

# Preparing for com

## COMPETITION continued from front page

During a February 2008 General Council meeting, Tribal lobbyist Justin Martin estimated that the Grand Ronde Tribe's gaming dividend would be slashed by 47.7 percent when the Cowlitz opened a casino closer to the Portland-Vancouver metropolitan area.

Martin also was quoted often in mainstream newspapers as saying that the Grand Ronde Tribe stood to lose more than \$100 million annually in revenue once Cowlitz's casino opened.

Not knowing what to expect, the Tribe drastically reduced its estimate of gaming dividend expected from Spirit Mountain Casino by 38.8 percent from 2016 to 2017. Tribal managers cut 5 percent from their budget requests during the 2017 budgeting process and funds from Tribal investments were used to balance the budget.

And everyone held their breath awaiting the opening of Ilani.

However, after a year of operating with casino competition closer to the Portland-Vancouver core, the dire predictions have proven to not be as devastating as feared for the Grand Ronde Tribe.

In adopting the 2018 budget, Tribal Council increased the projected dividend from Spirit Mountain Casino by 36.8 percent, offsetting the drastic reduction expected the previous year. The difference between the expected gaming dividend in 2016 compared to that projected in 2018 is now only 18.8 percent.

In August 2017, then-Tribal Council Chairman Reyn Leno, who also sits on the Spirit Mountain Gaming Inc. Board of Directors, announced that casino revenues were remaining competitive with those earned in 2016, which was a record revenue year. He added that compared to the casino's five-year average, revenues were only down 8 percent.

Another indication that the effects of competition have not been as grave is reflected in Spirit Mountain Community Fund's grant giving. The Tribe's philanthropic arm receives 6 percent of Spirit Mountain Casino proceeds to distribute to nonprofits in 11 northwest Oregon counties.

In the four quarterly check distributions conducted by the Community Fund before the Cowlitz casino opened, the fund distributed \$3.15 million. In the four quarterly check distributions following the opening of Ilani, the fund gave \$2.9 million for a decrease of \$254,924, which is an 8 percent decline in grant money awarded.

### Preparation paid off

The Grand Ronde Tribe started preparing for Portland-Vancouver market competition several years ago.



Smoke Signals file photos

**These informational signs were on display at Spirit Mountain Casino one year ago when Ilani opened. They point out the differences between Spirit Mountain Casino and gaming in Oregon vs. gaming in Washington state's 28 Tribal casinos.**

As early as 2011, the Tribe donated \$4 million to the Oregon Department of Transportation to help build the Newberg-Dundee Bypass, which is designed to make the drive from Portland to areas west of McMinnville safer and quicker.

Spirit Mountain Casino dispatched employees back east to conduct research on how Cowlitz casino investors, the Mohegan Tribe of Connecticut, operate casinos and attract customers. Ilani's general manager helped run the Mohegan property in Wilkes-Barre, Pa.

In 2015, Tribal Council approved a \$13 million remodel of Spirit Mountain Casino, which was completed in February 2017, and improvements to Spirit Mountain Lodge are currently being designed to offer more high-end suites to high-roller guests seeking luxurious weekend stays in Grand Ronde.

"The casinos I've seen that are facing new competition that don't re-invest don't do well," Spirit Mountain Casino General Manager Stan Dillon says. "So the fact that we did re-invest into the property and we enhanced it. ... We really did need that renovation badly."

The last thing Spirit Mountain Casino needed, Dillon says, was for customers to visit a brand new casino and then visit a 20-year-old, unrenovated casino and start making unfavorable comparisons.

In early 2017, Spirit Mountain Casino also started accentuating the differences in gaming that occur when you cross the Columbia River. Washington state does not allow Las Vegas-style gambling that can be had in Oregon. The sign explaining those differences still stands inside Spirit Mountain Casino and

is read by guests daily, Dillon says.

"Competition is good," says Leno, who also is a longtime member of the Spirit Mountain Gaming Inc. Board of Directors. "I think it helps us sharpen our pencil and I think it helps us work harder to do what our customers want us to do as opposed to just thinking we are the only game in town. I think, basically, we've done that."

"To only have a single-digit impacts as opposed to the 40 percent that was mentioned in the beginning, which I never did believe would ever happen, means that our people at the casino worked hard and I think council at that time worked hard to prepare and now we're in a really good position to deal with that competition."

"I think today the effect is pretty much minimal when you think of a major player in the industry opening a mega-resort in your market, you'd expect to be devastated," Dillon says, acknowledging the dire double-digit revenue drop predictions that were discussed before Ilani opened. "We are in the single digits."

Dillon said Spirit Mountain Casino saw the greatest effect in the first five months after Ilani opened with double-digit decreases in revenue and customer counts, but then business normalized as the novelty of a new casino dissipated. In addition, Spirit Mountain Casino only lost 13 employees – mostly table dealers – to Ilani when it opened.

Spirit Mountain Casino has seen its number of employees decrease to a current total of approximately 1,050. Leno attributes the employment decline to pencil sharpening, as well as the cost-saving effects of better technology.

Dillon says that when he took over as general manager in 2014, staff levels were bloated and he has allowed staffing numbers to decrease to where the casino is operating efficiently. However, he admits, with the current unemployment rate in Oregon hovering at about 4 percent, finding new employees to fill about 100 vacant positions is increasingly difficult.

"We've reduced employment, but we've also become more efficient," Leno says. "There are a lot of machines taking the place of people. We don't need as many people in the cash cage because we have machines that do it (ticket redemption) on the floor. You don't hardly go to the cashiers anymore."



The Cowlitz Indian Tribe's casino, Ilani, overlooks