

# THE SACRAMENTO BEE

## Casinos might need more than games to keep gamblers as competition grows

By Richard Chang  
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Sacramento's Indian casino scene could soon get more crowded.

With two casino projects on the horizon in an already bustling market, tribal operators old and new will have to offer entertainment and other amenities to retain the loyalty of customers in what experts say is a gaming market that will soon reach a breaking point.

"There are a finite number of gamblers," said Rich Hoffman, CEO of the [Jackson Rancheria Casino Resort](#) in Amador County. "The more times you split that pie up, the fewer customers you have."

The federal government last month agreed to take land into trust for the Wilton Rancheria tribe, setting the stage for a \$400 million casino, convention center and hotel in suburban Elk Grove. To the north of Sacramento, the Enterprise Rancheria is building its own casino in Yuba City, though construction work has stopped due to lawsuits from rivals including [Thunder Valley Casino Resort](#), 23 miles to the south in Lincoln. Thunder Valley argues that Enterprise is trying to build a casino on land that is not considered its ancestral territory. An Enterprise spokesman declined comment.

California has 59 casinos and ranks behind only Nevada - with 270 casinos - in terms of gaming revenues.

The proposed casinos' proximity to major population centers likely will draw players

away from existing establishments since customers are largely swayed by travel time, experts say. The Enterprise casino will be adjacent to the Sleep Train Amphitheater in Yuba City, while the Wilton casino will sit on 35 acres off Highway 99, south of the Elk Grove Auto Mall.

By comparison, patrons must take a winding country road to Brooks to play at the [Cache Creek Casino Resort](#) in Yolo County. Likewise, the [Red Hawk Casino](#) is located in sparsely populated El Dorado County past Shingle Springs, although it is right off Highway 50. Among those in business, Thunder Valley arguably has the best location out of the three, due to its proximity to Highway 65 and Interstate 80 in affluent Placer County.

When and if the new casinos open, they are expected to take much of their business from regional competitors.

"Each of those has that potential to crowd the market and negatively impact other facilities in the area," said Alan Meister, a gaming industry expert and principal economist at Irvine-based [Nathan Associates](#). "There can be a break point where there is too much. I don't know when that break point is."

He pointed to the fortunes of [River Rock Casino](#) in Sonoma County, which saw business drop after the glitzy [Graton Casino and Resort](#) opened near Santa Rosa in 2013. Graton, which is managed by Station Casinos of Las Vegas, underwent an expansion in November, adding 200 hotel rooms and a 10,000-square-foot spa, according to spokeswoman Lori Nelson. It previously did not have a hotel.

Nelson declined to talk about Graton's strategy. Representatives for Cache Creek and Red Hawk also declined to discuss their marketing and business efforts.

**Generally speaking, the national casino market is saturated, said Lucy Dadayan, a senior policy analyst at the [Rockefeller Institute of Government](#) who has studied both commercial and Indian casinos. She said casinos are "cannibalizing" each other in several markets. Part of the reason is an emerging clientele of millennials who don't want to blow their money at the slot machine or blackjack table.**

**"Millennials spend more on other types of entertainment like movies and travel," Dadayan said. "The Internet, social media - those are all distractions."**

Tribes, however, haven't been deterred by the headwinds facing the gambling market. With their commercial partners, many of whom are based in Las Vegas, a number of Indian communities are actively looking to jump into gaming for the first time.

Raymond Hitchcock, chairman of the Wilton Rancheria, argues that there is room for a new casino in the region. His tribe's Elk Grove proposal would make it the only Indian casino in Sacramento County.

"Competition is a good thing," he said, noting that the casino will draw from 2.5 million people who live in and around the county.

Construction has not started on the Elk Grove project, which is also facing legal hurdles from opponents that include a group connected to local card rooms.

Doug Elmets, spokesman for Thunder Valley, said the property has not been affected by the opening of Graton, noting that 70 percent of its customers hail from the greater Sacramento region. The casino saw nearly 6 million visitors in 2016, according to Elmets.

"What's required of a successful casino is creative marketing," said Elmets, calling Thunder Valley a "destination" with its myriad of dining and entertainment options.

Thunder Valley, owned by the United Auburn Indian Community, is in the process of

adding hotel room capacity through furnishing three floors that were intentionally left incomplete in 2010, due to lackluster demand during the recession.

Indian gaming in California has steadily expanded over the years, with tribes building larger and fancier destination resorts that resemble those in Las Vegas. The state today has 59 casinos and ranks behind only Nevada - with 270 casinos - in terms of gaming revenues, according to the Rockefeller Institute of Government. The financial health of individual properties is unknown, however, since California does not release such information. Casino owners are hesitant to share figures due to the fierce rivalry for customers.

The rise in the number of Northern California casinos directly correlates to the falling fortunes of commercial casinos in Reno. After maintaining a steady \$1 billion in revenue annually from 2000 to 2007, Reno area casinos lost ground during the recession and have not recovered. In 2016, they raked in about \$800 million, according to the Center for Gaming Research at the University of Nevada, Las Vegas.

"It hasn't really come back because of competition from Sacramento," said David Schwartz, director of the Center for Gaming Research at the University of Nevada, Las Vegas. "You don't have to drive up the mountain to go gamble."

While Reno has seen its casino industry wither, Las Vegas has fared better due to its diverse array of attractions such as shows, hotels, shopping and night clubs that draw a wide variety of tourists. Gaming revenues on the Las Vegas Strip hit \$6.8 billion in 2007, before plummeting during the recession, according to the research center. The strip casinos have recovered - to the tune of \$6.3 billion last year.

But for many gamblers, driving to an Indian casino is more attractive than traveling to another state. "Distance matters," Meister said of the location of individual Indian properties.

Elk Grove resident Ampee Bacon, 67, said she liked playing at Thunder Valley because it is an easy drive from her house. But when Wil-

ton's facility opens in Elk Grove, she plans to patronize that casino even more, though she is opposed to the project.

"I don't want a casino in my backyard," Bacon said, as she walked into Thunder Valley with sister Mila, who is visiting from the Philippines.

Aside from the short travel time, California casinos need to "prove" their added value in or-

der to compete with each other, according to Ira Kalb, assistant professor of clinical marketing at the University of Southern California Marshall School of Business. This could come in the form of amenities like a spa, international buffet or fancy steakhouse.

"If you want to get the wider market - the couples and the families - you're going to have the amenities," Kalb said.