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Framing the Issue

Saving the Executive Inn

What, if anything, should our community do?

By Rodney Berry



A gift to our community

About 30 years ago, businessman Bob Green opened the Executive Inn Rivermont in downtown Owensboro. The people of Owensboro and Daviess County had been good to Green. For many years, Owensboro Municipal Utilities purchased the coal his company mined near Panther in Daviess County. His construction company built area parkways.

The "Big E" was an energizing venture for Green, and he viewed it as a way to give back to the community. The project was the talk of the town, and local citizens monitored the construction with cheerful eagerness, if not astonishment that such a place would adorn our downtown riverfront.

The Executive Inn was also a positive, high-profile development,

cushioning the hard times inflicted on the downtown retail core by Towne Square Mall which opened not long after the hotel.

Appealing features and programs

The Executive Inn featured a six-story atrium, a performance showroom extending over the Ohio River, a riverside pool and deck, space for convention meetings and exhibits, retail shops and more. Seemingly overnight and for the first time, Owensboro became a competitive convention destination with the hotel and the celebrity entertainment it introduced. Fans packed the hotel on weekends. Country music star Charlie Rich opened the hotel, followed by the likes of Red Skelton, Frank Sinatra, Jr., Dionne Warwick, Loretta Lynn, Frankie Valli and the Four Seasons, Paul Anka and many more.

Growth and sliding standards

Responding to this success, Green expanded the hotel to 644 rooms and added another exhibition center. Citizens appreciated the hotel, but they were disappointed that the additions did not live up to the aesthetic appeal of the primary building, that the river bank was left unmanicured, that a planned marina was never built, that there was hardly any exterior landscaping, and that the complex did not relate well to the surrounding downtown.

Nonetheless, the community clearly treasured the Executive Inn and recognized its importance to our local economy.

Tragedy brings changes

In 1991, Bob Green was killed in an automobile accident in Indiana. Not long thereafter, it was apparent that he had been subsidizing the hotel, which had not been sustaining its earlier success. Moreover, hotel-convention center competition intensified across the state, and the Executive Inn was in need of some major renovation.

Over the next several years, the hotel (and community) endured a series of foreclosures that resulted in acquisition by absentee owners who were not always reputable. One of the owners, with connections to the Church of the Avenger in Florida (a white separatist organization), used the hotel in an investment scam that led to the conviction and imprisonment of a key figure in the group.

New focus for hotel

Prospects were encouraging when Illinois businessman John Bays bought the hotel in 1999. Bays made substantial interior and exterior improvements, and his commitment and determination made him popular. At the same time, it was clear that he was positioning the hotel to add a riverboat or land-based casino if the state legislature authorized gambling as a consequence of a local referendum.

Hope for a casino

After the state legislature failed to act on expanded gaming legislation in 2005, Bays sold the hotel to Minnesota/Owensboro Executive Inn LLC. The new owners closed rooms and then faced the cleanup after a fire in a west wing. They now offer 400 rooms.

Efforts continue to move gaming legislation through the Kentucky General Assembly, led by state Sen. David Boswell, an Executive Inn employee. But without the support of Gov. Ernie Fletcher, the initiative has not gained effective momentum. Democratic candidates and Republicans

who hope to unseat Fletcher are divided on the issue.

Hurdles for the gambling strategy

How long will the Minnesota group wait for gaming legislation to pass? Will the influence of the horse industry restrict expanded gambling to race tracks? If legislation authorizes local communities to vote on whether to allow gaming, will voters in Owensboro-Daviess County approve it? If some number of casinos is authorized statewide, can the hotel submit a competitive proposal when up against major corporations that now dominate the gaming industry? There are lots of "ifs" that some would say threaten the prospects of the Executive Inn.

Unsettling reports

Executive Inn occupancy rates and convention business appear to be decreasing, but the hotel continues to offer entertainment and weekend packages. The new owners report that they are planning additional facility upgrades, but local officials acknowledge that they still hear complaints from occupants about the condition of the hotel.



Still an important asset

Nonetheless, the Executive Inn is still a vital element of our local economy and tourism infrastructure. It is still one of our largest employers (250 employees), a major contributor to county government through the room tax, the largest provider of hotel rooms and the only one to offer significant support space for complementary events. Without it, we could not attract conventions, sports tournaments, festivals and other events.

Justifying investments

At the same time, if indeed the hotel is losing money and the prospects for a casino are dim, can the owners justify investing the large sums required to ensure that facilities are appealing, distinctive and competitive?

Question of government ownership

Convention centers are typically developed by local or state governments as "loss leaders" - facilities that are not expected to make money but are justified by the investment, sales and jobs created through nearby hotels, restaurants and more. Because of the Executive Inn, Owensboro-Daviess County leaders have not perceived a need to develop a municipal convention center. Many consider that an advantage for our community; others point to the benefits of a publicly owned and controlled center that

can coordinate events involving multiple hotel properties.

Central to master planning

Our community is currently considering an ambitious package of municipal projects: arena-events center-convention center, ice rink-recreational complex, parking garage, state office building, baseball stadium-outdoor concert venue, parking garage – all to complement the \$50 million federally financed Riverfront Master Plan. The plan includes a retaining wall at Smother’s Park downtown to accommodate an extensive improvement and expansion of the park, a riverfront walkway to link downtown with English Park, where boating facilities are under construction.



It is hoped that these public projects will stimulate considerable private investment: office, hotel, residential, retail, restaurant and entertainment additions to our downtown.

- With regard to the walkway to English Park, the Executive Inn is a key variable. Planners and engineers estimate that it could cost as much as \$8 million more to wrap the walkway around the Executive Inn’s Showroom Lounge. Given the circumstances of the hotel, is this an appropriate investment?

- With regard to the master planning for the various community projects, the Executive Inn is a key variable. Downtown sites are difficult and expensive to assemble. The projects that are under consideration require considerable land and should be planned with one another in mind so as to effectively manage traffic and pedestrian flow, parking, synergy, spin-off development sites and more. If the Executive Inn is not sustainable, would it not make sense to raze the building and use the property as a central area for some combination of these community projects?

DISCUSSION QUESTIONS

With this in mind, how should we, as a community, respond to this pivotal challenge?

- Should local government and advocates step back and allow the marketplace to drive the future of the hotel and our downtown?
- Should we rally around an Executive Inn casino as the most promising strategy to sustain the hotel?
- Should the hotel be acquired and the land used for a cluster of new downtown projects?

OPTIONS

OPTION #1

ALLOW THE MARKETPLACE TO DRIVE THE HOTEL’S FUTURE

This option suggests that the future of the Executive Inn should be determined exclusively by the skills, capacity and decisions of its corporate management. The marketplace should shape the hotel’s future.

THOSE WHO SUPPORT THIS OPTION MAY SAY...

- In our free enterprise system, some businesses flourish; others run their course. That’s the way it goes.
- The Executive Inn has been a solid corporate citizen, but its new ownership group knew the risk it was taking.
- Taxpayers should not absorb the cost of any incentives, low-interest loans, buyouts or bailouts.

THOSE WHO OPPOSE THIS OPTION MAY SAY...

- If responsible governmental support can save the Executive Inn, then it should be made available in order to save such a vital community resource and tourist attraction.
- This challenge affects more than the Executive Inn ownership group. The hotel supports hundreds of families, spin-off businesses, even other hotels.
- The taxpayers are investing \$50 million in the Riverfront Master Plan. That investment should be protected. It would be a disaster if an abandoned, boarded-up hotel-convention center tainted an otherwise attractive riverfront improvement.

OPTION #2

SUPPORT THE EXECUTIVE INN’S GOAL TO ADD A CASINO

This option would likely involve a three step process: 1) the state legislature would approve expanded gaming that would not be restricted to race tracks (and the governor would not veto it); 2) local voters would adopt a referendum to allow gaming; and 3) a state gaming authority would select the proposal submitted by the Executive Inn and/or local governments.

THOSE WHO SUPPORT THIS OPTION MAY SAY...

- An Executive Inn casino would guarantee the long-term success of the hotel.
- A casino would generate a significant number of good-paying jobs and revenue for local government (that heretofore has supported Indiana schools).
- Gambling is already available through race tracks, lottery and bingo. If people want to gamble – here or other places – there are plenty of opportunities.

THOSE WHO OPPOSE THIS OPTION MAY SAY...

- The social costs of gambling (addiction, financial losses, family pressures) are not worth the benefits. An Executive Inn casino would lure many more local people into gambling.
- We should fund vital government programs through fair taxation of all rather than through gambling revenues.
- If a hotel-convention center needs a casino to be successful, then it will not be a sustainable community asset. The gambling market is already saturated with casinos in Evansville and French Lick. If a casino fails, our community will be left with even more worthless property.

OPTIONS

OPTION #3

ACQUIRE THE HOTEL, USE THE LAND FOR A NEW COMPLEX

This option assumes that the Executive Inn will not succeed in the long-term and that the property should be acquired by local governments, a public agency, a public-private community development group, or a private philanthropic group. The property would then be sold or discounted for purposes of developing a portion of the community's downtown master plan.

THOSE WHO SUPPORT THIS OPTION MAY SAY...

- It does not make sense for the walkway to English Park or major downtown community projects to have to wrap around the Executive Inn property if the hotel is not viable for the long term.
- This could be a win-win: The Executive Inn owners could recoup a large amount of their investment and the community will have land needed for major projects.
- This could reduce the cost of the riverfront walkway to English Park by as much as \$8 million.

THOSE WHO OPPOSE THIS OPTION MAY SAY...

- The Executive Inn property alone is not large enough to accommodate all the projects under consideration. If owners of nearby property are not interested in selling, there will be pressure to acquire the land through eminent domain.
- If these speculative developments do not occur, taxpayers could be stuck with the property.
- Rather than spend public funds on an expensive walkway connection around the Executive Inn property, we could allow the hotel to connect with the walkway at its own expense.

Which option, or which combination of options, do you support? Are there other or better options?



LEARN MORE

Riverfront Master Plan
<http://www.owensboro.org/page.php/Riverfront/>

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