



APPLIED ECONOMICS

AK-CHIN INDIAN COMMUNITY ECONOMIC IMPACT ANALYSIS

Prepared by:

**Applied Economics LLC
11209 N. Tatum Boulevard, Suite 225
Phoenix, AZ 85028**

December 2017

1.0 Introduction

Purpose of the Study

Applied Economics was retained by the Ak-Chin Indian Community to perform an economic impact analysis of its business enterprises. The Community owns a number of businesses including the Ak-Chin Casino and Resort, the UltraStar Multi-tainment Center at Ak-Chin Circle, Ak-Chin Farms, Ak-Chin Southern Dunes Golf Club, as well as several smaller employers such as the Vekol Market, Ak-Chin Regional Airport and property management activities associated with the Santa Cruz Commerce Center. Quail Run Building Materials is also 51 percent owned by the Ak-Chin Indian Community, but since it is not located in Pinal County, it is not included in this analysis.

The Ak-Chin Indian Community, which is located in Pinal County approximately 23 miles south of Phoenix city limits in the Santa Cruz Valley, includes both Papago and Pima Indians. It was established in May 1912 through an Executive Order from President Taft. The original 47,600-acre reservation was reduced to 21,840 acres in 1912. The Southern Dunes Golf Club, which was purchased in 2010, increased the land area of the Reservation by 319 acres.

The Tribal government was formally organized in 1961 and is headed by a five-member Community Council. According to the Census Bureau American Community Survey for 2016, the Ak-Chin Indian Community currently includes a population of 1,182 people living on tribal land.

The Ak-Chin Indian Community is one of the largest farming communities in the United States with 16,000 acres dedicated to agriculture through the Ak-Chin Farms. The Ak-Chin Farms along with the Ak-Chin Casino and Resort, the Ultra-Star Multi-tainment Center and the Southern Dunes Golf Club are the primary job generators within the Ak-Chin Indian Community.

Both the casino and resort are presently undergoing an expansion that will be completed by 2019, and the study shows the impacts of both current employment and employment related to the expansion. The study also includes the Community government and the impacts of local charitable contributions estimated at \$500,000 in 2016. All total, these activities generate 1,435 full-time jobs and 335 part-time jobs with an estimated average wage of \$39,800.

In addition to the ongoing operations impacts of these business and government enterprises, the analysis also includes construction impacts over the past several years related to the casino and hotel as well as the Vekol Market, the UltraStar Multi-tainment Center, Community infrastructure projects and residential projects totaling over \$270 million.

This study is an update of a similar economic impact analysis performed by ESI Corporation in 2011. It reflects current employment figures, as well as several new enterprises that have developed since the previous study was conducted. The report allows the Community to quantify the economic value of its business operations, and provides a basis for maximizing the benefits created by the Community's investments.

This study uses economic multipliers from IMPLAN (Impact Analysis for Planning) to estimate the economic impacts of the Ak-Chin Indian Community business enterprises. Economic impacts are a way to quantify not only the direct impacts of new jobs, payroll and sales generated by these businesses, but also the effects on the region’s economy overall. This provides a more robust approach to understanding the return on investment from activities that stimulate economic growth. Economic impacts utilize input-output analysis as a means of examining relationships within an economy, both between businesses and between businesses and final consumers. The resulting mathematical formulae allow for examination of the effects of a change in one or more individual businesses on the entire economy. The IMPLAN model, which is an input-output model for economic impact estimation, is used in this analysis. IMPLAN is a simple, yet robust tool to model economic impacts and is currently used by a large number of state and federal government agencies, colleges and universities, non-profit organizations, corporations, and business development and community planning organizations and is the most widely employed and accepted regional economic analysis software for predicting economic impacts.

FIGURE 1
AK-CHIN INDIAN COMMUNITY ASSUMPTIONS

	FT Jobs	PT Jobs	Estimated 2016 Payroll	Average Payroll per Employee
Business and Government Enterprises	1,435	335	\$70,454,613	\$39,790
Ak-Chin Casino and Resort - Current	662	129	\$28,991,511	\$36,652
Ak-Chin Casino and Resort - Expansion	99	19	\$5,798,302	\$48,869
UltraStar Multi-tainment Center	67	178	\$5,100,000	\$20,816
Ak-Chin Farms	80	0	\$3,700,000	\$46,250
Ak-Chin Southern Dunes Golf Club	72	0	\$1,825,000	\$25,347
Vekol Market	11	9	\$570,000	\$28,500
Santa Cruz Commerce Center (property mgmt)	2	0	\$162,800	\$81,400
Ak-Chin Regional Airport	2	0	\$135,000	\$67,500
Community Government	440	0	\$24,172,000	\$54,936
			2016 Value	
Charitable Contributions	na	na	\$500,000	
Construction Value			\$270,732,950	
Hard Cost	na	na	\$247,174,360	
Soft Cost	na	na	\$23,558,590	

Source: Ak-Chin Community Tribal Council, 2017.

2.0 Impact Summary

This report describes the economic impacts of business enterprises owned by the Ak-Chin Indian Community on Pinal and Maricopa Counties. Economic impacts measure the effects of economic stimuli, or expenditures, in the local economy. These impacts are measured in terms of direct and indirect jobs, personal income and output. The Ak-Chin Indian Community creates a significant impact on the region based on the number of jobs they support, their local supply chain purchases and the consumer demand created by their employees.

Job Generation Capacity. With a population of only 1,182 people, the Ak-Chin Indian Community directly creates 1,770 jobs at their business enterprises, or 1.5 jobs for every resident.¹ This is an extraordinary job to population ratio considering that the cities of Phoenix and Chandler have only 0.5 jobs per resident and the City of Mesa has only 0.4 jobs per resident.

Ongoing Economic Impacts. All total, the ongoing operations of the business enterprises, community government and charitable contributions included in this analysis create a combined annual economic impact of \$411.5 million on the metro area economy, including \$314.5 million in direct impacts within the Ak-Chin Indian Community, and \$97.1 million in indirect and induced impacts at other local businesses in Pinal and Maricopa Counties. These figures include the value of services provided by the Ak-Chin business enterprises and government, as well as the impacts of their vendor purchases and employee spending at other local businesses.

Jobs and Income. The Ak-Chin Indian Community directly employs about 1,770 people with an annual payroll of \$70.5 million. Through the multiplier effect, an estimated 576 indirect and induced jobs and \$14.0 million in employee income are supported annually at other businesses throughout Pinal County. These additional jobs and payroll are associated with vendor purchases and the consumer demand created by employees. An additional 401 indirect and induced jobs and \$12.1 million in employee income are supported in Maricopa County, based on estimates from the IMPLAN model.

Supply Chain Impacts. These business enterprises and the community government all make a portion of their supply chain purchases locally. Based on estimates from the IMPLAN model, they make a combined total of \$66.1 million in annual local purchases, supporting additional jobs and payroll.

Employee Spending. The 1,770 employees within the Ak-Chin Indian Community create a significant amount of consumer demand. Through their household spending, they support an estimated \$31.0 million in purchases from local businesses, primarily retail and service providers. These employee spending impacts, combined with the supply chain impacts make up

¹ Ak-Chin Indian Community population estimate is based on data from the Census Bureau 2016 American Community Survey.

the \$97.1 million in annual indirect and induced impacts generated by the Ak-Chin Indian Community.

Construction Impacts. The Ak-Chin Indian Community has undertaken a variety of construction projects over the last five years related to new and expanded business enterprises, as well as public infrastructure and housing, resulting in \$270.7 million in total construction activity. This level of construction activity resulted in a one-time economic impact of \$320.3 million over five years, or an annual average impact of \$64.1 million. About 2,400 direct construction jobs and an estimated 400 additional indirect jobs, or an annual average of 570 direct and indirect jobs, have been created in Pinal and Maricopa Counties through the new construction activity associated with the Ak-Chin Indian Community.

3.0 Economic Impacts

Operations Impacts in Pinal County

Economic impact analysis is a means for quantifying the level of economic activity in the region that results from the operations of the business enterprises within the Ak-Chin Indian Community. Economic impacts include direct and indirect jobs, personal income, and output that are generated by the businesses and the community government. Indirect and induced impacts are the result of the multiplier effect, and capture supported supplier and consumer businesses and employees throughout the region that benefit from these employers. In essence, the multiplier effect represents the recycling of local spending that, in turn, creates business opportunities.

Direct output is the value of services produced by these retail, entertainment, agricultural, government and hospitality employers. While their “output” is less straightforward to measure than it would be for a manufacturer, it can generally be characterized as the cost of labor plus the cost of materials and other inputs plus profits.

In addition to the direct impacts described above, the business and government enterprises generate indirect impacts through their local procurement of goods and services to support their operations. Their employees generate induced impacts through the re-spending of their paychecks. Indirect and induced impacts are estimated using economic multipliers that reflect the volume and types of purchases that are likely to be made locally and are specific to the economic base of Pinal and Maricopa Counties. Different industry-specific multipliers were applied to each of the different types of industries represented by the Ak-Chin Indian Community business enterprises, since each of these operations requires different types of suppliers and generates different levels of employee spending based on wage levels.

Indirect and induced impacts are generally commensurate with the direct impacts, or size, of each business enterprise. However, enterprises for which there is a well-established local supplier base tend to have proportionally greater impacts. The indirect and induced output impacts that are captured by other local businesses within Pinal County are estimated at \$59.5 million per year. This local spending supports about 576 jobs and \$14.0 million in annual payroll at other businesses in Pinal County. This means that for every 100 jobs created by enterprises within the Ak-Chin Indian Community, an additional 33 jobs are supported at other businesses throughout Pinal County.

Economic impacts are specific to a defined geographic area. In this case, the direct impacts, as well as a portion of the indirect and induced impacts, occur in Pinal County. This analysis uses economic multipliers specific to the economic base, or types of industries, present in the county to estimate the impacts. In addition, the analysis includes an estimate of the indirect and induced impacts that are captured in Maricopa County, which has a larger and more diverse economic base from which supplier and consumer purchases could be made.

Information about employment and payroll at each of the business enterprises in 2016, as well as information about charitable contributions and construction costs was provided by Ak-Chin Indian Community staff with approval from the Tribal Council. Information about employment and payroll is reflected in the direct impacts shown in Figure 2. All of the direct impacts occur within the Ak-Chin Indian Community. Economic multipliers were used to estimate direct output as well as the indirect and induced impacts. Note that all of the impacts shown in Figure 2 are estimated to occur in Pinal County.

All total, the business enterprises, community government and charitable contributions included in this analysis support 1,770 direct jobs and \$70.5 million in annual payroll within the Community. They create a combined annual economic impact of \$411.5 million on the metro area economy and support 977 indirect and induced jobs at other local businesses in Pinal and Maricopa Counties. These figures include the value of services provided by the Ak-Chin Indian Community business enterprises and government, as well as the impacts of their vendor purchases and employee spending at other local businesses.

FIGURE 2
ANNUAL ECONOMIC IMPACT OF AK-CHIN INDIAN COMMUNITY
ON PINAL COUNTY

	Output	Jobs	Personal Income
Direct	\$314,468,627	1,770	\$70,454,613
Ak-Chin Casino and Resort - Current	\$206,889,140	791	\$28,991,511
Ak-Chin Casino and Resort - Expansion	\$41,377,828	119	\$5,798,302
UltraStar Multi-tainment Center	\$14,718,618	245	\$5,100,000
Ak-Chin Farms	\$15,787,874	80	\$3,700,000
Ak-Chin Southern Dunes Golf Club	\$4,325,472	72	\$1,825,000
Vekol Market	\$1,375,185	20	\$570,000
Santa Cruz Commerce Center	\$1,400,000	2	\$162,800
Ak-Chin Regional Airport	\$728,560	2	\$135,000
Community Government	\$27,865,949	440	\$24,172,000
Indirect and Induced	\$59,491,271	576	\$13,954,998
Ak-Chin Casino and Resort - Current	\$37,234,928	369	\$9,007,462
Ak-Chin Casino and Resort - Expansion	\$7,446,986	74	\$1,801,492
UltraStar Multi-tainment Center	\$2,944,566	29	\$556,071
Ak-Chin Farms	\$3,720,148	33	\$852,614
Ak-Chin Southern Dunes Golf Club	\$865,342	9	\$163,417
Vekol Market	\$288,122	3	\$53,614
Santa Cruz Commerce Center	\$308,662	4	\$94,022
Ak-Chin Regional Airport	\$106,191	1	\$19,632
Community Government	\$5,986,210	47	\$1,109,878
Charitable Contributions	\$590,116	7	\$296,796
Total	\$374,066,256	2,346	\$84,409,610
Ak-Chin Casino and Resort - Current	\$244,124,068	1,160	\$37,998,972
Ak-Chin Casino and Resort - Expansion	\$48,824,814	193	\$7,599,794
UltraStar Multi-tainment Center	\$17,663,184	274	\$5,656,071
Ak-Chin Farms	\$19,508,022	113	\$4,552,614
Ak-Chin Southern Dunes Golf Club	\$5,190,813	81	\$1,988,417
Vekol Market	\$1,663,307	23	\$623,614
Santa Cruz Commerce Center	\$1,708,662	6	\$256,822
Ak-Chin Regional Airport	\$834,751	3	\$154,632
Community Government	\$33,852,159	487	\$25,281,878
Charitable Contributions	\$696,474	7	\$296,796

Harrah's Ak-Chin Casino and Resort - The Ak-Chin Casino and Resort currently employs an estimated 791 people with an annual payroll of \$29.0 million. The expansion that is currently underway will increase employment by about 15 percent to 910 jobs, when complete in spring 2018. Phase I of the expansion, which opened in December 2017, includes updates to the parking garage as well as an expansion of the casino, ballroom and lounge space. Phase II of the expansion includes the addition of 230 new hotel rooms, a new restaurant and other new hotel amenities.

These 910 total jobs at the expanded casino and resort support an estimated additional 443 jobs at other establishments in Pinal County, resulting in a total economic impact of \$292.9 million per year. The Ak-Chin Casino and Resort is the largest contributor to the regional economy and makes up about 78 percent of the total economic impact of the Ak-Chin Indian Community.

UltraStar Multi-tainment Center - The UltraStar Multi-tainment Center opened in 2012 and offers dining, a movie theater, bowling, an arcade, laser tag, a gaming center and an events center. It currently has 245 full and part-time employees with a total annual payroll of \$5.1 million. The UltraStar Multi-tainment Center generates an annual economic impact of \$17.7 million, supporting about 29 jobs and \$556,000 in employee income at other local businesses in Pinal County.

Ak-Chin Farms - Ak-Chin Farms is a 16,000-acre farm that employs 80 people with an annual payroll of \$3.7 million. The primary crop is cotton, but the farm also produces barley, potatoes, alfalfa and corn. The farm generates an annual economic impact of \$19.5 million, supporting about 33 jobs and \$853,000 in employee income at other businesses in Pinal County that sell goods and services to the farm and its employees.

Ak-Chin Southern Dunes Golf Club - The golf club was purchased by the Ak-Chin Indian Community in 2010 and was completely renovated in 2014. The course operations, pro shop and restaurant employ 72 people, generating a total economic impact of \$5.2 million per year. Through the multiplier effect, the golf club supports about 9 additional jobs in Pinal County.

Vekol Market - The Vekol Market was purchased and renovated by the Ak-Chin Indian Community in 2012. It currently employs 20 full and part-time workers. The market creates a total economic impact of \$1.7 million, supporting about 3 additional jobs in Pinal County.

Santa Cruz Commerce Center - The Santa Cruz Commerce Center is a 129-acre industrial park. Some of the current tenants include Hickman Family Farms, M&S Equipment and Rockstar Arizona Cheer and Dance. There are also several multi-tenant buildings available for lease. The two jobs at the Santa Cruz Commerce Center included in this study represent property management and marketing for the industrial park. The additional jobs created by private businesses in the industrial park that are not included here. The property management and marketing jobs create a total annual impact of \$1.7 million per year, which includes lease revenues as well as the value of goods and services that are purchased within Pinal County to support property management.

Ak-Chin Regional Airport - The Ak-Chin Indian Community operates a general aviation airport near the Santa Cruz Commerce Center that currently has 2 employees and an annual payroll of \$135,000. The airport creates a total economic impact of \$835,000 per year in Pinal County.

Community Government – The Community government employs 440 people with an annual payroll of \$24.2 million, making it the second largest employer within the Community. The services provided by the government, combined with the value of local vendor purchases and employee spending, result in a total economic impact of \$33.9 million per year in Pinal County, supporting about 47 jobs and \$1.1 million in employee income at other local businesses.

Charitable Contributions - In addition to the business enterprises, the indirect and induced impacts include charitable contributions estimated at \$500,000 per year that support an estimated 7 jobs at local Native American, education and other charities along with \$90,000 in additional indirect and induced output for a total economic impact of \$590,000 per year.

Summary of Pinal County Impacts

The total economic impacts include for Pinal County both the direct impacts within the Ak-Chin Indian Community, and the secondary, or indirect and induced impacts created by other local businesses and their employees. The total annual economic impact of business and government enterprises in the Community is estimated at \$374.1 million, accounting for over 2,300 jobs and \$84.4 million in annual employee income in Pinal County.

On average, the output multiplier for the operations of these enterprises in Pinal County is 1.19. This means that for every \$1 million of goods and services created by the Ak-Chin Indian Community business and government enterprises, an additional \$190,000 in economic activity is generated in the county economy.

Operations Impacts in Maricopa County

While all of the direct impacts of the Ak-Chin Indian Community occur in Pinal County, a portion of the indirect and induced impacts are captured in neighboring Maricopa County, which represents a large and diverse regional economy. Using economic multipliers that are specific to the economic base of Maricopa County, and specific to the types of industries represented by the Ak-Chin business and government enterprises, it is possible to estimate these multi-regional indirect and induced impacts. Note that there are additional indirect and induced impacts that occur outside the metro area and are not included here.

All total, an estimated 400 jobs, \$12.1 million in payroll and \$37.6 in annual output are supported by the Ak-Chin Indian Community in Maricopa County (Figure 3). These impacts represent vendor purchases from companies in Maricopa County, as well as employee household spending at retail and service providers there. The indirect and induced impacts in Maricopa County represent 39 percent of the total indirect and induced impacts created by the Ak-Chin Indian Community.

**FIGURE 3
ANNUAL ECONOMIC IMPACT OF AK-CHIN INDIAN COMMUNITY
ON MARICOPA COUNTY**

	Output	Jobs	Personal Income
Indirect and Induced	\$37,573,210	401	\$12,131,364
Ak-Chin Casino and Resort - Current	\$24,213,006	267	\$8,130,520
Ak-Chin Casino and Resort - Expansion	\$4,842,601	53	\$1,626,104
UltraStar Multi-tainment Center	\$1,810,790	20	\$459,493
Ak-Chin Farms	\$1,844,885	18	\$739,875
Ak-Chin Southern Dunes Golf Club	\$532,150	6	\$135,035
Vekol Market	\$137,217	2	\$33,192
Santa Cruz Commerce Center	\$298,555	4	\$91,904
Ak-Chin Regional Airport	\$69,608	1	\$27,895
Community Government	\$3,785,067	30	\$877,604
Charitable Contributions	\$39,331	1	\$9,742

Construction Impacts

The Ak-Chin Indian Community has undertaken a number of construction projects in the past five years including the construction of the UltraStar Multi-tainment Center at Ak-Chin Circle and the renovation of the Vekol Market, as well as the current expansion of the Ak-Chin Casino and Resort. In addition, there have been a significant amount of public infrastructure improvements and housing projects. All total, these projects resulted in \$270.7 million in construction activity over a five year period (Figure 4). Although construction impacts are non-recurring, they are significant in magnitude and supplement the ongoing operations impacts created by the Ak-Chin Indian Community.

**FIGURE 4
CONSTRUCTION PROJECTS BY TYPE**

Projects	Hard Cost	Soft Cost	Total
Ak-Chin Casino and Resort Expansion	\$164,000,000	\$14,000,000	\$178,000,000
UltraStar Multi-tainment Center	\$42,300,000	\$0	\$42,300,000
Vekol Market	\$2,640,000	\$0	\$2,640,000
Residential Projects	\$6,521,018	\$1,630,254	\$8,151,272
Community Infrastructure Projects	\$31,713,342	\$7,928,336	\$39,641,678
Total	\$247,174,360	\$23,558,590	\$270,732,950

The multiplier effect of this \$270.7 million in construction spending resulted in a total increase in economic activity of about \$320.3 million in Pinal and Maricopa County combined over the past five years (Figure 5). The approximately 2,800 direct and indirect jobs created locally by the construction resulted in an estimated \$92.9 million in personal income over the five year

period. This translates to an average of 570 total jobs and \$18.6 million in personal income per year. Approximately 96 percent of the total job impacts are captured within Pinal County based on estimates from the IMPLAN model.

FIGURE 5
ECONOMIC IMPACT OF AK-CHIN INDIAN COMMUNITY CONSTRUCTION ACTIVITY
ON PINAL AND MARICOPA COUNTIES

	Output	Jobs	Personal Income
Direct	\$270,732,950	2,423	\$80,388,168
Ak-Chin Casino and Resort Expansion	\$178,000,000	1,582	\$53,906,023
UltraStar Multi-tainment Center	\$42,300,000	385	\$12,225,863
Vekol Market	\$2,640,000	24	\$763,033
Residential Projects	\$8,151,272	72	\$2,035,715
Community Infrastructure	\$39,641,678	361	\$11,457,534
Indirect and Induced-Pinal County	\$36,929,250	304	\$7,788,892
Ak-Chin Casino and Resort Expansion	\$24,708,841	205	\$5,152,377
UltraStar Multi-tainment Center	\$5,452,268	43	\$1,106,437
Vekol Market	\$340,283	3	\$69,054
Residential Projects	\$1,318,235	13	\$424,121
Community Infrastructure	\$5,109,623	40	\$1,036,903
Indirect and Induced-Maricopa County	\$12,645,915	104	\$4,748,204
Ak-Chin Casino and Resort Expansion	\$8,021,684	64	\$3,006,296
UltraStar Multi-tainment Center	\$1,906,277	15	\$714,418
Vekol Market	\$118,973	1	\$44,588
Residential Projects	\$812,504	9	\$313,381
Community Infrastructure	\$1,786,478	14	\$669,520
Total	\$320,308,115	2,831	\$92,925,263
Ak-Chin Casino and Resort Expansion	\$210,730,525	1,852	\$62,064,696
UltraStar Multi-tainment Center	\$49,658,544	443	\$14,046,717
Vekol Market	\$3,099,257	28	\$876,675
Residential Projects	\$10,282,011	94	\$2,773,217
Community Infrastructure	\$46,537,778	415	\$13,163,958

4.0 Summary

The Ak-Chin Indian Community is a significant contributor to the Pinal County economy. Their business and government enterprises provide quality jobs to 1,770 workers and support the regional economy with millions of dollars each year in vendor purchases and employee spending. This spending not only benefits Pinal County, but also has a spillover effect in Maricopa County.

Impacts include a combination of non-recurring construction projects and ongoing annual operations impacts of business and government enterprises. All total, the annual economic impact in Maricopa and Pinal Counties totals \$475.6 million, directly and indirectly supporting over 3,300 jobs and \$115.1 million in annual employee income (Figure 6). For a tribe with a Reservation population of less than 1,200, the economic impact is immense, not only to the surrounding area, but also to the region as a whole. The Ak-Chin Indian Community plays an important role in economic development activities in Pinal County, both in terms of providing a large number of jobs within the Community, as well as generating significant supply chain and household demand that supports other businesses in the region.

FIGURE 6
SUMMARY OF ANNUAL ECONOMIC IMPACTS
OF THE AK-CHIN INDIAN COMMUNITY

	Output	Jobs	Personal Income
Pinal County			
Direct Impacts-Construction*	\$54,146,590	485	\$16,077,634
Direct Impacts-Non-construction	\$314,468,627	1,770	\$70,454,613
Indirect and Induced Impacts-Construction*	\$7,385,850	61	\$1,557,778
Indirect and Induced Impacts-Non-construction	\$59,491,271	576	\$13,954,998
Maricopa County			
Indirect and Induced Impacts-Construction*	\$2,529,183	21	\$949,641
Indirect and Induced Impacts-Non-construction	\$37,573,210	401	\$12,131,364
Total Annual Impacts	\$475,594,731	3,313	\$115,126,027

*Construction impacts are annualized over a five year period.