

# For lapdogs of luxury

## West Sac's Wag Hotels opens its first resort for pets

KELLY JOHNSON / STAFF WRITER

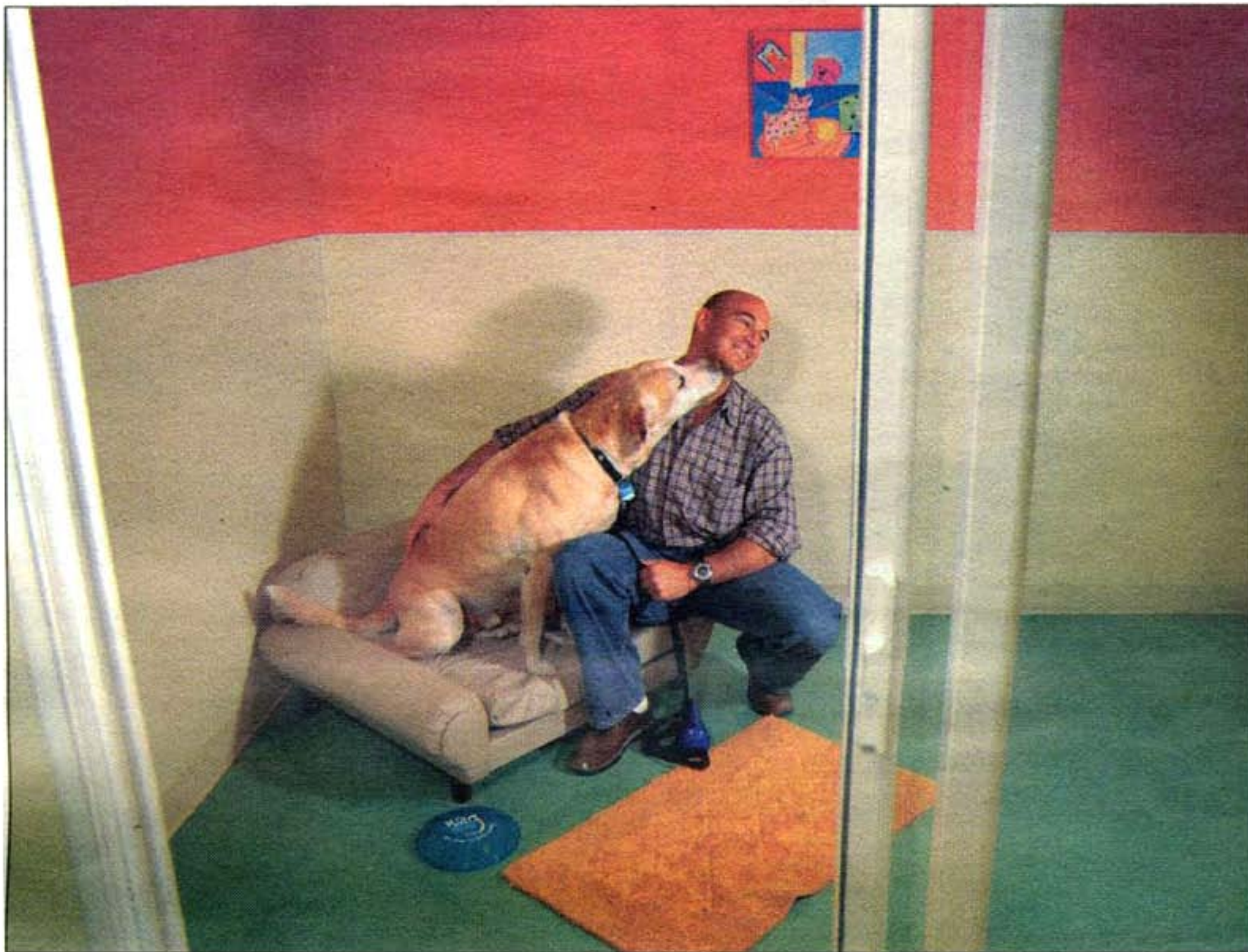
Plasma wall TVs. Faux leather chairs. Web cameras. The deluxe hotel for pets, a new trend aimed at baby boomers and young professionals alike, has come to Greater Sacramento.

Wag Hotels of West Sacramento opened its first resort for pets last Saturday, offering luxury suites for dogs at up to \$55 per day, and bi-level condo cages for cats at \$15. If the idea works, the startup wants to open more resorts in the Bay Area and elsewhere.

The chief executive is Joel Leineke, formerly in local construction. He said the "visionary" behind the idea is Ritu Raj, a San Francisco executive and entrepreneur in information technology who does the marketing for Wag. Together they own 40 percent of the company's stock.

The resort on industrial Enterprise Boulevard totals 34,000 square feet, the size of seven basketball courts. That's big for a local kennel, but follows a national industry trend that started a few years ago.

Kennels are growing and offering more services, such



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Joel Leineke spends some quality time with Buddy in a suite, above, and with Diego, looking at the fish

as massage, VCRs and group play for animals. They try to attract traveling empty-nesters who want to pamper their pets and are no longer writing checks for mortgage-sized college tuitions. The kennels also attract career-traveling young professionals who are nurturing pets while delaying parenthood.

U.S. pet owners spend about \$2.4 billion a year to board and groom their pets, but at least three-fourths of owners don't board their dogs. That's the mar-

See **WAG HOTELS**, Page 41



# WAG HOTELS: Anticipates opening three more inns in Bay Area

From Page 1

ket Wag is chasing.

The company expected to feed 300 people at its grand-opening open house last Saturday, but said 700 showed up.

Wag is open as it wraps up some final construction. As of Saturday it had 87 reservations, primarily for the Thanksgiving and winter holidays.

Not all customers are rich. One military family saved up to afford Wag in its vacation budget.

**Launching with \$1 million:** The idea for the business came through Raj's chance encounter with a hospital patient who worked in the lucrative business of cat litter. They got to talking about the huge potential in pet services.

Leineke, 36 and a resident of Folsom, had been looking for something new. He and his partners sold most of the operations of their Interstate Construction Inc. in Rancho Cordova in 2003. It had been a \$45 million company.

Leineke, who's also Wag's president, loves dogs, has two, and considers himself their "dad." In August 2004, Leineke and Raj started working full time on their project.

Wag paid for its launch by raising \$1 million through 10 individual investors.

At the end of November Wag plans to begin its second investment round. One venture-capital firm might invest in the company, but for now Wag wants individual investors or smaller investment firms.

Wag is leasing its building, and wants to buy it. Building improvements cost \$1.6 million.

Leineke anticipates opening a second Wag in August, and two more next November, all in the Bay Area. Starting in 2007, Wag expects to open around 20 pet resorts a year. They'd measure around 25,000 square feet and open near airports.

Sacramento could use a second one, Leineke said.

He anticipates \$2 million in sales per center, and forecasts a profit for the West Sacramento location by summer. It needs to average a 34 percent occupancy to break even. Leineke anticipates 65 percent occupancy, and later 85 percent.

Wag has also launched a home pet-food delivery service, will sell merchandise at its own still-to-open small boutique, and sells grooming services.

Later Leineke wants to open Wag



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## Joel Leineke and Ginger inspect the kitchen

stores inside airports, for travelers who want a last-minute gift for Fido. Leineke also hopes to create a private-label brand of organic dog food.

For now, dog boarding will be the bulk of the business, with retail, training and cat boarding contributing only a small percentage.

Wag employs 14 now, and expects to employ 20 at the peak times of holidays and the summer.

**Three-fourths are essentially kids:** More than 75 percent of pet owners view their animals as their children, according to the American Pet Products Association Inc. Nationwide this year, Americans are expected to spend \$35.9 billion on pets. The nation's 73 million canines live in 43.5 million homes.

Dog owners are buying faux mink coats, Halloween costumes, special dog shampoo, mouthwash and electric toothbrushes, gourmet treats, and cleaning cloths akin to baby wipes for muddy paws, the trade association reports. Nine percent of dog owners hold birthday parties for their pooch; 1 percent feed their dog kosher food.

For now, dog kennels primarily are still a mom-and-pop business. But they can't afford today's land prices and the huge

centers needed to make the projects pay. More regional and national chains are offering boarding. New centers are larger and offering more amenities.

"There's almost no such thing as a kennel anymore," said Bob Vetere, managing director and chief operating officer for the pet products trade group. The first luxury spa for dogs opened three years ago in Alexandria, Va., with heated floors, TVs with VCRs, masseuses, personal walkers and fluffy pillows.

The pet hotel, he said, "was immediately swamped with requests."

Pet owners "expect kennels to offer the same kind of amenities that day care offers to their children," said Jim Krack, executive director of ABKA, a trade association for businesses that sell pet-care services.

National retailer PetSmart Inc. has 25 PetsHotel locations, the fastest-growing piece of its business. It plans 300. PetsHotels have TVs, pet phone booths where dogs take calls from their owners, and soft-serve ice cream safe for dogs to eat. Canine rates range from \$21 to \$36 a night.

The hotels are nearly booked through Christmas, spokeswoman Jennifer Pflugfelder said.

Rival chain Petco reportedly is considering pet hotels — it already has day spas — but the chain hasn't disclosed anything yet.

**'There's almost no such thing as a kennel anymore.'**

**Bob Vetere**  
American Pet Products Association

**Cartoons for canines:** At Wag, Fido can relax in a faux leather chair or stretch out on his rug while gazing at a wall painting or cartoons playing on the plasma TV. Fluffy the cat can track fish as they dart back and forth across a \$5,000 aquarium in the center of the cattery.

An enclosed drive-through lets humans and pets avoid rain as they come and go, and the 24-hour staffing means owners can collect Fido or Fluffy after a late-night return flight from Maui. Using the Web camera lets owners know how their animals fared during their stay.

The luxury suite for Fido costs \$55 a day. A mini suite — enclosed in glass instead of wire mesh, with beds laundered daily — is \$44. The starting price for dogs is \$32.

Early this week, a sole cat, Diego,

occupied the cattery, which can hold 40 felines. The kennel, made for 230, held a couple of canines that belonged to staffers.

Leineke let his yellow labrador Buddy try a luxury suite, where the TV wasn't hooked up yet. People were also working on wiring for the speakers throughout the complex, to pipe classical music to the pets.

**So is this excessive?** Some wonder if deluxe pet hotels are just too over the top.

With a dog, the daily interaction is what's most important, said Karen Kurtzner. She's worked in the boarding business for 25 years and owns Ducks on the Green, a Sacramento kennel with room for 70 dogs.

"I'm kind of old-school," she said. She sees the entertaining aspect of resort-style amenities, but doesn't know if the dogs appreciate them.

Ducks on the Green exercises dogs individually outside on 5 acres, and contends that group play isn't safe. The kennel charges \$15 to \$22 a day.

At Wag, dogs play two hours daily with others based on size, age and temperament in indoor gated areas. Owners can request as much individual attention for their dogs as they want, including belly scratches and night-time tuck-ins.

Wag has a beautiful place and initially will take business from existing kennels, said Kurtzner, who went to Wag's open house.

But she said Ducks on the Green will recapture any customers it loses because of its experience and personal attention.

She questions whether Wag can bring in enough to pay overhead, and said its rates seem high for Sacramento.

Spending that much on an animal is self-indulgence, but it's probably better than spending on a big house or car, said Stan Dundon, who teaches ethics at California State University Sacramento. At least with the pet care, people are getting outside themselves and bestowing affection on another creature.

The trade association's Vetere figures there's no harm, as long as he doesn't deprive himself or his family and continues to give to charity.

Over the top, he said, is spending \$500 on a new driver for his golf game. But giving his dog Dakota, who loves him unconditionally, a night at a resort? That isn't.