



The hotel expansion at the Tulalip Resort Casino

CHAPTER 6: RESERVATION ECONOMY

Background

As stated previously, the Tulalip Tribes' cultural and social wealth was rooted in a subsistence-based economy. Today, Tulalip's diversified economic base includes retail, commercial, recreational, and industrial activities.

A goal of the Tulalip Tribes is to become economically independent and prosperous and be able to support individual Tribal members so they may also become self sufficient. Other economic goals of the Tribe include:

- Attracting and retaining existing businesses

- Encouraging small business and Tribal member-owned businesses
- Providing the necessary physical infrastructure and regulatory scheme necessary to promote economic development
- Increasing the standard of living on the Reservation
- Increasing the employment rate and fostering an economy with diverse job opportunities
- Developing a skilled workforce through education and training
- Promoting sustainable eco-tourism and service sector

To achieve these goals, a continued economic development focus is needed to propel the Tribe through the 21st Century and beyond. No one program or strategy will achieve all of these goals, but a concerted effort to improve the economic climate of the Reservation will bring about positive economic changes on the Reservation.

Previous Plans and Economic Climate

The economic picture of the Reservation is significantly improved since the first Comprehensive Plan of the Reservation was adopted in 1972. A Tribal survey from 1970 indicated a Tribal unemployment rate of 72% for males and 88% for females, with nearly a 72% response rate. Those figures were not just indicative of the Reservation economy, but the region as a whole. In June of 1971, King and Snohomish counties had an unemployment rate of 15.1% which is higher than the current annual unemployment rate for Snohomish County of 9.7% (March 2009, Washington State Employment Security Department).

The last Tribal Labor Force Report was done by the Tulalip Grants and Self-governance Office in 2006. It showed a potential Tribal labor force of 1,584 with 198 persons not available for work due to being disabled, in college, not looking for work, or other personal reasons. This represents a total available work force of 1,386. The self-governance office estimated that 702 were employed in the public sector and 521 in the private sector for a total of 1,223 employed in 2006 resulting in an 11.8% unemployment rate. This unemployment rate was reduced from a 1999-2000 unemployment rate of 26%, also derived from a similar labor study.

Current Reservation Economy

There is interdependency between the regional and local Reservation economy. The economic impacts from the Reservation extend out into the region, and the regional economy affects the Reservation. Goods, services, human capital, and monetary capital

cross the Reservation boundaries daily benefiting the Reservation and the surrounding region.

The Harvard Project on American Indian Economic Development indicated that Indian tribes within Washington state had a doubling of revenue between 1997 and 2004 to \$3.2 billion. This economic involvement provided over 30,000 jobs in individual Indian businesses, Tribally-owned businesses, Tribal government, and non-Indian businesses on reservations according to a report published by the Washington Indian Gaming Association in 2006.

The role of self-governance has played a big part in how the Reservation economy has been structured since the timeframe described in the 1972 Comprehensive Plan. The result has been an economy balanced on natural resources, retail, services, gaming, and Tribal government. Although the fishing industry is not as economically viable as it once was, it has become a sustainable component of the Reservation economy.

Basic and Non-basic Sectors

Just as gaming establishments in Las Vegas, Tribal casinos bring in outside dollars and provide a hospitality service that is available to those outside of the community. Because Tribal casinos bring in outside dollars and provide services to those outside the local economy, they are considered “basic” employment.

Tribal Casinos have a multiplier effect whereby each job at the casinos supports other employment in the area. That multiplier effect is realized when employees at the casino spend money for the basic needs of their everyday lives (e.g. restaurants, grocery stores, gas stations, etc.). For this reason, every job at the casinos creates more jobs in the community that would not exist without the casinos bringing in outside dollars.

Tribal government is another employer that is part of the basic sector of the Reservation economy. The Tribal government brings in outside dollars to fund many government programs and operations. Employment by the Tribal government creates other jobs as employees spend money related to basic goods and services in the local economy.

The economy of the Reservation and the state of Washington are inextricably linked. According to *The Character and Effects of the Indian Economy in Washington State*, a 2006 publication of the Washington Indian Gaming Association, Tribal casinos draw customers onto reservations – bringing in outside money, but also spend those profits on governmental services that have an impact on local reservation economies and the statewide economy.

Operations of casinos require many goods including electricity, machine parts, and food and beverages. Many of the vendors of these goods are based off-reservation, and so the expenditures for these goods travel off-reservation as well. Profits from casino operations are used to support Tribal governmental services such as housing, health care, education, behavioral health, and many other services. The provision of these services

often takes advantage of off-Reservation goods and labor to administer them. In this way, Tribal casinos bring in outside dollars to reservations but also have a significant impact on the economy outside of reservations. Various sources of goods, services, and labor come from off-reservation areas and when each of them is used on-reservation the impacts of the reservation economy are felt off-reservation.

The basic components of the economy – gaming, Tribal government, natural resources, and manufacturing – are the engine for economic growth on the Reservation and surrounding areas. If the basic sectors of the economy are negatively impacted, there is a distributional effect to the non-basic sector including retail and service jobs. When considering the effect of the basic sector on the non-basic sector, it is understandable that Tribal, local, county, and state governments are concerned with protecting basic sector jobs and are continuously trying to strengthen that sector through economic policies and incentives.

Another important consideration is the need for diversification of the basic sector of employment. As was experienced by the region in the early 1970s, having a limited number of basic sector employers means that local economies are heavily impacted when jobs are lost at one company. While the same type of downturn at Boeing would undoubtedly have a significant impact on the regional economy, having other large basic sector employers such as Microsoft and Amazon means that the economy is in a better position to handle such a loss. Providing many basic sector employment opportunities ensures that economic resiliency. This is true for the Reservation economy as well, having a variety of basic sector employers on the Reservation not only creates a multiplier effect for jobs, but strengthens the economy and allows resiliency in the face of layoffs by any one employer.

Workforce Development

Economic development is not just about creating jobs. The central component of a successful reservation economy is a skilled workforce. Human resource development is the cornerstone on which the rest of the economy relies. Educational institutions, social service agencies, chambers of commerce, and government all play a role in developing a skilled workforce that can compete in a global economy. The economy of the Puget Sound region is an international one and the effects of trade infuse the economy with jobs and dollars.

A fundamental component of maintaining and strengthening a sustainable Reservation economy is providing educational and vocational opportunities. An investment in educating and training the workforce increases both human capital and earning power. As individuals are educated and/or trained, they will be more prepared to compete for employment opportunities within and beyond the Reservation boundaries. The purpose of developing a skilled workforce allows Reservation residents the opportunity to compete in the global marketplace. While local employment opportunities abound, a skilled workforce is less-impacted from downturns in the economy.

Employment Opportunities on the Reservation

Government employers are a large source of jobs on the Reservation. The two largest governmental employers on the Reservation are the Tulalip Tribal government and the Consolidated Borough of Quil Ceda Village. The Tulalip Tribes employs 587 regular employees as of April 2009. The Borough of Quil Ceda Village, with 151 employees (as of May 2009), is also a large employer on the Reservation and acts as the corporate body of the Tulalip Tribes. According to the Puget Sound Regional Council, there are nearly 4,000 total full time equivalent employees working within the QCV area in 2009, including the 151 government employees. Both Casinos on the Reservation are also large employers, with the Tulalip Resort Casino having more employees than Quil Ceda Creek Nightclub and Casino.

One way in which the Tribe ensured economic security is through the Federal incorporation of Quil Ceda Village as a municipality. The purpose of this incorporation was to provide responsible local government, and the “opportunity to organize human and natural resources to provide for their economic security, and to provide for the health safety and general welfare of the people of the Village and the Reservation” (Consolidated Borough of Quil Ceda Village Bylaws). Quil Ceda Village is one of only three Federally incorporated municipalities in the country, the other being Washington D.C.

Quil Ceda Village has a unique opportunity to provide economic development on the Reservation. This opportunity includes not only proximity to Interstate 5, which runs along the eastern boundary of QCV, but unique powers given to the municipality through their bylaws including taxing authority, the powers of eminent domain and annexation, authority to contract, and the protection of health, safety, and welfare of those people within QCV.

Quil Ceda Village is the primary economic center for the Tribe. The Village generates revenue through its Las Vegas style casino and through leasing commercial land for businesses such as Wal-Mart, Home Depot, Seattle Premium Outlets, and other leasing opportunities. Retailers provide employment opportunities on the Reservation as well as goods and services to Reservation residents and visitors. The Village is actively seeking additional revenue generating opportunities.

The Tulalip Tribes and Quil Ceda Village recognize the value and importance of diversifying revenue streams. As such, the Tulalip Resort Casino (which opened in August 2008) includes a twelve-story, three-hundred seventy room hotel.

In order to make the Quil Ceda Village area attractive to potential investors, the Tribe has made a concerted effort to install adequate infrastructure to the building sites within the Village. By making the area suitable for development, the Village intends to facilitate the timing and location of future development and economic expansion.

In addition to other economic goals, the Tribal and Village leadership have established and continue to maintain Quil Ceda Village as a hospitality and business center serving Snohomish County, Northwest Washington, and Vancouver, British Columbia.

There are also pertinent issues that need to be addressed at QCV. As the demand for water grows at QCV, the need to identify new water sources will become more pronounced to supply this development. To meet some of this demand, a water pipeline has been proposed from the city of Everett to the Reservation. This water delivery system will provide infrastructure investment that will aid in the economic expansion of Quil Ceda Village and the rest of the Reservation.

Employment rates and occupations for the Reservation are located in **Appendix D**.

Reservation Economy Goals and Policies

Goal RE 1: **Provide policies, procedures, infrastructure, and facilities that promote economic well-being and vitality of the Reservation Community while preserving the treaty rights of the Tulalip Tribes.**

Policy RE 1-1: Establish and maintain regulations that support Reservation economic activity.

Policy RE 1-2: Plan for and develop infrastructure and facilities that supports economic development.

Policy RE 1-3: Evaluate parcels around the Reservation for their economic development potential.

Goal RE 2: **Provide areas to support economic activities that optimize the revenues of the Tribe and the Reservation Community.**

Policy RE 2-1: Provide areas for economic development, including commercial and industrial land uses, which are accessible to Interstate 5.

Policy RE 2-2: Establish economic development assistance program to promote and diversify economic sector for self sufficiency (i.e. native plant nursery, aquaculture, organic farming, green industries).

Policy RE 2-3: Promote land uses that diversify the economic sector for self sufficiency.

Goal RE 3: **Nurture the basic employment sector of the Reservation economy to strengthen the economic climate.**

Policy RE 3-1: Ensure that there is enough land available for future Reservation employment in the basic sector. This includes lands for manufacturing, public lands, and portions of the service/hospitality sector that attract visitors to the Reservation.

Policy RE 3-2: Continually assess the condition of the Reservation economy to ensure that it meets the needs of the Tulalip Tribes, Tribal members, and the entire Reservation Community.

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