

Gaming Expansion: A Choice for Our Future

The following information has been prepared by the Tribal Council for the membership of the Confederated Tribes.

To our people:

We are at a critical moment in our reservation history. After a long period of prosperity, we are facing an economic downturn that threatens to change our way of life. No longer can we depend on our beautiful forests for the revenues they once generated. But neither do we want to sacrifice tribal programs and services that have brought comfort and good health to our membership.

It is the Tribal Council's job to lead the exploration of new ways to bring money and jobs to the reservation. After looking at many alternatives, we are convinced that the expansion of gaming holds the most promise for the kind of sustained income our Tribes need. We also believe that this important issue deserves a tribal discussion and offers us a chance to focus the long-term vision of the Tribes. What are the tribal programs that are important to us as a people? What vision of a future will we pass along to our future generations?

By talking and working together, we can guarantee a future of growth and self-sufficiency for our children's children. It is up to all of us to weigh the facts and decide on a direction for our Tribes.

Why gaming?

Gaming is a natural for Indian people, as tribes all over the country have proven. Not only is gaming part of our own heritage, but our small-scale venture into casino gambling at Kah-Nee-Ta has shown us how profitable it can be. Gaming is a clean industry that has a minimal impact on the environment and relies on a resource that is never depleted: people.

The expansion of gaming would create more jobs on and off the reservation and could open the way to other kinds of development in the area of tourism. Most importantly, the increased revenues from gaming would allow the Tribes to develop new business opportunities on the reservation, which means more jobs for our young people.

Why must we act?

Tribal income has plunged to a fraction of previous levels, and we are already spending our financial reserves and suffering cuts in services as we search for new sources of revenue. How did this come about?

Our reservation was blessed with rich timber and water resources, which our leaders have put to work for us during the last fifty years. It once seemed that our timber and hydroelectric enterprises would be profitable forever. But now timber revenues are off due to a 60% reduction in the allowable cut on the reservation, which means far fewer logs for the mill.

As you know, last spring Warm Springs Forest Products was forced to lay off 47 employees, over one-half of them tribal members. At the same time, our profits from power generation have flattened out and are not likely to return to year 2000 level for several years. Clearly we need to look beyond our natural resources to other kinds of businesses.

Nearly half our tribal members are under the age of 18, which means more young people are entering the workforce or seeking higher education every year. We need to ensure that training and employment are available or we risk losing this potential talent. We also owe our future leaders the benefits of a strong education in a positive learning environment.

This all takes secure and long-term funding.

How will gaming affect the funding of tribal programs?

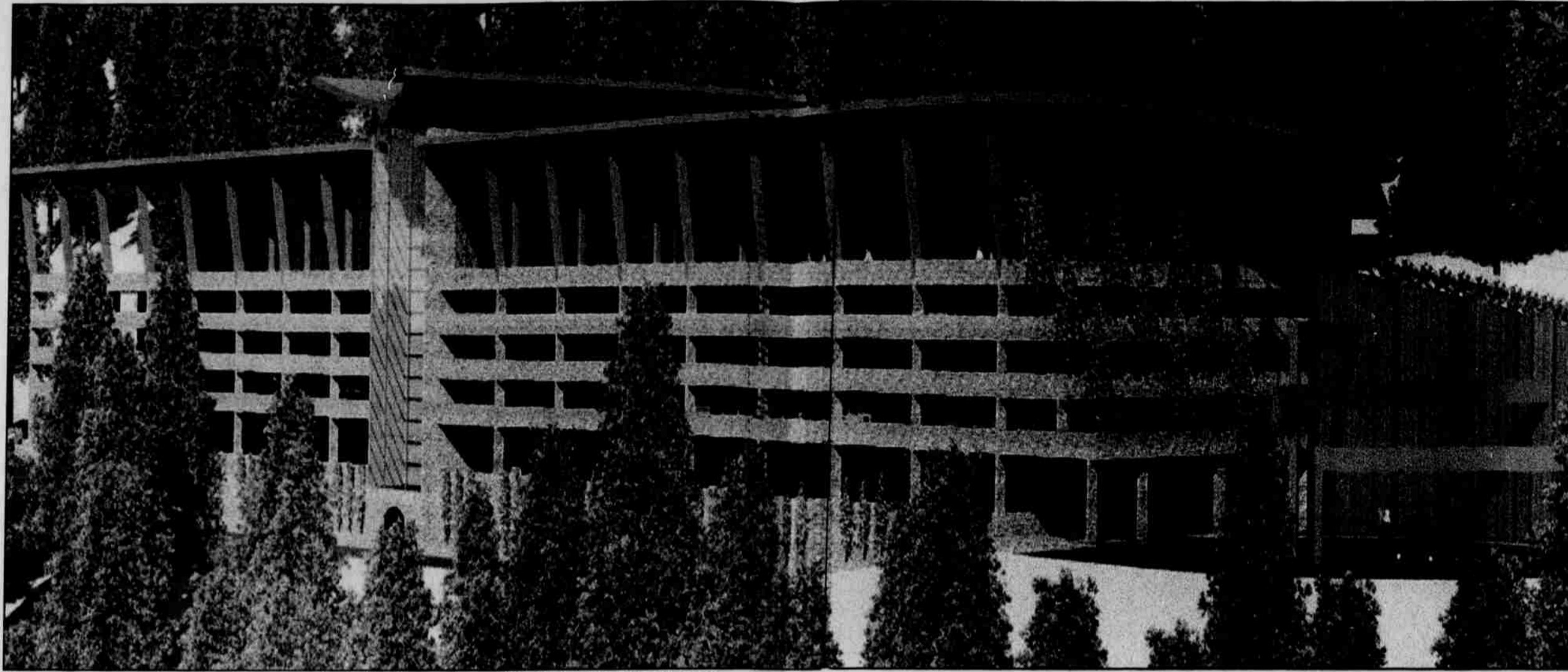
Your health and well-being are the Tribal Council's primary concern when seeking new sources of revenue. If our Tribes are financially strong and self-sufficient, we can guarantee the continuation of our needed tribal programs. Careful planning today will pay off not only for our generation but for generations to come.

The Tribal Council believes that expanded gaming would give our reservation a solid income base to meet tribal needs in education, health care, and future economic development for years to come.

To that end, we identified and studied three potential sites for a new and larger casino. One site is on the reservation, along Highway 26. Another, available to us today, is along the Columbia River on trust land east of Hood River.

In 1999, after many months of very hard work, our request for a site approval for the Government Rock site at Cascade Locks was denied by Governor Kitzhaber. Since then, Tribal Council has proceeded toward development at the Hood River site. Unlike Government Rock, the existing Hood River Trust Land is eligible for gaming development under the federal Indian Gaming Regulatory Act.

The casino that makes the most profit is going to create the most jobs for tribal members.



Above is a conceptual drawing of a potential tribal casino at the Columbia River Gorge.

How much revenue would each of these sites generate?

There are advantages and disadvantages to each location. While a casino on the reservation would provide job opportunities, a Gorge casino would bring higher profits.

A look at the bottom line shows where the greatest profits would be made. The following figures are the projected annual cash remaining after operating expenses and construction debts are paid:

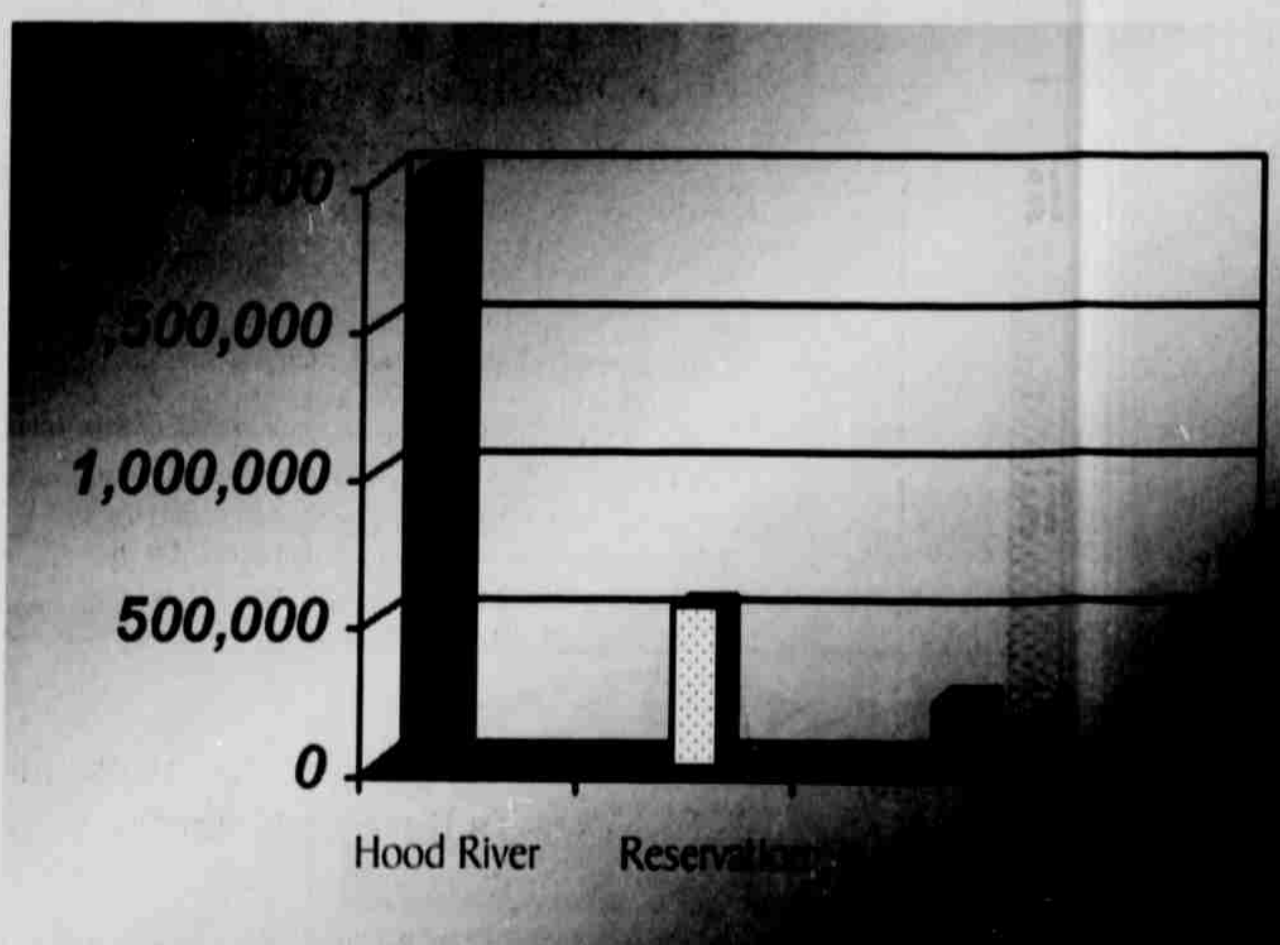
Hood River	\$13.3 - \$15.5 million
Reservation	\$4.1 - \$4.5 million
Indian Head	\$4.0 million

These projections are based on an analysis of gross gaming revenues by EconNorthwest, a firm that has extensively studied all gaming activities in Oregon. Their studies include survey research, census data, road traffic counts and drive time. Indian Head Casino figures are today's current operating numbers.

Profits are tied closely to the numbers of projected visitors. The following are estimates of how many people each site would draw per year:

Hood River	2,000,000 visitors
Reservation	550,000 visitors
Indian Head	225,000 visitors

Estimate of Annual Visitors



Numbers for Indian Head are Based on Current Visitation

A casino in the Columbia River Gorge has the advantage of attracting customers from the Portland-Vancouver metropolitan area.

How much would it cost to build a casino?

Investing in our future will require borrowing money. For a casino at Hood River, we would need a construction loan of about \$165 million, which would cost \$27 million a year to repay. For the Warm Springs site, the construction loan would be \$30-\$35 million, with annual payments of about \$5.5 million. Both loans would take ten years to pay off.

What is the bottom line?

The financial bottom line is this: a casino in the Columbia River Gorge would generate about three to four times the net cash that we currently generate at Indian Head Casino. A new casino at Warm Springs would only net a few hundred thousand dollars more than Indian Head, yet it would cost many millions of dollars to construct.

Which expansion option would provide more jobs for our tribal members?

A more profitable casino would create more jobs, both at the casino and in enterprises started with gaming profits. Understandably, many tribal members may not want to drive or relocate to the Gorge for a job, and feel that a casino on the reservation would be more convenient for employment. Tribal Council is committed to providing all tribal members who wish to work with training and job opportunities to meet their life goals. This can best be done if the Tribes use gaming profits to encourage tribal member business startups and create new employment opportunities and services here at home.

The casino site that makes the most profit is going to create the most jobs for tribal members. We must have the resources, the will, and the guidance of tribal members to develop the best economic opportunities for all of us.

Why is Tribal Council pursuing a Columbia River Gorge site even though it is not popular with Hood River residents?

The Columbia River is important to our people as a tradition, a place of commerce and culture, and the Tribal Council believes it is a fitting place for a tribal casino.

We were extremely disappointed when Governor Kitzhaber refused to cooperate with our proposal to build a casino in Cascade Locks, where the locals support us wholeheartedly. But because the Tribal Council feels strongly about our right to be in the Gorge area, we have moved ahead with plans to develop our trust land just east of Hood River.

Will we be forced to give up the casino at Kah-Nee-Ta if we build another, larger casino?

This is an issue we are working on. We are proud of Indian Head Casino, which is a profitable and well-loved part of our community. We do not agree with the Governor's "one casino policy" and will negotiate for the Tribes to maintain

the casino at Kah-Nee-Ta. In the meantime, it is our job to seek out the most viable opportunities; in the Gorge we have a chance to earn four to five times the profits of another location.

What's next?

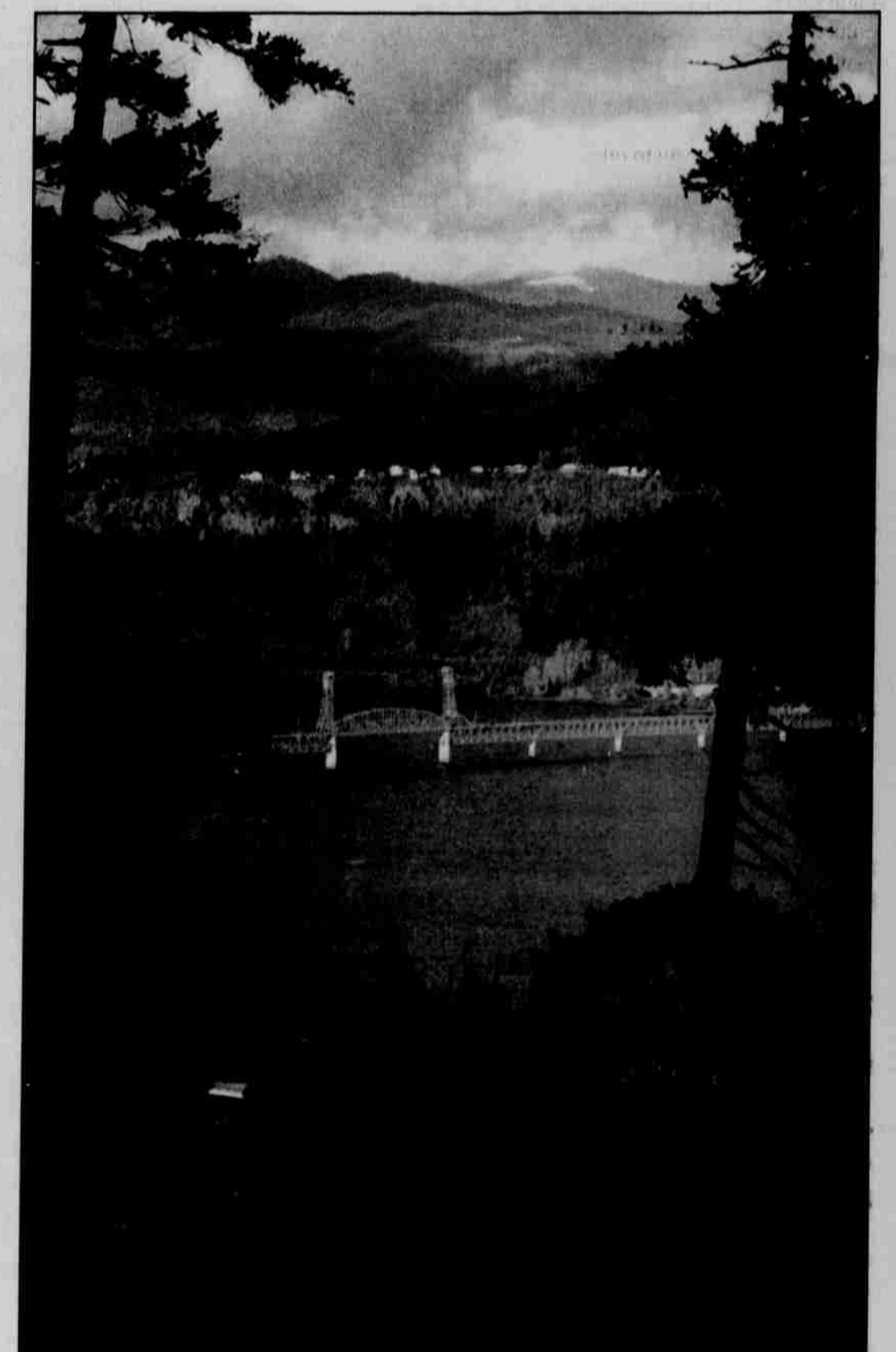
The Tribal Council asks you to consider the expansion of gaming as one solution to our economic problems. Please study the facts and plan to participate in the upcoming community meetings. Once you have looked at the pros and cons of casino expansion and had the opportunity to air your concerns and ideas, we will draft a referendum question to put on the ballot in May. Then it will be up to you, the tribal members, to make the final decision.

Together we will be strong.

As your elected representatives, we have worked hard to secure the financial future of our reservation. We all know that the stronger our economic base, the stronger we will be as a sovereign nation. Let us act together, in unity, on behalf of the generations to come.

Watch *Spilyay Tymoo* for a schedule of community meetings on gaming, and please contact one of us at the Tribal Council office (541-553-3257) with your questions or concerns.

Respectfully,
Your Tribal Council



A view from the tribes' property at Hood River.

District Meetings Scheduled To Discuss Gaming Expansion

Simnasho - February 11
Seekseequa - February 18
Agency - To be Announced

Follow the Spilyay Tymoo's continuing coverage of gaming expansion for additional meeting dates.

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