



PHOTO: MARC THOMAS KALLWEIT

A typical Saturday night at Dream Ultra Lounge in Sacramento

# Raising the Bar

NIGHTCLUBS FLOURISH  
AND COMPETE FOR THE REGION'S  
DISPOSABLE INCOME

by Russell Nichols

It's after 11 p.m. on a Saturday, and — as the Delta breeze wanders through Sacramento streets — the dance floor inside Dream Ultra Lounge is just heating up.

Bordered by an iridescent bar and white leather booths, a stylish throng of 20-somethings flock to the floor, waving hands in the air like they just don't care. The beat throbs and drinks pour as the disc jockey plays '90s hits like Montell Jordan's "This is How We Do It." The energy is electric, but this place is more than a venue for party people. It's a lifestyle.

"I like the more upscale atmosphere," says John Medeiros, a 37-year-old procurement analyst, as he sits by the fireplace with his wife, Tanya. They've been married for 10 years and have four kids. This is where they come when they need to unwind.

"They're trying to do a lot more of that in Sacramento," Tanya adds, sipping Grey Goose and cranberry juice between dances. "It's cool. We need it."

From the street, the club catches your eye. Wedged between dark buildings, its dazzling flashes of pink and blue lights and the flickering fireplace on the front patio might seem out of place. Outside the club, a mass of people in dresses and slacks are standing in a line long enough to suggest this is the only place to be.

But it is not.

All over town, various clubs have created this same concoction, mixing restaurant and lounge to cater to chic, affluent professionals looking to relax after a



long day or week of work. Such a scene might be common in an up-to-the-minute metropolis such as San Francisco, but Sacramento has been raising the bar. In 2008, bars and nightclubs are forecasted to generate revenue of \$22.63 billion nationwide, down 2.1 percent from 2007, according to IBISWorld Inc., a Santa Monica-based market researcher. Drinking establishments have seen steady growth in the number of establishments and revenue since recovering from the economic downturn of the early '90s.

In the past five years, the Capital Region has witnessed the rise of the ultralounge, a tailor-made nightclub for club goers seeking upscale nightlife.

"I would expect them to do reasonably well," says Dennis Tootelian, a Sacramento State marketing professor and director of the Center for Small Business. "Sacramento's got a relatively young population base. With the high price of gasoline and people not leaving town as much, they're going to seek entertainment and do things locally."

## A change of taste in San Joaquin

Stockton isn't the kind of city one automatically associates with white tablecloth dining and foodies demanding adventurous dishes. But that's the secret of success for restaurateur Matthew Davies.

At Le Bistro, a fine dining favorite here since 1976, Davies looks past a souring economy and Stockton's reputation as a fast-food and comfort-food zone. He sees a city of changing tastes and promising demos for fine dining.

"Now is the time to look forward to growth," Davies says. "We have a lot of Bay Area transplants. People continue to move here from San Francisco. We have people who know the fine things and want the fine things."

Davies is investing \$750,000 in remodeling the landmark restaurant famed for its blend of traditional French and regional California cuisine. Aided by Chef Richard Hyman, he's bolstered this high-end dining icon and boosted Stockton's sophistication index.

"Stocktonians are pretty fearless about trying new dishes," Hyman says. "It's good to know we have so many adventurous eaters looking for something different and not afraid to delve into things they haven't tried before."

The upscale dining trend is on full display along the Miracle Mile, a neighborhood shopping district on the south end of Pacific Avenue. A vibrant restaurant row has taken root, powered by Japanese-fusion fare at CoCoro, owner-chef Daniel Peron's cooking at A Taste of Brittany creperie, Siamese Street Thai Restaurant and the lively bistro scene at Alder Market & Catering Co. and Cibo di Vino. All locally owned and operated, these businesses have created a synergy that's redrawing the city dining map and redirecting the dining trade.

"We're a hub, we're central and we have key restaurants that complement one another, concentrated in a walkable area," says Emily Ballus, executive director of the Miracle Mile Improvement District. "I think people are rediscovering us because they understand there's something special going on — a cosmopolitan direction that says something positive about Stockton."

That's a lure for restaurateurs like Jim Mihos, owner of Lodi's Back Bay, a steak and seafood favorite. Mihos decided to join the action here, leaving his Lodi site of 25 years to share "the hometown feel" of life on the Miracle Mile. He says the camara-

derie of restaurateurs allows businesses to be complementary rather than competitive. "We're all so different from each other that we are really a draw for each other," Mihos says.

Entrepreneur Bobby Dhillon relies on destination rather than cluster. He's taken location advantage by opening Maxim's restaurant on the corner of March Lane and Brookside Road — just across the road from Brookside, the most affluent and prestigious community in town. The site was too tempting to ignore.

"It's the perfect location," says Dhillon, who removed Mallard's duck décor and invested \$300,000 in remodeling. "It goes with the menu we offer and the flow of the neighborhood. To capture the market, we want to make sure we have aspects of fine dining that would attract those who say there aren't many good restaurants in Stockton. It's an untapped market, and we hope to fill that gap."

He opened quietly and was greeted warmly by former Mallard's customers dismayed at the restaurant's abrupt closure last winter and the arrest of former owners on charges of employee fraud and tax evasion. Dhillon has brought a reversal of fortune. With Chef Craig Quijada's new menu, an in-house bakery and restyled lounge, he's hoping to ride the wave of the local restaurant resurgence and the advantage of sitting on Brookside's doorstep.

Le Bistro customers continue to surprise Davies with their knowledge of fine foods and farm harvests. They're looking to Chef Hyman for creative novelties flavored by fresh regional produce and a twist of local identity.

"People are thinking outside the box and understanding food today as never before," Davies says. "We took it to the next level, and they're responding beautifully. We're seeing the first steps of a fine dining revolution."

— Howard Lachtman

These clubs are hip, slick and state of the art, usually awash in neon lights, adorned with plasma screens and designed to be more intimate than your typical open-area nightclub or local watering hole. They have areas roped off for VIPs, multiple dance floors, mist machines and signature cocktails. In the early evening, it is a place where you can have a drink and settle down on plush sofas without loud music drowning out your conversation. After 10 p.m., in most lounges, you can forget the demands of life and dance right into the new day.

For some time, save for established clubs such as Harlow's, there were hardly any signs of life after sundown in this cow town. But then the Park Ultra Lounge opened in 2005 on 15th and L streets with its finger on the pulse of what locals were looking for. Since then, the ultralounge has become a nightlife staple, witnessed by any late-night passersby.

"Sacramento is growing up," says Matt Haines, co-owner of SRO Inc., which owns and operates 33rd Street Bistro restaurants. "When you go to Los Angeles or San Francisco, they've been doing this for 30 years or more. When you'd hear a club was opening in San Francisco, we'd all want to go there, but now we're at a point where they're coming here."

In the past 10 years, Haines has watched patrons stay out and eat later at his restaurants, so he and Fred Haines — his brother and business partner — are also diving into the ultralounge arena. This year, the brothers plan to open their first nightclub, Tre, on the corner of Howe Avenue and Hurley Way. The \$2 million project includes a \$400,000 sound system.

The building, Haines says, is ideal for an ultralounge experience. The location is a good distance away from the congestion and competition downtown, and it has a parking lot with 700 spaces. Inside, the 11,000-square-foot building has seven rooms with ceilings of different heights. Those rooms, Haines says, will be converted into VIP lounges, private dining rooms, and a wine room and a spirit room, serving dark liquors. Haines says Tre's demographic will change depending on the night, from the college crowd in the middle of the week to the 30-plus group on Saturdays. But one thing that will remain constant is the club's emphasis on cuisine.

"We're food guys," says Haines, who plans to offer a casual dining experience with a menu of American cuisine like salad and steak. "We're going to try and create an incredible menu first."

Food, he says, will be the hook. And the hook is perhaps the most important thing when it comes to ultralounges and attracting clientele. The hook — whether it's food, music or décor — is supposed to set an ultralounge apart from the rest and give regulars a definite reason to come back. In some cases, the food is enough. In other cases, the restaurant and lounge are totally separate entities.

Thai Basil on 25th and J streets has been open for about 13 years. But all this time, the second floor of the building had been an afterthought, mainly used for storage. When owner Suleka Sun-Lindley saw the city's growth potential and realized she could use the space as a place for customers to wait, she embarked on a remodeling project. She added a complete kitchen, full bar, restroom and handicap lift, replaced windows and covered the building in stucco. The total interior and exterior

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— Dennis Tootelian,  
director,  
Center for Small Business  
at Sacramento State

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“Our time has come.  
When you get  
2 million people living  
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Some people want  
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— Matt Haines,  
general manager and vice president,  
SRO Inc.

renovations cost her about \$500,000. She named the lounge Level Up.

“The idea is to have a place where customers can hang out before and after,” says Sun-Lindley, who says it’s too early to predict the return on the lounge, which opened less than a year ago. “We want to be a kind of neighborhood bar but a little more on the upscale side.”

It costs about \$30,000 a month to run, and she says the lounge averages 25 people a night with a live DJ on Thursdays and karaoke on Fridays. She says they’re known for signature drinks with names like Emerald Buddha and Siamese Slammer that contain Thai herbs and fruit mixes. Sales of distilled spirits account for almost one-third of sales in bars and nightclubs nationwide, according to

market research by IBISWorld Inc., only to be trumped by beer and ale, which account for more than 40 percent.

And though Thai Basil and Level Up are in the same building, they don’t attract the same customers. “It’s a completely different business,” she says. “People are not coming for food. It’s more about ambience. And you have to constantly update your ideas about

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Tre under construction

PHOTOS: MARC THOMAS KALLWEIT



what's new, what's trendy and what people consider entertaining."

Dale Robertson can attest to that with his Parlaré Euro Lounge on 10th Street. He converted an abandoned two-story building into a restaurant and ultralounge that opened last August. He started out playing a lot of Euro house music on multiple nights a week. That was supposed to be his hook. But with increasing competition in the area, he had to make some adjustments. Now, he says, the club plays more commercial American music and top 40 hits, only playing Euro music on Fridays.

"It's not the type of industry where you open it today and tomorrow it works," Robertson says. "You have to keep developing your clientele. Your markets move, and you chase that."

This is the one thing that all the clubs have in common: the constant need to adapt. The market is constantly evolving, and nightclubs feel the

impact of any and all factors from the population to gas prices. Not to mention each other.

"The big danger in any of this type of stuff is that if you're one of the *in*

**"It's not the type of industry where you open it today and tomorrow it works."**

— Dale Robertson, owner, Parlaré Euro Lounge

spots, sooner or later you're not going to be on the inside," Tootelian says. "It's not necessarily that they're doing anything wrong. It's just simply that

the more places there are, the more options people have. People are going to move from one trendy spot to another, especially younger crowds. They tend not to be as brand loyal."

As lounges and clubs continue to sprout around the city, venue owners must try to navigate the volatile seas of the nightclub industry and the ever-changing demands of the public.

Consider Cabana on the pedestrian strip of K Street. The club first opened in 2003; back then it was called K Bar. It opened with \$700,000 and the backing of Randy Paragary of the Paragary Restaurant Group, who raised much of the capital by selling membership interests to 10 investors. But Paragary is a restaurant operator. He couldn't be there until 2 in the morning. So he diluted his share of ownership from 80 to 51 percent, stepping away from his position as the day-to-day operator.

"Nightclubs do have a shorter lifespan than restaurants do," he says.

"Four years later, it was losing its market share as other places opened. It was closed for a remodeling and reopened as Cabana."

And Cabana is still evolving. For instance, the shifting housing market in the past year has had an effect on the club's clientele.

"Before, it was a lot of young people in their early 20s making tons of money without an education and banking on the real estate boom," says Gabe Walters, the club's manager. "But the market fell out, and they don't have jobs. Now we get the older crowd between 25 and 30 and a lot of college students."

He may not be the big man at Cabana anymore, but like the locals lured by late-night cocktails, Paragary can't stay away from the nightclub scene. He is currently working on a neighboring project at 10th and K streets. Over the years, the city has brainstormed several ideas for that space, but last year

Paragary and two other businessmen came up with a proposal to develop an entertainment venue comprised of three parts: a 208-seat cabaret theater, a 160-seat restaurant and a 5,000-square-foot ultralounge called Social.

The idea is that people can go see a musical comedy, get some food and then go upstairs to dance it off. Or just pick one. Although there is no targeted demographic, Paragary does want to capture the older married couples with kids, those who want to go out but not for the whole night. That's why he plans to get the party started around 9 p.m.

"What we're trying to accomplish in this complex is to get an older demographic that wants to go out dancing earlier and wants to go home earlier," he says. "There's not a place for that experience right now. It's all very, very late."

Reaching out to certain crowds, club owners say, has been an easier

part of the business. Not only do clubs promote through advertisements and word-of-mouth, but social networking websites like MySpace have become a major part of marketing. By adding clubs as friends on their sites, club-goers can get on guest lists, meet other clubbers, view sneak previews of upcoming events and hear the latest DJ remixes.

"If you're going to promote to a younger crowd, you're going to have to go where they go," Tootelian says. "The nice part is that it's fairly inexpensive and it's also very targeted, so you can go to those kinds of sites and reach the group that you're trying to reach." And though Tootelian says there is always the risk of oversaturation, the current nightclub and ultralounge surge only seems to be getting hotter.

"Our time has come," Haines says. "When you get 2 million people living around us, that's what happens. Some people want to party." ©

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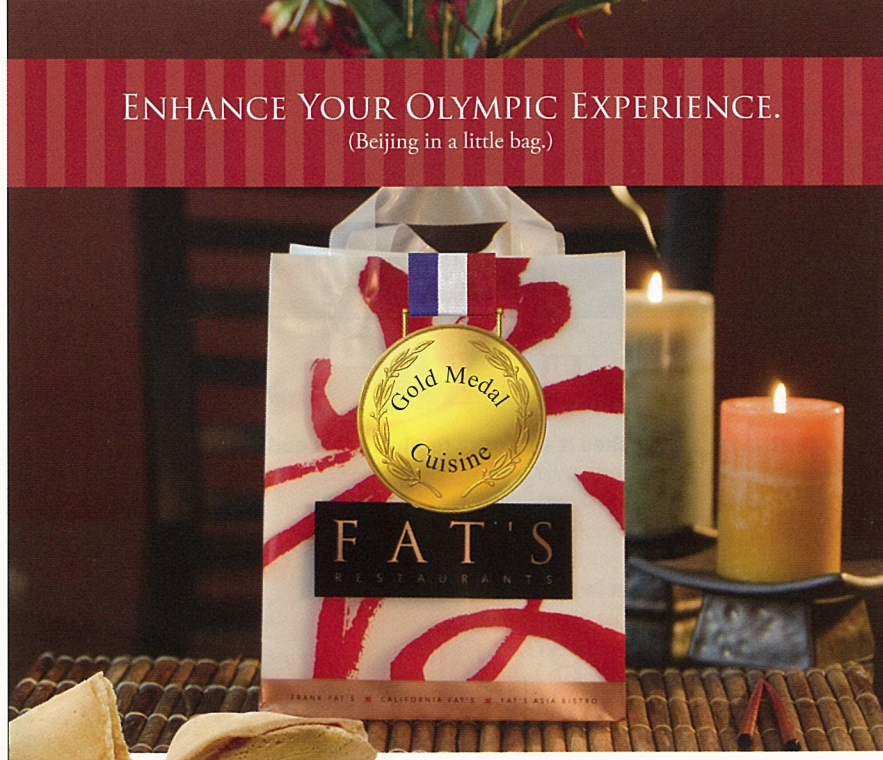
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