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Red Hawk Casino still cutting staff

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Nine months after it opened, Red Hawk Casino is still feeling the effects of the weak economy and is continuing to trim staff, according to its management company.

In its second quarter earnings report this week, Lakes Entertainment Inc. said the Shingle Springs casino is experiencing disappointing revenue from its main revenue source – slot machines.

On a conference call with investment analysts, Chief Executive Officer Lyle Berman said Lakes is applying "stringent cost-control measures" at Red Hawk, including staff reductions.

He wouldn't elaborate, and Chief Financial Officer Tim Cope declined in an interview Friday to provide data on staffing levels.

In May, Berman said full-time equivalent employees at Red Hawk had been cut to 1,500, down from 1,750 when the casino opened in December.

Red Hawk's issues are consistent with results at casinos elsewhere. Thunder Valley Casino in Lincoln laid off nearly 100 workers in the spring, for instance.

"We're getting a tremendous amount of guests coming through the doors," Cope said in the interview. "It's the 'spend' per customer" that's holding back the casino, he noted.

Lakes Entertainment's financial results did get a boost from management fees paid by Red Hawk's owner, which is the Shingle Springs Band of Miwok Indians.

The Minnesota-based company earned \$2.8 million in the second quarter vs. a \$5.2 million loss a year ago, when the casino was under construction.

On the conference call, Berman said Red Hawk has replaced some of its slots with machines that appear to be generating greater customer demand.

The casino also has tweaked its marketing program to make a more aggressive pitch to Bay Area gamblers.

He also said Red Hawk is in discussions with several developers about building a hotel on the site.

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