

Nobody Asked Me, But.... No. 32

Rhode Island Improves Franchise Rules, What's Up With Canada? Conversion of a Jail Into a Hotel, The Richest (and Poorest) Places in the U.S.

By Stanley Turkel, MHS, ISHC

1. Rhode Island Improves Franchise Rules- As I have written earlier, the place to improve the laws governing franchise rules is in the state capital. Recently, Rhode Island lawmakers tightened the state's laws governing franchise contracts by extending the amount of notice franchisors must give franchisees before making significant changes in their agreement-including terminations. Rhode Island's is the first state law of its kind since Iowa passed one in 1992. The law is also similar to a 24-year-old Wisconsin law. Some franchisor lawyers predicted, in a veiled threat, that the new law could cause some franchisors not to franchise in Rhode Island. In 1992, the Iowa franchise law caused Holiday Inns, McDonald's and other franchisors to boycott the state. If that happens in Rhode Island, it will open the doors to smaller hotel franchise companies such as Vista Inns, Americas Best Value Inns, Budgetel, Settle Inns who operate fair franchising companies.

2. What's Up With Canada?- In the current issue of Franchise Times, columnist Philip F. Zeidman, Esq. of DLA Piper US LLP, asks rhetorically "What's Up With Canada?" He then worries that while there is a "decreased appetite" for franchise laws in the United States there seems to be "pots boiling" in Canada. From Alberta to Ontario, to Prince Edward Island, to New Brunswick, to Manitoba there are new franchise rules being considered. To Zeidman, this poses special problems for franchisors. He clearly doesn't understand that franchisees need this kind of legislative protection because, left alone, some franchise companies have in the past abused and cheated franchisees.

Remember, that in the face of such abuse in the United States in 1972, the Federal Trade Commission held extensive hearings resulting in the Franchise Rule which mandated the distribution of the indispensable Uniform Franchise Offering Circular.

3. Conversion of a Jail into a Hotel- The New York Times (August 30, 2007) reported that the Old Charles Street Jail in Boston will be reborn as the luxurious Liberty Hotel. There will be iron bars on the first two floors of the building, including the ballroom. The prison guards' catwalks, which once flanked the cell blocks, now overlook the lobby. Completed in 1851 by the architect Gridley James Fox Bryant on a site at the foot of Beacon Hill, the Charles Street Jail is a national, state and city landmark. Sleeping in an authentic jail cell will not be possible. Most of the 200 guestrooms, which will cost about \$300 to \$350 a night for a standard room, will be in a new tower adjoining the jail. Those who book one of the 18 rooms in the old building will find themselves in units much larger than the original 7-by-10-foot cells. Richard L. Friedman, the Boston developer responsible for reinventing the jail said, "the rooms in the new tower are not reflective of the jail except for references in interior design. The custom draperies have beautifully and elegantly done imprints of jail bars. And our Do Not Disturb signs will read: Solitary". The hotel restaurant will be called the Clink and the bar Alibi.

4. The Richest (and Poorest) Places in the US- Maryland is now the wealthiest state in the union, as measured by median household income, according to the latest stats from the Census Bureau.

The typical Maryland household earned \$65,144 in 2006, propelling it past New Jersey, which came in second with earnings of \$64,370, but had led the nation in 2005. Connecticut finished in third place both years, recording a median income of \$63,422 in 2006.

Maryland's income was nearly double that of Mississippi, which, with a median of \$34,473 was the nation's poorest state. West Virginia, where the median household earned \$35,059 was second poorest and Arkansas, at \$36,599, was third. The median income for the United States as a whole came to \$48,451. Income growth was highest in the District of Columbia, where it rose 6.4 percent for the year. Median income in both Nevada and New Mexico jumped 4.5 percent. Delaware, down 2.9 percent, took the biggest dip, followed by Rhode Island (down 2.0 percent) and Maine (down 1.6 percent).

Among places with 250,000 or more residents, the affluent Dallas suburb of Plano, Texas boasts the highest median income \$77,038. San Jose came in second at \$73,804 and San Francisco was third with \$65,497.

The list of the 10 poorest cities was filled with mostly old, northeastern and mid-western industrial locales. Cleveland had the lowest median income of any city in the nation with more than 250,000 residents; households there earned just \$26,535. Miami was the next poorest at \$27,088, followed by Buffalo (\$27,850), Detroit (\$28,364), St. Louis (\$30,936) and Cincinnati (\$31,103).

Other poor sun-belt cities included Memphis (\$32,593) and El Paso (\$33,103). With median income of \$33,229, Philadelphia was the only city among the nation's 10 biggest that was also among the 10 poorest cities.

Among towns of between 65,000 and 250,000 in population, Yorba Linda, California, where six-figure incomes are the rule, had the highest median income at \$121,075. The Orange County town is considerably wealthier than the second place city, Pleasanton, California, in the Bay area, which had a median income of \$105,956.

The lowest income town of any with more than 65,000 population was Youngstown, Ohio at \$21,850, which finished last by a large margin. Muncie, Indiana was its closest rival for this dubious distinction, with residents there earning \$25,859.

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If you would like to reserve an autographed copy of Mr. Turkel's new book "Great American Hoteliers: Pioneers of the Hotel Industry" (to be published at the end of 2007), send an email to stanturkel@aol.com.