

Shore towns feel ripple effect as A.C. looks to rebrand

Written by Administrator
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Crowd on Atlantic City beach. (Photo: City of Atlantic City.)

With Atlantic City's gambling monopoly in tatters and the city making a slow transition to build a more family-friendly resort, Shore-area officials are bracing for a dry spell.

They have seen the good times: employees with middle-class wages who can buy homes, visitors who spend money on the drive down and precious tax revenue.

And the bad times? "When Atlantic City suffers, the entire area suffers," said David Breeden, administrator of Barnegat in southern Ocean County. "The most important thing that people need to realize is, as Atlantic City goes, so goes the region."

More than 1,000 casino workers live in Ocean County, the second highest concentration of gaming workers outside of Atlantic County. And that doesn't include employees who work for companies that support the casinos, such as food and equipment suppliers. About 100,000 jobs, or 2 percent of the state's workforce, were tied to the gaming industry in some way, according to a 2008 Rutgers University study.

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Atlantic City's \$2.9 billion casino industry is retrenching, and few areas in the state will escape the pain that comes with it. The biggest concerns: a flood of unemployed workers and falling incomes and property values that will cut into tax revenue. Less taxes for state coffers usually means higher taxes for everyone else or cuts to services.

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The casino industry and its workers paid nearly \$1 billion in state and local taxes in 2008, Rutgers said. That's enough money to run both Atlantic and Ocean counties' governments for more than a year.

The casinos' losing streak, ongoing since 2006, has picked up momentum this summer. The two-year old, 1,900-room Revel entered bankruptcy for a second time, and the older Showboat and Trump Plaza casinos announced they plan to close at the end of the season. It has prompted local leaders and visitors to press the city to give up chasing gambling dollars and focus on other entertainment options.



A sign of the times: An empty boardwalk in front of the Revel Casino in Atlantic City. (Photo: Mike DeSocio/Asbury Park Press)

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For a city whose roots include speakeasies and gangsters, it represents a culture change that hasn't yet kicked in. Families on the boardwalk wondered why some casino swimming pools are open only to adults. And even if the city makes a perfect transition, attracting families and conventioners, it will take many years to make up for the more than \$2 billion in revenue that's been lost at the casinos.

"It's coming at a bad time," Stafford Mayor John Spodofora said, noting many residents of his town are still trying to rebuild after Sandy struck in October 2012. "There are not many big corporations that hire people down here. The casinos have been a bit of a boon for people down here. There are vendors that are outside the actual casino industry that are going to be hurt, too."

For now, Atlantic City has 11 casinos that have generated \$1.3 billion in revenue the first six months of the year. It's down 7 percent from the same time last year, according to state statistics.

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On a muggy summer day last week, the boardwalk was teeming with visitors, and you could hardly tell the city was in the midst of a storm. But many have been here before, and by their observations, times have changed.

Danny and Joyce Chiara of Jersey City were walking on the boardwalk last Tuesday, taking a break from gambling at Caesars. Their three-night stay was free, but they swore they lost enough at the slot machines for the casino to make up for it.

Danny, 86, and Joyce, 81, have been coming here for 20 years. The past few, they have passed the Pennsylvania casinos closer to home to visit the seaside resort. But they think the casinos have been scaling back on their comps — the freebies to encourage visitors to gamble there.

"They gave you so much more years ago," Joyce Chiara said.

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"They can't afford it," Danny Chiara said.

Fast fall

The collapse has been swift. Atlantic City, which started the year with 12 casinos, might end it with eight.

Among the casualties:

- The Atlantic Club closed in January. The casino, which opened in 1980, had more than 1,700 employees as of 2012, according to state statistics.
- Revel, the glitzy \$2.4 billion casino that opened in April 2012 on the north end of the boardwalk, filed for bankruptcy in June. The casino is scheduled to be auctioned in August. Revel had 3,516 employees in 2012.
- Also in June, Caesars Entertainment Corp. said it would close Showboat at the end of August. The casino opened in 1987, has 1,300 hotel rooms, a rooftop swimming pool and the House of Blues nightclub. Showboat had 2,308 employees two years ago. But its revenue has declined by 55 percent, from \$429.5 million in 2006 to \$192.7 million last year. And the first six months of the year were no better; revenue was down 16 percent from last year, according to the New Jersey Division of Gaming Enforcement.
- Last week, Trump Plaza Associates said it expected to close its casino, Trump Plaza Hotel and Casino, around Sept. 16. The casino opened in 1984 and made its name by hosting a couple of Mike Tyson fights early in his career. Trump had 1,153 employees. It has 906 rooms and features the Rainforest Café. But its revenue plummeted, from a peak of \$341 million in 2002 to \$74 million last year, or 78 percent.

All told, the four casinos account for more than 8,000 jobs, or 25 percent of the industry's

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employment, said Bob McDevitt, president of Local 54 of UNITE-Here, the city's casino workers' union.

This summer's abrupt downsizing has come as little surprise. Atlantic City's 30-year near monopoly on East Coast gambling has been shattered during the past eight years as states such as Pennsylvania, New York and Delaware, searching for new sources of revenue during tough economic times, opened casinos in the heart of Atlantic City's customer base.

The market — motorists who are within a full-tank of gas from Atlantic City — is worth about \$6 billion, said Israel Posner, executive director of the Lloyd D. Levenson Institute of Gaming, Hospitality and Tourism at the Richard Stockton College of New Jersey.

It's still a lot of money, but Atlantic City casinos are learning a hard lesson about the perils of competition. No longer is it enough to open the doors and wait for the crowds to arrive. Now, they need to shift gears: find a niche, refurbish, innovate, add restaurants, spas and other non-gambling options, Posner said.

"The market for casinos themselves is fairly saturated," Posner said. "The real important question is, what is the quality of the product that is offered in that casino-hotel?"

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