

From: Derek Felch [mailto:Derek.Felch@hilton.com]
Sent: Wednesday, March 24, 2010 9:21 AM
To: Scott McCullough; robchestnut@sunflower.com; mikeamyx515@hotmail.com; aroncromwell@gmail.com; ljohnson@peridiangroup.com; mdever@sunflower.com
Subject: Rezoning Request - McDonald Drive

Gentleman:

I was hoping to attend the Planning Commission meeting tonight, but I have family obligation and will not be able to attend. However I did want to present my thoughts/comments on the issue regarding the rezoning request for another hotel in Lawrence.

I recognize as a business operator that no one likes to see more competition enter that marketplace in their particular industry. So in all honesty, I obviously have a biased interest in this request.

What I would like to suggest though is that Lawrence should be cautious in allowing too many hotel rooms when demand is not growing at the same pace. For some reason hotel operators are notorious for overbuilding in a town and then supply far exceeds demand and rates begin to fall. Lawrence has benefited from not being overbuilt and thus there are several days a year that the entire town fills up. However, those days do not equate to more than a couple dozen. What has resulted from our current number of available rooms is the opportunity for some of the hotels to actually raise rates vs. lower them during this economic slowdown. Higher rates equals higher guest tax which does directly impact the city's budget. By allowing more and more people to build hotels, without adding new demand generators, you will see room rates fall as hotels try and compete for a dwindling amount of business, and thus guest tax receipts lowered.

I have been in this hotel since 2003. During that time, while Lawrence has added no new rooms until 2010 where we have now added close to 100 new rooms with the Oread, I have seen demand dwindle during peak times due to the many new rooms built in the Kansas City area that are giving people more choices where to stay before even reaching Lawrence. There are more hotels slated for the Bonner Springs/Legends area as well as the casino which will bring more rooms in as well. This will continue to drain demand for the Lawrence market. By adding even 65 more rooms to the Lawrence market, what we are doing is further spreading the same amount of pie (which is gradually decreasing) amongst more people.

I would propose that the city hold off on adding more rooms until the market has shown it to be necessary. Just my opinion and I would be happy to answer any questions or discuss this topic further.

Thank you for your time and your service to our city.

Respectfully,

Derek Felch
General Manager
Hampton Inn
Lawrence, KS
785-841-4994