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Convention Centers

SAN DIEGO HOTELS ASKED FOR SURCHARGE TO FUND CENTER

San Diego, Calif. – San Diego Mayor Jerry Sanders called on the city's hoteliers to contribute up to \$30 million a year through a hotel room surcharge to help finance an expansion of the downtown convention center, a project now estimated to cost 24 percent less than the original \$711 million price tag, the *San Diego Union Tribune* reported.

In a meeting held in his office, about 30 hotel managers and owners got their first look at the financing plan, which relies on a new hotel room levy that would tack on between one percent and three percent to guests' bills, depending on how close or distant the properties are from the bayfront center.

The contributions from the industry, if approved, would be the linchpin of the financing plan for the expansion, which would add 961,187 square feet of floor area to the nearly 1.8 million-square-foot center. What remains unclear is how the city and San Diego Convention Center Corp. will come up with the full \$35 million to \$38 million that will be needed annually to finance the \$550 million project, the newspaper said.

"As I have said from the very beginning, the expansion of our convention center should be paid for by those who will benefit from it," Sanders said. "Given that the hospitality industry stands to gain substantially, it's only logical that they should fund a significant portion of this."

Jim Durbin, president of the San Diego Hotel-Motel Association, called the 90-minute meeting "good, a great update" and that those attending look forward to more briefings in the future.

"Everybody understands that doing nothing is not an option," Durbin told the *Union Tribune*.

While hoteliers are supportive of the convention center expansion, some expressed concern to the newspaper about the fairness of the proposed assessments, whether they're in downtown or further out, said hotel owner and consultant Robert Rauch.

"There were people in each of the areas who felt they get less benefit than others," said Rauch, who operates hotels in northern San Diego near Del Mar. "The downtown hotels not along the waterfront were concerned about not getting as much benefit as core convention center hotels, and there are certainly hotels in the one and two percent areas that feel they don't get any benefit."

Some of the hotel owners and operators also felt there needs to be a greater contribution to the expansion from other sources.

Stephen Cushman, a member of the convention center board and an unpaid volunteer charged with helping the mayor's office craft a financing plan, has said other potential sources of revenue include a levy on taxicabs and Gaslamp Quarter restaurants. He also says redevelopment funds are a possibility, and he will seek a contribution from the San Diego Unified Port District and a share of the room tax revenue from a proposed addition to the Hilton San Diego Bayfront.

In 2009, the mayor's convention center expansion task force estimated the cost of the convention center expansion at \$711 million plus a \$40 million pedestrian bridge to the Gaslamp Quarter. The center opened in 1989, financed with excess cash from the port, and expanded in 2001, the newspaper said.

Project manager Charles Black, who was involved in developing Petco Park a decade ago, told the *Union Tribune* the new, lower cost resulted from a 24.1 percent more efficient design by Denver-based Fentress Architects. Locating most of the expansion on the ground floor and adjacent to the existing exhibition space reduced the expansion from the original estimate of 1,266,719 square feet.

The new cost includes \$300 million in construction costs, \$150 million in design, insurance and other "soft" costs and \$115 million in contingencies that take into account a potential 12 percent construction cost escalation and other unforeseen expenses. The bridge is no longer in the project budget.

Still looming large on the road to a projected 2015 opening date for the convention center expansion is Proposition 26, last November's statewide ballot measure that imposed stiffer standards for enacting new taxes and fees. The newspaper said it's still unclear whether the new law would ultimately require a citywide vote on the proposed hotel assessments, which would be levied through a special district encompassing all of the more than 40,000 hotel rooms in the city.

Under the scenario being pushed by the mayor's office, hoteliers would vote on the proposed tax, with those hotels paying the most having a bigger say in the outcome.

And before any sort of convention center assessment district can be formed, a management plan will have to be crafted that will spell out the kind of convention business that will be pursued, including the size and type and what time of year they're held, namely during off-peak times, said Cushman. The entire process could take up to six to nine months.

The *Union Tribune* said the proposal is similar to the city's existing Tourism Marketing District, which derives its revenues through a two percent surcharge on hotel room rates for all lodging properties with 70 rooms or more. The current hotel room tax is 10.5 percent, which does not include the two percent surcharge.

According to the city, an expanded center is estimated to boost hotel room nights by 657,000 a year and generate \$121 million in added room revenue annually. It is also projected to yield an additional \$16 million in hotel tax revenues for the city each year.

Even as the convention center and financing details were being fine-tuned, another idea was making its way into the project debate.

Chargers representative Mark Fabiani and Fred Maas, former chairman of the Centre City Development Corp., have lately spoken of incorporating convention space into a new downtown stadium that could be built between Petco Park and the convention center.

"You've got to look at the experience in other cities," said Fabiani, a counsel to Chargers President Dean Spanos. "Certainly the experience in Indianapolis would indicate combining a convention center-related facility with a stadium with a roof is cheaper than building all these thing separately."

He told the newspaper the Chargers' plan would cost \$800 million with a roof, not counting \$150 million the city's downtown redevelopment agency has budgeted for site development at an East Village several blocks east of Petco.

Maas, who has visited Indianapolis and other sites where multi-use stadiums with meeting space exist, said coordinating football play dates with convention schedules is a minor issue.

SEATTLE CENTER FUNDING BACK IN LEGISLATURE

Seattle, Wash. – A controversial attempt to extend taxes now being used to pay off Seattle's sports stadiums to expand the city's convention center and supports arts programs has been revived during the special legislative session, the *Seattle Post-Intelligencer* said.

Senate Bill 5958 was introduced by Sen. Scott White. The measure would raise hundreds of millions of dollars in the coming decades and allow King County to extend car rental taxes, a restaurant and bar tax and a hotel/motel tax. Monies collected would be used to expand the

Washington State Convention Center, fund arts and culture programs and build housing for service and hotel workers.

The new bill is similar to H.B. 1997, which was slipped into the two-year operating budget proposed by the lower chamber. The newspaper said it died when lawmakers couldn't agree on a spending plan during their regular session.

Unlike H.B. 1997, which would extend the tourism tax indefinitely, White's legislation would sunset the taxes in 2015.

The *Post-Intelligencer* said the high-profile bill is supported by King County Executive Dow Constantine and the Puget Sound business and labor communities. Supporters say the taxes would help kick-start the Puget Sound economy by expanding Seattle's convention center and support arts and culture programs that help attract people to the region.

However, there is opposition to the idea of keeping the taxes used to pay off the late Kingdome, Qwest Field and Safeco Field in place. Opponents of the bill say the Legislature promised voters in 1995 that any levies used to pay for Safeco would go away when the new field was paid for. They feel that promise should be kept. Safeco Field should be paid off this year; the Kingdome and Qwest Field will be debt free later this decade.

SAN ANTONIO COUNCIL SUPPORTS HEMISFAIR PLAN

San Antonio, Texas – The City Council unanimously approved a plan to revamp HemisFair Park, an effort that would raze part of the city's convention center, relocate several current park tenants and enhance connections to the East Side, according to the *San Antonio Express News*.

Council members vetted the plan after a presentation by officials and consultants with the HemisFair Park Area Redevelopment Corp., created to oversee redevelopment of the park.

The newspaper said HemisFair Park officials hope a grand opening for the new park could happen by 2018 – the 300th anniversary of the city's founding, and the 50th anniversary of HemisFair, the event that creation the park.

But the park likely still won't be complete by that time, HPark CEO Andres Andujar told the *Express News*.

"I think it will take longer to complete the project 100 percent," Andujar said. "There are pieces of the project that are not completely controllable."

Those include the vacating of the federal courthouse, on the southern edge of the park. The courthouse is scheduled to relocate to the site of the current police headquarters on Nueva Street but the timeline is uncertain. University of Texas at San Antonio representatives also have discussed relocating the Institute of Texan Cultures within HemisFair Park.

So far, slightly less than \$21 million has been set aside for HemisFair. Funding for the convention center work has not been secured.

The framework plan is a draft version of a final master plan, which should be complete by September. The city then will start to look more closely at the financial details of making the project a reality, Pat DiGiovanni, deputy city manger told the newspaper.

Among the financial resources the city has said it could tap into are public-private partnerships and the hotel occupancy tax.

SYRACUSE CENTER LOOKING FOR MONEY TO PAY BILLS

Syracuse, N.Y. – Onondaga County's convention center has run out of cash to pay its bills, the *Syracuse Post-Standard* reported.

The nonprofit corporation that manages the convention center told county lawmakers it needs \$1.8 million from taxpayers – on top of the nearly \$1.2 million subsidiary is has already received – to keep the complex operating the rest of the year. The Oncenter also receives a \$250,000 annual payment for capital costs.

The request comes less than two years after Oncenter's manager sought \$575,000 from taxpayers to get through 2009. That money – which lawmakers provided – came on top of a \$2.2 million subsidy the center had already received that year.

Steve Cambareri, a local attorney and chairman of the Oncenter's board of directors, told the *Post-Standard* expenses are exceeding revenues partly because the economy has hurt the convention business, competition from other facilities such as Turning Stone Resort Casino is taking its toll, and the Syracuse Symphony Orchestra went bankrupt this year owing the center \$96,000.

Beyond that, he said the subsidy provided by the county the past few years has simply not been enough to run the complex, which consists of the convention center, the War Memorial arena and the Civic Center theaters.

Michael Kauffmann, a member of Oncenter Board of Directors, told the newspaper the complex will run a projected operating loss of \$1.9 million this year on estimated revenues of \$7.23 million. The Oncenter's directors said they need a total of \$3 million from the county to cover its losses from 2011 and past years.

Built in downtown Syracuse with a \$40 million grant from the state, the convention center opened in 1992 with high expectations. Proponents predicted it would pump millions of dollars a year into the local economy through spending by out-of-town visitors. But supporters warned that the facility would operate at a \$1.5 million annual deficit that would have to be covered by revenue from the county's hotel room tax.

In fact, the Oncenter has required government subsidies that have ranged from \$1.5 million to \$3 million a year. Until now, the newspaper said money has come from hotel room occupancy tax revenues – not from property taxes.

"However you look at it year to year, it needs a subsidy to survive," said Kauffmann, a former interim chief financial officer of Turning Stone.

Oncenter officials said \$828,788 of the \$1.8 million being sought from taxpayers as an additional subsidy this year will pay overdue bills from vendors for food, equipment and other supplies – accrued this year and from past years. The rest will pay for debts that are expected to be incurred this year, they said.

Kauffmann and other Oncenter officials said the facility has kept operating by delaying payments to vendors and paying current bills with money deposited by convention groups as down payments for future events. But as a result of its late payments, vendors are now unwilling to offer the Oncenter discounted prices or favorable financing terms, officials said.

Even with a bailout this year, Cambareri said the Oncenter will need a \$1.4 million operating subsidy next year – \$1.6 million when an annual \$250,000 payment the county makes to the facility's capital improvement fund is figured in.

He warned, however, that the projection is based on estimates of costs and revenues, both of which can fluctuate with the amount and types of conventions and other events, such as concerts, that it is able to attract.

Terri Toennies, who was hired as the Oncenter's president and CEO in April 2009, told the *Post-Standard* the complex might be able to break even if it could attract 15 more concerts a year to the

War Memorial. But Oncenter officials said they are not likely to attract that many more concerts with the competition from Turning Stone, a 6,000-seat sports arena being built by Onondaga Community College (and paid for by the county) and the Landmark Theatre, which is undergoing a \$16 million renovation and expansion.

Legislators tell the newspaper they likely will approve additional funds for the Oncenter at their June 7 meeting. However, the amount of that additional subsidy and the form in which it is delivered is up in the air.

CIVIC CENTER PART OF NEW JEFFERSONVILLE MASTER PLAN

Jeffersonville, Ind. – A proposed new waterway through downtown Jeffersonville would be wrapped by at least three new parks, dense multi-family housing in the \$200,000 range and a \$10 million civic center that would seek to attract everything from proms to small conventions, the *Jeffersonville News and Tribune* reported.

The ideas were included in Jeffersonville's canal district master plan which architects, engineers and financial consultants showed off bits of during a public meeting.

The newspaper said Jeffersonville officials have for the last year been discussing the construction of a downtown canal as a means of both sparking economic development and relieving flash flooding. It also ties in with a plan to reduce combined sewer overflows, which wash untreated sewage into the Ohio River – and has brought enforcement action from state and federal environmental regulators.

Project manager Peggy Duffy said while much has been said about the costs and engineering of the \$65 million project – “tonight we look at the fun stuff, the things that look nice.”

The park area near Market Street would be close to a proposed hotel and convention center, Eric Ernstberger, of the planning firm Rundell Ernstberger told the audience.

Near the hotel and convention center – at what's now Colston Park — could be an entertainment district, said Nicolia Robinson, an associate at Cooper Cary. The public space there would offer a place for hotel guests to come out and enjoy the canal area.

Though a specific timetable wasn't discussed, it was noted that plans would be phased in piece-by-piece over several years – not installed all at once. The *News and Tribune* said a preliminary construction schedule for the project shows \$10.7 million worth of outfall and pump station work beginning late this year. Canal and related bridge construction is slated to start in late 2012.

Conference Centers

DEVELOPERS PROPOSING PROJECT NEAR EDMOND

Edmond, Okla. – Private developers want city support to build a hotel and conference center at Interstate 35 and Covell Road near Edmond, *The Oklahoman* reported.

John Weeman, with Partners In Development, also wants to build upscale retail shopping and entertainment and athletic facilities on three corners of the intersection. He is working with Covell 35 Development and Turner & Co.

The *Edmond Sun* identified the primary hotel as carrying the Hilton flag. A 20,000-square-foot conference center and meeting space offers the potential of accommodating 2,000 people, Weeman told the newspaper.

The complete \$25 million project development would have four hotels, 166,000 square feet of athletic facilities, a 40,000-square-foot movie theater, 520,000 square feet of retail and a 150,000-square-foot corporate office, all on 94 acres, the *Sun* reported.

Eighty percent of the Oklahoma Society of Executives and the Society of Government Leaders live in Edmond, Weeman told city officials.

The Oklahoman said there have been discussions for at least eight years about a convention or conference center in Edmond.

Two development groups have been interested in building a hotel, conference center and shopping along I-35: Weeman's partnership, and Bayer Properties, of Birmingham, Ala. Weeman asked Edmond Economic Development Authority Board to support its site. He said the city's commitment would help with his efforts to get Bayer to join his development as a partner and build the retail side of his project.

Weeman told the *Sun* there is a gap of \$6 million in additional money that would need to be subsidized to make the project work.

CARSON CITY MAY CONVERT STORE TO NEW CENTER

Carson City, Nev. – The owners of a vacant Kmart in north Carson City want to open an events center in the 170,000 square foot building that has been empty since 2002, the *Nevada Appeal* reported.

Jiangson Duke LLC., the Reno company that bought the building in June 2010 for \$1.5 million, submitted an application for a sales tax incentive package to fill the building and perform a major infrastructure improvement to its façade.

Meanwhile, the company – owned by Jack Rao of Sparks and Weiye Lin of Reno – has met with tourism, hotel and business leaders in Carson City, the newspaper said.

“An events center is something everybody has been wanting,” Candy Duncan, the executive director of the Carson City Convention and Visitor's Bureau, told the *Appeal*. “Especially those properties on the north end of town have been wanting something like this. Not only will it be good for the north end of town, but it will be good for the entire community.”

The *Appeal* said the former Kmart location is already percolating with construction activity after Gold's Gym relocated to the shopping center last year. The gym is refurbishing a 10,000 square foot space on the north side of the building, which will eventually include basketball courts, a juice bar and 10,000 more square feet for another expansion.

The remainder of the former Kmart would be used for the proposed 100,000 square foot Carson City Events Center plus another 50,000 square feet for potential retail space.

“The Carson City Events Center has the potential to generate significant sales tax from both trade shows and a proposed 25,000 square foot conference center with the requisite breakout rooms and assembly hall,” according to Jiangson's report to the city. “The Events Center programming will also include popular spectator sports entertainment and regional/national sports tournaments and competitions.”

The company noted other potential uses for the space such as housing a professional theater company, indoor concerts and a performing arts charter school.

The deadline to apply for the incentive package ends May 20. It's available to businesses located within redevelopment districts that have at least 15,000 square feet of vacant space – the package excludes any new restaurants or businesses relocating from Lyon or Douglas counties.

BRECKENRIDGE SITE EYED FOR NEW HOTEL

Breckenridge, Colo. – Maryland-based builder Triumph Development, LLC has set its sights on a parking lot, alongside the Riverwalk Center in downtown Breckenridge as the potential site of a big-name hotel and conference center, the *Summit Daily News* reported.

The developer presented a design for the future hotel to the Breckenridge Town Council at a work session.

“We would come in and build a hotel and some conference center space,” Triumph principal Steve Virostek told the council. “(There are) public benefits that we believe would enhance the overall experience that is Breckenridge. We have an opportunity for a unique story that can actually get done.”

The proposal, which the developer noted is up for negotiation and revision with the input of the council, included 150 beds, a restaurant, spa, conference center and parking deck behind the Riverwalk that would allow the site to hold more than 400 parking spaces. The existing lots provide nearly 380 spaces.

The concept plan depicted a two-story layered structure that would feature a promenade between the hotel and Riverwalk Center, extensive landscaping and a walkway bridging the Blue River and connecting to Main Street, the newspaper said.

Triumph Development called the project a public-private partnership, asking that the town donate the land and the density.

The newspaper said the council would take the proposal under consideration at its retreat set for May 24, but coming to a decision might take some time.

“It's not something we're going to pull the trigger on until the seven of us, along with staff, talk extensively about this,” Mayor John Warner told the *Daily News*.

Hotels

HYATT REGENCY NEW ORLEANS TO REOPEN SIX YEARS AFTER FLOOD

New Orleans, La. – The Hyatt Regency New Orleans, whose blown-out windows became some of the first images of Hurricane Katrina damage broadcast to television audiences around the country in 2005, will reopen to guests Oct. 19, the hotel's general manager confirmed to the *New Orleans Times Picayune*.

The 32-story hotel, which served as the Katrina headquarters for Mayor Ray Nagin, the City Council and the heads of several first responder organizations, suffered substantial water damage during the storm and has remained dormant ever since. When it reopens, the property will have undergone a \$275 million overhaul that includes moving the entrance to Loyola Avenue and doubling the hotel's meeting space to 200,000 square feet.

The Hyatt's more than 1,000 guest rooms will help propel the city's tourism industry closer to pre-Katrina levels of hotel capacity, the newspaper said.

Redevelopment of the storm-ravaged hotel has progressed in fits and starts in the almost six years since Katrina. Strategic Hotels & Resorts, which owned the property at the time of the hurricane, performed some renovations after the storm and proposed it as the centerpiece of a jazz district. That plan, however, fell through.

The property sold for \$32 million to Poydras Properties Hotel Holdings in 2007. The company received \$225 million in low-cost GO-Zone bonds to rehabilitate the hotel in February 2009. The

property's owners said last year that it would open in fall 2011, but the *Times Picayune* said this is the first time a date has been provided.

Assuming there is a football season, the newspaper said the Hyatt will open just in time for the New Orleans Saints' Oct. 23 rematch against the Indianapolis Colts.

Before the storm, the hotel – attached to what was then New Orleans Centre mall and the Superdome – struggled to plug into the local convention market because of its distance from the French Quarter and the Ernest N. Morial Convention Center on the riverfront. General manager Michael Smith told the *Times Picayune* there were times when the property would hold 1,000 rooms for a conference, but end up booking only half of those.

This time around, Smith said, the Hyatt intends to be more self-contained, modeling itself after Gaylord Hotel sites, which offer guest rooms, meeting space and a variety of dining options all under one roof, usually on the outskirts of major cities.

The hotel will also try to attract “underserved” downtown workers and residents to its restaurants, bar and market.

“Now we have the ability to meet, feed, break out, exhibit and service all groups of all sizes,” Smith said.

TUNICA CASINOS EXPECTED TO REOPEN THIS WEEK

Biloxi, Miss. – Casinos in Tunica are expected to start reopening this week as the Mississippi River recedes, the *Sun Herald* reported.

Caesars' Horseshoe Casino and Tunica Roadhouse Casino and Hotel plan to welcome customers back Friday, barring any unforeseen circumstances, the newspaper reported.

The casinos in South Mississippi didn't see much impact from the closing of the river casinos.

“Our business levels are basically what we projected and expected for this time of year,” Ali Bass, communications director for the Grand Biloxi, told the *Sun Herald*.

Hollywood Casino Bay St. Louis General Manager Chett Harrison is honoring complimentary offers for customers of Hollywood Casino Tunica while it is closed. A little business is coming down from the river casinos, he said, but nothing of the magnitude that went north after Katrina.

When Katrina put all of the Coast casinos out of business in August 2005, the river casino market was down \$10 million compared to August 2004. Two months later, revenue at the river casinos was up by \$15 million from the prior year. Even after the Coast casinos began reopening, the upswing lasted for a year.

Mississippi's River casinos collectively won \$115.4 million in March. Each month the river casinos are closed costs the state \$13 million in lost tax revenue.

AUTHORITY SEEKS LIMITS ON BONDS FOR HOTEL

Savannah, Ga. – The *Savannah Morning News* says the authority that manages Savannah's trade and convention center agreed unanimously that county-backed bonds for a new hotel on Hutchinson Island should be limited to an amount that can be repaid with incentives.

The “special revenue sources” include a ground lease payment and tax incentives such as a sales-tax refund, incremental property-tax refund, and hotel-motel taxes collected at the new hotel.

Just what that amount would be is up for debate. An independent financial analysis done for the Georgia International & Maritime Trade Center Authority concluded the amount would be \$31

million if a sales-tax refund is approved for the project and \$22.2 million if the refund does not go through, the newspaper said.

The proposed developer, Journeyman Austin, has said \$50 million in county-backed bonds would be necessary to secure private investors.

"There's a big difference between \$50 million and \$22.2 million," Dick Layton of Robert W. Baird & Co., which conducted the independent financial analysis, told the newspaper.

Layton said developers are the most optimistic about a project's potential success, bankers are more conservative and as a financial adviser, he's the "skunk at the wedding party."

He said realistic estimates of occupancy, based partly on the performance of the nearby Westin Hotel, would not support paying back \$50 million.

A lack of air carrier service and being on the wrong side of the river are bigger impediments to attracting more convention business than the lack of a convention center hotel, Layton said.

Joining a public-private partnership in a hotel industry that suffers from usual downturns in the economy as well as unforeseeable events such as 9-11 and fears of SARS (severe acute respiratory syndrome) "could be very volatile in a 30-year marriage," Layton said.

Bob Swerdling of Journeyman Austin said the county would be repaid first, but Layton said that's not what the company's 69-page development summary said.

Limiting the amount of bonds to amounts that can be repaid with incentives is a proven strategy, Layton said.

In addition to \$50 million in county-backed bonds, the financing plan Journeyman is shopping around in financial markets calls for a \$25 million private investment and a \$55 million private loan.

PROPOSED VIKINGS STADIUM COULD BOOST RAMSEY COUNTY HOTELS

Arden Hills, Minn. – A proposed new Minnesota Vikings stadium in Arden Hills would have the potential to redefine the hospitality sector in the Twin Cities' north metro, enabling existing hotels there to boost their rates and spurring the development of new facilities, tourism industry officials told the *Star Tribune*.

The recent announcement of an agreement between the Vikings and Ramsey County on a proposed \$1 billion home for the team on the site of the former Twin Cities Army Ammunition Plant has many political hurdles to overcome before it passes muster with the Legislature.

But the newspaper said that hasn't stopped north metro hotel industry experts from issuing optimistic predictions about what could be a profound effect on a part of town that has never really been known as a hot spot for the traveling public.

Hotels along the Interstate 694 corridor stretching from Boone Avenue in Brooklyn Park to Lexington Avenue in Shoreview would likely be the main beneficiaries of a new stadium in Arden Hills, said Ted Leines, CEO of Leines Hotel Advisors Inc.

"That whole corridor could really benefit, Leines told the *Star Tribune*. "It could be like what happened along I-494 in Bloomington when Metropolitan Stadium was there. All those hotels along the strip blossomed, and the restaurants followed. It just created a synergy that brought in a lot of activity."

With a new stadium, hoteliers in such northern suburbs as Brooklyn Center, Fridley, New Brighton, Coon Rapids, Blaine, Lino Lakes, Ham Lake, Shoreview and Mounds View could see sizable jumps in what they could charge for rooms.

Right now, he said, they have a big competitive disadvantage with counterparts in the south and west metro areas.

"Some of those hotels have been fine and are making money but you just don't get the kind of performance you get down on the Bloomington strip – you can't get that rate, you can't get that occupancy level, and they have too many days when they are not full."

In Bloomington, Eden Prairie and Plymouth, for instance, where many out-of-town Vikings fans now stay for games at the Metrodome, hotel owners can bump up rates as much as \$20 per night on game weekends, and the newspaper said travelers don't flinch when handing it over.

"Of that \$20, \$19.98 goes straight to the bottom line," Leines said. "That's what the northern tier has not been able to capture. A stadium would change that for these hoteliers' third and fourth quarters."

Should the stadium be built, the newspaper said another likely impact on the area's hotel industry would come from redevelopment, especially along Ramsey County Hwy. 10 in Mounds View, which would serve as a main artery into the site. Parts of it would likely get a major facelift as part of a massive infrastructure improvement component that would have to be part of a stadium funding package.

Tim Roche, president of the Twin Cities North Chamber of Commerce, said there is an array of redevelopment-ready parcels along Hwy. 10 that would work well as hospitality reuses.

"There's some interesting land possibilities on Highway 10," he told the *Star Tribune*.

"Of course, for a stadium to happen, there will have to be major infrastructure improvements (along the I-64 corridor)," Steve Markuson, director of the Twin Cities Gateway regional convention and visitors bureau told the newspaper. "But I've talked to several hoteliers and they're extremely excited about the Vikings announcement. I would say the cities up here are cautiously optimistic about it at this point."

PKF REPORTS HOTEL PROFITS UP 9.8 PERCENT IN 2010

Atlanta, Ga. – After two years of declining profits, the average U.S. hotel enjoyed a 9.8 percent bottom line increase in 2010, according to a recently released report by PKF Hospitality Research. The gain, however, does not make up for the 37.9 percent cumulative loss experienced by U.S. hotels during 2008 and 2009, the company said.

While 70 percent of the properties in the sample group used in the report enjoyed an increase in total revenue in 2010, only 60 percent were able to convert that into more money in the bank, indicating that the turnaround in industry performance has not occurred evenly across all sectors of the U.S. lodging industry, PKF reported.

"... the driving force behind revenue growth in 2011 starts with the price tier segment you are positioned within," said R. Mark Woodworth, president of PKF Hospitality Research. "The higher the price tier, the greater the projected growth in ADR and, consequently, RevPAR. After analyzing the results of the 2011 Trends in the Hotel Industry survey, the relationship between price position and profits appears to be as strong as the correlation between room rates and the ability to grow revenue."

According to the 2011 report, hotels in the highest room rate categories achieved the greatest increases in net operating income in 2010. Conversely, properties in the lowest rate categories either achieved minor increases in profit or suffered their third consecutive year of declines.

"The full-service properties in the report sample typify this relationship between prices and profits," Woodworth said. "Within the full-service category, those hotels in the lowest ADR

category (less than \$100) saw just a slight 0.3 percent increase in profits in 2010. At the other end of the spectrum, upper-upscales and luxury hotels with an ADR greater than \$200 enjoyed a strong 33 percent gain in profit.”

Each year PKF collects financial statements from thousands of hotel owners and operators across the U.S. for its report. For the purpose of the report, the company said profits are defined as net operating income (NOI) before deductions for capital reserves, rent, interest, income taxes, depreciation, and amortization.

Nearly 80 percent of hotels in the sample enjoyed an increase in rooms occupied in 2010, but only 67 percent were able to leverage that into increases in total revenue. On average, the company said hotels in the sample achieved a 6.2 percent increase in occupancy, but were unable to raise their room rates. In the aggregate, ADR for the overall sample declined 0.9 percent.

Based on the preceding changes in occupancy and ADR, the sample averaged a 5.3 percent rise in rooms revenue in 2010. Among the other sources of revenue, food and beverage sales increased 5.6 percent and other operated department revenue rose 2.2 percent, but rentals and other income declined 10 percent. The net result was a 4.8 percent increase in total hotel revenue for the overall sample.

PKF is forecasting that the average hotel in the U.S. will be able to increase their total revenue by 6.8 percent for the entire year. The revenue growth will come from a relatively equal contribution of increases in occupancy and ADR.

PHYSICIAN APPOINTED AS HAMMONS' GUARDIAN

Springfield, Mo. – A veteran Springfield physician has been appointed to serve as temporary guardian of hotel magnate John Q. Hammons, the *Springfield News-Leader* reported.

Dr. James Coulter, a board-certified pulmonologist and internal medicine specialist with 43 years medical experience, is now providing independent medical advice to the court about care for the ailing Hammons.

He also is deciding who can visit Hammons at the long-term care facility where Hammons has resided for nearly a year, according to a source with knowledge of Coulter's appointment that talked with the *News-Leader*.

Coulter works for Select Specialty Hospital and is a pulmonology consultant for Ferrell-Duncan Clinic.

Greene County Probate Judge Michael Cordonnier appointed Coulter as Hammons' “guardian ad litem,” according to three sources familiar with an ongoing guardianship case involving Hammons who talked with the newspaper.

Cordonnier has closed the guardianship petition hearings to the public and also closed documents and records related to the case.

Unlike a guardian, who has legal custody of a person, a guardian ad litem acts to represent a person's best interests during a legal proceeding.

Contacted by the *News-Leader*, Coulter declined to comment, citing the judge's efforts to keep case details private.

The guardianship case began in early March when eight friends of Hammons filed a petition asking a judge to appoint a guardian for Hammons. The petition alleged Hammons was being kept “in involuntary seclusion” at the Manor at Elfindale.

The petition also alleges that Hammons' longtime business associate – Jacquie Dowdy – “failed to act in the best interests” of Hammons.

Dowdy, chief executive officer of John O. Hammons Resorts and Hotels, maintains she has Hammons' medical power of attorney to make health decisions for him if he is unable to do so.

The *News-Leader* said it remains unclear why the court is reviewing Hammons' business records in relation to the guardianship case.

Elise Barker, a Springfield guardianship attorney not affiliated with the Hammons case, told the newspaper it was unusual for a judge to appoint a doctor to serve as a guardian ad litem.

"If there's a doctor who's been appointed as guardian ad litem, there may be a difference of opinion about the medical care he's receiving," Barker said.

"From the judge's point of view, that would be helpful, to get an unbiased view of what his medical situation is."

She said it's likely Coulter would serve as Hammons' temporary guardian until Cordonnier makes a final decision in the guardianship petition case.

It's also possible he could ask Coulter to serve as Hammons' legal guardian, or decide that Hammons' care has been appropriate and no guardian is needed.

The Rest of the News

TOURISM UP IN FLORIDA FOR FIRST QUARTER

Fort Lauderdale, Fla. – The number of visitors to Florida increased 3.3 percent in the first quarter of 2011 from a year earlier, reaching 23.3 million arrivals through March, according to preliminary estimates from the state's tourism marketing agency.

The tally of U.S. visitors rose by two percent, while Canadian visitors jumped by eight percent and overseas visitors by 14.4 percent from the same quarter last year, Visit Florida said in a statement reported by the *South Florida Sun Sentinel*.

Domestic visitors represented nearly 85 percent of visitors, Canadian six percent and overseas nine percent of the total during the first quarter, Visit Florida said. By spending, overseas visitors represented a greater share of tourist outlays, because they generally stay longer and shop more, Visit Florida studies show.

The rising arrivals helped Florida boost its tourism-related employment to one million jobs at the end of March, up by 52,300 jobs or 5.5 percent from a year earlier, the agency said.

Last year, Florida tourism improved after a sharp drop during the recession in 2009.

The Sunshine State hosted 82.3 million visitors who spent more than \$62.7 billion and accounted for 22 percent of Florida's sales tax revenue last year, Visit Florida said.

GEORGIA TO HELP FUND NEW ATTRACTIONS

Atlanta, Ga. – Gov. Nathan Deal signed into law a bill that will repay one-fourth of the cost to develop tourist attractions, the *Savannah Morning News* reported.

The Georgia Tourism Development Act was among the 44 bills signed by the governor.

The tourism part of the bill repays developers from the sales taxes generated by amusement parks, museums and other attractions costing at least \$1 million and drawing 25 percent of their customers from out of state. The governor has the final say on which projects qualify.

MESA WAVEYARD DEVELOPER MAY ABANDON PROJECT

Mesa, Ariz. – The developers of the Waveyard water park are expected to terminate a land agreement with Mesa, signaling that the project may never be built, the *Mesa Tribune* reported.

The news comes as Gaylord Entertainment seeks to delay by three years its plans to build a 1,500-room resort in the community. That would push the project back to 2017.

Waveyard's deal to buy city-owned land was about to expire in July, and it hadn't submitted the required plans or proof of funding. Mesa extended a prior deadline by 18 months but wasn't willing to do so again, Jeffrey Gustin, Waveyard's chief operations officer, told the *Tribune*.

"It's the first step for us collectively to move forward," Gustin said. "We all recognize that it needs to happen."

Waveyard isn't giving up. The \$400 million project was first pitched as a 125-acre water park with a resort and shopping center in northeast Mesa. The Chicago Cubs now plan a 100-acre spring training complex on the city-owned land. Waveyard is working on plans for just a water park on the remaining land.

The *Tribune* said Mesa's termination letter said it intends to negotiate with Waveyard but cautioned it may not sign another deal.

Gustin said Waveyard has identified an interested New York investor. Waveyard will be easier to sell once work starts on the Cubs complex and investors can see neighboring amenities, he said.

"We're hopeful that we can sort of attach ourselves to the back end of that," Gustin said.

The Waveyard proposal was approved by 65 percent of Mesa voters in 2007.

Vice Mayor Scott Somers told the newspaper Waveyard would be a great fit, and he's open to talking with its developers.

"I fully expect that they're going to come back to us with a scaled down version of their plan," he said.

STEAMBOAT ATTRACTION COMING TO MEMPHIS

Memphis, Tenn. – A new Mississippi River steamboat company will call Memphis home, capitalizing on the city's cultural history and making the Bluff City the hub of North American river travel, the *Memphis Commercial Appeal* said.

The Memphis City Council approved a \$9 million federal Housing and Urban Development loan to seal the deal. The remaining \$22 million of the \$31 million project will be privately financed by the Great American Steamboat Co. and investors.

The project is expected to create 589 jobs – including headquarters, training, crew, guest services and maintenance positions – and reintroduce travelers to the cultural impact of Memphis and the joys of river travel in the central United States, officials told the newspaper.

"We're playing to our strengths," Mayor A. C. Wharton told the *Commercial Appeal*. "We're not trying to be anybody else. Let Memphis be Memphis and that's what we're trying to do. This is building on who we are. This is a golden opportunity."

The Great American Steamboat Co. has an agreement to purchase the American Queen from the U.S. Maritime Administration. Company representatives were considering sites in Mississippi and Tennessee but opted for Memphis after Mississippi officials asked the company to dock in Tunica and bypass Memphis, a company official said.

"It's a river city and we're pleased to be here," John Waggoner, president and CEO of Great American told the *Commercial Appeal*. "People really do want to come to Memphis for the music, for the barbecue and the culture."

In addition to docking for overnight stops in Memphis, the American Queen would winter in the city. Memphis also would be the site for maintenance and renovation work and the base for employees.

City officials said the project would have an annual economic impact of \$89.5 million.

The city will loan Great American \$9 million in federal funds for a term of 10 years, which will be repaid by boarding and docking fees paid by passengers. The boarding and docking fees will be \$89 per person. After the loan is repaid, the boarding and docking fees would drop to \$15.

The six-deck American Queen and its 436 beds would dock at Beale Street Landing. The Beale Street Landing docking facility is moving toward completion, but the park component designed for that project remains unfunded. The American Queen operation could help provide full funding to complete Beale Street Landing, city officials said.

The newspaper reported that overnight steamboats haven't been regularly plying the Mississippi since 2008, when the Delta Queen took a final cruise after losing its exemption from the 1966 federal Safety of Life at Sea Act that prohibits wooden ships from carrying more than 49 passengers overnight.

And less than three years ago, Ambassadors International – the firm that owned the American Queen, Delta Queen and Mississippi Queen – was forced into bankruptcy.