

Rural Iowa casino seeing positive returns

Written by Administrator
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JEFFERSON, Iowa (AP) - Wild Rose Casinos plunked down a \$40 million investment on a glitzy gambling complex here, and so far, its bet on rural Iowa is paying off.

Since opening in mid-July last year, Wild Rose Jefferson has raked in nearly \$27 million in gross casino revenue, with 471,000 admissions through June 30, state records show. The average gambler has left behind \$57.

The Des Moines Register (<http://dmreg.co/29GjiEa>) reports that the Jefferson casino has had the smallest revenue figures among Iowa's 19 state-regulated casinos and draws far fewer customers than much bigger operations like Prairie Meadows in Altoona and Horseshoe in Council Bluffs. But the new casino appears on target with projections made by two independent market studies in 2014 for the Iowa Racing and Gaming Commission.

Researchers had suggested that a small casino in Jefferson could attract patrons in a niche market that includes Ames, Fort Dodge, Des Moines' western suburbs and many rural communities.

"I think overall, we are doing very, very well," said Tom Timmons, president and chief operating officer of Wild Rose Casinos and Resorts, which also operates casinos in Clinton and Emmetsburg. The business here got off to a slow start, but casino revenue is up 14 percent the past six months, and the profit outlook is solid, he said. The casino employs 230 people, with an annual payroll and benefits of about \$6 million.

Jefferson is the county seat of Greene County, a rural county where only 9,027 residents live and where one of the most popular topics of summer conversation is the progress of corn and soybean crops. It's about 65 miles northwest of Des Moines. But on a recent weekday afternoon, the casino's parking lot had cars and trucks with license plates from 23 Iowa counties, as well as from Minnesota, South Dakota, Kansas, Texas and Oregon.

"We like it here. It's handy and close," said Joleen Klocke, of Carroll, a retired nurse who was playing slot machines with her husband, Ron, a retired farmer. Jefferson is a 28-mile drive from Carroll, but that's a much shorter trip than heading to other Iowa casinos, she said.

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Jon Dickman, an electrician from Coon Rapids, said he comes here a couple of times a month to play blackjack. "This is a nice little place," he remarked.

Wild Rose Jefferson will mark its first anniversary Aug. 5, with an outdoor concert featuring the 1980s-style rock band Hairball, which is expected to draw about 3,000 people.

In analyzing Jefferson's market, researchers had suggested that the new casino's revenue would be heavily derived by cannibalizing business from existing Iowa casinos, including Prairie Meadows in Altoona and the Wild Rose Casino in Emmetsburg, plus a host of other casinos. There's some evidence that such cannibalization is occurring, but it's not clear how much. Gary Palmer, president and chief executive officer of Prairie Meadows, said the Jefferson casino has negatively affected Prairie Meadows, but not dramatically. He noted that during the 2015 calendar year, Prairie Meadows reported gross casino revenue of \$182.6 million, a decline of about \$3 million. But casino revenue is projected to be up about 2 percent for the 2016 calendar year, he said. "To be truthful with you, any time another casino comes into the market, you are going to lose something," Palmer said. At Emmetsburg, casino revenue for the past 12 months totaled \$29 million, down about \$1.5 million, state records show. But it's difficult to measure the impact of the Jefferson casino upon Emmetsburg, partly because each market has its own characteristics that are affected by local economic factors, Wild Rose officials said. Peg Raney, of Jefferson, secretary of Grow Greene County Gaming Corp., a nonprofit partner of the casino, said Wild Rose Jefferson has been a boon to the community. The local group receives 5 percent of the casino's adjusted gross revenue. In May, it distributed more than \$900,000 in grants, which included money to help improve the Raccoon River Valley Trail, upgrade the landmark bell tower in Jefferson's town square, equip local firefighters and expand nearby Churdan's public library. "In terms of drawing people into our community, the casino has been very positive," said Raney, who is also director of Jefferson's Main Street program. "We are seeing a lot more traffic in town, and people are eating at various places." The casino offers entertainment in a 1,100-seat events center that typically would not be built in a small community like Jefferson. The events center has hosted concerts over the past year by Kenny Rogers, the Oak Ridge Boys, Kansas, and Blood, Sweat and Tears. In November, pop and country singer B.J. Thomas is booked to appear. This spring, the Greene County High School prom was held there. For some area residents, the casino has provided new job opportunities, which has tightened the local employment market. LaRae Herrick, of nearby Grand Junction, worked at a casino in the state of Nevada for a decade in the past but returned home for family reasons and subsequently worked in other fields. When she learned that Jefferson was opening its own casino, she jumped at the opportunity. She's now employed as Wild Rose's manager of guest services. "I never dreamed they would build a casino in my backyard," Herrick said. Not all Jefferson-area residents are so thrilled. Three years ago, Greene County voters overwhelmingly agreed (75 percent to 25 percent) to approve casino gambling after plans for the casino were announced. But retired farmer Jim Andrew was among the minority who voted no. He still feels that way, although usually, he doesn't complain about it anymore. "It goes against my personal moral convictions," Andrew said. "But I witness that most of the town appears to be 100 percent in favor of it. They like all the money that goes to different charities. I know that I am outnumbered, so I am quietly stepping aside." Andrew described the community grants made

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possible by casino profits as “a good way to put lipstick on a pig.” What isn’t publicized is the fact that some Iowans are confidentially calling the state’s 1-800-BETS-OFF help line for problem gamblers because of the Jefferson casino, he said. So far, though, the number of people in Greene County and seven surrounding counties who are formally reaching out for state-sponsored treatment because of problem gambling is extremely small, according to the Iowa Department of Public Health. Only seven people from the eight-county area were admitted to a state-funded gambling treatment program during the 2015 state fiscal year, from July 2014 through June 2015, and only three had been admitted for treatment for the 11-month period ending in May, state records show. But a report released in May by University of Northern Iowa researchers gives a broader perspective that indicates a bigger problem statewide. The study said that about 294,000 Iowans are considered “at risk” gamblers who may be experiencing some problem-gambling symptoms. The report also said 1.2 percent of adult Iowans are considered problem gamblers, which would indicate that many problem gamblers are not seeking formal, state-funded treatment. In addition, the report said 1 in 7 Iowans have been negatively affected by others’ gambling behaviors. Jefferson police Chief Mark Clouse said the casino has had a very small impact on his seven-member department. In 2015, his officers handled 42 calls related to the casino, which required about 32 staff hours. These calls have ranged from parking lot fender-benders to requests for ambulances where officers assisted. There have also been some instances where problems arose because people who had voluntarily banned themselves from gambling went ahead and entered the casino and then tried to collect jackpots. The most serious matters have probably been drug-related, the chief said, such as possession of methamphetamine. There have been no arrests for prostitution, but there have been a couple of instances where women were not gambling and were asked to leave, he said. The casino has its own private security staff, and the Iowa Division of Criminal Investigation has personnel assigned to the casino. The apparent success of Jefferson’s casino could inspire other rural Iowa communities to try to copy the model here to jump-start their local economies. But Jeff Lamberti, of Ankeny, chairman of the Iowa Racing and Gaming Commission, said he doubts that Iowa will see any new casino licenses issued any time soon, although he added that he can’t speak on behalf of other commission members. Board members have generally viewed Iowa’s casino market as saturated and fear that new casinos would cannibalize existing operations. “I don’t believe market studies have changed much from when we last did the studies” of Iowa’s casino markets two years ago, Lamberti said.

Facts about Wild Rose Jefferson
Owner/operator: Wild Rose Casinos of West Des Moines
First anniversary: The Jefferson casino quietly opened July 13, 2015, and its first anniversary will be officially observed Aug. 5, when an outdoor concert is scheduled with 80s-style rock band Hairball.
How to find it: 777 Wild Rose Drive, at U.S. Highway 30 and Iowa Highway 4, on the north edge of Jefferson
Cost to build: \$40 million
Jobs: About 230 employees, with an estimated annual payroll and benefits of about \$6 million
Slot machines: 510
Casino table games: 12, including one digital roulette game
Off-track betting: Wild Rose Jefferson is developing plans to take advantage of a 2014 state law that allows betting on video simulcasts of horse and dog races at casinos that do not offer live racing. No date is set yet for implementation.
Casino size: 18,000 square feet
Hours: The facility is open from 8 a.m. to 2 a.m. weekdays, and 24 hours daily on weekends.
Tobacco use: Smoking is permitted in most of the casino, but there is a nonsmoking section.
Lodging: Separately-owned Cobblestone Hotel & Suites, a \$5.3 million smoke-free facility with 73 rooms
Other: A 1,100-seat events center; a 200-seat sports bar and restaurant; and an Iowa gift store
Iowa’s riverboat gambling fleet dwindles
Quad Cities’ changes: The

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opening of two new land-based casinos in the Quad Cities has resulted in Iowa's fleet of riverboat casinos shrinking to a total of three vessels, in Marquette, Osceola and Council Bluffs, according to the Iowa Racing and Gaming Commission. Davenport/Bettendorf: The Rhythm City Casino's gambling boat on the Mississippi River in Davenport closed in June, when it was replaced with a new \$110 million gambling/hotel complex on Elmore Avenue near Interstate Highway 80. Meanwhile, the Isle of Capri in Bettendorf has spent \$60 million on a new casino based on land along the Mississippi, which replaced its riverboat casino last month. The Isle of Capri casino complex remains at the same location and has two hotel towers with 514 rooms. Riverboat mandate gone: Iowa in 1991 became the first state in the nation to offer modern riverboat gambling, and all new casinos were required to be on navigable vessels that offered river cruises. The idea was to attract tourists with old-fashioned riverboat hostesses who wore hoop skirts and with mustachioed men in vests who played banjos and sang as the boats floated along the river and people gambled. But the Iowa Legislature eventually removed the cruise requirement as interest in riverboat trips waned. Instead, it simply allowed riverboats to offer dockside gambling. Later, lawmakers agreed to permit land-based casinos after gambling companies said it was too costly to meet regulatory requirements of riverboats, which were also seen as an impractical and outdated way to offer gambling. Iowa's only remaining riverboat casinos are the Lady Luck Casino Marquette, on the Mississippi River; Lakeside Casino, which floats on West Lake in Osceola; and Ameristar Casino, on the Missouri River in Council Bluffs. Iowa casino revenue: \$1.4 billion Up slightly: Iowa's 19 state-regulated casinos reported gross gambling revenue of \$1.44 billion for the 12 months ending June 30, which was up about 1.5 percent compared with the same period a year earlier, according to the Iowa Racing and Gaming Commission. Admissions down: There were 21,538,433 admissions, a decrease of 90,490 admissions, or less than 1 percent. Average loss: The typical gambler visiting an Iowa casino over the past 12 months left behind \$67, state records show. Prairie Meadows is tops: The top-grossing Iowa casino for the past fiscal year was Prairie Meadows Racetrack and Casino in Altoona, which reported adjusted gross revenue of more than \$182 million from about 2.9 million admissions. The casino with the second-highest gross gambling revenue was Horseshoe Casino in Council Bluffs, with about \$175 million from nearly 2 million admissions. The typical gambler at Prairie Meadows lost \$62, while the average loss at Horseshoe was \$88. Information from: The Des Moines Register,

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