

Nobody Asked Me, But... No. 26

Energy Usage and Potential Savings; Great Art in Hotels; Lifestyle Hotels; The Minimum Wage Issue; Quote of the Month

By Stanley Turkel, MHS, ISHC

1. Energy usage and potential savings- This year, Americans will consume close to four trillion kilowatt hours of electricity. In addition, we will burn through a hundred and forty-three billion gallons of gasoline, which at current retail prices will cost us some three hundred and sixty billion dollars, and twenty-six billion gallons of jet fuel, worth fifty billion dollars. To heat our homes and businesses this winter, we will purchase sixty two billion dollars worth of natural gas and heating oil, and just to grill our weenies we will buy some seven hundred and seventy one million dollars worth of charcoal briquettes. In 2007, total energy expenditures in the U.S. will come to more than a quadrillion dollars, or roughly a tenth of the country's gross domestic product. Is there a way that hotel developers can build less wasteful hotels?

One hotel developer who has learned how to build new hotels that meet LEED standards is Vail Resorts, Inc. who announced one of the most ambitious "green" development projects in the North American resort industry to date, to be called "Ever Vail." The \$1 billion project will transform the 9.5 acre site, currently known as West LionsHead, into a truly "green" multi-use resort village consisting of residences, a hotel, offices, retail shops and restaurants, mountain operations facilities, a public parking garage, a new gondola and related skier portal and a public park. The name, "Ever Vail," was thoughtfully chosen to reflect the project's guiding principle of sustainability – that is, pairing Vail Mountain's enduring preeminent position in the resort industry with an ongoing commitment to minimize the Company's foot print on the land. If approved, Ever Vail will be the largest LEED-certified project for resort use in North America and is one of the first proposed projects for consideration in LEED's new "Neighborhood Development" certification program.

The "LEED for Neighborhood Development" rating system, established on Feb. 1, 2007, integrates the principles of smart growth, urbanism and green building into the first national standard for neighborhood design. LEED certification provides independent, third-party verification that a development's location and design meet accepted high standards for

environmentally responsible, sustainable development. LEED for Neighborhood Development is a collaboration among the U.S. Green Building Council, the Congress for the New Urbanism and the Natural Resources Defense Council. Currently there are no projects registered in the LEED Neighborhood Development program. Ever Vail would be one of the first projects under this newly formed certification. Vail Resorts plans to develop 100 percent of the project's buildings to meet LEED criteria.

As Pogo wrote, "we stand here confronted by insurmountable opportunities."

2. Great Art in Hotels- four hotels and a university club where masterpieces are on exhibit:

- Sonesta Hotels & Resorts- works by Jasper Johns, Claes Oldenburg, Robert Rauschenberg and Andy Warhol transform Sonesta Hotels into art galleries. These works of art are part of the chain's 7000-piece contemporary collection. In the Royal Sonesta Hotel in Cambridge, Ma., a stainless steel sculpture by Sir Anthony Caro is on exhibit.
- The Phoenician Hotel & Resort, Scottsdale, Arizona has a museum-quality collection of European, American and Asian Fine art and antiques including 18th-century French tapestries, Louis XVI commodes, Chippendale mirrors and 16th-century landscapes.
- Mauna Kea Resort, Hawaii- Thanks to Laurance S. Rockefeller, this hotel features some of the finest Asian-Pacific folk art including a giant seventh-century pink-granite Buddha, Maori war masks, hand-made Hawaiian quilts, Thai bronze guardian dogs and a scary-looking Garuda (half man- half bird) that once protected a Siamese temple.
- 21c Hotel Museum, Louisville, Kentucky- this new 91-room boutique hotel was designed to house \$10 million worth of avant-garde works by living artists including Tony Oursler's disembodied frog-like talking heads and four-foot red polyethylene penguins. Sections from the museum's collection appear from the basement-level gallery to the walls in Proof on Main, the hotel's sophisticated restaurant, run by Drew Nieporent's Myriad Restaurant Group.

- Harvard Club of New York City- since its dedication in 1894, the Club has actively collected art to decorate its walls. There are painted and sculpted portraits, game heads and antlers, tapestries and Harvardiana (photographs, prints, banners, plates, documents and theatrical posters) dating back to the 1850's.
- Jumeirah Essex Hotel, New York City- unveiled contemporary works by noted Korean photographer Atta Kim and the American painter Mark Innerst as part of their new "artists-in-residence" program. The Hotel's curator Katherine Gass commissioned these two internationally-known artists to create major works for the newly redesigned lobby. General Manager Scott Dawson said, "The hotel's vintage advertising dating from 1934 displayed in the exhibition says it best, 'Always in touch with the Park; never out of touch with the City.'" The program also includes a collaboration with the Museum of the City of New York and Magnum Photos in the form of an exhibition of historic images of Central Park curated by Gass from their archives that dates from the mid-1800s to the present.

3. Lower- Priced Room Boom- Did you take notice of the epidemic of new wave brands which are called "lifestyle" hotels"?

- NYLO Hotels- created by Michael Mueller, former SVP at Starwood, with loft-like rooms with high ceilings and state-of-the-art electronic features.
- Aloft by Starwood- with "stylish design, accessible technology, hip urban attitude" and exposed beams, nine-foot ceilings, oversized showers, communal lobby areas.
- 25hours Hotel Company- style-driven with trendy, affordable accommodations in Germany. Each hotel will have the core 25hours name with a concept name related to the destination.
- CitiStay Hotels- a new concept aimed at Generations X and Y is developing "CitiScreens", a computerized system to perform the function of a concierge, accessed through the guestrooms' flat-screen televisions.

- The Pod- BD Hotels which owns the upscale Chambers and Mercer Hotels is opening the The Pod Hotel, a sub-economy property designed to appeal to younger travelers. It will feature bunk beds, complimentary WiFi service, an iHome to plug in your MP3 player and a pair of small flat screen TVs. But you may not have a private bathroom. Nearly half of the Pod's 347 rooms utilize shared bathrooms.
- Hyatt Place- guests can check in and get room keys at a lobby kiosk or grab snacks from a takeout area by punching in orders and swiping keycards to pay.
- Cambria Suites- a new all-suites brand from Choice Hotels offers a CD and DVD player, free WiFi Internet, MP3 plug-ins and two flat-panel television sets.
- YOTEL- a London-based concept that falls somewhere between Japan's stark capsule hotels and an Ian Schrager- esque design. In just 108 square feet, each guestroom offers funky, high-end accommodations complete with rotating sofa beds that pull out from the wall, wooden walls with recessed storage and a pull-down leather desk, sophisticated lighting, flat-screen televisions and Wi Fi Internet access.
- Dakota- another UK 'cheap chic' concept with guestrooms which feature an interior décor mix of wood, leather and brick, oversized beds, walk-in showers, workstations with broadband Internet access, flat-screen televisions and built-in shelves to replace armoires.

4. The Minimum Wage Issue- The prestigious International Society of Hospitality Consultants (ISHC) recently voted the top issues and challenges for 2007. While the first issue was "Labor & Skills Shortage", there was no mention of the minimum wage (which has been unchanged for ten years) as a factor. Nationally, the number of workers earning the minimum wage has shriveled in the United States. In 2005, fewer than 2 million people earned no more than the federal minimum wage, down from 4.4 million as recently as 1998. These workers were concentrated overwhelmingly in local service industries which are relatively insulated from competition with imports and in occupations which are difficult to mechanize. 1.2 million of them are in the leisure and hospitality industry: hotel maids, restaurant cooks and others making up almost 64 percent of all minimum-wage workers in the country.

Unlike a manufacturer, a motor inn in the United States can not relocate to China when its labor costs rise nor can it outsource bed-making or salad tossing. Until a machine is developed to clean a guestroom and to sauté the vegetables, it will be hard for employers to replace workers even if Congress agrees to increase their pay to \$7.25 an hour from \$5.15 over a couple of years.

Just take notice of the Los Angeles City Council which recently approved a living wage ordinance for workers at hotels near the Los Angeles International Airport. It guarantees wages and benefits of at least \$10.64 per hour to workers at 18 hotels- along Century Boulevard.

It may be time for hotel industry leaders to share some of their recent spectacular profits with the hotel employees who help to make it all possible.

5. Quote of the Month-

“Don’t ask yourselves what the world needs. Ask yourself what makes you come alive, and then go do that. Because what the world needs is people who have come alive.”

Harold Thurman Whitman

Stanley Turkel, MHS, ISHC operates his hotel consulting office as a sole practitioner specializing in franchising issues, asset management and litigation support services. Turkel’s clients are hotel owners and franchisees, investors and lending institutions. Turkel serves on the Board of Advisors at the NYU Tisch Center for Hospitality, Tourism and Sports Management. He is a member of the prestigious International Society of Hospitality Consultants. His provocative articles on various hotel subjects have been published in the Cornell Quarterly, Lodging Hospitality, Hotel Interactive, Hotel Online, AAHOA Lodging Business, Bottomline, New York Times, etc. If you need help with a hotel operations or franchising problem such as encroachment/impact, termination/liquidated damages or litigation support, don’t hesitate to call 917-628-8549 or email stanturkel@aol.com.