quiemuth non-gaming parcel Alternative 1 or Alternative 2 development. Based on the estimated 240 new Thurston County households resulting from the non-gaming parcel Alternative 1 development and 121 new Thurston County households resulting from the non-gaming parcel Alternative 2, as discussed previously, we estimate that between 1.7% and 3.3% of the 2020 surplus housing units in Thurston County will be absorbed. It is important to note, however, that as the population increases in Thurston County (from 2010 to 2020, the population of Thurston County increased by a CAGR of 1.6%), more housing units may be needed.

Table 24: Thurston County Population and Housing – Alternative 1 Non-Gaming Development Impact

	2020
Population	294,793
Households	112,323
Housing Units	119,558
Surplus Housing Units	7,235
<i>Number of new Households generated by Non-Gaming Parcel employment</i>	<i>240</i>
Percent of surplus housing units absorbed	3.3%

Sources: ESRI, US Census, The Innovation Group

Table 25: Thurston County Population and Housing – Alternative 2 Non-Gaming Development Impact

	2020
Population	294,793
Households	112,323
Housing Units	119,558
Surplus Housing Units	7,235
<i>Number of new Households generated by Non-Gaming Parcel employment</i>	<i>121</i>
Percent of surplus housing units absorbed	1.7%

Sources: ESRI, US Census, The Innovation Group

The new jobs created at the proposed non-gaming parcel development will provide stable employment for existing residents that can support homeownership, increasing homeownership figures throughout the local area. The addition of new families will support current and planned housing development throughout the area, including the proposed 320-unit multifamily housing

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development in both Alternative 1 and Alternative 2, without overwhelming existing infrastructure³.

Conclusion

Overall, the non-gaming parcel development in Lacey is projected to add 1,090-1,389 people to the local (Thurston County) population and increase Thurston County school enrollment by 210-266 students. We believe these additions the area will be very manageable given the current infrastructure in place.

Municipal Services Impact

The projected increase in visitors and population should be expected to lead to increases in public safety services and judicial system caseload. Of most direct consequence are police, fire, and EMS. These will largely fall into the purview of the Lacey police and fire departments. We note, however, that any impacts to the local police department described herein will be offset partially, if not entirely, by the Nisqually Indian Tribe's own police department.

Nisqually Indian Tribe Public Safety Department and Emergency Management Services

The Nisqually Indian Tribe maintains a comprehensive Public Safety Department composed of its own police department (the Nisqually Police Department), Department of Corrections and Fish and Wildlife program. In total the Tribe's Public Safety Department employs a total of over 92 full-time equivalent employees with an annual budget of over \$17.0 million as of 2022. With a mission "To protect the people of the Nisqually Indian Community and preserve the natural resources, culture, and traditions," the Tribe's Public Safety Department provides needed services to the Nisqually people and their surrounding community.

In addition to the Public Safety Department, the Tribe maintains its own Emergency Management Services ("EMS") program. The EMS program employs nearly 24 full-time equivalent employees and maintains an annual budget of roughly \$4.5 million as of 2022.

Police

The Lacey Police Department is an agency of 62 sworn police officers, 18 civilian support members, and 3 volunteers within the department. The adopted 2021 budget was increased 4.3% to \$12.1 million from the amended 2020 budget of \$11.6 million. Since 2019, the police department's budget has increased by a CAGR of 10.2%.

³ According to Thurston County Community Planning & Economic Development, the only current major housing development project in the county is the Manor House Planned Residential Development. More details on the project can be found here: <https://www.thurstoncountywa.gov/cped/Pages/dev-serv-projects-manor-house.aspx>

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Fire / EMS

Lacey Fire District Three serves the City of Lacey and surrounding community, which includes approximately 105,650 people in its service area. The 2022 General Fund Operating budget for Lacey Fire District Three was \$36.06 million per the Fire District 2022 Annual Report. Expenses associated with Lacey Fire District Three are reported by the Washington State Auditor's Office.⁴ The 2021 Financial Statements Audit Report for Lacey Fire District Three indicates expenditures related to public safety increased by 8.0% to \$24.2 million from 2020 reported expenditures of \$22.4 million. Since 2019, these expenditures have increased by a CAGR of \$20.2 million. It is important to note that direct expenses reported by the Washington State Auditor are only a portion of the Lacey Fire District Three's annual budget. In addition to public emergency resources, there are also several private EMS companies serving Lacey including Olympic Ambulance of Lacey and Horizon Medical Transportation Ambulance of Lacey. Both of these companies respond to emergency and non-emergency calls in partnership with the city of Lacey.

Criminal Incident Rates

Criminal offense data for Lacey are available from the FBI's Uniform Crime Reporting (UCR) Program. In 2019, there were 3,058 criminal offenses reported to Lacey Police. Based on the city's population this equates to a per capita criminal incident rate of roughly 0.06. This incidence rate was applied to our forecasted population increase under both Alternative 1 and Alternative 2 to estimate the proposed Quiemuth non-gaming development's police calls. Additionally, an allowance for increased visitation to the commercial development has been applied. It is anticipated that the Nisqually Tribal Police Department will be the primary responder for all calls and will handle minor incidents including misdemeanors and citations.

Based on the criminal incident rate described above and our forecasted population and visitation increases as a result of the proposed Quiemuth non-gaming development, in 2026 we estimate there will be 425-499 incremental criminal offenses reported as a result of the proposed Quiemuth non-gaming development. This represents an increase of 11.8%-13.9% over projected 2026 volumes in the City based on incidents reported by the UCR Program.

⁴ <https://sao.wa.gov/reports-data/audit-reports?en=Thurston%20County%20Fire%20Protection%20District%20No%203&MCAG=1346&StartDate=&EndDate=>

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Table 26: Police Service Calls Estimate

	Alternative 1	Alternative 2
New Population	1,389	1,090
Average Offenses per Capita in City of Lacey	0.06	0.06
Total Forecasted Offenses due to Incremental Population	79	62
Incremental Retail Sales from Subject Development	11.6%	10.1%
Incremental calls due to incremental retail sales (visitation)	419	362
Total Forecasted Calls	499	425
<i>Estimated 2026 Offenses Reported (Excluding Subject Development Impact)</i>	3,600	3,600
2026 Projected Offenses Reported	4,099	4,025
<i>% Change</i>	13.9%	11.8%

Sources: FBI Uniform Crime Reporting (UCR) Program; US Census, The Innovation Group

Fire Incident Rates

Fire and EMS incidents responded to by the Lacey Fire District Three are reported in the department’s annual reports. Based on call response data—as shown in the table below—along with population within the Fire District service area (105,650 people), fire and EMS per capita incident rates are approximately 0.16 calls per person. This average incidence rate was applied to our forecasted population increase under both Alternative 1 and Alternative 2 to estimate the proposed Quiemuth non-gaming development’s fire and EMS calls. Additionally, an allowance for increased visitation to the commercial development has been applied.

Based on the average incident rate described above and our forecasted population increases as a result of the proposed Quiemuth non-gaming development, in 2026 we estimate there will be 1,868-2,180 incremental calls responded to by Lacey Fire District Three as a result of the proposed Quiemuth non-gaming development. This represents an increase of 11.1%-13.0% over projected 2022 volumes.

Table 27: Lacey Fire/EMS Service Call Estimates

	Alternative 1	Alternative 2
New Population	1,389	1,090
Average Calls per Capita	0.16	0.16
Total Forecasted Calls due to Incremental Population	221	174
Incremental Retail Sales from Subject Development	11.6%	10.1%
Incremental calls due to incremental retail sales (visitation)	1,959	1,694
Total Forecasted Calls	2,180	1,868
<i>Annual Service Calls</i>	16,822	16,822
<i>% Change</i>	13.0%	11.1%

Sources: Lacey Fire District Three, The Innovation Group

The following provides a total annual calls responded to by Lacey Fire District 3.

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Table 28: Lacey Fire District 3 Call Responses

	2020	2021	2022
Total	14,196	16,293	16,822

Source: Thurston 911 Communications

Conclusion and Implications

Fiscal Impacts and Municipal Services

Impacts arising from population and development growth would be effectively diluted by the size of Thurston County’s existing labor force, housing stock, and school capacity. Impacts arising from increased populations—such as police, fire and EMS calls—are detailed above. Moreover, and as noted previously, the fiscal impacts to the local impacts to the local police department described below will be offset partially, if not entirely, by the Nisqually Indian Tribe’s own police department. It is anticipated that the Nisqually Tribal Police Department will be the primary responder for all calls and will handle minor incidents including misdemeanors and citations. Arrests may involve coordination with the local police department and would incur costs to City and County law enforcement agencies.

On top of this, the gains in tax revenues that will accrue to the local governments as a result of increased economic activity generated by the Quiemuth Village non-gaming parcel development and its employees will mitigate increases in municipal services expenses.

Estimated Municipal Expenses

The following tables show the estimated expenses attributable to the subject development from police and fire/EMS services, assuming all costs were incurred by the local fire and police departments, based on the Comparative Analysis section above, with percent change estimates from that analysis applied to annual budget figures.

Table 29: Lacey Police and Lacey Fire District 3 Expense Increase - 2026

	Annual Budget		Alternative 1	Alternative 2
Police (City of Lacey)	\$12,064,330	<i>Incremental %</i>	<13.9%	<11.8%
		<i>Incremental \$</i>	< \$1,671,027	< \$1,423,441
Fire/EMS (Lacey Fire District 3)	\$36,060,000	<i>Incremental %</i>	13.0%	11.9%
		<i>Incremental \$</i>	\$4,674,333	\$4,003,158
Total Increase in Municipal Services			\$6,345,361	\$5,426,599

Sources: City of Lacey, The Innovation Group

INTRODUCTION

Acorn Environmental (“Client”) commissioned The Innovation Group for an Economic Impact Analysis and Community Impact Analysis of the proposed Quiemuth Village Mixed-Use Project in Lacey, Washington in support of environmental documentation being prepared in compliance with the National Environmental Policy Act (NEPA). This report focuses on the two development plans—referred to as “Alternative 1” and “Alternative 2” throughout this report—proposed for the non-gaming parcels of the master planned development in Lacey, Washington. As such, the report summarizes the economic impacts—including job creation and increases in labor income, among others— that could be expected from the two planned alternative development options within the non-gaming parcels.

The report begins with high-level construction cost estimates for the planned building programs for the non-gaming parcels. We then detail our Economic Impact Analysis, summarizing both our methodology and the corresponding results.

The assumptions utilized in our analyses as well as important notes and considerations are detailed throughout this report.

CONSTRUCTION COST ESTIMATES

This section includes The Innovation Group’s high-level construction cost estimates for the proposed Quiemuth master planned non-gaming parcels development based on the Tribe’s program for Alternatives 1 and 2. We note that construction cost estimates leaned toward the conservative side and actual costs may be lower than forecasted.

The following table displays The Innovation Group’s construction cost estimates for the Quiemuth Village non-gaming parcel development. In order to account for all associated economic impacts associated with the master-planned development, we have included construction cost estimates for the development components the Tribe is currently planning to pursue a Ground Lease business model for, as detailed in the tables below.

Table 30: Quiemuth Non-Gaming Alternative 1 Construction Cost Estimate

Standalone Hotel	\$43,000,000
Leased Retail, Cultural Village (including housing, excluding office space)	\$66,532,718
Leased Upscale Grocery*	\$14,950,000
Multifamily Residential	\$66,000,000
Office Space	\$4,500,000
Top Golf*	\$15,000,000
Leased General Commercial	\$86,970,874
Mixed-Use Bowling, Movie Theatre, FEC Concept	\$29,756,908
Brewery	\$7,150,000
Standalone F&B	\$5,073,000
Truck Stop	\$3,413,552
Car Dealership	\$7,857,863
Total Development Cost**	\$350,204,914

Source: The Innovation Group

*Assumes Ground Lease business model is pursued, with lessee responsible for development costs

**Includes FF&E, Design & Studies, Site Work & Permits and Pre-Opening Expenses

Table 31: Quiemuth Non-Gaming Alternative 2 Construction Cost Estimate

Standalone Hotel	\$43,000,000
Leased Retail, Cultural Village (including housing, excluding office space)	\$43,195,534
Leased Upscale Grocery*	\$14,950,000
Multifamily Residential	\$66,000,000
Office Space	\$4,500,000
Top Golf*	\$15,000,000
Athletic Complex	\$35,587,243
Mixed-Use Bowling, Movie Theatre, FEC Concept	\$29,756,908
Standalone F&B	\$5,073,000
Convenience Store/Fuel Station	\$2,084,830
Car Dealership	\$7,857,863
Total Development Cost**	\$267,005,377

Source: The Innovation Group

*Assumes Ground Lease business model is pursued, with lessee responsible for development costs

**Includes FF&E, Design & Studies, Site Work & Permits and Pre-Opening Expenses

ECONOMIC IMPACT ANALYSIS

The economic benefits—the revenues, jobs, and earnings—that accrue from the annual operations of an enterprise are termed *ongoing* impacts. The construction phase of a project is considered a *one-time* benefit to an area. This refers to the fact that these dollars will be introduced into the economy only during construction; construction impacts are expressed in single-year equivalence to be consistent in presentation with ongoing annual impacts.

The economic impact of an industry consists of three layers of impacts:

1. Direct effects
2. Indirect effects
3. Induced effects

The **direct effect** is the economic activity that occurs within the industry itself. The direct effect for non-gaming parcel operations represents the expenditures made by the facility in the form of employee compensation and purchases of goods and services (direct expenditures), which ultimately derive from patron spending.

Indirect effects are the impact of the direct expenditures on other business sectors: for example, the advertising firm who handles a facility's local media marketing. Indirect effects reflect the economic spin-off that is made possible by the direct purchases of the non-gaming operations. Firms providing goods and services to the subject operations have incomes partially attributable to the non-gaming parcel development.

Finally, the **induced effects** result from the spending of labor income: for example, employees using their income to purchase consumer goods locally. As household incomes are affected by direct employment and spending, this money is recirculated through the household spending patterns causing further local economic activity.

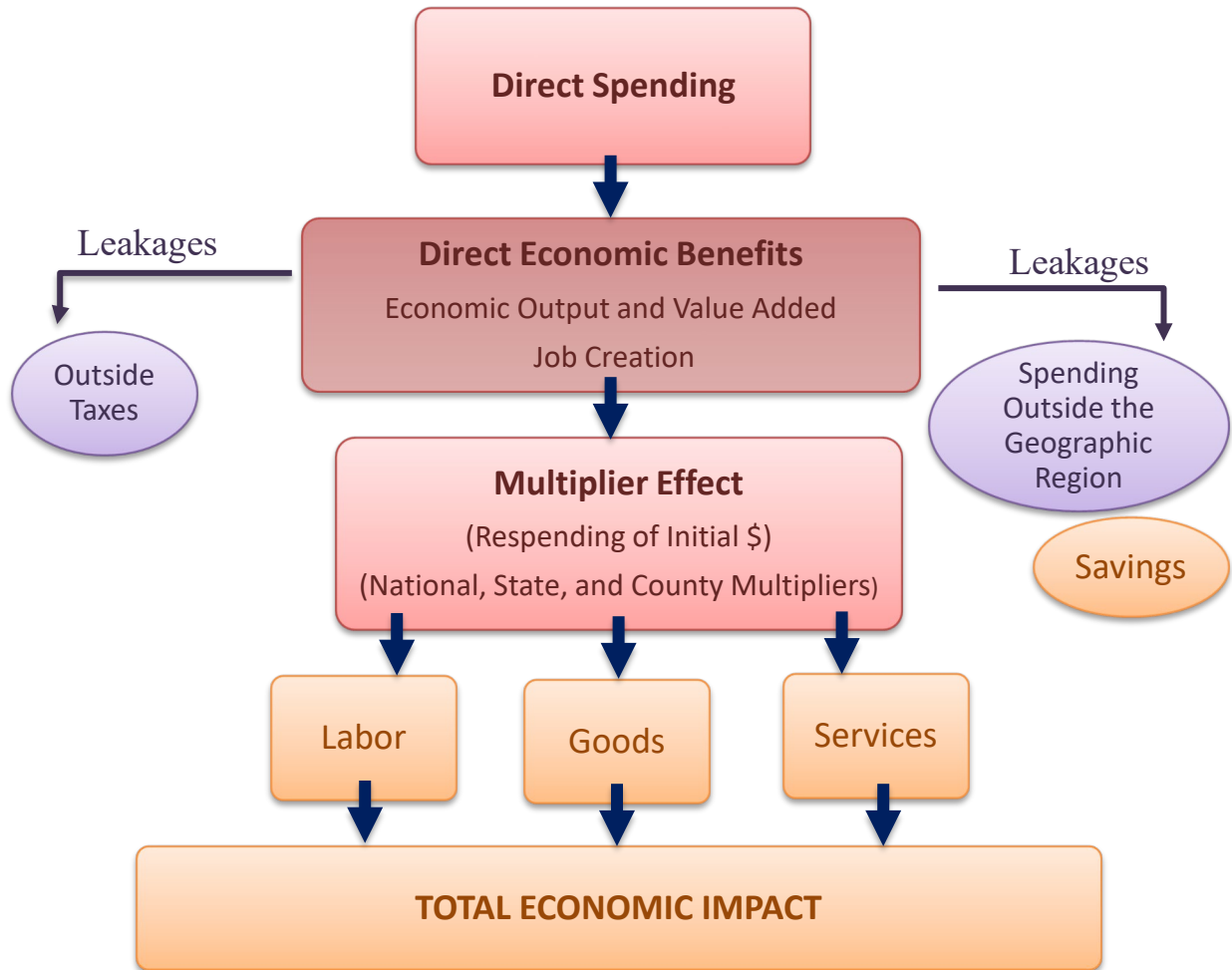
The **total** economic impact of an industry is the sum of the three components.

Determining the direct economic impact is a critical first step in conducting a valid economic impact analysis. Once the direct expenditures are identified, the indirect and induced effects are calculated using multipliers derived from an input-output model⁵ of the economy. The IMPLAN input-output model identifies the relationships between various industries. The model is then used to estimate the effects of expenditures by one industry on other industries so that the total impact can be determined. Industry multipliers are developed based on U.S. Census data. IMPLAN accounts closely follow the accounting conventions used in the "Input-Output Study of the U.S. Economy" by the Bureau of Economic Analysis.

⁵ IMPLAN Online software and data were utilized for this study.

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The following flow-chart shows how the economic impact model operates.



Economic Impact Modeling

The IMPLAN tools utilized to model direct effects vary according to the type of data collected for each input segment. There are six types of economic activity changes that IMPLAN is designed to model for: industry, commodity, labor income, household income, industry spending pattern, and institutional (government) spending patterns. The most commonly used activity is an industry change, as the business generating a change in revenue, labor, or employment is often known and attributable to a specific industry sector.

The IMPLAN sectoring scheme is based on the 6-digit North American Industry Classification System (NAICS), developed under the auspices of the Office of Management and Budget (OMB), which classifies business establishments based on the activities they are primarily engaged in or the commodities they create. IMPLAN's current sectoring scheme aggregates the 2017 version of the NAICS classification scheme down to just 536 industry sectors. When an industry and the

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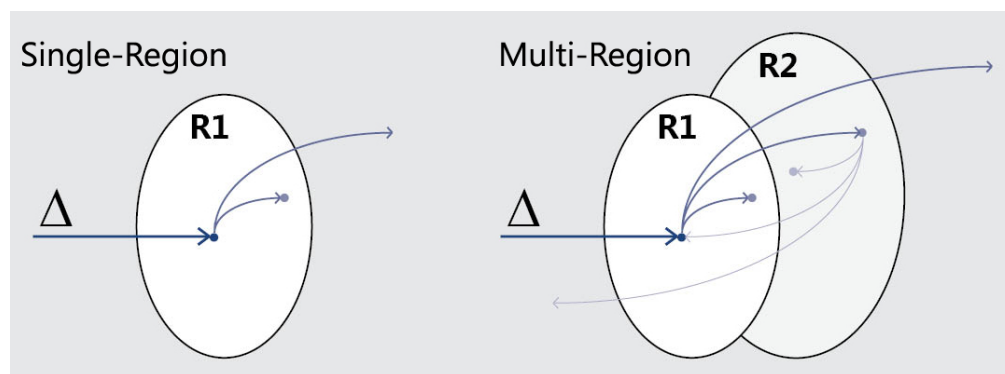
commodity produced by the industry have the same name, the commodity is considered the primary product of that industry and will share the same sector code. Other commodities produced by that industry are considered secondary products of that industry. Therefore, it is possible for more than one industry to produce a specific good or service.

When using the Industry Change function, the direct effect values are entered into IMPLAN using the appropriate sector and IMPLAN calculates the multiplier effects resulting from that direct spending. A commodity change will distribute the total demand or sales for the good or service as an industry change across all producing industries or institutions, based on their regional market share distribution of that commodity. For construction impacts as well as impacts from architectural and engineering, the Industry Change function was most appropriate for modeling the costs associated with land improvements, building, and design related costs. Costs associated with purchases of Furniture, Fixtures and Equipment (FF&E) were modeled using the Commodity Change function. The Industry Change function was also utilized for all operational components of the Quiemuth master planned non-gaming parcels development based on the Tribe's programs.

Multi-Regional Input-Output Approach

Given the parcels' location in Lacey, the proposed developments will have local impacts covering Thurston County. In order to model economic impacts for the local area as well as for the rest of Washington, we relied upon the multi-regional input-output (MRIO) analysis method available in the IMPLAN Online software.

In this process, we enter the ongoing and one-time impacts associated with the proposed non-gaming parcel developments into a Local Area model encompassing Thurston County. Then, this Local Area model is linked to a model of all the other Washington counties. This allows our analysis to capture purchases and employment that occur outside the Thurston County but elsewhere within Washington. Our analysis of these linked models yields direct, indirect, and induced effects for Thurston County, as well as indirect and induced effects for the balance of the state. The IMPLAN model contains information about supply chains that estimate linkages between counties.



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The multi-regional analysis thus results in impacts for the Thurston County and the rest of the state (termed “Rest of State” in the table headings in this report). By definition, direct effects occur only in the Thurston County, as this is the site of the economic activity.

Interpreting Results

The IMPLAN analysis expresses impacts (direct, indirect, and induced) for the following four economic variables:

Employment is measured in IMPLAN and by the U.S. Census as headcount, in other words the number of full and part-time workers supported by an economic activity.

Labor Income (LI) is compensation to all workers, both employees and owners, in terms of wages and salaries as well as benefits and payroll taxes. Profits from self-employed businesses can also be included in this category as compensation to the owner. These are known as employment compensation (EC) and proprietor income (PI) in IMPLAN. $LI = EC + PI$

Value-Added (VA) measures the industry or event’s contribution to Gross Domestic Product (GDP). It consists of labor income (as described above), taxes on production and imports (TOPI), and other property income (OPI, such as corporate profits, rent payments, and royalties). It is the difference between a business or industry’s total sales and the cost of all input materials or intermediate expenditures. $VA = LI + TOPI + OPI$

Output is the total value of industry production; it consists of value-added plus intermediate expenditures (IE). Output is frequently the total price paid by consumers for a good or service. $Output = VA + IE$

Value-Added is the most appropriate measure of economic impact because it excludes intermediate inputs, which are the goods and services (including energy, raw materials, semi-finished goods, and services purchased from all sources) used in the production process to produce *other* goods or services rather than for *final* consumption. For example, the paper stock used in a magazine publication is an intermediate input whereas paper stock sold in an office-supply store is the final product sold to the consumer. The value of producing the magazine’s paper stock is accounted for in measures of GDP within the Paper Manufacturing sector, not in the Publishing sector.

Ongoing Operations

The ongoing operations of the non-gaming parcel components in Lacey will result in ongoing economic benefits that will accrue annually to the state of Washington. Direct inputs for the developments were derived from The Innovation Group’s previously completed highest and best use analysis and pro forma analysis of the non-gaming parcels.

Operating Inputs

Direct effect inputs for the non-gaming parcel components account for the direct revenue associated with each development component. The IMPLAN software estimates direct spending, employment and labor income based on these revenue inputs. The following table shows the total inputs utilized in the IMPLAN modeling for the Quiemuth Village Alternative 1 non-gaming parcel development. Please note, relevant values for the assumed second year of operations, or 2026, were used as input values for the direct effect inputs. Additionally, to account for all associated economic impacts associated with the master-planned development, we have included revenue estimates for the development components the Tribe is currently planning to pursue a lessor business model for, as detailed in the tables below.

Table 32: Direct Effect Inputs – Ongoing Operations Alternative 1 (\$000s)

Industry Change	Revenue
507 Hotels and motels, including casino hotels	\$9,869,953
412 Miscellaneous store retailers*	\$72,749,458
406 Food and beverage stores*	\$25,328,035
448 Tenant occupied housing	\$9,356,874
470 Office administrative services	\$907,927
504 Other Amusement and recreation industries*	\$12,556,074
412 Miscellaneous store retailers*	\$101,437,153
502 Amusement parks and arcades	\$16,121,076
511 All other food and drinking places	\$5,089,888
509 Full-service restaurants	\$5,462,230
408 Gasoline stores	\$22,613,453
402 Motor vehicle and parts dealers	\$61,062,660

Source: IMPLAN Group, LLC, IMPLAN System (data and software); The Innovation Group.

*Estimated total sales revenue (versus lease revenue) to adequately assess economic impacts from the operations of these components

Table 33: Direct Effect Inputs – Ongoing Operations Alternative 2 (\$000s)

Industry Change	Revenue
507 Hotels and motels, including casino hotels	\$9,869,953
412 Miscellaneous store retailers*	\$47,231,674
406 Food and beverage stores*	\$25,328,035
448 Tenant occupied housing	\$9,356,874
470 Office administrative services	\$907,927
504 Other Amusement and recreation industries*	\$12,556,074
505 Fitness and recreational sports centers	\$4,580,932
502 Amusement parks and arcades	\$16,121,076
509 Full-service restaurants	\$5,462,230
408 Gasoline stores	\$18,691,445
402 Motor vehicle and parts dealers	\$61,062,660

Source: IMPLAN Group, LLC, IMPLAN System (data and software); The Innovation Group.

*Estimated total sales revenue (versus lease revenue) to adequately assess economic impacts from the operations of these components

Annual Economic Impacts from Operations

The following section presents the ongoing economic impacts resulting from the Quiemuth Village non-gaming parcels development operating activities. These impacts occur annually and can be thought of as long-term benefits both locally (within Thurston County) and within the rest of the state.

Based on the operating data forecasted by The Innovation Group and corresponding labor estimates provided by IMPLAN, the operations of the potential Lacey non-gaming parcel development are estimated to directly support 1,308-2,466 local workers annually, with annual labor income equaling \$42.1-\$77.4 million and total added value to the economy of \$74.6-\$121.5 million. Including indirect and induced effects, the local region is estimated to benefit from annual employment impacts of 1,635-3,053 workers, \$60.9-\$111.0 million in labor income and \$107.3-\$180.2 million in total value added, as shown in the tables below.

Table 34: Quiemuth Non-Gaming Alternative 1 Local Ongoing Impacts

Impact Type	Employment	Labor Income (\$MM)	Value Added (\$MM)	Output (\$MM)
Direct Effect	2,466	\$77.4	\$121.5	\$185.2
Indirect Effect	273	\$16.2	\$26.0	\$52.3
Induced Effect	314	\$17.4	\$32.8	\$53.8
Total	3,053	\$111.0	\$180.2	\$291.3

Source: IMPLAN Group, LLC

Table 35: Quiemuth Non-Gaming Alternative 2 Local Ongoing Impacts

Impact Type	Employment	Labor Income (\$MM)	Value Added (\$MM)	Output (\$MM)
Direct Effect	1,308	\$42.1	\$74.6	\$113.2
Indirect Effect	158	\$9.3	\$15.0	\$29.9
Induced Effect	169	\$9.4	\$17.7	\$29.1
Total	1,635	\$60.9	\$107.3	\$172.2

Source: IMPLAN Group, LLC

The following tables display the economic impacts from the Quiemuth Village non-gaming parcel development operations for the rest of Washington. In total, this region is estimated to benefit from annual employment impacts of 129-229 workers, \$9.3-\$16.3 million in labor income and \$17.6-\$31.0 million in total value added.

Table 36: Quiemuth Non-Gaming Alternative 1 Rest of State Ongoing Impacts

Impact Type	Employment	Labor Income (\$MM)	Value Added (\$MM)	Output (\$MM)
Direct Effect	-	\$0.0	\$0.0	\$0.0
Indirect Effect	107	\$7.9	\$15.1	\$28.8
Induced Effect	122	\$8.4	\$15.9	\$26.4
Total	229	\$16.3	\$31.0	\$55.2

Source: IMPLAN Group, LLC

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Table 37: Quiemuth Non-Gaming Alternative 2 Rest of State Ongoing Impacts

Impact Type	Employment	Labor Income (\$MM)	Value Added (\$MM)	Output (\$MM)
Direct Effect	-	\$0.0	\$0.0	\$0.0
Indirect Effect	60	\$4.6	\$8.7	\$16.9
Induced Effect	69	\$4.7	\$8.9	\$14.8
Total	129	\$9.3	\$17.6	\$31.7

Source: IMPLAN Group, LLC

Combining the local and rest of state impacts, the following table displays the total ongoing economic impacts from the non-gaming parcel development’s operations, which is projected to inject total value added of \$125.0-\$211.2 million into the local and state economy annually.

Table 38: Quiemuth Non-Gaming Alternative 1 Total Ongoing Impacts

Impact Type	Employment	Labor Income (\$MM)	Value Added (\$MM)	Output (\$MM)
Direct Effect	2,466	\$77.4	\$121.5	\$185.2
Indirect Effect	380	\$24.1	\$41.1	\$81.1
Induced Effect	436	\$25.8	\$48.7	\$80.2
Total	3,282	\$127.3	\$211.2	\$346.5

Source: IMPLAN Group, LLC

Table 39: Quiemuth Non-Gaming Alternative 2 Total Ongoing Impacts

Impact Type	Employment	Labor Income (\$MM)	Value Added (\$MM)	Output (\$MM)
Direct Effect	1,308	\$42.1	\$74.6	\$113.2
Indirect Effect	218	\$13.9	\$23.7	\$46.8
Induced Effect	238	\$14.1	\$26.6	\$43.9
Total	1,764	\$70.1	\$125.0	\$203.9

Source: IMPLAN Group, LLC

Fiscal Impacts

Fiscal impacts from the ongoing operations of the non-gaming parcel development include various taxes as described herein. It is our understanding that the Tribe will retain 100% of the retail sales tax amounts for retail sales generated by Tribal owned and operated businesses. Therefore, in our estimate of direct sales taxes to the State and the local jurisdictions (City of Lacey and Thurston County), we have only included development components that are assumed to be leased (that is, owned by non-Tribal entities).

The *Tax Sharing Compact between the Nisqually Indian Tribe and the State of Washington* (“Tax Sharing Compact”) allows for the State and the Tribe to share the sales tax revenue generated by leased operations. The Tribe is to be directly reimbursed the first \$500,000 of the collected state sales taxes, and any tax above that amount is to be shared, with 60% distributed to the Tribe and 40% distributed to the State.

The Compact does not affect the portion of taxes collected on behalf of local governments,

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meaning that 100% of the local sales tax from the leased development components are to be dispersed to local governments.

The following table displays the local and state sales tax rates applied to the leased non-gaming parcel development components.

Table 40: Sales Tax Rates

Local sales tax rate	0.030
State sales tax rate	0.065
Combined total local and state sales tax rate	0.095

Source: Washington State Department of Revenue

Based on the sales tax rates detailed above as well as the information contained in the Tax Sharing Compact, the following tables display our estimates for sales tax revenue accruing to the city of Lacey, Thurston County, and state of Washington.

Table 41: Sales Tax Impact: Quiemuth Non-Gaming Alternative 1 Ongoing Operations (\$000)

<i>State Taxes</i>	
2026 Estimated Total Tax Revenue Remitted to State	\$13,784.6
Less \$500k directly reimbursed to Tribe	\$13,284.6
Remaining State Sales tax revenue after 40/60 split with Tribe	\$5,313.8
<i>Local Taxes</i>	
Local Sales Taxes Remitted to the City of Lacey and Thurston County	\$6,362.1

Source: Washington State Department of Revenue, Nisqually Indian Tribe, The Innovation Group

Table 42: Sales Tax Impact: Quiemuth Non-Gaming Alternative 2 Ongoing Operations (\$000)

<i>State Taxes</i>	
2026 Estimated Total Tax Revenue Remitted to State	\$5,532.5
Less \$500k directly reimbursed to Tribe	\$5,032.5
Remaining State Sales tax revenue after 40/60 split with Tribe	\$2,013.0
<i>Local Taxes</i>	
Local Sales Taxes Remitted to the City of Lacey and Thurston County	\$2,553.5

Source: Washington State Department of Revenue, Nisqually Indian Tribe, The Innovation Group

Other fiscal impacts resulting from IMPLAN include business taxes (including indirect and induced sales taxes), payroll taxes, property taxes, and other relevant taxes both locally and statewide. Based on the forecasted operations of the Quiemuth Village Alternative 1 non-gaming parcel development, IMPLAN estimates that \$5.7 million of tax revenue would accrue to local governments while \$8.2 million of tax revenue would accrue to the state government and \$29.3 million of tax revenue would accrue to the federal government. Based on the forecasted operations of the Quiemuth Village Alternative 2 non-gaming parcel development, IMPLAN estimates that \$3.3 million of tax revenue would accrue to local governments while \$4.8 million of tax revenue

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would accrue to the state government and \$16.4 million of tax revenue would accrue to the federal government.

It is important to note that the fiscal impacts estimated by IMPLAN and illustrated in the tables below exclude direct effects for sales and property taxes given the Tribe’s tax compact with state and local governments. Sales taxes are detailed previously.

Table 43: Local Tax Impact: Quiemuth Non-Gaming Alternative 1 Ongoing Operations (\$000)

Description	Direct	Indirect	Induced	Total
Social Insurance Tax- Employee Contribution	\$0.0	\$0.0	\$0.0	\$0.0
Social Insurance Tax- Employer Contribution	\$0.0	\$0.0	\$0.0	\$0.0
TOPI: Sales Tax	\$0.0	\$411.0	\$743.2	\$1,154.2
TOPI: Property Tax	\$0.0	\$773.0	\$1,418.9	\$2,191.9
TOPI: Motor Vehicle License	\$26.9	\$2.4	\$4.3	\$33.6
TOPI: Severance Tax	\$26.8	\$1.9	\$3.5	\$32.3
TOPI: Other Taxes	\$1,337.6	\$96.6	\$179.0	\$1,613.2
TOPI: Special Assessments	\$546.5	\$39.9	\$73.8	\$660.2
Personal Tax: Motor Vehicle License	\$3.6	\$1.5	\$1.6	\$6.6
Personal Tax: Property Taxes	\$11.4	\$3.8	\$4.0	\$19.2
Personal Tax: Other Tax (Fish/Hunt)	\$0.0	\$0.0	\$0.0	\$0.0
Total	\$1,952.7	\$1,330.2	\$2,428.3	\$5,711.3

Source: IMPLAN Group, LLC

Table 44: State Tax Impact: Quiemuth Non-Gaming Alternative 1 Ongoing Operations (\$000)

Description	Direct	Indirect	Induced	Total
Social Insurance Tax- Employee Contribution	\$250.2	\$66.0	\$72.2	\$388.3
Social Insurance Tax- Employer Contribution	\$382.7	\$100.9	\$110.4	\$594.0
TOPI: Sales Tax	\$0.0	\$1,296.4	\$2,295.6	\$3,592.0
TOPI: Property Tax	\$0.0	\$258.6	\$471.5	\$730.1
TOPI: Motor Vehicle License	\$332.4	\$25.8	\$47.0	\$405.2
TOPI: Severance Tax	\$48.9	\$3.8	\$6.9	\$59.6
TOPI: Other Taxes	\$1,867.1	\$144.9	\$264.2	\$2,276.2
TOPI: Special Assessments	\$0.0	\$0.0	\$0.0	\$0.0
Personal Tax: Motor Vehicle License	\$60.7	\$20.6	\$21.8	\$103.1
Personal Tax: Property Taxes	\$3.7	\$1.3	\$1.3	\$6.3
Personal Tax: Other Tax (Fish/Hunt)	\$17.4	\$6.3	\$6.6	\$30.4
Total	\$2,963.1	\$1,924.5	\$3,297.7	\$8,185.3

Source: IMPLAN Group, LLC

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Table 45: Federal Tax Impact: Quiemuth Non-Gaming Alternative 1 Ongoing Operations (\$000)

Description	Direct	Indirect	Induced	Total
Social Insurance Tax- Employee Contribution	\$5,214.9	\$1,491.6	\$1,604.4	\$8,311.0
Social Insurance Tax- Employer Contribution	\$4,783.2	\$1,231.4	\$1,348.3	\$7,362.9
TOPI: Excise Tax	\$1,348.7	\$115.0	\$205.5	\$1,669.3
TOPI: Custom Duty	\$1,093.2	\$93.2	\$166.6	\$1,353.0
OPI: Corporate Profit Tax	\$121.9	\$416.7	\$507.8	\$1,046.3
Personal Tax: Income Tax	\$5,492.0	\$1,971.9	\$2,071.7	\$9,535.7
Personal Tax: Estate and Gift Tax	\$0.0	\$0.0	\$0.0	\$0.0
Total	\$18,054.0	\$5,319.9	\$5,904.3	\$29,278.2

Source: IMPLAN Group, LLC

Table 46: Local Tax Impact: Quiemuth Non-Gaming Alternative 2 Ongoing Operations (\$000)

Description	Direct	Indirect	Induced	Total
Social Insurance Tax- Employee Contribution	\$0.0	\$0.0	\$0.0	\$0.0
Social Insurance Tax- Employer Contribution	\$0.0	\$0.0	\$0.0	\$0.0
TOPI: Sales Tax	\$0.0	\$260.1	\$406.3	\$666.3
TOPI: Property Tax	\$0.0	\$489.6	\$774.4	\$1,264.1
TOPI: Motor Vehicle License	\$16.2	\$1.5	\$2.4	\$20.1
TOPI: Severance Tax	\$16.2	\$1.2	\$1.9	\$19.3
TOPI: Other Taxes	\$806.2	\$61.2	\$97.6	\$965.0
TOPI: Special Assessments	\$329.4	\$25.3	\$40.3	\$394.9
Personal Tax: Motor Vehicle License	\$1.9	\$0.9	\$0.9	\$3.7
Personal Tax: Property Taxes	\$6.1	\$2.2	\$2.2	\$10.5
Personal Tax: Other Tax (Fish/Hunt)	\$0.0	\$0.0	\$0.0	\$0.0
Total	\$1,176.0	\$842.0	\$1,325.9	\$3,343.9

Source: IMPLAN Group, LLC

Table 47: State Tax Impact: Quiemuth Non-Gaming Alternative 2 Ongoing Operations (\$000)

Description	Direct	Indirect	Induced	Total
Social Insurance Tax- Employee Contribution	\$135.1	\$37.9	\$39.5	\$212.4
Social Insurance Tax- Employer Contribution	\$206.6	\$57.9	\$60.4	\$325.0
TOPI: Sales Tax	\$0.0	\$819.0	\$1,257.8	\$2,076.7
TOPI: Property Tax	\$0.0	\$163.7	\$257.5	\$421.3
TOPI: Motor Vehicle License	\$200.3	\$16.3	\$25.7	\$242.4
TOPI: Severance Tax	\$29.5	\$2.4	\$3.8	\$35.7
TOPI: Other Taxes	\$1,125.3	\$91.7	\$144.3	\$1,361.4
TOPI: Special Assessments	\$0.0	\$0.0	\$0.0	\$0.0
Personal Tax: Motor Vehicle License	\$32.8	\$11.8	\$12.0	\$56.6
Personal Tax: Property Taxes	\$2.0	\$0.7	\$0.7	\$3.5
Personal Tax: Other Tax (Fish/Hunt)	\$9.4	\$3.6	\$3.6	\$16.7
Total	\$1,741.0	\$1,205.2	\$1,805.3	\$4,751.5

Source: IMPLAN Group, LLC

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Table 48: Federal Tax Impact: Quemuth Non-Gaming Alternative 2 Ongoing Operations (\$000)

Description	Direct	Indirect	Induced	Total
Social Insurance Tax- Employee Contribution	\$2,815.9	\$857.4	\$877.2	\$4,550.5
Social Insurance Tax- Employer Contribution	\$2,582.8	\$707.1	\$737.1	\$4,026.9
TOPI: Excise Tax	\$812.9	\$72.7	\$112.5	\$998.1
TOPI: Custom Duty	\$658.9	\$58.9	\$91.2	\$809.0
OPI: Corporate Profit Tax	\$245.4	\$235.5	\$278.1	\$759.1
Personal Tax: Income Tax	\$2,965.5	\$1,134.5	\$1,134.8	\$5,234.8
Personal Tax: Estate and Gift Tax	\$0.0	\$0.0	\$0.0	\$0.0
Total	\$10,081.4	\$3,066.2	\$3,230.8	\$16,378.4

Source: IMPLAN Group, LLC

Construction

Construction of the proposed development would bring one-time (non-recurring) benefits to Washington. Construction impacts are expressed on a single-year basis. Therefore, the employment figures, for example, represent person-year equivalents; for a construction period of two years, the actual number of workers onsite would be half the person-year equivalent.

The impact of construction only relates to expenditures made directly by the development company to design, build and outfit the physical structure. For construction, architectural, and engineering impacts, the Industry Change function was employed using sectors 55-Construction of New Commercial Structures, Including Farm Structures and 457-Architectural, Engineering, and Related Services. Costs associated with purchases of Furniture, Fixtures and Equipment (FF&E) were modeled using the Commodity Change function and sector 3393-Wholesale Trade Services-Professional.

Construction Inputs

Based on high-level construction capital costs estimated by the Innovation Group, the following table outlines the final inputs used to calculate the economic impact by sector. IMPLAN estimates what percentage of the FF&E purchases will originate from within the study area based on its Social Accounting Matrix (SAM).

Table 49: Quemuth Non-Gaming Estimated Construction Cost Inputs (\$MM)

Component	Alternative 1	Alternative 2
Industry Change		
55 Construction of New Commercial Structures	\$259,814,473	\$198,089,343
457 Architectural, engineering, and related services	\$24,940,204	\$19,015,063
Commodity Change		
3393 Wholesale trade services	\$65,450,237	\$49,900,970
Total Direct	\$350,204,914	\$267,005,377

Source: IMPLAN Group, LLC; The Innovation Group

Economic Impacts from Construction

Based on the construction capital costs estimated by The Innovation Group, the IMPLAN model estimates that construction of the Quiemuth Village non-gaming parcel development will directly support 1,594-2,090 workers locally, with labor income equaling \$119.8-\$157.1 million and total added value to the economy of \$142.1-\$186.3 million. Including indirect and induced effects, the local region is estimated to have benefited from a one-time, single-year equivalent employment impact of 2,394-3,140 workers, \$164.0-\$215.0 million in labor income and \$220.5-\$289.2 million in total value added, as shown in the tables below.

Table 50: Quiemuth Non-Gaming Alternative 1 Local Construction Impacts

Impact Type	Employment	Labor Income (\$MM)	Value Added (\$MM)	Output (\$MM)
Direct Effect	2,090	\$157.1	\$186.3	\$300.9
Indirect Effect	435	\$24.8	\$40.4	\$69.8
Induced Effect	615	\$33.2	\$62.5	\$102.6
Total	3,140	\$215.0	\$289.2	\$473.3

Source: IMPLAN Group, LLC
Note: Single-year equivalents.

Table 51: Quiemuth Non-Gaming Alternative 2 Local Construction Impacts

Impact Type	Employment	Labor Income (\$MM)	Value Added (\$MM)	Output (\$MM)
Direct Effect	1,594	\$119.8	\$142.1	\$229.4
Indirect Effect	331	\$18.9	\$30.8	\$53.2
Induced Effect	469	\$25.3	\$47.6	\$78.3
Total	2,394	\$164.0	\$220.5	\$360.8

Source: IMPLAN Group, LLC
Note: Single-year equivalents.

The following table displays the economic impacts from construction for the rest of the state of Washington. In total, this region is estimated to benefit from a one-time employment impact of 285-373 workers, \$21.0-\$27.5 million in labor income and \$38.6-\$50.6 million in total value added, as shown in the tables below.

Table 52: Quiemuth Non-Gaming Alternative 1 Rest of State Construction Impacts

Impact Type	Employment	Labor Income (\$MM)	Value Added (\$MM)	Output (\$MM)
Direct Effect	-	\$0.0	\$0.0	\$0.0
Indirect Effect	150	\$12.6	\$22.3	\$46.9
Induced Effect	223	\$14.9	\$28.3	\$47.1
Total	373	\$27.5	\$50.6	\$93.9

Source: IMPLAN Group, LLC
Note: Single-year equivalents.

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Table 53: Quiemuth Non-Gaming Alternative 2 Rest of State Construction Impacts

Impact Type	Employment	Labor Income (\$MM)	Value Added (\$MM)	Output (\$MM)
Direct Effect	-	\$0.0	\$0.0	\$0.0
Indirect Effect	115	\$9.6	\$17.0	\$35.7
Induced Effect	170	\$11.4	\$21.6	\$35.9
Total	285	\$21.0	\$38.6	\$71.6

Source: IMPLAN Group, LLC
Note: Single-year equivalents.

Combining the local and rest of state impacts, the following table displays the total economic impacts from the construction of the development, which is projected to inject total value added of \$259.1-\$339.9 million into the local and state economy.

Table 54: Quiemuth Non-Gaming Alternative 1 Total Construction Impacts

Impact Type	Employment	Labor Income (\$MM)	Value Added (\$MM)	Output (\$MM)
Direct Effect	2,090	\$157.1	\$186.3	\$300.9
Indirect Effect	585	\$37.3	\$62.8	\$116.6
Induced Effect	838	\$48.1	\$90.8	\$149.7
Total	3,514	\$242.6	\$339.9	\$567.2

Source: IMPLAN Group, LLC
Note: Single-year equivalents.

Table 55: Quiemuth Non-Gaming Alternative 2 Total Construction Impacts

Impact Type	Employment	Labor Income (\$MM)	Value Added (\$MM)	Output (\$MM)
Direct Effect	1,594	\$119.8	\$142.1	\$229.4
Indirect Effect	446	\$28.5	\$47.8	\$88.9
Induced Effect	639	\$36.7	\$69.2	\$114.1
Total	2,679	\$184.9	\$259.1	\$432.5

Source: IMPLAN Group, LLC
Note: Single-year equivalents.

Fiscal Impacts

Fiscal impacts resulting from IMPLAN include business taxes (including sales taxes), payroll taxes, property taxes, and other relevant taxes both locally and statewide. Based on the construction cost estimates for the Quiemuth Village non-gaming parcel development, the one-time fiscal impacts from construction would contribute \$9.3-\$12.2 million, \$13.0-\$17.1 million and \$38.8-\$50.9 million to local, state and federal governments, respectively.

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Table 56: Local Tax Impact from Construction: Quiemuth Non-Gaming Alternative 1 (\$000)

Description	Direct	Indirect	Induced	Total
Social Insurance Tax- Employee Contribution	\$0.0	\$0.0	\$0.0	\$0.0
Social Insurance Tax- Employer Contribution	\$0.0	\$0.0	\$0.0	\$0.0
TOPI: Sales Tax	\$876.1	\$1,406.3	\$1,391.5	\$3,673.9
TOPI: Property Tax	\$1,762.7	\$2,724.2	\$2,663.5	\$7,150.5
TOPI: Motor Vehicle License	\$4.6	\$7.9	\$8.0	\$20.6
TOPI: Severance Tax	\$4.6	\$6.9	\$6.7	\$18.2
TOPI: Other Taxes	\$229.8	\$347.0	\$336.7	\$913.5
TOPI: Special Assessments	\$93.9	\$142.7	\$138.7	\$375.3
Personal Tax: Motor Vehicle License	\$7.0	\$2.3	\$2.9	\$12.2
Personal Tax: Property Taxes	\$22.3	\$5.8	\$7.5	\$35.6
Personal Tax: Other Tax (Fish/Hunt)	\$0.0	\$0.0	\$0.0	\$0.0
Total	\$3,001.1	\$4,643.2	\$4,555.5	\$12,199.8

Source: IMPLAN Group, LLC

Table 57: State Tax Impact from Construction: Quiemuth Non-Gaming Alternative 1 (\$000)

Description	Direct	Indirect	Induced	Total
Social Insurance Tax- Employee Contribution	\$491.1	\$105.8	\$134.9	\$731.8
Social Insurance Tax- Employer Contribution	\$751.3	\$161.8	\$206.4	\$1,119.5
TOPI: Sales Tax	\$2,498.1	\$4,252.5	\$4,281.8	\$11,032.4
TOPI: Property Tax	\$572.5	\$899.5	\$884.1	\$2,356.1
TOPI: Motor Vehicle License	\$57.1	\$89.7	\$88.2	\$235.0
TOPI: Severance Tax	\$8.4	\$13.2	\$13.0	\$34.6
TOPI: Other Taxes	\$320.8	\$504.0	\$495.4	\$1,320.2
TOPI: Special Assessments	\$0.0	\$0.0	\$0.0	\$0.0
Personal Tax: Motor Vehicle License	\$119.1	\$31.8	\$40.7	\$191.6
Personal Tax: Property Taxes	\$7.3	\$2.0	\$2.5	\$11.7
Personal Tax: Other Tax (Fish/Hunt)	\$34.2	\$9.6	\$12.4	\$56.2
Total	\$4,859.9	\$6,069.9	\$6,159.3	\$17,089.2

Source: IMPLAN Group, LLC

Table 58: Federal Tax Impact from Construction: Quiemuth Non-Gaming Alternative 1 (\$000)

Description	Direct	Indirect	Induced	Total
Social Insurance Tax- Employee Contribution	\$10,237.3	\$2,338.4	\$3,002.3	\$15,578.0
Social Insurance Tax- Employer Contribution	\$9,389.9	\$1,975.4	\$2,523.3	\$13,888.5
TOPI: Excise Tax	\$231.7	\$384.3	\$384.0	\$1,000.0
TOPI: Custom Duty	\$187.8	\$311.5	\$311.2	\$810.5
OPI: Corporate Profit Tax	\$636.6	\$438.1	\$947.3	\$2,022.0
Personal Tax: Income Tax	\$10,781.3	\$3,003.4	\$3,864.7	\$17,649.4
Personal Tax: Estate and Gift Tax	\$0.0	\$0.0	\$0.0	\$0.0
Total	\$31,464.5	\$8,451.0	\$11,032.9	\$50,948.4

Source: IMPLAN Group, LLC

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Table 59: Local Tax Impact from Construction: Quiemuth Non-Gaming Alternative 2 (\$000)

Description	Direct	Indirect	Induced	Total
Social Insurance Tax- Employee Contribution	\$0.0	\$0.0	\$0.0	\$0.0
Social Insurance Tax- Employer Contribution	\$0.0	\$0.0	\$0.0	\$0.0
TOPI: Sales Tax	\$668.0	\$1,072.2	\$1,060.9	\$2,801.0
TOPI: Property Tax	\$1,343.9	\$2,077.0	\$2,030.7	\$5,451.6
TOPI: Motor Vehicle License	\$3.5	\$6.1	\$6.1	\$15.7
TOPI: Severance Tax	\$3.5	\$5.3	\$5.1	\$13.8
TOPI: Other Taxes	\$175.2	\$264.5	\$256.7	\$696.4
TOPI: Special Assessments	\$71.6	\$108.8	\$105.8	\$286.2
Personal Tax: Motor Vehicle License	\$5.3	\$1.8	\$2.2	\$9.3
Personal Tax: Property Taxes	\$17.0	\$4.4	\$5.7	\$27.2
Personal Tax: Other Tax (Fish/Hunt)	\$0.0	\$0.0	\$0.0	\$0.0
Total	\$2,288.1	\$3,540.0	\$3,473.1	\$9,301.3

Source: IMPLAN Group, LLC

Table 60: State Tax Impact from Construction: Quiemuth Non-Gaming Alternative 2 (\$000)

Description	Direct	Indirect	Induced	Total
Social Insurance Tax- Employee Contribution	\$374.4	\$80.7	\$102.9	\$558.0
Social Insurance Tax- Employer Contribution	\$572.8	\$123.4	\$157.4	\$853.5
TOPI: Sales Tax	\$1,904.6	\$3,242.2	\$3,264.4	\$8,411.2
TOPI: Property Tax	\$436.5	\$685.8	\$674.0	\$1,796.3
TOPI: Motor Vehicle License	\$43.5	\$68.4	\$67.2	\$179.2
TOPI: Severance Tax	\$6.4	\$10.1	\$9.9	\$26.4
TOPI: Other Taxes	\$244.6	\$384.3	\$377.7	\$1,006.5
TOPI: Special Assessments	\$0.0	\$0.0	\$0.0	\$0.0
Personal Tax: Motor Vehicle License	\$90.8	\$24.2	\$31.0	\$146.1
Personal Tax: Property Taxes	\$5.5	\$1.5	\$1.9	\$8.9
Personal Tax: Other Tax (Fish/Hunt)	\$26.1	\$7.3	\$9.4	\$42.8
Total	\$3,705.3	\$4,627.8	\$4,695.9	\$13,029.0

Source: IMPLAN Group, LLC

Table 61: Federal Tax Impact from Construction: Quiemuth Non-Gaming Alternative 2 (\$000)

Description	Direct	Indirect	Induced	Total
Social Insurance Tax- Employee Contribution	\$7,805.2	\$1,782.8	\$2,288.9	\$11,876.9
Social Insurance Tax- Employer Contribution	\$7,159.1	\$1,506.0	\$1,923.7	\$10,588.8
TOPI: Excise Tax	\$176.7	\$293.0	\$292.8	\$762.4
TOPI: Custom Duty	\$143.2	\$237.5	\$237.3	\$618.0
OPI: Corporate Profit Tax	\$485.3	\$334.0	\$722.2	\$1,541.6
Personal Tax: Income Tax	\$8,219.9	\$2,289.7	\$2,946.4	\$13,456.0
Personal Tax: Estate and Gift Tax	\$0.0	\$0.0	\$0.0	\$0.0
Total	\$23,989.4	\$6,443.0	\$8,411.3	\$38,843.6

Source: IMPLAN Group, LLC

COMMUNITY IMPACT ANALYSIS

This section assesses the community impacts of the proposed Quiemuth Village non-gaming parcel development in Lacey. Increased local services and costs resulting from mixed-use developments generally fall into two categories: those arising from population and development growth and those arising from the impacts of increased visitation and traffic. Research shows that while commercial uses in urban areas can lead to more street crime in their immediate vicinity, this effect is strongly offset by population density, and dense mixed-use areas are safer than typical residential areas.⁶

Increases to municipal services from the projected population growth, including at the Quiemuth Village residential units, are estimated on a pro-rata basis. An allowance for increased costs resulting from visitation to the commercial components is also applied.

Section One: Population and Employment Related Impacts

For the purposes of this section, Thurston County, the host county of the Quiemuth Village non-gaming parcel development, as well as the City of Lacey, will be used as the primary study areas of impacts as pertaining to employment and increased population.

The Alternative 1 non-gaming parcel development in Lacey is estimated to produce \$342.6 million in annual gross revenue by 2026 and directly employ 2,466 people.

The Alternative 2 non-gaming parcel development in Lacey is estimated to produce \$211.2 million in annual gross revenue by 2026 and directly employ 1,308 people.

Employment Impact

As noted, the proposed Quiemuth Village non-gaming parcel development is projected to require 2,466 jobs⁷ in Alternative 1 and 1,308 in Alternative 2. These jobs are expected to be filled by a combination of local unemployed workers, local out-bound commuters, residents of neighboring cities, and new residents.

Unemployment in Thurston County stood at approximately 7,544 workers in 2021. While the 2020 recession adversely impacted unemployment in the area, pre-2020 we observed declines in unemployment levels in the market area. Additionally, 2021 data reveals that unemployment continued its downward trajectory following the 2020 recession.

⁶ Tate Twinam, University of Washington, “Danger zone: Land use and the geography of neighborhood crime,” *Journal of Urban Economics*, 100 (2017) 104–119. “While commercial activity facilitates crime by generating contact between potential offenders and victims, a critical mass of pedestrian traffic appears to deter crime.”

⁷ Headcount, including full and part-time workers.

Table 62: Thurston County, WA Average Annual Employment Statistics

Year	Civilian labor force	Employment	Unemployment	Unemployment rate (%)
2012	122,762	113,263	9,499	7.7
2013	122,701	113,589	9,112	7.4
2014	123,222	115,445	7,777	6.3
2015	125,761	118,488	7,273	5.8
2016	129,896	122,677	7,219	5.6
2017	134,915	128,322	6,594	4.9
2018	138,850	128,322	6,594	4.7
2019	144,136	137,010	7,126	5.0
2020	147,482	135,613	11,869	8.0
2021	145,252	137,708	7,544	5.2

Source: Bureau of Labor Statistics, LAUS series, Not-seasonally adjusted; The Innovation Group

According to recent LEHD Origin-Destination Employment Statistics (LODES)⁸ data from the US Census, 56.1% of the 118,432 workers living in Thurston County work there, meaning nearly 44.0% commute out to other locations or work remotely for businesses located elsewhere. The percentage of jobs in Thurston County held by residents outside of the county is 44.9%.

Table 63: Thurston County, WA Commuting Patterns

A. Workers residing in Thurston County	118,432
B. Number of Jobs in Thurston County	120,579
C. Live & work in Thurston County	66,398
% who live & work in Thurston County	56.1%
% of A who commute OUT	43.9%
% of B who commute IN	44.9%

Source: US Census. (2019) LEHD Origin-Destination Employment Statistics (2002-2019)

As the following tables illustrate, the existing workforce in Thurston County is estimated to fill nearly 90.0% of the new jobs created by the non-gaming development, and the remaining 10.7% of workers in are estimated to represent new residents moving into the area in Alternative 1 and 10.2% in Alternative 2.

⁸ More information about the data source can be found here:
<https://lehd.ces.census.gov/doc/help/onthemap/OnTheMapDataOverview.pdf>

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Table 64: Quiemuth Non-Gaming Alternative 1 Development Source of Workforce

Source of Employment	Proposed Project	Metric Applied	Source
A. Number of New Employees	2,466	Total Jobs	IMPLAN, The Innovation Group
B. Number of Commuters from outside Thurston County	1,108	44.9%, based on Workforce Commuting Patterns	US Census
C. I.W.V. Unemployed back to work	390	6.0% of a future estimate of 6,499 Unemployed Workers	US Census
D. Commuters Staying within Thurston County	704	1.3% of 54,181 Thurston workers who currently commute outside the area	US Census
E. Total from Existing Area Workforce	2,202	B+C+D	
F. Estimated Total New Workers Needed	264	A-E	
% of New Employees	10.7%	F/A	

Table 65: Quiemuth Non-Gaming Alternative 2 Development Source of Workforce

Source of Employment	Proposed Project	Metric Applied	Source
A. Number of New Employees	1,308	Total Jobs	IMPLAN, The Innovation Group
B. Number of Commuters from outside Thurston County	588	44.9%, based on Workforce Commuting Patterns	US Census
C. I.W.V. Unemployed back to work	208	3.2% of a future estimate of 6,499 Unemployed Workers	US Census
D. Commuters Staying within Thurston County	379	0.7% of 54,181 Thurston workers who currently commute outside the area	US Census
E. Total from Existing Area Workforce	1,175	B+C+D	
F. Estimated Total New Workers Needed	133	A-E	
% of New Employees	10.2%	F/A	

Household and Population Impact

Assuming approximately 1.1 non-gaming parcel workers per household, the total number of new households moving to Thurston County to work at the mixed-use development is estimated at 240 in Alternative 1 and 121 in Alternative 2. On average, households in Thurston County comprise 2.51 persons, bringing the total population increase resulting from new workers moving to Thurston County to a maximum of 600 people. In addition, Alternative 1 and Alternative 2 include 320 proposed housing units which would result in approximately 787 new residents moving onto the non-gaming parcels, based on the average household size of the City of Lacey of 2.46 persons. This conservatively assumes that everyone moving into the proposed housing units are new residents to the area and not moving from elsewhere in the City of Lacey or Thurston County. In total this represents a potential population increase of 0.5% of the 2021 Thurston County population and 2.5% of the city of Lacey 2021 population.

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Table 66: Quiemuth Non-Gaming Impact on Households and Population

	Alternative 1	Alternative 2
New employees moving to area	264	133
# of jobs per household	1.1	1.1
Number of new Employee Households	240	121
Thurston County Avg. Household Size	2.51	2.51
New Area Population due to Employment Increase	602	303
New Onsite Housing Units	320	320
City of Lacey Avg. Household Size	2.46	2.46
New Area Population due to Onsite Housing	787	787
Total Population Increase	1,389	1,090
% Increase of 2021 Thurston County Pop	0.5%	0.4%
% Increase of 2021 Lacey City Pop	2.5%	2.0%

Source: The Innovation Group

School Impact

Based on the number of new households and Washington household metrics, the increase to school enrollment is estimated to be approximately 114 children in Thurston County in Alternative 1 and 58 in Alternative 2 as a result of new population moving to Thurston County to work at Alternative 1. In addition, approximately 152 new school-age children may move into the proposed 320 onsite residential units. These new enrollments represent a minimal increase over 2021 enrollment, and conservatively assumes that all potential new school-aged children move onsite from outside of Thurston County school districts. It is important to note that development Alternative 2 includes the development of a school on the parcels. While this school component was not considered in our analysis it is likely, if it were developed, it would offset at least some of the impact to existing schools in Thurston County.

Table 67: Quiemuth Non-Gaming Development Impact on Thurston County School Enrollment

	Metric	Alternative 1	Alternative 2
Number of New Employee Households		240	121
Number of Households That Will Have Children*	31.8%	76	38
<i>Number of Children per Household**</i>	<i>1.87</i>		
Total Number of Children from Employment Increase		143	72
Projected School Age Children	80%	114	58
New Onsite Housing Units		320	320
Number of Households That Will Have Children*	31.8%	102	102
<i>Number of Children per Household**</i>	<i>1.87</i>		
Total Number of Children Moving Onsite		190	190
Projected School Age Children Onsite		152	152
Total Increase in School-Age Children		266	210
2021 Public School Enrollment		41,748	41,748
Post-Opening Projected School Enrollment		42,014	41,958
% Change		0.64%	0.50%

Source: ESRI, US Census Bureau: Table ST-F1-2000.; American Community Survey 2018

*Washington percent of households with presence of children under age of 18

**Washington's average number of children per family with children

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School enrollment trends for the districts serving Thurston County can be found in the table below.

Table 68: Thurston County Annual School Enrollment by District

	2017	2018	2019	2020	2021
Griffin	657	653	649	619	624
North Thurston	15,177	15,293	15,724	14,767	15,101
Olympia	10,231	10,391	10,486	9,837	9,798
Rainier	879	904	930	891	925
Rochester	2,330	2,358	2,245	2,191	2,105
Tenino	1,264	1,316	1,346	1,280	1,252
Tumwater	6,815	6,632	6,540	6,312	6,500
Yelm	5,814	5,860	5,899	5,436	5,443
Total	43,167	43,407	43,819	41,333	41,748

Source: Washington Office of Superintendent of Public Instruction

Housing Impact

The additional households that are projected to relocate in Thurston County will have a positive impact on the housing market. New households will support the current and future development of housing in the community.

At current rates, the number of surplus housing units in Thurston County—which was 7,235 housing units according to 2020 Census data—will be sufficient to accommodate the households estimated to relocate to Thurston County as a result of either the Quiemuth non-gaming parcel Alternative 1 or Alternative 2 development. Based on the estimated 240 new Thurston County households resulting from the non-gaming parcel Alternative 1 development and 121 new Thurston County households resulting from the non-gaming parcel Alternative 2, as discussed previously, we estimate that between 1.7% and 3.3% of the 2020 surplus housing units in Thurston County will be absorbed. It is important to note, however, that as the population increases in Thurston County (from 2010 to 2020, the population of Thurston County increased by a CAGR of 1.6%), more housing units may be needed.

Table 69: Thurston County Population and Housing – Alternative 1 Non-Gaming Development Impact

	2020
Population	294,793
Households	112,323
Housing Units	119,558
Surplus Housing Units	7,235
<i>Number of new Households generated by Non-Gaming Parcel employment</i>	<i>240</i>
Percent of surplus housing units absorbed	3.3%

Sources: ESRI, US Census, The Innovation Group

Table 70: Thurston County Population and Housing – Alternative 2 Non-Gaming Development Impact

	2020
Population	294,793
Households	112,323
Housing Units	119,558
Surplus Housing Units	7,235
<i>Number of new Households generated by Non-Gaming Parcel employment</i>	<i>121</i>
Percent of surplus housing units absorbed	1.7%

Sources: ESRI, US Census, The Innovation Group

The new jobs created at the proposed non-gaming parcel development will provide stable employment for existing residents that can support homeownership, increasing homeownership figures throughout the local area. The addition of new families will support current and planned housing development throughout the area, including the proposed 320-unit multifamily housing development in both Alternative 1 and Alternative 2, without overwhelming existing infrastructure⁹.

Conclusion

Overall, the non-gaming parcel development in Lacey is projected to add 1,090-1,389 people to the local (Thurston County) population and increase Thurston County school enrollment by 210-266 students. We believe these additions the area will be very manageable given the current infrastructure in place.

⁹ According to Thurston County Community Planning & Economic Development, the only current major housing development project in the county is the Manor House Planned Residential Development. More details on the project can be found here: <https://www.thurstoncountywa.gov/cped/Pages/dev-serv-projects-manor-house.aspx>

Section Two: Municipal Services Impact

The projected increase in visitors and population should be expected to lead to increases in public safety services and judicial system caseload. Of most direct consequence are police, fire, and EMS. These will largely fall into the purview of the Lacey police and fire departments. We note, however, that any impacts to the local police department described herein will be offset partially, if not entirely, by the Nisqually Indian Tribe's own police department. Additionally, we note that significant commercial development was planned for the subject Lacey site prior to the Tribe's development pursuit.¹⁰

Nisqually Indian Tribe Public Safety Department and Emergency Management Services

The Nisqually Indian Tribe maintains a comprehensive Public Safety Department composed of its own police department (the Nisqually Police Department), Department of Corrections and Fish and Wildlife program. In total the Tribe's Public Safety Department employs a total of over 92 full-time equivalent employees with an annual budget of over \$17.0 million as of 2022. With a mission "To protect the people of the Nisqually Indian Community and preserve the natural resources, culture, and traditions," the Tribe's Public Safety Department provides needed services to the Nisqually people and their surrounding community.

In addition to the Public Safety Department, the Tribe maintains its own Emergency Management Services ("EMS") program. The EMS program employs nearly 24 full-time equivalent employees and maintains an annual budget of roughly \$4.5 million as of 2022.

Police

The Lacey Police Department is an agency of 62 sworn police officers, 18 civilian support members, and 3 volunteers within the department. The adopted 2021 budget was increased 4.3% to \$12.1 million from the amended 2020 budget of \$11.6 million. Since 2019, the police department's budget has increased by a CAGR of 10.2%.

Fire / EMS

Lacey Fire District Three serves the City of Lacey and surrounding community, which includes approximately 105,650 people in its service area. The 2022 General Fund Operating budget for Lacey Fire District Three was \$36.06 million per the Fire District 2022 Annual Report. Expenses associated with Lacey Fire District Three are reported by the Washington State Auditor's Office.¹¹ The 2021 Financial Statements Audit Report for Lacey Fire District Three indicates expenditures related to public safety increased by 8.0% to \$24.2 million from 2020 reported expenditures of \$22.4 million. Since 2019, these expenditures have increased by a CAGR of \$20.2 million. It is

¹⁰ http://www.triwayenterprises.com/land_gateway.html

¹¹ <https://sao.wa.gov/reports-data/audit-reports?en=Thurston%20County%20Fire%20Protection%20District%20No%203&MCAG=1346&StartDate=&EndDate=>

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important to note that direct expenses reported by the Washington State Auditor are only a portion of the Lacey Fire District Three’s annual budget. In addition to public emergency resources, there are also several private EMS companies serving Lacey including Olympic Ambulance of Lacey and Horizon Medical Transportation Ambulance of Lacey. Both of these companies respond to emergency and non-emergency calls in partnership with the city of Lacey.

Average Criminal Incident Rate

Criminal offense data for Lacey are available from the FBI’s Uniform Crime Reporting (UCR) Program. In 2019, there were 3,058 criminal offenses reported to Lacey Police. Based on the city’s population this equates to a per capita criminal incident rate of roughly 0.06. This incidence rate was applied to our forecasted population increase under both Alternative 1 and Alternative 2 to estimate the proposed Quiemuth non-gaming development’s police calls. Additionally, an allowance for increased visitation to the commercial development has been applied. It is anticipated that the Nisqually Tribal Police Department will be the primary responder for all calls and will handle minor incidents including misdemeanors and citations.

Based on the criminal incident rate described above and our forecasted population and visitation increases as a result of the proposed Quiemuth non-gaming development, in 2026 we estimate there will be 425-499 incremental criminal offenses reported as a result of the proposed Quiemuth non-gaming development. This represents an increase of 11.8%-13.9% over projected 2026 volumes in the City based on incidents reported by the UCR Program.

Table 71: Police Service Calls Estimate

	Alternative 1	Alternative 2
New Population	1,389	1,090
Average Offenses per Capita in City of Lacey	0.06	0.06
Total Forecasted Offenses due to Incremental Population	79	62
Incremental Retail Sales from Subject Development	11.6%	10.1%
Incremental calls due to incremental retail sales (visitation)	419	362
Total Forecasted Calls	499	425
<i>Estimated 2026 Offenses Reported (Excluding Subject Development Impact)</i>	3,600	3,600
2026 Projected Offenses Reported	4,099	4,025
<i>% Change</i>	13.9%	11.8%

Sources: FBI Uniform Crime Reporting (UCR) Program; US Census, The Innovation Group

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The following charts show a breakdown of reported criminal offenses by type for Lacey.

Table 72: Lacey Police Department Offenses Reported 2019

Type	Incidents	% of Total
Total	3,058	100.0%
Crimes Against Persons	693	22.7%
Crimes Against Property	2,159	70.6%
Crimes Against Society	206	6.7%

Sources: FBI Uniform Crime Reporting (UCR) Program

Average Fire & EMS Incident Rate

Fire and EMS incidents responded to by the Lacey Fire District Three are reported in the department’s annual reports. Based on call response data—as shown in the table below—along with population within the Fire District service area (105,650 people), fire and EMS per capita incident rates are approximately 0.16 calls per person. This average incidence rate was applied to our forecasted population increase under both Alternative 1 and Alternative 2 to estimate the proposed Quiemuth non-gaming development’s fire and EMS calls. Additionally, an allowance for increased visitation to the commercial development has been applied.

Based on the average incident rate described above and our forecasted population increases as a result of the proposed Quiemuth non-gaming development, in 2026 we estimate there will be 1,868-2,180 incremental calls responded to by Lacey Fire District Three as a result of the proposed Quiemuth non-gaming development. This represents an increase of 11.1%-13.0% over projected 2022 volumes.

Table 73: Lacey Fire/EMS Service Call Estimates

	Alternative 1	Alternative 2
New Population	1,389	1,090
Average Calls per Capita	0.16	0.16
Total Forecasted Calls due to Incremental Population	221	174
Incremental Retail Sales from Subject Development	11.6%	10.1%
Incremental calls due to incremental retail sales (visitation)	1,959	1,694
Total Forecasted Calls	2,180	1,868
<i>Annual Service Calls</i>	16,822	16,822
<i>% Change</i>	13.0%	11.1%

Sources: Lacey Fire District Three, The Innovation Group

The following provides a total annual calls responded to by Lacey Fire District 3.

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Table 74: Lacey Fire District 3 Call Responses

	2020	2021	2022
Total	14,196	16,293	16,822

Source: Thurston 911 Communications

Conclusion and Implications

Fiscal Impacts and Municipal Services

Impacts arising from population and development growth would be effectively diluted by the size of Thurston County’s existing labor force, housing stock, and school capacity. Impacts arising from increased populations—such as police, fire and EMS calls—are detailed above. Moreover, and as noted previously, the fiscal impacts to the local impacts to the local police department described below will be offset partially, if not entirely, by the Nisqually Indian Tribe’s own police department. It is anticipated that the Nisqually Tribal Police Department will be the primary responder for all calls and will handle minor incidents including misdemeanors and citations. Arrests may involve coordination with the local police department and would incur costs to City and County law enforcement agencies.

On top of this, the gains in tax revenues that will accrue to the local governments as a result of increased economic activity generated by the Quiemuth Village non-gaming parcel development and its employees will mitigate increases in municipal services expenses.

Estimated Municipal Expenses

The following table shows the estimated expenses attributable to the subject development from police and fire/EMS services, assuming all costs were incurred by the local fire and police departments, based on the Comparative Analysis section above, with percent change estimates from that analysis applied to annual budget figures.

Table 75: Lacey Police and Lacey Fire District 3 Expense Increase - 2026

	Annual Budget		Alternative 1	Alternative 2
Police (City of Lacey)	\$12,064,330	<i>Incremental %</i>	<13.9%	<11.8%
		<i>Incremental \$</i>	< \$1,671,027	< \$1,423,441
Fire/EMS (Lacey Fire District 3)	\$36,060,000	<i>Incremental %</i>	13.0%	11.9%
		<i>Incremental \$</i>	\$4,674,333	\$4,003,158
Total Increase in Municipal Services			\$6,345,361	\$5,426,599

Sources: City of Lacey, The Innovation Group

DISCLAIMER

Certain information included in this report contains forward-looking estimates, projections and/or statements. The Innovation Group has based these projections, estimates and/or statements on our current expectations about future events. These forward-looking items include statements that reflect our existing beliefs and knowledge regarding the operating environment, existing trends, existing plans, objectives, goals, expectations, anticipations, results of operations, future performance and business plans.

Further, statements that include the words "may," "could," "should," "would," "believe," "expect," "anticipate," "estimate," "intend," "plan," "project," or other words or expressions of similar meaning have been utilized. These statements reflect our judgment on the date they are made and we undertake no duty to update such statements in the future.

Although we believe that the expectations in these reports are reasonable, any or all of the estimates or projections in this report may prove to be incorrect. To the extent possible, we have attempted to verify and confirm estimates and assumptions used in this analysis. However, some assumptions inevitably will not materialize as a result of inaccurate assumptions or as a consequence of known or unknown risks and uncertainties and unanticipated events and circumstances, which may occur. Consequently, actual results achieved during the period covered by our analysis will vary from our estimates and the variations may be material. As such, The Innovation Group accepts no liability in relation to the estimates provided herein.