RESOLUTION

NO. R-20-111

CITY HALL: May 7, 2020

BY: COUNCILMEMBERS GISLESON PALMER, BANKS, BROSETT, NGUYEN, WILLIAMS AND MORENO

Resolution opposing the Ernest N. Morial Exhibition Hall Authority proposed hotel and supporting the Authority’s decision to suspend all further development on its proposed hotel, entertainment district, and capital improvement plan

WHEREAS, The Ernest N. Morial Exhibition Hall Authority (“the Authority”) serves as the governing body of the New Orleans Ernest N. Morial Convention Center; and

WHEREAS, The Authority announced on May 25, 2018, its adoption of a $557 million five-year capital improvement plan, including the development of a Convention Center Headquarters Hotel and pedestrian park with outdoor entertainment; and

WHEREAS, At its October 21, 2019, special meeting and public hearing on the Convention Center Headquarters Hotel (“Hotel”) project, the Authority presented a revised financing plan totaling $675 million, making the Hotel more expensive than similar projects in ten peer cities, with $114 million in public incentives; and

WHEREAS, In January 2020 the Authority identified a development team for the Hotel, and in April 2020 the Authority both selected a set of finalists for developing the entertainment district and advanced a $5.4 million contract for the executive architect of the capital improvement plan; and

WHEREAS, Convention Center President and General Manager Michael Sawaya indicated in an April 14, 2020, meeting that the Authority intended to continue moving forward with the Hotel, entertainment district, and capital improvement plan; and

WHEREAS, The novel Coronavirus (COVID-19) is having immediate and devastating worldwide effects on individuals and the economy; and

WHEREAS, According to The Data Center, the New Orleans area has led the state and much of the nation in its number of confirmed COVID-19 cases and deaths, with over 6,365 cases and 406 deaths reported on April 28, 2020; and

WHEREAS, Thirty percent of the New Orleans metropolitan area workforce – 172,000 workers – are in “immediate-risk” industries, primarily due to the city’s heavy reliance on hospitality and tourism, meaning the area may face steeper job losses than almost all other cities, according to the Brookings Institution; and
WHEREAS, More unemployment insurance claims have already been filed in Louisiana during the current crisis than for the Great Recession and Hurricane Katrina, increasing from 1,698 in early March to 80,045 by April 11, 2020, according to The Data Center; and

WHEREAS, In light of these unprecedented circumstances, newly appointed Authority Board Chairman Walter J. Leger, III publicly committed on April 22, 2020, to halting development plans on the Hotel, entertainment district, and capital improvement plan until in-person meetings of the Board may resume; and

WHEREAS, The proposed Hotel will require almost “$800 million in public contributions over 40 years, making it one of the largest public-private partnerships in memory in New Orleans,” according the Bureau of Governmental Research; and

WHEREAS, Delaying forward progress on the Hotel will enable the Authority to negotiate more favorable terms and tap into its own $200 million reserve account, resulting in cost savings for the public; and

WHEREAS, Forgoing the Hotel altogether would prove more beneficial to the City, as any need that would be filled by the proposed 1,200 new hotel rooms can already be met by existing hotels and other businesses, which are facing monumental losses in light of COVID-19;

NOW, THEREFORE

BE IT RESOLVED, That the New Orleans City Council strongly supports the Ernest N. Morial Exhibition Hall Authority’s decision to suspend all further development on its proposed Hotel, entertainment district, and capital improvement plan; and

FURTHER RESOLVED, That should the development proceed at some point, it must only do so after the Authority conducts a new feasibility study demonstrating the Hotel, entertainment district, and capital improvement plan’s value to the public, as recommended by the Bureau of Governmental Research; and

FURTHER RESOLVED, That rather than focusing on costly and unnecessary long-term developments, the Authority should instead use any available funds to create and maintain financial assistance options for New Orleanians in the hospitality and tourism industries – whether employees, gig workers, or independent contractors – whose income has been severely impacted by the COVID-19 crisis; and

FURTHER RESOLVED, That, as a part of this effort, the Authority should invest its substantial, taxpayer generated reserve funds in continuing to pay through this crisis workers employed directly by the New Orleans Ernest N. Morial Convention Center and workers employed as or by contractors or temporary employees who operate in the Convention Center; and
FURTHER RESOLVED, That the New Orleans City Council supports the Convention Center’s current commitment to retaining its 500 employees at full salary and benefits, even though the Convention Center is presently generating no revenue and many employees cannot work due to the continued State and City “Stay At Home” orders; and

FURTHER RESOLVED, That the New Orleans City Council also calls on the Authority to participate actively in public and citywide efforts to create a sustainable tourism plan for New Orleans, so that workers, their families, and the greater community stand to benefit equitably from the city’s hospitality and tourism economy; and

FURTHER RESOLVED, That the New Orleans City Council strongly urges Louisiana Governor John Bel Edwards to appoint to the Authority at least one commissioner who represents the Convention Center workforce, to ensure that workers’ concerns are central to the Authority’s decision making; and

FURTHER RESOLVED, That the Clerk of Council shall transmit this resolution to Governor John Bel Edwards, Mayor LaToya Cantrell, Authority Chairman Walter J. Leger, III, and Convention Center President and General Manager Michael Sawaya.

THE FOREGOING RESOLUTION WAS READ IN FULL, THE ROLL WAS CALLED ON THE ADOPTION THEREOF, THE RESULT WAS AS FOLLOWS:

YEAS:
NAYS:
ABSENT:

AND THE RESOLUTION WAS ADOPTED.