

## Upstate casinos end first year well short of projections

Written by Administrator

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New York's three upstate casinos finished their first year below their initial revenue projections. But they are hopeful revenue will improve over time. Joseph Spector, Albany Bureau



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Card play at one of the tables at del Lago Casino. (Photo: Jamie Germano/@jgermano1/Staff Photographer)

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ALBANY - Three upstate casinos that opened a year ago fell about \$230 million short of their initial projections, state records showed.

The Rivers Casino in Schenectady, del Lago in the Finger Lakes and Tioga Downs in the Southern Tier collectively brought in about \$359 million during their first year of operation, about 39 percent less than they pitched to the state in 2014 when they were granted gambling licenses.

The shortfall was expected: It was [apparent in the first few months](#) after they opened that the casinos wouldn't meet what now appear to have been rosy projections to the state in order to win a highly competitive bidding war among 16 applicants for four upstate casino licenses.

The trend will likely continue this year, according to an analysis last month by the credit agency Standard & Poor's.

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"New York gaming tax revenues will likely miss expectations, putting into question long-term revenue stability," the report said.

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## First-year results

The upstate casinos said they were pleased with their first year in operation.

Rivers and del Lago opened in February 2017, while Tioga Downs switched from a racetrack with video-lottery terminals to a full-scale casino in December 2016.

All three have added hotels since they opened and added more amenities, which should create additional business in the coming year, they said.

They said they've collectively created thousands of jobs and partnered with local businesses to develop a new synergy in their regions of the state.

Del Lago ended its first year at about \$147 million in revenue. It had estimated to state regulators a first-year figure of about \$263 million — or about 44 percent lower than projections, the largest discrepancy among the three upstate casinos.

Its best month was the first month it opened in February 2017. Its worst was last month.

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"In our first year, we delivered what we promised to the people of New York. We created more than 1,400 new jobs. We're responsible for a huge increase in tourism in the region," Jeff Babinski, del Lago's general manager, said in a statement.

Jeff Gural, the owner of Tioga Downs, said initial projections for the casino included having [the hotel opened sooner](#). It opened in December, rather than in May.

Tioga Downs predicted as much as \$103 million in gaming revenue in its first year, but it came in at about \$74 million, so 28 percent lower than hoped.

"Our projections assumed the hotel. That would skew the numbers pretty dramatically," Gural said last month.

Gural said he's hopeful for an improvement this year as the casino adds new attractions, including a new clubhouse at the nearby golf course.

For Rivers Casino, it brought in \$139 million through January. It predicted \$222 million, a 37 percent difference.

Rivers, though, said it was happy with its first year.

"We're extremely proud of our team members for their terrific contributions in year one, and we're continuing our focus on delivering great guest experiences for the Capital Region," Justin Moore, Rivers' assistant general manager, said in a statement.

## Tough market

State officials have stressed that the new casinos have been good for the upstate economy and have boosted the state's overall gaming revenue. Also, local governments get tax revenue from

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the facilities.

"With the opening of these three facilities, the state has captured hundreds of millions of dollars of new revenue for localities and education that previously went out of state," said state Gaming Commission spokesman Brad Maione.

The state also said the casinos all came from private investments and have benefitted economically struggling parts of the state — one of the intents of the law to allow for private casinos in New York.

In a report last month, Moody's Investor Service said the new casinos had increased the state's gambling revenue by 30 percent.

But it also cautioned that the new facilities have cut into the business of neighboring gambling facilities, such as Finger Lakes Racetrack near Rochester and Saratoga Racetrack near Albany.

"This trend, where newcomers are stealing share from incumbents, is consistent with what has been occurring throughout U.S. gaming markets, particularly in the Northeastern portion of the U.S.," Moody's said.

In a separate report last month, [Moody's warned that del Lago](#) was performing "substantially slower than expected" and could face trouble paying off its debt.

The Northeastern gaming market is getting more crowded, too.

Resort World Catskills, the \$1.2 billion resort in Sullivan County, [opened Feb. 8 as the largest New York casino.](#)

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On March 1, the Oneida Indian Nation in central New York plans [to open its third casino in the region](#), called Point Place.

S&P warned that casino expansions in the Northeast, which includes expansions in Massachusetts, Rhode Island and Pennsylvania, could prove unsustainable in the long term.

"In our opinion, commercial casino gaming expansion in the region may provide short-term economic and budgetary gains, but is unlikely to improve state credit quality and may prove a long-term credit risk for states in the region," its report said.

But the upstate casinos said they are optimistic about their future.

"As we move into del Lago Resort & Casino's second year as a tourist destination and gateway to the glorious Finger Lakes region," Babinski said, "we are focused on creating the best gaming, entertainment and dining experience for our customers and continuing to both increase tourism for the region and help new and old businesses grow."

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