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Title: Developer to take plan for hotel to council

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The future of the historic President Hotel has returned to the Kansas City Council and, as before, the proposed redevelopment plan is charged with controversy.

Developer Ron Jury is taking his case for converting the empty building into a 214-room boutique hotel directly to the council after the Tax Increment Financing Commission voted in September to recommend scrapping the development deal after he missed a key deadline.

Councilman Troy Nash has agreed to reintroduce legislation in support of the hotel redevelopment plan before the council.

"We'll have an opportunity to deal with it on the floor," Nash said. "I'm for anything that will allow economic development downtown, and that means whether the building should be saved or demolished."

Top officials at the city-funded Economic Development Corp. and Greater Kansas City Convention and Visitors Bureau think that renovating the 77-year-old landmark at 14th Street and Baltimore Avenue into a hotel is economically foolish. They say the downtown hotel market does not need additional rooms at a time when the market is suffering and other city-subsidized hotels are hurting.

Jury, however, contends he has the necessary financing lined up for his \$46.7 million project and thinks the building can play an important role in the revitalization of downtown. The plan calls for the city to issue up to \$17 million in tax-increment financing bonds to support the project.

"There's definitely a market for downtown hotels, especially with the entertainment district coming on line, the possibility of H&R Block coming and the expansion of Bartle Hall," Jury said.

What's going on right now is a dismal hotel market, said Andi Udris, president of the EDC. He said the city had to pay \$750,000 last year to cover revenue shortfalls in city bonds issued to assist development of the Kansas City Marriott Downtown and the adjacent Muehlebach Hotel, and may have to cover a similar gap next year. Udris contends the President Hotel deal would exacerbate those existing subsidies, and create yet another to support the President.

"We are not open to the restoration of the President (as a hotel)," Udris said. "But we could consider it as a residential project."

Udris cited statistics furnished by the Convention and Visitors Bureau that indicated occupancy rates at downtown hotels have dropped to 53 percent, down from 66 percent in 1996.

Rick Hughes, the president and CEO of the convention agency, said the Jury project would "cannibalize the existing market."

"From our perspective, we should not be doing any hotel projects in the community that do not bring demand to the table," Hughes said. "A large convention hotel with the proper flag, in the future, is an example of a hotel that would bring demand to the table.

"It's too bad that the question of the President Hotel TIF has re-emerged."

Jury has been pursuing the project for two years and began preliminary work before running out of funds. Several mechanics liens have been filed against the property and the developer owes about \$2 million for work already done.

Still, he has another line of private funding committed from the Marshall Group, a Minnesota lender, and is armed with projections that indicate the market should be much healthier by the time the President would begin receiving guests in spring 2005.

The council's Finance Committee is expected to take up the matter at its meeting Dec. 3.

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