



Voice of the Recycling Industry

New Orleans 2007 Progress Update

Prepared following a preliminary site visit by Chuck Carr
Feb. 19-21, 2006

Summary of Key Points

→ New Orleans is currently two cities: A business/tourist district that is well on its way back to normal and a portion of their residential city that remains devastated.

→ Ten of the 12 airlines serving the city prior to the hurricane have returned and are adding flights as needed. My flights from D.C. and back home were full.

→ Visible damage on the way in from the airport is minimal, a lot due more to a recent tornado than to the hurricane.

→ Transportation into the city is plentiful. Cabs in the city are limited, but adequate to the current need.

→ The Superdome roof is repaired, renovation underway and will open in September 2006.

→ The hotels ISRI will use suffered minor damage, and that damage is nearly all repaired.

→ I estimate 80 percent of business are back open, with many of the remainder just waiting on labor.

→ The business/tourist area is ready for business today but still lacks many of the tourists/conventioners the city needs.

→ All of our vendors will be ready for us in 2007 and have contingency plans in place to ensure we have the services we expect.

→ Hotel prices have been set: \$209 for regular rooms at all three hotels, club rooms and suites at the same price we paid in 2005.

→ The Convention Center is undergoing a complete soft goods renovation—new carpet, chairs, tables, etc. The colors are being updated, giving the center a much more modern look.

→ The Convention Center has provided us better space that we initially contracted at a very reasonable minimum rental fee.

→ The Garden District is in great shape.

→ Most restaurants in the city are open and operating. Many of our favorites remain closed, though, using the current transition period for voluntary renovations. All expect to return long before we arrive.

→ The damage in the residential area of Lakeview is indescribable, but signs of recovery are already apparent.

→ New Orleans will be ready for ISRI and they need us to return.

Overview

New Orleans Marriott General Manager Mark Sanders says the story of New Orleans today should be titled, "A Tale of Two Cities." It truly would be an apt title for a report on the progress of the city for any organization looking to bring a convention to town.

The city that tourists and conventioners see is returning to normal at a very fast pace, while an extremely large section of residential New Orleans remains a flooded ghost town as homeowners are stuck between an obstinate insurance industry and an immovable government process.

It is difficult to explain how opposite these views are to anyone who cannot see it on the ground. But the reality is that, if you were dropped into downtown New Orleans without the knowledge of the hurricane, you'd be hard-pressed to notice there had been a problem. That's good news for the convention industry.

My notes below are basically in chronological order as I encountered the city between Sunday afternoon, February 19 and Tuesday afternoon, February 21.

Arriving in New Orleans

My flight arrived on time. The Airbus 319 flying direct from Washington, D.C. was full— not a single seat was open in coach, and only a couple of seats were open in first class. Our Convention and Visitors Bureau representative, Donna Glover, and her boss were on the flight with me, having just returned from the "Destination Showcase" conference in Washington. To their credit, they offered to take me to dinner that evening, an offer I declined as I wanted as much time to check out the city on my own as was reasonable.

When we arrived at the airport, I saw jets from American, Delta, Northwest, and U.S. Airways on the ground. According to airport officials, ten of the twelve airlines that were servicing New Orleans prior to the storm have returned with at least partial service. Service has grown each month as more and more tourists return to the city.

Once on the ground, I was met by a driver sent from the Sheraton New Orleans. Prior to leaving, I asked that we check out all ground transportation options. I wanted to see how difficult it would be for an arriving guest to get into the city. Out front, I found a line of 25 taxis, two airport shuttles, and regular express buses scheduled. Clearly, there was no problem acquiring transportation into the city.

The trip in was uneventful. The landscape still shows occasional scars and a few FEMA "blue roofs" on houses, but there is little indication of the devastation we've seen on television. Trees—even the evergreens—look a little thin on leaves, something that is not uncommon in the first season after a hurricane. According to my driver, much of the damage I did see near the airport was more attributable to a recent tornado than to Hurricane Katrina.

Passing the Superdome, you notice two things: The roof has been fully repaired, and a huge sign on the side of the building announces the opening home game for the New Orleans Saints in the Superdome next September.

We arrived in the city about a half hour after the end of three Mardi Gras parades. Tourists and locals could still be seen on the streets wearing beads and enjoying the beginnings of the revelry. City crews were on the street sweeping up the debris from the parade. I gathered from what I saw there, and what I had need the previous day watching the parades via webcam from Washington that the parades are understandably a little smaller and the crowds watching were smaller than usual. Still, the revelry was definitely there. Signs in the crowds read "Thanks for Marching!" Signs on the floats thanked viewers for coming to the parades.

Arriving at the Hotel

The Sheraton New Orleans is in full operation. According to the front desk staff, the hotel was about 80 percent full on Sunday evening. Most of the guests at the hotel are still there for hurricane-related reasons: FEMA personnel, contractors, and media. ABC News is housing their headquarters in the hotel. Walking through the hotel, I found everything clean and orderly. I was housed in one of the suites on the top floor of the hotel (which afforded me a great rooftop view of the city). Two of the suites on my floor were well decorated for Mardi Gras, with parties going on inside.



The Sheraton New Orleans

Despite the cold, cloudy, rainy weather, the view from my room showed that the city is clearly working hard on the downtown area. There were very few blue tarps visible. Lots of construction could be seen. Many of the hotels, including the Loews, the Doubletree, and the Ritz Carlton still show hurricane scars. The Loews is operating. The Doubletree and the Ritz Carlton are using the hurricane as an excuse to do complete renovations and are scheduled to reopen in the fall. The Hyatt next to the Superdome, made famous for the damage photos in the news remains closed, undergoing a complete renovation as well.

A Walk Through the French Quarter

Once settled, I went for a walk through the French Quarter. My first impression was that the area was cleaner than I had ever seen it—less trash on the street, several stores and restaurants that had spruced up their facades. I estimate that 80 percent of the businesses in the French Quarter are open and operating, particularly the high-end stores. Still, there are a lot of small businesses that have not reopened, some with "For Lease" signs in the windows. According to the CVB, many of these stores are ready to reopen as soon as they can staff them.

What was more apparent was the lack of people on the streets. There were several, but nowhere near the bustling crowds one would expect. There were street vendors in front of St. Louis Cathedral, but not in the numbers seen before. Horse and Buggy tours are also available, but not in the numbers seen before.

By the time I got to Bourbon Street, I found the crowds. Bourbon Street was nearly as

packed as I'd ever seen it with Mardi Gras revelers enjoying the season. The bars are open, the music is loud, and the signs of overindulgence were plentiful. While much of the Quarter was light on people, it is clear that Bourbon Street has seen the best of the recovery.

From there, I walked down to the river, noticing that nearly all of the restaurants were in operation (though several are closed on Sunday and Monday). I walked past Canal Place mall, the home of such stores as Pottery Barn, Brooks Brothers, and Saks Fifth Avenue. Canal Place suffered greatly from looting in the days immediately after the hurricane. Pottery Barn is up and operating. Brooks Brothers is still closed, but expects to open in May. Saks will remain closed until the fall but is returning with a completely new store.

I then went to the casino, which just fully opened a week ago. Once again, I found the crowds. Every table was in operation. Blackjack minimums were already at \$15 at 6 p.m. The slots were well covered with gamblers.

The casino has also been fully renovated, with a new bar located in the center of the building that would rival some of the nicer bars in Las Vegas—very high-tech and upscale for New Orleans.

Meeting with the Sheraton and CVB

On Monday morning, I met Charlene Berard, our sales manager at the Sheraton, and Donna Glover from the CVB. Charlene gave me a complete status report on the hotel. The Sheraton only sustained damage on the eighth floor in the front, above the Armstrong Ballroom and their fitness center. The ballroom, which had a retractable roof, had glass blown in and the retractable roof off track. The space is currently under a complete renovation, stripped back to the concrete. They are restoring everything but the retractable roof, which the hotel had found was not very useful as the weather in New Orleans is either too hot or too wet to open the roof most of the year. This space is expected to reopen in September.

All of the rooms at the Sheraton were renovated just before (and during) our last convention in New Orleans. With very few exceptions, the rooms suffered very little damage. All of those have been repaired.

According to Charlene, the hotel is currently operating at about 50 percent staff, even though the hotel is averaging better than 75 percent occupancy. The reason for this is that their FEMA contract calls for less housekeeping (every other day) than is given to regular transient guests. The hotel has accounted for its entire pre-Katrina staff and are bringing them back aboard as work is available. For major events, Sheraton is importing staff from other facilities to ensure full service. There were several Mardi Gras balls being held in the hotel while I was there. These were staffed by hotel staff and by staff brought in from Houston.

I discussed our current plan to eliminate much of the governance schedule, which might change our rooming pattern. The Sheraton was completely cooperative and willing to make whatever changes we need.

We have set the prices for 2007. In 2005, we paid \$199 per night for regular rooms and \$229 for club level rooms. Our 2007 prices will be \$209 for regular rooms and \$229 for club level

(we are holding 95 percent of their club level rooms). Both of these rates are below our 2006 Mandalay Bay rates, with no increase in price for their premium rooms, which our members seem to prefer.

I asked the Convention and Visitors Bureau for help marketing the 2007 convention. They have agreed to staff a booth at our 2006 convention, complete with give-aways and news about the new New Orleans. Their staff will be available the entire time our exhibit hall is open to answer questions and to assist our members in making their decision about 2007.

Lunch with Aramark

Donna Glover took me to Bacco, one of the Brennan family's specialty restaurants. We were met by Elaine Williams, the manager of operations for Aramark, the food service vendor at the Convention Center. Aramark is up and operating, running all of their canteens at Halls E and F at the convention center. They are catering several Mardi Gras balls at the convention center in the coming week. Like the Sheraton, Aramark is importing staff from other facilities when needed to cover their commitments. When I asked Elaine about her largest challenges and largest opportunities from the hurricane, Elaine identified staffing as the answer to both. She does recognize that she will have problems finding local staff until more of the population returns to the city, but she sees this also as an opportunity. Having released her entire staff after the hurricane, she is able to bring back only those who were good and to more closely review applications for new workers. She hopes and expects we will see a marked improvement in staffing by the time we are there and has a plan in place to see that we are fully staffed regardless.

Elaine tells me that the food service facilities at the convention center have been completely renovated. They have replaced all the china, flatware and other serving pieces. The convention center has, or will soon, replace all tables and chairs, so we should expect to see all new materials when we arrive in New Orleans.

Touring the Convention Center

The afternoon was spent touring the convention center. I was met in front of Hall E by our new sales manager, Keith Levey. Keith is a 15 year veteran of the convention center and has been very communicative and cooperative in the past few weeks as we begin the planning.

As we already know, the convention center was largely undamaged during the hurricane. They lost a few pieces of glass out front and had one major breach of the roof above Halls A and B. Those repairs have been made. The



Inside the Ernest N. Morial Convention Center

building has undergone a complete, hospital-quality environmental remediation. But the convention center is going quite a bit further in order to improve its image and update the building by going through an entire soft goods makeover.

All carpet has been removed from the convention center. All chairs, tables, and other movable furnishings are being replaced. The old red/orange color scheme is being replaced with a new, more modern blue scheme. The picture to the left shows the doors already painted blue. The ceiling grid is also being replaced and should be done before we arrive.

Note that the picture shows a trade show in progress in Halls E and F (the halls we will be using in 2007). The annual jewelry and gift show was in progress with over 600 booths – the first trade show in the center since the hurricane. I spoke with show management who told me that their New Orleans experience had been terrific. Their attendance was off a little, but was more attributable to local traffic that was missing than to convention attendees from out of town.

Halls E and F are open because the floors in the lobby are terrazzo tile as opposed to carpeting. In the rest of the first floor of the center, as well as the second and third floors, all carpet has been removed. Installation of new carpeting begins March 1. The entire first floor of the center will reopen at the end of March. The second and third floors will open in June for the American Library Association’s meeting, the first city-wide convention returning to New Orleans.

Many of you are already aware of the changes made to our convention facilities in 2007. Our original contract called for us to use Halls A and B1, which offered nominally larger space than we had in 2005. However, after agreeing to return, we found there might be load-in problems in Halls A and B1 as the doors required a very hard 90 degree turn in order to load in. This was going to require us to close Julia Street behind the center for extended periods of time in order to load in equipment.

ISRI is fortunate, however, that a large cancer-related group that was due to be in the convention center at the same time we are there in 2007 has cancelled. That has allowed us to return to the space we had in 2005. Further, we have acquired both Halls E and F in a contract that calls for a minimum square foot rental that is smaller than our actual use in



The Convention Center has undergone a complete environmental remediation.



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2005. In 2005, we were in a space that was approximately 127,000 gross square feet and sold about 43,000 net square feet. Our 2007 contract in Halls E and F gives us over 250,000 gross square feet with a minimum net square foot rental set at 42,000 square feet. Meeting Insites has estimated we should be able to sell a minimum of 50,000 square feet with a potential for far more with some creative marketing. Load-in/load-out for this space is a breeze using the doors to Hall F, which allow trucks carrying equipment to drive directly onto the floor to offload equipment.

The convention center is also allowing us the use of their high-end executive dining room, Ma Maison for our private breakfasts and luncheons. Located atop Hall B, this dining room is nicely appointed with fine wood furnishings, wall sconces, and other amenities that will give these private dining meetings a little more elegance that we saw at our 2005 event.

A Tour of the Rest of New Orleans

Tuesday morning, I was met by MaryBeth Danna, special events coordinator for the New Orleans Convention and Visitors Bureau for a driving tour of the rest of New Orleans. Our first stop was at the Café du Monde at Jackson Square in the heart of the French Quarter. Café du Monde reopened in October as soon as water and power were restored to the French Quarter.

MaryBeth is a New Orleans native with a nice home in the Garden District and therefore is a terrific ambassador for the city. She was completely open, giving frank information about the rebirth of the city and the challenges they continue to face.



St. Louis Cathedral

As mentioned earlier, the French Quarter, the downtown area, and the area around the convention center did not sustain the flooding seen in much of New Orleans and is largely recovered. The photo at left shows Jackson Square about 10 a.m. on a very cloudy, foggy morning. You see a few tourists on the street. The number of tourists is actually larger than this picture portrays, but the weather was not all that great this morning. What is representative is the cleanliness of the city. It appears much cleaner than it did when we were there a year ago.

After leaving the French Quarter, we traveled through the warehouse district, where MaryBeth pointed out that all the art galleries and most of the restaurants in that area were open and in business. Two of the three restaurants owned by Emeril Lagasse are back open, with the last one slated to reopen in May.

From there, we toured the Garden District. Traveling the entire length of St. Charles Avenue, one would think nothing had happened in New Orleans. The street is just as beautiful as before. Very few of the old oak trees that line the street are missing though, according to MaryBeth, many of them received a "haircut" from the hurricane, losing weak limbs and lots of leaves. Several of the houses in the area were under repair, receiving new roofs etc. What was more evident was the decoration for Mardi Gras, with many of houses decked in green, purple and gold.



Commanders Palace Restaurant

Commanders Palace Restaurant

Knowing the importance of Commanders Palace to our membership, we stopped by to check out the restaurant. MaryBeth informs me that the only damage the restaurant sustained was a tree that had fallen on it, damaging the turret in front. However, the Brennans family that owns the restaurant opted to use the Hurricane as an opportunity to do a complete renovation to the facility. Those of you who have eaten there will remember that the restaurant was a hodgepodge of added rooms with sloping floors and odd thresholds that didn't quite match up.

Among other things, Commanders is moving the outside walls of the first floor out about three feet, allowing for more room within the restaurant. The Garden Room was totally unaffected by the hurricane and the garden itself was in good shape, though as the picture shows, was somewhat of a staging area for construction. Workers were preparing for an afternoon Mardi Gras party as the garden bar was being stocked with beer while we were there.

Commanders Palace will be open in time for the city's first citywide convention in June.

Touring the Other City

Mark Sanders's comment about a tale of two cities became even more evident as our tour continued. MaryBeth took me to Lakeview, the area directly next to the canal breach that flooded the city. Contrary to all news reports, the area that was flooded was not all lower-income rental homes. The area included several square miles of middle- and upper middle class homes nearest to the canal. This was clearly an up-and-coming neighborhood before the floods.

I took pictures in this area that I'm not sharing with you because they do not adequately depict the devastation in the area. Every house shows a distinct water line that varies from doorknob height to roof height depending on the elevation of the home. Each home is marked with the orange "X" we've seen on television, identifying the date the home was inspected, the national guard unit doing the inspection, and information on people found or not found in the home.

The neighborhood still contained thousands of abandoned vehicles, boats, etc. still sitting where the floods left them. Many had been marked in green paint with the word "TOW." I saw only one tow truck in operation.

One bright spot in the landscape was a private Catholic high school located just a few

blocks from the levee breach. Run by a nun, this high school is open and operating with all but about 100 of their students in class. The nun called on alumni to get construction crews in as soon as the floods receded. They worked 24 hours a day to get the school back in business. The school reopened in January, completely renovated and landscaped – a terrific sign of life in the middle of a devastated community.

Several of the people we dealt with in 2005 lived in this neighborhood and have lost their homes. Kristi Palmer, our sales representative at the New Orleans Marriott is one of them. She informed me that her flood insurance paid off to the maximum \$250,000, that her homeowners insurance provided a total of \$1,800. Still, this was enough to pay off their mortgage and raze the house. For now, Kristi and her family are living with her parents in Lafayette, La. She commutes into the city when necessary and stays at the hotel. She continues to look at real estate in other areas of the city that are on higher ground and will decide what do to with the land once all of the issues with the levees and the federal government are settled.

Meeting with Marriott and the CVB

At noon on Tuesday, I met with representatives of the New Orleans Marriott, joined again by Donna Glover of the New Orleans Convention and Visitors Bureau. As soon as I walked in the door, I was recognized by Fred and Stuart, two veterans of the Marriott's bell desk who were extremely helpful to us during our stay there last year. Both are well. Fred has temporarily transferred to hotel security until there is more business for the bell desk.

The hotel's General Manager, Mark Sanders, was in the lobby to meet me and another group in town on a site visit. I spoke with him briefly about operations in the hotel. As you may know, immediately after the hurricane, the Marriott opened its doors to its own employees, at one time housing over 400 of them with their families. Today, the hotel still houses about 40 employees. At the end of this month, FEMA will no longer offer financial assistance to victims living in hotels, but the Marriott Corporation has chosen to waive all fees, allowing these families to stay until they can return to housing in New Orleans. Further both the Sheraton and the Marriott are offering a variety of types of assistance to employees to help them locate, and in many cases, purchase homes.

Sanders tells me that the hotel began testing air and water quality in the hotel immediately after the hurricane. The hotel sustained minimal damage in the hurricane, with a couple of dozen rooms that lost windows. All of these rooms have been completely renovated.

The hotel underwent a complete environmental remediation post-hurricane including a complete cleaning of all air ducts. They continue to monitor air and water quality to insure guests are in a healthy environment.

Kristi and Donna took me to lunch at The Palace Café, located next door on Canal Street. The restaurant is owned by Dickie Brennan, who came by the table to introduce himself. As mentioned earlier, Dickie and Ralph Brennan opened their restaurants very quickly after the hurricane. While I was there, New Orleans Mayor Ray Nagin came into the restaurant and took time to greet guests at tables around the dining room before going to a private luncheon in the restaurant.

Kristi informed me that the Marriott would match pricing provided by the Sheraton, with rooms at both the J.W. Marriott and the New Orleans Marriott priced at \$209. Suite prices will remain the same as we paid in 2005. I mentioned to her that we'd had some problems resolving our bill with them in 2005. She asked that I let her know of the disputed amount and that we would begin our stay in 2007 with a credit in that amount. The New Orleans Marriott has offered to sponsor the CVB's booth at our convention, providing materials and giveaways for the meeting.

Conclusions

The most important conclusion I drew from this visit is that, barring another hurricane that repeats the damage, New Orleans will be ready for ISRI in April of 2007. In fact, the business district could, in a pinch, handle us in April 2006 if needed.

Network news continues to focus on the negatives of the hurricane, as is to be expected. The networks are not accurately portraying the bootstraps recovery the city is undertaking on its own.

There is no denying the serious damage sustained in the residential areas, but the recovery downtown is going full speed ahead. What New Orleans needs most at this point is people, tourists and conventioners, to reinvest money into the city, reviving the economy and producing jobs.

There continues to be a labor shortage in the city, but the pressure is a constant. Workers are returning to the city and will continue to return as jobs become available. Rumors that retail stores were closing early due to lack of employees were true, but the hours are expanding weekly. Locals tell me that stores like Wal-Mart and the supermarkets used to close at 7 p.m. Most are now open until 11 p.m., with some restarting 24 hour operations.

Transportation in the city is currently adequate to the need but will need to expand as tourists and workers return. The streetcars are running on Canal Street, but running using the green cars from the old St. Charles Street line. The red cars we saw in 2005 were destroyed in the floods. New ones are on order at a cost of about \$1 million each.

What was most evident was the can-do, committed attitude of the businesses we deal with in New Orleans. In every case, the people I met with demonstrated that they will be ready for ISRI in 2007, with contingency plans in place to ensure they have the labor and resources to take care of us even in the worst case scenario. They demonstrated that they are eager to work with us, accommodating our needs at nearly every turn. They look forward to our official pre-convention visit and tasting in June or July of this year.

New Orleans will be ready for us. ISRI will be contributing to the rebirth of the city upon our return in 2007.