

President aspirations rest with City Council

By Jim Davis. Kansas City Business Journal: January 2, 2004.

Kansas City's economic development chief vows that he won't lodge any more complaints about the President Hotel's reopening if the City Council approves tax increment financing.

But Andi Udris admitted to lingering reservations about the project's timing.

"If the City Council says, 'We want to save the building,' I think we have a way to do that," said Udris, CEO of the Economic Development Corp. of Kansas City. "But we need to make sure everyone is on board with the same plan."

Ron Jury, who leads the hotel's ownership group, said the City Council's Finance Committee was to consider a TIF request for the President on Jan. 7. An agenda for the meeting on the city's Web site shows a resolution that affirms the city's financing commitment still is being held in committee.

Still, Jury said Kansas City Mayor Kay Barnes and Councilman Chuck Eddy, the Finance Committee's chairman, have assured him of the hearing on Jan. 7.

Barnes and Eddy could not be reached for comment.

Jury's group, President Hotel LC, wants as much as \$17 million of public support for its anticipated \$44 million outlay to reopen the President at 1329 Baltimore Ave., closed since 1980. The hotel is to contain 214 guest rooms and affiliate with Hilton Hotels Inc.

TIF diverts local taxes generated by a development to offset the cost of improvements that provide public benefits.

Jury said his group intends to use most of its reimbursement on the hotel. He couldn't provide details but said his group would be willing to let the city build a parking garage on property it controls north of the hotel, provided the hotel would be able to use some of the spaces. In the meantime, he said, hotel guests could use 127 parking spaces his group controls in adjacent surface lots.

Mark Latshaw owns another vacant parcel north of the hotel. Latshaw leads a group that recently reopened the former Kansas City Club, a project he said suffers from a lack of parking.

Udris first voiced opposition in mid-2002 to the President's reopening. He wanted to raze the hotel, which opened in 1925, and replace it with a park.

With the downtown hotel market suffering through its lowest occupancy levels in a decade, Udris said the city doesn't need more rooms right now.

Jury's request for public support becomes more problematic with the Muehlebach Tower of the Kansas City Marriott Downtown requiring the city to provide money beyond its TIF outlay, Udris said.

"Our objection isn't with Ron Jury," Udris said. "It isn't with the project. It's that right now we don't need those additional hotel rooms."

Udris said he still thinks Jury's renovation budget of more than \$200,000 a room is too high.

"If the hotel industry could be given a couple of years after the entertainment district, no one will have a complaint (about the President)," Udris said.

H&R Block Inc.'s planned downtown headquarters, an expansion of Bartle Hall and a proposed downtown performing arts center will boost demand further, he said.

The entertainment district is to open in the summer of 2006.

Jury said that he hopes the President will be ready sooner and that he wants to resume work by the end of the first quarter, with the restoration taking 16 to 18 months.

This timetable anticipates the hotel's completion in the summer or fall of 2005.

Jury said he spoke with David and Blake Cordish of The Cordish Co., which is developing the entertainment district, when they were in Kansas City in December to announce the district. Jury said the Cordishes think his plans for the President complement theirs for Kansas City Live, as the district is called.

The Cordishes could not be reached for comment.

Kansas City Councilman Troy Nash, who introduced a resolution in December for the President, said he won't take sides on the project's viability before hearing more evidence.

Nash said Jury deserved a hearing.

"Let it go through the process, and let it come out," Nash said.

Jury announced plans to reopen the President in September 2001, but his financing collapsed a year later.

It took him about a year to find a new source, The Marshall Group, based in Minneapolis.

David DeBauche, Marshall Group's vice president of commercial finance in suburban Chicago, said he's more hopeful about the hotel's prospects than when he underwrote a \$24.1 million construction loan because of the announcement of plans for the entertainment district and H&R Block's new headquarters.