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NIAGARA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

PUBLIC HEARING REGARDING:

METROPOLIS PROPERTIES MANAGEMENT, LLC

September 4, 2018
3:00 P.M.

Taken at: Niagara Falls City Hall
 745 Main Street
 Niagara Falls, New York 14301

1 PRESENT: SUSAN LANGDON,
 2 Executive Director,
 3 Niagara County Industrial
 4 Development Agency.
 5 Appearing as Hearing Officer.

6 REPORTED BY: DAWN M. SITERS,
 7 Court Reporter.

8 ATTENDANCE NOTED ON ATTACHED SIGN-IN SHEET

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 10
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1 MS. LANGDON: Welcome. The
2 public hearing is now open. It's 3:03 p.m. My name
3 is Susan Langdon. I'm the Executive Director of the
4 Niagara County Industrial Development Agency. I
5 have been designated by the Agency to be the hearing
6 officer to conduct this public hearing.

7 We are here to hold the public
8 hearing on Metropolis Properties Management, LLC
9 and/or individuals or affiliates, subsidiaries or
10 entities formed, or to be formed, on its behalf.
11 The transcript of this hearing will be reviewed and
12 considered by the Agency in determination of this
13 project. Notice of this hearing appeared in the
14 Niagara Gazette on August 9, 2018.

15 The proposed project includes the
16 acquisition and renovation of the former St. Mary's
17 Hospital on Sixth Street into a four-star hotel with
18 related amenities.

19 The proposed financial assistance
20 contemplated by the Agency includes New York State
21 and local sales and use tax exemption benefits and
22 mortgage recording tax exemption benefits in
23 compliance with the Agency's uniform tax exemption

1 policy.

2 If you have a written comment to
3 submit for the record, you may do so. Written
4 comments may also be delivered to the Agency at
5 6311 Inducon Corporate Drive until the comment
6 period closes on September 6, 2018.

7 If anyone is interested in making
8 a comment, please raise your hand, state your name
9 and address. If you are representing a company,
10 please identify the company.

11 Does anybody wish to make a
12 comment on this project?

13 MICHAEL MARSCH: Michael
14 Marsch, Vice-President of Operations of Merani Hotel
15 Group. I will make very brief comments.

16 So in terms of this project
17 for short-term future hotel projects, just looking
18 at the facts from the Smith Travel Research Report
19 from July of 2018 here to date, as I think many of
20 us know, the room supply has increased in the
21 marketplace, up 4.4 percent versus 2017. And
22 demand, although it is has improved, which is great,
23 has not kept up with th supply, only being up 3.4

1 percent.

2 I would say that those numbers may
3 be a little skewed, because I don't believe we've
4 seen the full impact of the Hyatt Place opening,
5 which is 128 guest rooms. Likewise, the Holiday
6 Inn Express on Grand Island, I think can also have
7 an impact, that has recently opened, as well. And
8 that has 105 hotel rooms associated with it.

9 Noting that there are two other
10 projects in the works, including the Wonder Falls
11 project, which is projected to have 300 additional
12 rooms, and the Hotel Niagara, with a potential of
13 139 additional rooms, puts the increase in supply
14 with regards to those four properties, the two
15 recent openings, as well as those two anticipated
16 openings, close to 700 additional rooms. That is a
17 concern of the industry.

18 And I think, as everybody is well
19 aware, our company is very supportive of investment
20 and public funding of public and private ventures in
21 the area to spur the economy. But at this point in
22 time it's our position that we don't feel another
23 hotel is warranted, given the current supply and

1 demand.

2 MS. LANGDON: Okay. Thank
3 you, Michael.

4 MICHAEL MARSCH: You're welcome.

5 MS. LANGDON: Does anybody
6 else wish to comment? Sean.

7 SEAN MACKENZIE: Yes. If
8 I may briefly respond to Mr. Marsch's comments.
9 Sean MacKenzie, Magavern, Magavern & Grimm, counsel
10 on behalf of applicant, Metropolis Properties
11 Management, LLC. I'm here with Tianyi Du, who is
12 the representative here of the company today.

13 And to respond briefly to Mr.
14 Marsch's statement. Yes, there's been a 4.4
15 increase in supply, and we're aware of that study,
16 as well as the 3.4 increase in demand. However,
17 we were starting from a point where there was
18 historically a lack of supply. Which is why you've
19 seen so many new hotels built, not just here, but
20 going up the Boulevard, as well. And these are
21 decisions that have been made by national chains and
22 people that are very knowledgeable on the principles
23 of supply and demand.

1 Additionally, my clients are
2 presently -- although it's a different corporate
3 entity, it is the same principal owners as are
4 constructing the -- reconstructing the AM&As
5 building in Buffalo. And that's a 60 million dollar
6 project. So they, too, are well-schooled in the
7 intricacies of supply and demand.

8 There is also an additional factor
9 as particularly relates to the hotel, the St. Mary's
10 Manor renovation. Obviously, it's a historic
11 landmark. It's over 100 years old. It's on the
12 National Registry of Historic Places. The plan
13 and the drawings and the specifications call for
14 preservation. In fact, I wouldn't even call it
15 preservation, I'd call it rejuvenation. But the
16 historical character of the property will be
17 maintained and, in fact, enhanced, as well as
18 surrounding properties.

19 I think, you know, those of us
20 that know the area, as I do, having grown up not too
21 far from where we're sitting right now, this has
22 been a traditionally tragically economically
23 depressed area. The unemployment rate in the

1 immediate area is nearly 30 percent. Just in the
2 four-block area where we have looked, there are
3 nearly 30 properties that the city has had to take
4 back on its tax rolls due to them falling -- having
5 been condemned or fallen behind on tax arrears.

6 And although not part of this IDA
7 application, the Metropolis Properties Management
8 does intend to purchase a number of those city lots,
9 in fact, all of them if we could, and build new
10 townhouses that would operate as Airbnbs in
11 conjunction with the hotel. Where, say, you're
12 traveling with family, you could rent a townhouse
13 instead, but still maybe take advantage of all the
14 amenities that the hotel would provide; the gym;
15 the restaurants, the spa, room service, so on and
16 so forth.

17 The final comment that I would
18 make in response to Mr. Marsch's comments is that
19 we are also capitalizing on a demographic that is
20 presently in large part not staying on the U.S.
21 side of the border.

22 The principals are all -- I don't
23 think are all Chinese, but the majority are Chinese

1 and Malaysian, one is Malaysian. But they also have
2 economic and business relationships with Chinese
3 tourist companies. So all these tour buses that you
4 see coming over the bridge every day and unloading,
5 and then getting back in and going back to Toronto,
6 or just on the other side of the border, they would
7 be -- they're the demographic that are being
8 targeted. Those are the individuals that would be
9 filling this 200-room luxury hotel.

10 Although, there will, no doubt,
11 be competition with the already established hotels.

12 Our goal is to seek out those who
13 aren't coming here already, who wouldn't otherwise
14 stay here, who might come for the day, but they're
15 going to pick a hotel that's across the border. And
16 with the business and the economic ties that the
17 principals of this project have with the Chinese
18 tourist industry, they've already got these
19 arrangements in place, where they're going to be
20 working in conjunction with each other.

21 So it's not going to be, we hope
22 we get reservations. They're going to be booked
23 years in advance.

1 And I can appreciate Mr. Marsch's
2 comments, because there has been an explosion of
3 hotels. But the fact that it's a net overall one
4 percent in additional capacity, I don't want to
5 diminish it, and there are new projects coming down
6 the line, but I think in comparison to what the
7 differentiation of my client's business model is
8 as compared to just throwing up a Comfort Inn &
9 Suites, it's significantly different. Thank you.

10 MS. LANGDON: Thank you.
11 Does anybody else wish to speak?

12 Okay. There being no new
13 comments, it's now 3:12. I will close the public
14 hearing. Thank you very much for coming.

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17 (The proceeding was concluded at 3:12 p.m.)

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**SIGN IN SHEET
PUBLIC HEARING**

September 4, 2018
at Niagara Falls City Hall

regarding:

Metropolis Properties Management LLC and/or Individual(s) or Affiliate(s), Subsidiary(ies), or Entity(ies)
formed or to be formed on its behalf
Project Location: 515 6th Street and adjacent parcels

Name	Company and/or Address	X box to speak/ comment
JAN STEWART	NCRPTS	
Michael Marsch	Merani Hotel Group	X
William Ross	S.D.P. Rd. Member	
SEAN MCKENZIE	METROPOLIS PROPERTIES MGMT MEMBERS MAGAZEN SEMI	
Tiany. Du	Metropitz Properties mgmt	
ANTHONY VILARDO	CITY OF NF	