
City of Cedar Rapids to Announce Purchase of Crowne Plaza

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CEDAR RAPIDS, Iowa — City officials are slated to hold a news conference on Monday to announce the city's purchase of the downtown's Crowne Plaza Five Seasons Hotel from its creditor, Mayor Ron Corbett said Saturday.

The announcement has been expected for weeks.

Corbett first announced in June that the city intended to buy the long-struggling hotel from CWCapital LLC, which took possession of the 275-room, 31-year-old hotel in December after foreclosing on the former owner.

The hotel is attached to the city's U.S. Cellular Center arena, which will be attached to the city's coming new convention center next door.

It doesn't make sense, Corbett has said and repeated on Saturday, to build a \$75.64-million Convention Complex, which includes an upgrade of the existing arena, and not update and renovate the hotel.

Just two weeks ago, the city released drawings of the new Convention Complex that included the renovation of the hotel as part of the pictures.

Even so, a frustrated Corbett earlier this month announced the city's intention to use its power of eminent domain to force CWCapital to sell the hotel to the city, a move that led to additional negotiations and an apparent sale deal.

At the time, Corbett said the sale price was not the sticking point, but issues of liability were. The city has appraised the value of the hotel at \$2.2 million, made an initial offer of purchase that was less than that and said CWCapital was seeking more than \$4 million for the property.

Corbett has said the city will use the proceeds of a \$3.5-million insurance settlement from a fire at the city-owned Sinclair site to buy the hotel. He has said renovation costs could approach \$17 million, an amount which revenue from the hotel may help to cover, he has said.

Corbett, City Manager Jeff Pomeranz and City Attorney Jim Flitz went to Chicago last week to negotiate anew with CWCapital, the mayor said.

The apparent finalization of the hotel purchase came to light with the public release late Friday of the City Council's agenda for its meeting on Tuesday evening.

The agenda includes a proposed new agreement between the city and Frew Nations Group, the outside firm managing the Convention Complex project.

The new professional services agreement proposes to pay Frew Nations Group up to an additional \$610,124 to help in the city's effort to buy and renovate the Crowne Plaza Five Seasons Hotel as part of the larger convention-center project.

The costs consist of \$256,844 for services related to the hotel purchase and interim management of the hotel; \$119,025 for hotel renovation project management; \$125,289 for financial planning; \$62,644 to address future hotel ownership and management; \$31,322 for communications support; \$10,000 for interim security services; and \$5,000 for travel expenses.

Back in April, Mayor Corbett sought out John Frew, a partner at Frew Nations Group who at the time was on leave from the firm and working as chief of staff for Gov. Chet Culver, to oversee Cedar Rapids' Convention Complex project.

Frew is a University of Iowa graduate who has worked for Sens. John Culver and Tom Harkin, who has developed event centers in Colorado and Texas and who once ran, unsuccessfully, for mayor of Denver, Colo.

In April, on a 7-2 vote, the City Council hired Frew Nations Group to manage the Convention Complex project, which also has been called the Event Center.

Frew Nation Group's contract for Convention Complex project pays the firm 6 percent of most project costs. In April, that amount was estimated at \$3.8 million.

Earlier this month, the project cost jumped from what had been a \$67-million estimate to \$75.84 million, which has added an estimated \$324,000 to the Frew Nations Group contract, John Frew noted on Saturday. The firm's 6-percent fee does not apply to contingency funds or the firm's own fee, he noted.