

SQUARE FEET

VOLUME 3, NO. 2

IDAHO BUSINESS REVIEW

2017



HOSPITALITY Takes Off

INSIDE
A surge of investment
in lodging

SQUARE FEET

WATCH FOR SQUARE FEET FOCUS ON EDUCATIONAL INSTITUTIONS
PUBLISHING OCTOBER 20, 2017



New lodging is expanding the visitor experience

By Anne Wallace Allen

When it comes to real estate and construction in Idaho, there probably isn't a larger story than lodging.

The number of hotel rooms in Idaho hit a plateau for several years during the recession. Boise, the state's largest city, went from 2007 to 2016 without seeing a new hotel open. But with the ball rolling again, in Boise and elsewhere, at least 32 hotels are under construction, recently opened, or are pending in nearly every population center in Idaho.

Meanwhile, residents have also gotten busy on Airbnb and VRBO, turning their homes into income sources and prompting the Idaho Tax Commission to enter into an agreement with Airbnb that will have the short-term lodging giant collect and remit Idaho sales tax, travel and convention tax, and the Greater Boise Auditorium District tax when applicable, to make sure these impromptu hoteliers are paying the lodging tax. The state's hotel management programs have gotten in on the action too, by making an effort to modernize their training so that their graduates can handle the new technology that comes along with running a hotel or restaurant.

In this quarter's Square Feet, IBR's real estate and construction quarterly, we'll tell you about some of those new hotels. Many are

part of national chains that are making their first foray into Idaho.

We'll also introduce you to a new relationship between Guerdon Industries, a modular construction company on Boise's Federal Way, and Marriott, one of the world's best-known hotel companies. Marriott expects to sign deals with three companies, including Guerdon, for 50 prefabricated hotels this year.

Some of the new Idaho hotels, like the Limelight in Ketchum and the SpringHill Suites by Marriott in Coeur D'Alene, are making sustainability a priority. SpringHill Suites, built in 2013, was the first hotel in Idaho to be certified to comply with the U.S. Green Building Council (USGBC) Leadership in Energy and Environmental Design (LEED) specifications.

A few laundry rooms are getting in on the act, too. With washing a huge cost in water and energy, Jerame Petry, the owner of a new Holiday Inn in Nampa, a Holiday Inn Express in McCall and the Best Western Plus in McCall, is taking the revolutionary step of using bead-based washing technology from a company called Xeros to cut water and energy use and save money.

Meanwhile, the most traditional of Idaho lodging is still going strong, as you'll learn in our story about guest ranches and dude

ranches. As told by Janice Schoonover, who operates her family's Western Pleasure Guest Ranch in Sandpoint, these venerable institutions have found a winning formula in sticking to the basics of horses, family meals, and teaching rural traditions – while using modern marketing methods to reach guests all over the world. About 8,400 people visited Schoonover's guest ranch last year from the U.S. and Europe.

As it does for so many reasons, Idaho stands out for its hotel growth. Marcus & Millichap, a national commercial real estate brokerage firm, says Idaho has the seventh-highest proportional growth in hotel rooms in the country. More than 3,000 hotel rooms are expected to be added to the inventory by the end of this year. Idaho lagged for a while, but now it's zooming ahead. It's no secret that the world has recently discovered what Idaho has to offer. The hotel building boom is just another sign that Idaho is rapidly moving to a more prominent place on the national map.

Anne Wallace Allen is the editor of the Idaho Business Review.

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ON THE COVER: A group waits for a shuttle in the lobby of the Inn and 500 Capitol.
Photo by Glenn Landberg.



For Idaho, the year of the hotel

By **TEYA VITU**
Idaho Business Review

At least 32 hotels are under construction, recently opened or pending construction in nearly every sizable population center in Idaho.

Hotels are in the works in the Treasure Valley, in Twin Falls, Pocatello and Idaho Falls. Three are underway in three Wood River Valley communities, with another three announced in Burley. One recently opened in Lewiston, two are pending in Coeur d'Alene and, in March, one opened and another started construction in Rexburg.

"There will be enough (business) for everybody, I think," said Steve Rich, general manager for 12 years at the Residence Inn by Marriott Downtown Boise/University at the base of the Boise Depot. "If we really want to bring in higher business that the convention center can accommodate, we need more hotels. There might be drops in occupancy in downtown (in the short term) but I think it will be building back again in the near future. It's all good."



A room at the new Holiday Inn in Nampa. The 85-room hotel opened June 1. Photo courtesy of the Holiday Inn.



The game room at the new 99-room Limelight Hotel in Ketchum. The hotel was built by the Aspen Skiing Co. Photo by Kevin Syms and courtesy of the Aspen Skiing Co.

Sandpoint, Moscow, Mountain Home and the McCall area are the only population or tourism centers in Idaho with no new hotel action.

The surge of hotel construction was overdue.

"There was no new supply of hotels for a number of years," said John Cunningham, CEO of The Grove Hotel, which will remain the largest hotel in the downtown Boise core, even with two newly opened hotels and two more under construction with blocks of The Grove. "We had the recession. But demand was increasing. It was an opportunity for developers to look at hotels again and there are still attractive interest rates."

In downtown Boise, the hotel boom started in March 2015 and within five months four hotel projects were announced. A June 2015 Downtown Boise Hotel Market Study done by PKF Consulting USA, a CBRE company, identified a shortage of 580 rooms for downtown Boise.

Faced with new competition, managers of existing hotels say Boise's economic growth will absorb the growth.

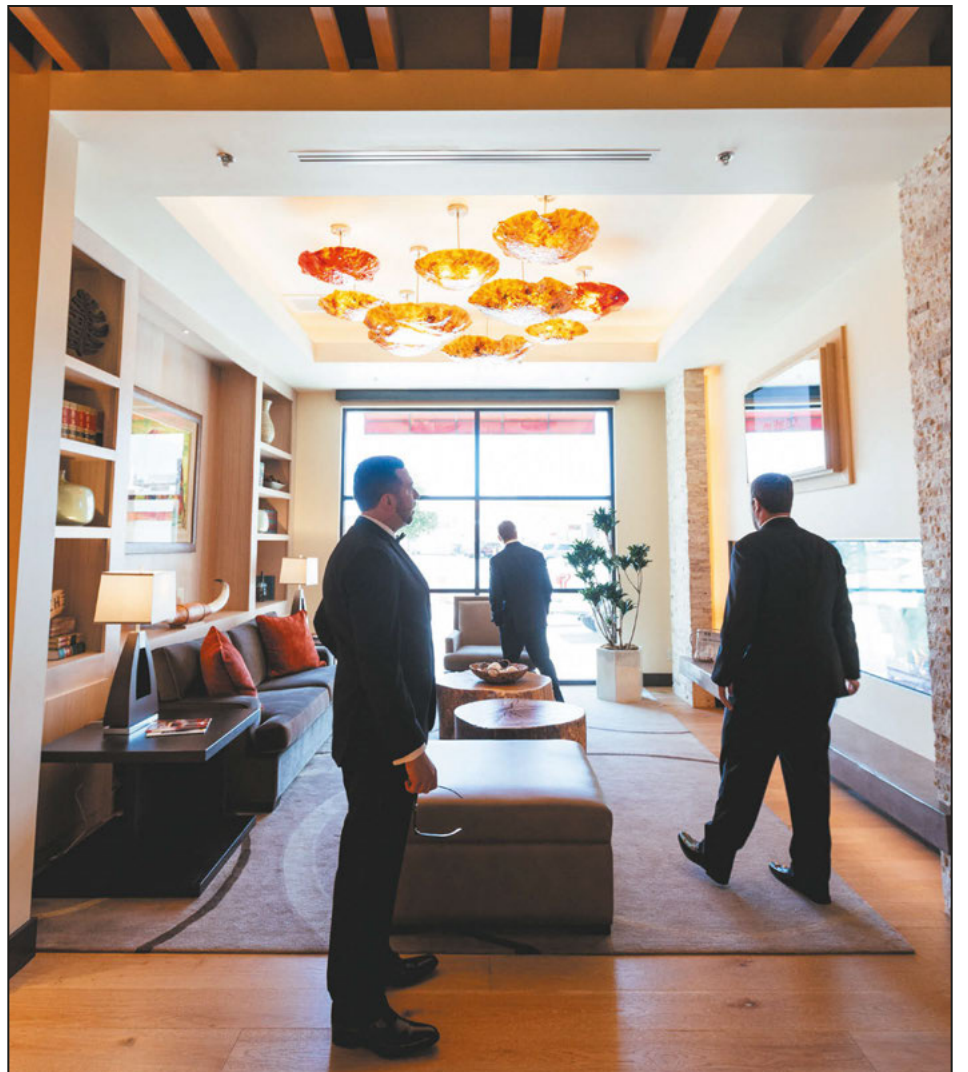
Downtown Boise will see an additional 598 rooms. And, near Boise Airport, Holiday Inn Express added 104 rooms in 2016 and Comfort Inn & Suites just started construction on a 108-room hotel.

"The Boise market is strong enough right now that it will absorb all the new hotels," said Chuck Everett, vice president of operations at Boise-based AmeriTel Inn, which developed, owns and operates 12 hotels in Idaho, Utah, Oregon and Washington.

The new crop of hotels statewide will add nearly 3,000 rooms, which amounts to 12 percent of the existing hotel rooms in Idaho – but in terms of rooms, is still relatively small potatoes. There are four hotels in Las Vegas with more than 2,800 rooms each.

But in terms of proportionate growth, Idaho stands out, according to the 2017 U.S. Hospitality Investment Forecast by Marcus & Millichap, a national commercial real estate brokerage firm.

Marcus & Millichap determined that the number of Idaho hotel rooms underway at the end of 2016 amounted to 4.8 percent of the hotel rooms in the state. That's the seventh highest



Reece Hrizuk and his groomsmen, Brandon Mott and Brandon Walton, in the lobby of the Inn at 500 Capitol before heading to Hrizuk's wedding June 10 in Boise. Photo by Glenn Landberg.

NO LARGE CONVENTION CENTER HOTEL IN THE MIX

None of the four new downtown Boise hotels comes even halfway to the 400-room hotel desired by Pat Rice, executive director of the Boise Centre, the largest convention center in Idaho.

The largest hotel under construction in Idaho is the Residence Inn by Marriott Boise Downtown City Center at Capitol Boulevard and Myrtle Street. Rice, and other city leaders, say a large hotel would position Boise better as a meeting place.

"Having a larger host hotel close to the convention center is generally preferred by meeting planners in selecting a city than having to use multiple housing options," Rice said. "The fewer hotels needed the better, particularly from the perspective of logistics and transportation."

David Wali describes the 400-room dilemma.

"Convention centers want 400-plus rooms," said Wali, executive vice president at Gardner Co., which is in the early stages of building a 150-room Hilton Garden Inn in downtown Boise. "A hotel needs to book hotel rooms beyond conventions."

Jared S. Smith, who is building the 185-room Residence Inn, doesn't think downtown Boise needs a 400-room hotel.

"I disagree with Pat that we need a big box," Smith said. "We have four (new) hotels all within walking distance of the convention center. I never believed you need a convention center hotel."

But Smith's 10-story hotel was big enough to deter Gardner from building two hotels with 300 combined rooms in its Pioneer Crossing development bounded by Myrtle, Front, 11th and 13th streets. Gardner retreated to the single 150-room Hilton Garden Inn.

"If Marriott had not broken ground, we would have built two hotels," Wali said.

Boise's not the only place that hasn't been building 400-room hotels.

"How come there's not one in Salt Lake City?" Wali said.

Salt Lake has four hotels with more than 400 rooms, but the most recently built is the 775-room Grand America Hotel that opened in 2001 before the Winter Olympics. The Utah Legislature, however, recently approved a performance-based tax credit that could lead to an 800- to 1,200-room convention center hotel starting construction in 2018, said Shawn Stinson, communications director at Visit Salt Lake, the city's visitors and convention bureau.

proportional growth in the country behind New York, Washington, Texas, Oklahoma, Washington, D.C., and Colorado. The report accounted for only about one-third of Idaho's hotel projects.

Idaho had 328 hotels with 22,809 rooms in March 2017, according to STR Inc., the Hendersonville, Tenn., data analytics firm. SRT counts all hotels and motels that have at least 10 rooms, generate revenue on a nightly basis and are open to the public, said Nick Miner, public relations manager at STR.

Idaho's hotels are distributed fairly evenly across the state.

STR's northern area in Idaho has 124 properties with 7,150 rooms and includes McCall, Weiser and Challis and all points north. The south area has 127 properties with 8,536 rooms – includes Cascade, Payette, Ketchum and all points south and east minus the Boise metro. And the Boise metropolitan area has 77 properties with 7,123 rooms.

A Nationwide Hotel Building Frenzy

By TEYA VITU
Idaho Business Review

Idaho is not alone in the hotel building boom.

Across the country, hotel construction will add about 140,000 rooms in 2017, an increase of 40,000 new rooms from the prior year, according to Marcus & Millichap, a national commercial real estate brokerage firm.

"I do believe that the amount of hotels in the pipeline in Idaho is comparable to other markets throughout the country," said Chuck Everett, vice president of operations at AmeriTel Inn, a Boise-based operator of 12 hotels in Idaho, Oregon, Washington and Utah. "The availability of money, the pent-up demand of travelers, the relative stability of the economy, all lend itself to an increase in the amount of hotel construction."

Hotel construction dried up during the recession from 2008 to 2012-13, said Jared S. Smith, principal at Pennbridge Development, which is building the 185-room Residence Inn by Marriott in downtown Boise.

"Hotel stock becomes older and no one has built anything," Smith said. "All of a sudden financing returns, all of a sudden the economy returns."

Marcus & Millichap, however, foresees the booming room growth in the Pacific Northwest will temper increases in revenue per available room (RevPAR) and average daily rates.

"Since 2011, RevPAR in Oregon has advanced more than 50 percent, and gains in excess of 40 percent were posted in Idaho and Washington," Marcus & Millichap wrote in its report. "While several recent sales provide some transparency on values in each of those states, prospective investors and lenders are likely to proceed with greater circumspection this year as the rate of performance improvement eases."

Although Smith is building the largest Idaho hotel among the 30-plus in the works across the state, his thoughts reflect those of Marcus & Millichap.

"Frankly, we're going to be oversupplied," said Smith, noting that reasons for all the hotel construction in Idaho and nationwide vary from region to region. "It is all very specific to the market itself. It's happening everywhere in the U.S. There is a massive hotel boom."

AmeriTel Inn owns and operates seven hotels in Idaho: Hampton Inn, Hilton Garden Inn, Homewood Suites at Boise Spectrum; La Quinta Inn and Hilton Garden Inn in Twin Falls; and La Quinta Inn and Hampton Inn in Coeur d'Alene. But AmeriTel Inn has built nothing in Idaho since 2008.

"In my honest opinion, Idaho Falls is already overbuilt," Everett said of eastern Idaho. "We don't see a lot of upside in continuing to build in Idaho. We're already in the markets and are competitive in the markets that we are interested in."

How the Residence Inn in downtown Boise got to 185 rooms

By TEYA VITU
Idaho Business Review

Jared S. Smith's Residence Inn by Marriott stands above all the other 30 new hotels in the works.

The 10-story, 185-room hotel in downtown Boise is the tallest and has the most rooms of the new crop of hotels that are bringing some 2,800 additional rooms to Idaho.

Smith's will be the eighth largest hotel in Idaho. His Residence Inn, nearing completion, stands just blocks from Idaho's next two largest new hotels: the recently opened Hyatt Place and the Hilton Garden Inn now under construction, both with 150 rooms. Smith's hotel is across the street in two directions from the 10-year-old Hampton Inn & Suites with 186 rooms and the 113-room Inn at 500 Capitol that opened in January.

Smith was first to announce a hotel in downtown Boise in March 2015, followed a week later by Inn at 500 Capitol.

"We did not believe four would be built," Smith said. "We may all struggle for a couple years before we get to where we want to be."

Smith is a Boise native who left Idaho to study at the Wharton School at the University of Pennsylvania and the Massachusetts Institute of Technology. He then worked for Starwood Capital, which owns the Westin hotel chain. Later he started his own hospitality company and bought his first two hotels in Atlanta and Colorado, properties he has since sold.

Smith returned to Boise in 2011.

"I didn't believe we would be doing much on the hotel front in the Boise Valley," Smith said. "When I spent more time in downtown, I thought there was a great need for a Marriott downtown. I talked to Marriott reps. I kept my eye on it for years. I kept meeting with Marriott. This really works. I got more excited. I would say I got serious about it in 2014."

In the meantime, Smith built and now operates a Fairfield Inn & Suites in Twin Falls, a TownePlace Suites and Fairfield Inn in Orem, Utah, plus the Residence Inn opening soon in Boise, and a TownePlace Suites he plans to build in Twin Falls later in the year next to his Fairfield Inn.

"Boise needs an upscale brand, about as full-service as it comes without being full-service," Smith said of the Residence Inn.

The 185 rooms may be the most among the

“Boise needs an upscale brand, about as full-service as it comes without being full-service.”

- Jared S. Smith, *Residence Inn*

new hotels, but seven existing hotels have more rooms. The Coeur d'Alene Resort is the largest hotel in Idaho at 338 rooms, and The Riverside Hotel the largest in the Treasure Valley at 304 rooms.

Many hoteliers, especially in Idaho, are now sticking to building less than 100 rooms or not much more than 100 rooms. Several, though, are building second hotels right next to their existing hotel, as Smith is doing in Twin Falls.

"Part of it is phasing," Smith said. "You don't want to have to build 200 rooms at one time. You're phasing growth and offering a different guest experience (with a different brand next door)."

Marriott pushed the downtown Boise Residence Inn to more rooms. Zoning got the room count to 186, since reduced to 185 rooms.

"That was the floor area ratio we were allowed by the city," Smith said.

Floor area ratio is the building's combined floor area on all levels in relation to the size of the lot.

"It's very expensive dirt," Smith said. "You try to amortize it. Once you go to Type 1 construction, you're all concrete. You might as well maximize it. We weren't pushing for more than 185."

THE FULL ROSTER OF HOTELS UNDER CONSTRUCTION OR RECENTLY OPENED: 32 HOTELS WITH 2,968 ROOMS

Coeur d'Alene – A 112-room Fairfield Inn & Suites is expected to start construction in summer with a projected opening in March or April. Architect: Miller Stauffer Architects of Coeur d'Alene. General contractor: Vandervert Construction in Spokane

Coeur d'Alene – A 100-room Staybridge Suites is planned.

Lewiston – A 100-room Hampton Inn opened in October after starting construction in summer 2015. Architect: Jensen Fey of Redmond, Wash. General Contractor: A & A Development Group of Spokane.

Ashton (Fremont County) – A building permit has been issued for a 50-room Crown Hotel.

Idaho Falls – A 124-room SpringHill Suites by Marriott started construction in May 2016 with plans to open in mid to late summer. Architect: Lynn S. Woodbury & Associates, Woodbury Corp., of Salt Lake City. General contractor: Big-D Construction of Salt Lake City.

Idaho Falls – 91-room Home2 Suites by Hilton opened in September 2015. Architect: Beecher Walker Architects of Holladay, Utah. General Contractor: Headwaters Construction of Victor was the general contractor.

Idaho Falls – A 63-room My Place is anticipated to start construction in the third quarter.

Rexburg – A 59-room Motel 6 opened March 31 after construction started in April 2016. Architect and general contractor: Bigelow Properties of Ririe.

Rexburg – A 101-room Hampton Inn & Suites started construction March 1 with an expected April 1, 2018 opening. Architect: Richardson Design Partnership of Salt Lake City. General Contractor: Headwaters Construction of Victor.

Burley – A 90-room Holiday Inn Express is expected to start construction this year. The owner declined to provide more information.

Burley – An 80-room Hampton Inn started construction in mid-May as the first development in the River Bend Business Park. The opening is planned for March or April 2018. Architect: Jay Christensen of Burley. General contractor is Mettler Construction of Rupert.

Burley – A 90-room Sleep Inn is proposed. No further information is available.

Nampa – An 82-room Best Western Plus Peppertree Nampa Civic Center Inn opened April 19 after starting construction in March 2016. Architect: Wolfe Architectural Group in Spokane. General contractor: Baker Construction & Development of Spokane.

Nampa – An 85-room Holiday Inn opened June 1 after starting construction in May 2016. Architect: Worth Group Architects & Designers in Reno. General contractor: PETRA Inc. of Meridian.

Nampa – A 96-room Home2Suites by Hilton started construction in June with expected opening in spring 2018. No details were released about architect or general contractor.

Meridian – A building permit was issued April 6 for a 92-room Tru by Hilton hotel with expected completion in February. Architect: VanZeben Architecture of Ogden, Utah. General contractor: Rimrock Construction of Draper, Utah.

Meridian – An 85-room My Place opened April 10 after starting construction in August 2016.

Ketchum – A 99-room Limelight Ketchum opened in December after starting construction in July 2015. Architect: CallisonRTKL of Seattle. General contractor:

McAlvain Construction of Boise.

Ketchum – A 66-room Auberge Resort Sun Valley expected to start construction in late spring or early summer with an expected opening date in early 2019. Architect: Horberger+Worstell in San Francisco. General contractor: Conrad Brothers in Ketchum.

Ketchum – A 58-room Hotel Ketchum will emerge from the renovation of the former Bellemont Hotel. Construction started in April and with an expected winter 2018 reopening. Architect: Mike Doty Associates of Ketchum. General contractor: Conrad Brothers of Ketchum.

Hailey – A 72-room Fairfield Inn & Suites by Marriott has received initial approval by the Hailey Planning and Zoning Commission. Architect: Errin Bliss of Hailey. General contractor: Conrad Brothers of Ketchum.

Bellevue – A 56-room Silver Creek Hotel started construction in September with an anticipated July 15 opening. Architect: Jay Cone Architecture of Hailey. General contractor: Riemann Design & Construction of Hailey. The Silver Creek Hotel is a modular structure produced by Nashua Homes of Boise.

Twin Falls – A 108-room Marriott TownPlace Suites is expected to start construction in fall with a projected fall 2018 opening. Architect: Johnson Braund Inc. of Tukwila, Wash. General Contractor has not been selected.

Twin Falls – A 64-room My Place started construction in February with an expected August opening. Architect: Richardson Design Partnership in Salt Lake City. General contractor: Allied Construction of Cheyenne, Wyo.

Pocatello – An 83-room Fairfield Inn & Suites started construction in June 2016 with an expected opening June 23. Architect: Ken Smith of Process Architecture in Missoula, Mont. General contractor: Maurer Construction of Missoula.

Soda Springs – A 53-room Cobblestone Inn & Suites started construction in December with an expected September or October opening. Architect: Excel Engineering of Fond Du Lac, Wisc. General contractor: BriMark Builders of Neenah, Wisc.

Boise – A 112-room Inn at 500 Capitol opened in early January after starting construction in October 2015. Architect: CSH-QA. General contractor: ESI Construction.

Boise – A 185-room Residence Inn by Marriott is expected to open in August. Construction started in September 2015. Architect: Richardson Design Partnership of Salt Lake City. General Contractor: Big-D Construction of Salt Lake City.

Boise – A 150-room Hyatt Place opened May 24 after starting construction in January 2016. Architect: BWA Architects of Holladay, Utah. General contractor: Steed Construction of Eagle.

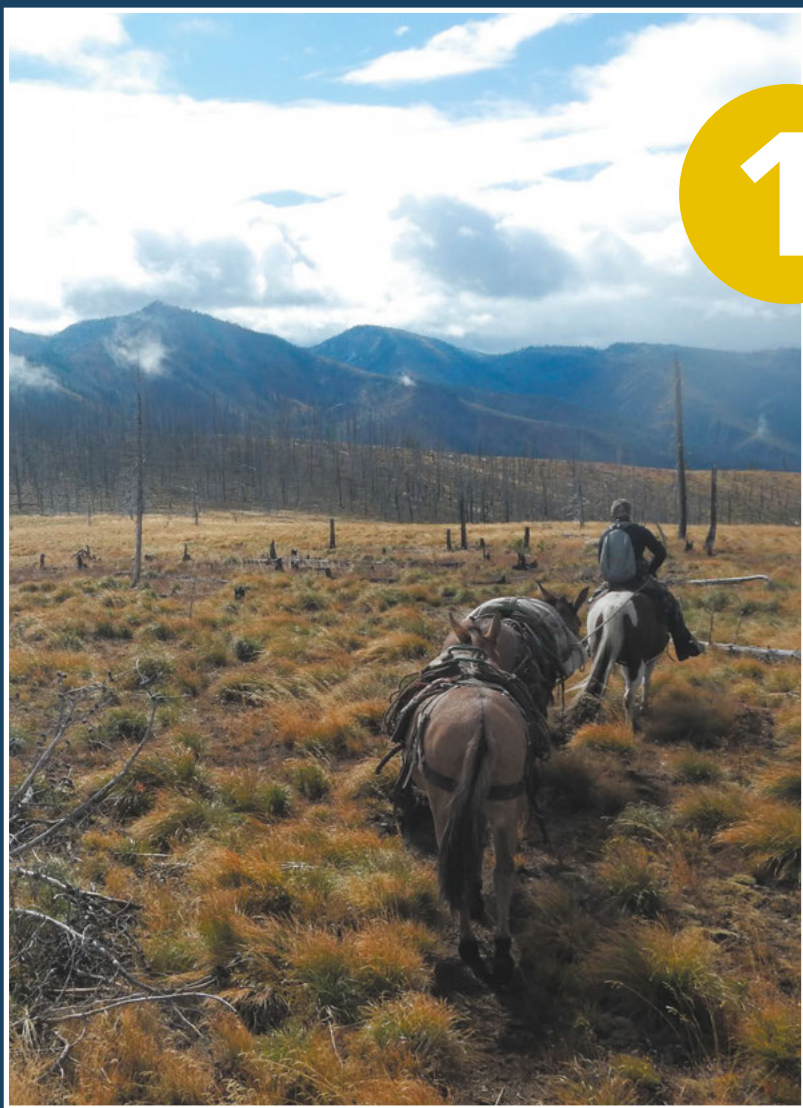
Boise – A 104-room Holiday Inn Express Boise Airport opened in August 2016 after starting construction in August 2015. Architect: Campbell & Associates of St. George, Utah. General Contractor: Wright Brothers Construction of Eagle.

Boise – A 150-room Hilton Garden Inn started construction Feb. 1 with a scheduled opening spring 2018. Architect: Harris Architecture of Provo, Utah. General contractor: Headwaters Construction of Victor.

Boise – A 108-room Comfort Inn & Suites started construction May 2 with plans to open in spring 2018. Architect: BRS Architects of Boise is the architect. General contractor: Wright Brothers Construction of Eagle.

Traditional lodgings, modern marketing

By ANNE WALLACE ALLEN
Idaho Business Review



1. Hunting guides at Mackay Bar Ranch on the Salmon River in central Idaho. The ranch, which is reachable only by plane or jet boat, offers fishing and hunting and corporate and family retreats, and sees visitors from around the U.S., said co-owner Joni Dewey. Photo by Jared Wingfield and courtesy of Mackay Bar Ranch.

2. Guests at Western Pleasure Guest Ranch in Sandpoint on a trail ride through ranch property and adjacent forest service lands. Photo by Sandy Dawson and courtesy of Western Pleasure Guest Ranch.



Just a few decades ago, most people knew what the storied western lifestyle looked like. TV programs like Gunsmoke contained all the ingredients of the typical western, such as horses, cowboys, wide-open spaces, and nights around the campfire.

Thanks to Hollywood, it wasn't very hard for dude ranch operators to explain what kind of services they offered. But these days the operators are selling to a public that has grown up on shows set in courtrooms, law enforcement laboratories, and emergency rooms.

So promoting the dude ranch experience requires a lot more skill and savvy than it used to.

"We grew up watching 'City Slickers,'" said Janice Schoonover, who operates Western Pleasure Guest Ranch on her family's 1,100-acre former cattle and timber operation in Sandpoint. "Now it's video games, cop shows, that kind of thing. So here we are trying to re-teach a whole generation, let people know what a wholesome, educational, authentic experience the ranch is."

Dude ranches offer a unique guest experience: an all-inclusive vacation that usually includes contact with horses, up-close encounters with other livestock, family meals, and a slew of rural activities. While their emphasis is on experiencing the traditional ranching lifestyle, their promotional efforts have become much more sophisticated than they used to be to capture an increasingly competitive market and to appeal to consumers who now have thousands of homestay and vacation choices through services such as Airbnb and VRBO.

Schoonover doesn't even use those popular booking sites. She relies instead on her own website, on Facebook, and on groups such as the Dude Ranch Association and Ranchseek-

“ We grew up watching ‘City Slickers.’ Now it’s video games, cop shows, that kind of thing. So here we are trying to re-teach a whole generation, let people know what a wholesome, educational, authentic experience the ranch is. ”

- Janice Schoonover,
Co-Owner, *Western Pleasure Guest in Sandpoint*

er to find customers from around the world. About 8,400 people visited her guest ranch last year from the U.S. and Europe.

"The type of guests we are after is not necessarily a VRBO guest or Airbnb guest," said Schoonover. A stay at Western Pleasure includes three meals, activities like trap shooting, archery, and a cruise on Lake Ponderay. "So the price point is a lot higher because it's all-inclusive."

Most of the dude ranches listed with industry groups are in Colorado, Wyoming, and Montana, and Schoonover said she finds herself working hard to get Idaho in front of would-be visitors when they first start looking for a destination. Idaho isn't well-known, she said, and added northern Idaho is still tarnished by a reputation as a haven for white

supremacists.

She praised the Idaho Tourism's "18 Summers" advertising campaign for highlighting the state as a place to spend vacations with your children for the 18 summers that you have them at home with you.

"Hats off to them for that incredible campaign," said Schoonover. "I just don't think you can come up with a better campaign than that."

It's critical that the small, independent guest ranches and guesthouses distinguish themselves this way, said Tina Upson, vice president of operations at LiveRez, an Eagle-based software company that provides software for vacation rental managers.

See TRADITIONAL LODGINGS, page 9

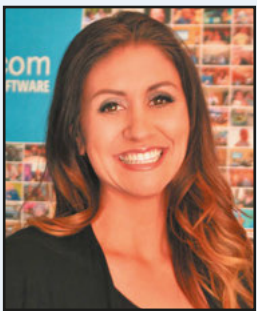
On working with millennial guests:

"Millennials have a little bit of a different perspective of what they expect and how they want the product delivered," said Janice Schoonover of Western Pleasure Guest Ranch in Sandpoint. "It starts with the way we handle our media and marketing, with Facebook and online bookings. You need to be mobile-friendly; millennials want that: 'I want to book it now and be done with it.' And then we make it pretty clear as to what the expectations are. We try to have really current, complete photos so people don't get here and say, 'That's not what it looked like online.' We represent ourselves fairly."

Where the dudes come from:

"We probably get almost like 33 percent of our referrals to our website from Facebook," said Janice Schoonover of Western Pleasure Guest Ranch in Sandpoint. "The dude ranch association is probably second below Facebook, and after that we are listed on a site called Top 50 ranches, and then a site called Top 20 ranches, and we get a lot of referrals from there as well."

MARKETING YOUR SMALL GUEST BUSINESS



Tina Upson
Vice President of Operations, *LiveRez*

Spend the money and the time needed to create an excellent website.

They're up against people who only care about the booking, and on Airbnb it couldn't be easier. They may get a booking off a third-party site, but now it becomes an opportunity to build your brand with that individual, and leverage the positive experience you've delivered for the guest to now get referral traffic and direct bookings on repeat stays."

Hire the right people.

"That's with any business, but in hospitality in particular, it's so much about the people. Your brand is represented by your front-line troops. With a small company, you'll have less

hires, so you'll need to make sure you have like-minded representatives of your brand who understand why they do what they do."

Offer supplementary services.

"If we're talking about a small company, the real money they make is on the upsells, like firewood for \$10 bucks a bundle, crib delivery, charging extra for pets, or barbecue grill rental. There are these ancillary services that have to happen because the margins are too small otherwise, especially if the booking is coming in off a channel that took 10 percent of the revenue.

"A lot of times they can do better than a hotel. I just went to Hawaii and went online to my property manager and said, 'These are the foods I want in the house when I get there.' I've got 4 kids. I don't want to show up with no food in the house. I showed up and everything was there, and they made \$75."

Manage expectations properly.

"How are you representing your property? Be honest. If the million-dollar view is really the landing pad at the airport and you have earplugs on the counter, you need to represent that. You can still find a way to swing it. It takes just a few guests to represent you as a fraud on reviews, or in a financial chargeback

standpoint, and now you're really in a lot of hurt. So when listing your property, have killer property photos. Even if it's not the best looking property, it's just like when you sell a house – photos are what people use to pick their property. And you need to be clear about what they can expect, so there is a really small gap there between what I think I am getting and what I get in regards to whatever, bedrooms, beds, bathrooms, whatever."

Manage seasonality.

"Especially in Idaho, there are markets where they have real big peak seasons and real low lows. You have to make every penny you can on your peak season, and the way you do that is calendar management. So you do Saturday-to-Saturday bookings – the concept is if you can guide people to book in week-long blocks during your high-demand seasons, you won't have any hard-to-fill gaps in your calendar; rather, you'll be booked solid.

"You really are just trying to fill the calendar appropriately for your peak. That's standard fare, especially somewhere like Donnelly, Idaho, where you have eight to ten weeks maximum where you are going to book that place. You'll also want to adjust your rates according to demand, charging more per night during your high seasons and on weekend nights.

DUDE RANCHES? THERE'S AN ASSOCIATION FOR THAT.

Colleen Hodson has served as the executive director of the Dude Ranch Association in Cody, Wyo., for 15 years. The association has about 105 members and represents dude ranches in all the states west of the Mississippi.

While the association has gained a few members over the last few years, Hodson said it's not easy to break into the business afresh.

"It's really difficult to purchase a dude ranch and then have a seasonal business and pay that debt off," she said. Instead, many people turn the family property into a dude ranch, even if that means just adding some high-end camping or cabins.

Riding is still the focus for a true dude ranch experience, said Hodson. But in recent years, dude ranches have added amenities like ziplines, archery, whitewater rafting, shooting, and other programs. Also, outside of the summer season that focuses on families, dude ranches now offer events like cooking weeks, singles weeks, or quilting weeks.

"That's what the customer wants," she said. "Although the focus of a dude ranch is still on the horse, there just need to be other activities."

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EXTENDED STAY HOTELS SAY BUSINESS IS GOOD, DESPITE COMPETITION

By Sharon Fisher
Idaho Business Review

Travelers needing to stay more than a few days in a particular location increasingly have an additional option that is more economical and offers more flexibility than the traditional hotel: The extended stay hotel.

“If you want to stay in somebody’s home, that’s fine, but if you’re a little more private, hotels are still quite viable. There’s really room for everybody.”

- Spencer Smith,
Managing Partner,
MPI Investment Group

Extended stay hotels are for people staying at least five days, and typically include kitchens in rooms and laundry facilities in the buildings. “The rooms are typically 20 to 25 percent larger than a basic hotel room, and have a full kitchen, not just a mini fridge,” said Kayla Meeker, sales manager for the TownePlace Suites in Meridian, with 100 rooms. Kitchens include china, cutlery, and cooking equipment, she added.

Economies of scale associated with multi-day stays reduce the cost to the hotel so they can offer rooms at a lower rate than conventional hotels. For example, TownePlace offers tiered pricing based on how many nights patrons are staying, with discounts after four, 11, and 30 days, Meeker said.

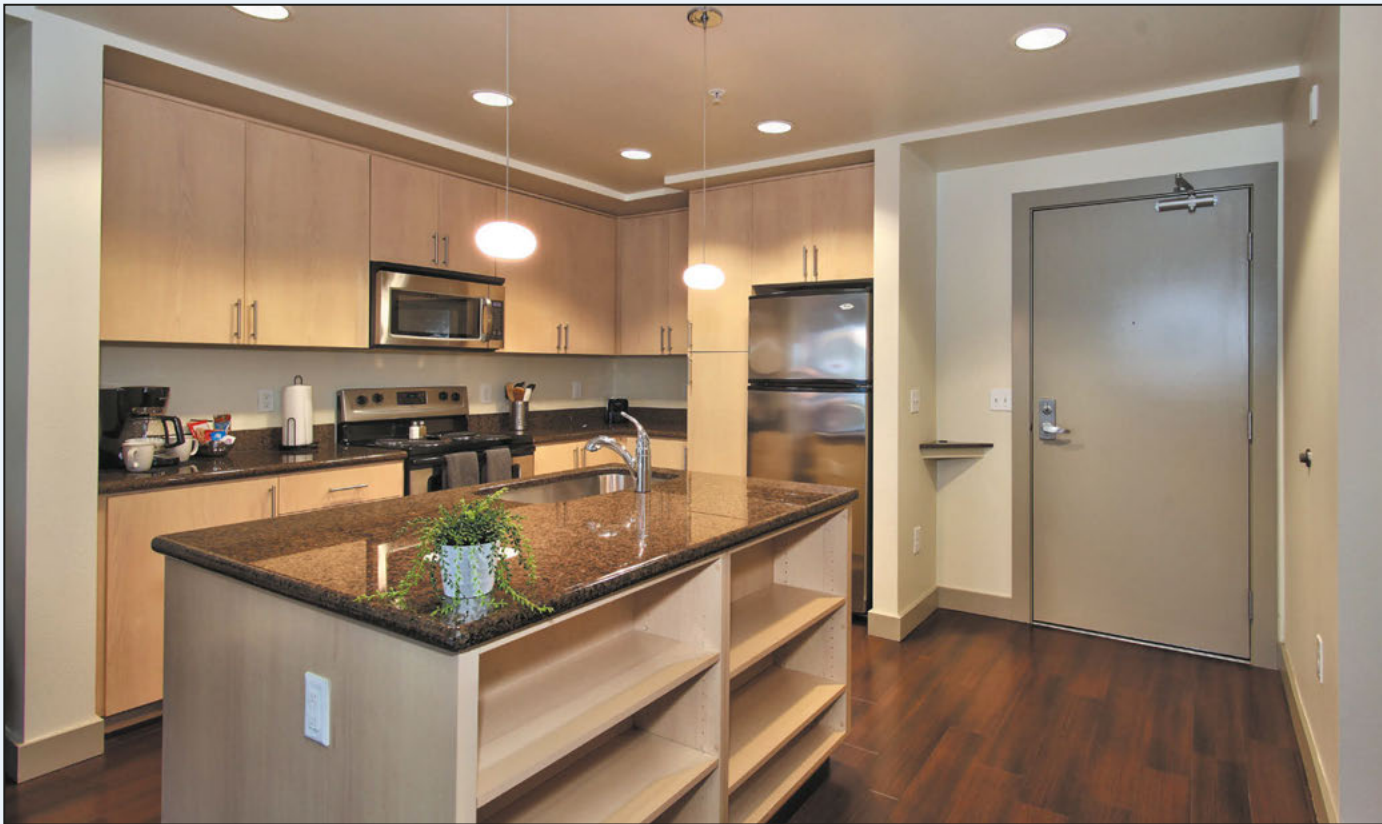
“If you stay with us for an extended period, you may elect to have maid service only two or three times a week,” said Spencer Smith, managing partner for the MPI Investment Group, a My Place Economy franchisee. “We don’t have a pool, we don’t have a weight room. The cost of maintaining those items and constructing them is significant. Our price point is amazingly less than other hotels in the area, and it’s a good-quality product. When someone says ‘economy extended stay,’ I get nightmarish pictures of what it means, but I’ve stayed in My Places and it’s really nice.”

Smith’s company runs the My Place Economy extended stay hotel in Meridian, and is scheduled to open a My Place in Twin Falls, hopefully before the August eclipse. While he owns rental properties in the Twin Falls area, he hadn’t intended to get into the hotel business until he realized that Twin Falls didn’t have an extended stay property. Twin Falls is a good place for such a business due to the St. Luke’s Magic Valley Regional Medical Center, because he could provide lodging for traveling nurses, medical personnel, and family of people staying in the hospital, he said. People visiting Twin Falls food processors such as Chobani are also a potential market, he added.

There are other reasons people might patronize an extended stay hotel, according to Bjoern Jaeger, area manager of the Residence Inn in Idaho Falls, such as a relocation while they’re looking for a permanent residence, a flood or a fire in their primary residence, or temporary accommodations for project-based work. “With our close proximity to the Idaho National Laboratories, we have a lot of government employees and government contractors who often stay at our hotel for several weeks at a time,” he said.



Idaho Falls Residence Inn by Marriott in Idaho Falls. Extended stay hotels are a popular option for business travelers. Photo courtesy of Residence Inn.



The apartments are rented furnished, including dishes, linens, and weekly housekeeping. Guests aren’t liable for hotel taxes if they stay more than 30 nights, said Jenna Coddington, marketing director for Paragon Corporate Housing. Photo courtesy of Paragon.

While Residence Inn rooms do have kitchens, the facility also provides a variety of breakfast food options, Jaeger added. “The breakfast at the Residence Inn is more robust with a rotational calendar to keep things fresh for long term guests,” he said. The ability to cook your own food in an extended stay hotel also helps people with special dietary needs, such as visiting athletes who are planning to run in marathons, Meeker said.

Business is busy for Meeker, who notes that people looking for a room “tonight” are sometimes disappointed. “We don’t have any rooms ‘tonight,’” she said. “Meridian is getting used



Bjoern Jaeger

to that whole idea that they have to make reservations in advance.” Her facility has housed people visiting Micron and its subsidiaries in the Meridian area, as well as people working on the Idaho Solar 1 project in Kuna, because Kuna doesn’t have a hotel of its own. “We have had people stay from a night to a year.”

While extended stay hotels now have to compete with businesses such as Airbnb, there’s still a market for them, Smith said. “If you want to stay in somebody’s home, that’s fine, but if you’re a little more private, hotels are still quite viable,” he said. “There’s really room for everybody.”

Another extended stay option is corporate housing, said Jenna Coddington, marketing director for Paragon Corporate Housing. “Instead of a hotel where you have your room and access to amenities only, we legally rent out apartments,” including furnishing them and providing dishes, linens, and weekly housekeeping. “It’s the privacy of a real home and the space of a real home,” which is particularly appealing to business people traveling with their families, she

said.

Other advantages of corporate housing is that you don’t have to pay hotel taxes if you stay more than 30 nights, Coddington said. It’s also particularly useful for people considering moving to a certain area. “If you’re relocating, you can get registered for schools, because you have an address,” she said. “And it lets you decide if you want that neighborhood.”

Once people try corporate housing, they rarely go back, Coddington said. “It’s whether people know corporate housing exists,” she said. “Once people know about corporate housing, it’s all they want to do.”



Jenna Coddington

Hospitality management programs become more professional

By Sharon Fisher
Idaho Business Review

Hospitality management educational programs are becoming more professional, and technology is the reason.

Hospitality has traditionally been thought of as an entry-level job.

“The interesting thing about hospitality, unlike nursing, is that you don’t need a degree,” said Angie White, hospitality management instructor at North Idaho College, or NIC, in Coeur d’Alene. “You can jump into the workforce at any point and work your way up. I’ve seen people very high up in hospitality with no education.”

But, like many professions, hospitality management is changing, and handling new technology requires specialized skills.

“As promotions become available, they’re looking for more education,” White said. “Students pairing experience with education helps them get promotions and advance on the career ladder faster.”

Hospitality management education is adjusting accordingly. The biggest job right now in hospitality is technology design.

“When I was in the industry, the point-of-sale system didn’t talk to the property management,” said Dianne Jolovich, professor of hospitality management for the College of Southern Idaho, or CSI, in Twin Falls. “Now, the hotel’s restaurants and gift shops are aligned, and systems speak with one another.”

The second biggest job after technology management is photography of food in hotels, said Rodney Farrington, assistant professor of hospitality management for Lewis-Clark State Col-



Angie White



Students in Lewis-Clark State College’s hospitality management program. The Lewiston school is the only college in Idaho with a four-year hospitality management program. Photo courtesy of LCSC.

lege, or LCSC, in Lewiston. “They’re starting photographers at \$80,000 a year to travel and take pictures of food for travel and magazines,” he said. “Who would have thought photography would have anything to do with hospitality?”

Three community colleges in Idaho offer hospitality management programs, ranging from one-year certificates to four-year baccalaureates. NIC’s program requires 62 to 65 credits, which amounts to about \$9,000 in tuition plus books, while CSI’s requires 60 credits at \$130 per credit. Tuition at LCSC is \$3,167 per semester.

LCSC is the only college in Idaho with a four-year hospitality management program, Farrington said. Upper division classes, through which students can earn either a bachelor of science, a bachelor of arts, or bachelor of applied science degree, focus on business courses such as business law and business technology systems. Students can also choose courses from other departments.

“I had one young lady who wanted to be an events coordinator for a convention center or sports arena,” Farrington said.

By focusing her upper division courses on business and sports classes such as kinesiology and coaching management, she gained a background in how the sports arena works. “Now she’s working in Seattle as an events coordinator.”

The strong economy has made filling hospitality management programs more challenging. All three have a relatively small number of students – 15 at LCSC, split evenly between bachelors and associates; 20-30 at NIC; and 15 at CSI. “When I first got here, during the recession, we were graduating higher numbers,” Jolovich said. “With the demand, numbers are less.”

LCSC’s program could support 30 students, about the number it had in 2009 when Farrington attended, and it had just two students when he took over the program last year. “I don’t know what happened between 2010 and

“ Every one of my students has a job when they leave. ”

- Rodney Farrington,
Assistant Professor of Hospitality
Management,
Lewis-Clark State College

2016 to cause it to be so drastically smaller,” he said. “We’re definitely in the process of getting it back up to where it needs to be.”

NIC recently split its hospitality management program from its resort and recreation management program, White said. “We’ve found that the kids who were really into rock climbing wanted nothing to do with management, and the kids interested in hospitality were terrified of kayaking or climbing a rock wall. It’s funny that we were ever paired.”

To make programs more flexible for working students, some hospitality management classes are moving online. “We use a lot of video recordings,” Jolovich said. Students are given scenarios, activities, role plays, and demonstrations, and they submit their assignments via video, she said. In contrast, Farrington is moving some of LCSC’s program away from online and back into the classroom, though some classes remain available online. “When I was hired, all of the classes were online, which didn’t make any sense,” he said. “I didn’t understand how you can teach a focused, hands-on job online. It’s like teaching auto mechanics or culinary school online.”

See HOSPITALITY MANAGEMENT, page 14

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TRADITIONAL LODGINGS

Continued from 5

“With a small company in particular, building a brand is important,” Upson said. “They compete with an Airbnb or Home Away at their own game; they are not going to have the millions of marketing dollars, so they have to do what they are really good at.”

It’s also critical to find and retain workers who fit into the culture, said Joni Dewey, who owns Mackay Bar Ranch with her husband Buck Dewey. Guests – and supplies, and staff – get to the ranch through a long road and an hour-long jetboat ride on the Salmon, or through a landing strip on the property. Mackay Bar Ranch employs two to 10 people, depending on the season.

It’s hard to find people because they’re living remotely, and then once they’re back there, I would say the next challenge is making sure that we all get along,” Joni Dewey said. “We provide our own power, our own septic, our own water filtration. We’re all living back there in a little mini-town.”

Know which construction documents to keep and which to toss

The promise of the “paperless office” is a bust. In reality, the ease by which documents are creat-

ed has caused files to explode in volume, both in paper and in electronic format. And since those documents are easily disseminated, multiple copies of the same report or email clog file folders, bankers boxes and hard drives and result in steep storage costs. Documents are not limited to words on paper, but include any recorded data such as voice messages, photographs and even text messages.

However, once a document exists, getting rid of it always carries a risk. Remember, a cover-up – or the appearance of a cover-up – is often worse than the crime. In the case of construction projects, this can translate into the appearance of responsibility or fault for construction defects or hamper a firm’s ability to defend itself.

What is one to do? This is where a thoughtful document retention policy comes into play. To be blunt, every player in a construction project – that is, architect, engineer, contractor, subcontractor and owner – should have a written policy of which documents to keep and for how long. Then they should follow that policy. No one document retention policy fits all businesses, but a standard policy spells out which documents

should be created, how they should be categorized and how long they should be kept.

Document Retention

The first category is which documents should be created. This may sound a little strange for a “retention” policy, but you do not need to worry about keeping a document that is never created in the first place. What this generally means is: do not create an unnecessary paper trail, or worse, a damaging paper trail. There is nothing like sifting through 100,000 emails just to find the important ones, and then running across those written at 3 a.m. using language appropriate only for cable TV.

Document Categories

The categorization of documents is important for determining where and for how long they should be kept. There are many statutes and regulations that govern how long many documents should be kept, and they may be different from state to state. Contracts between parties may also dictate how long various types of documents need to be kept, and possibly which format (electronic or paper). Your friendly lawyer may also recommend that certain documents be kept depending on the applicable time limitation for bringing a legal action. This again will vary from state to state and may depend on the type of project and whom the project is with. In Oregon, limitation periods vary depending on whether the project is small or

residential or large or commercial. Further, in some states and in many instances, limitation periods do not run against governmental entities. So construction documents for government projects should likely be held for longer periods of time.

Document Destruction

When the time comes to destroy documents, it should be done following the routine set out in the policy. Courts have recognized the legitimate need to eventually dispose of old documents and that following a reasonable and routine policy does not carry with it negative implications. However, and there is always a catch, once there is a reasonable likelihood that litigation may ensue, the document retention policy should include what is known as a “litigation hold.” No documents related to prospective or pending litigation should be destroyed, even if the policy would otherwise dictate destruction. The consequences for disposing of documents once there is a reasonable anticipation of litigation can be severe, ranging from the dismissal of claims or the barring of defenses all the way to criminal sanctions.

Document retention policies serve an extremely important function, and they will only become more important given the ever increasing amount of information involved in any modern construction project. No business should be left without one. Bill Ohle is a shareholder in the Portland office of Schwabe, Williamson & Wyatt. He represents business and design professionals in the construction industry. Contact him at 503-796-2414 or wohle@schwabe.com.

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PIECING IT TOGETHER

By ANNE WALLACE ALLEN
Idaho Business Review

The hotel rooms at a new dual-branded Marriott Hotel near Los Angeles, which is scheduled to open in 2018, will be framed, drywalled, carpeted, and furnished 840 miles away in Boise.

The structure will be a modular hotel, made of blocks that were created over the course of six months on the factory floor of the Boise-based Guerdon Enterprises LLC and then trucked to L.A. to be assembled on the site. It's a mode of construction that is becoming more common as hotel builders look for ways to save time and money.

Modular construction, where buildings are created in efficient, factory-like conditions and then assembled on site, is not new. Inexpensive modular single-family homes have been a staple for many decades in the U.S. and around the world, and modular construction for commercial buildings such as apartments and hotels has been a standard in Europe and China for years.

Modular construction, sometimes using shipping containers, has become enormously popular among tiny home builders and among homeowners looking for ways to cut their carbon footprint.

But it has taken some time for modular to gain acceptance in mainstream areas of U.S. business such as hotel construction. Marriott has led the ho-



Michael Merle



1. A module containing two complete hotel suites built in Guerdon's Boise factory is craned into place on the campus of Washington State University in Pullman, Wash. The module is one of 62 that make up the 114 suite Courtyard by Marriott.
2. Mike DelaCruz, left, and Jake Schisel move an interior wall after framing it in the factory at Guerdon Modular Buildings in Boise in June. One of the primary reasons for the growth in modular construction is the cost of labor, according to salesman Michael Merle. Guerdon's customers cannot find or pay the skilled workers they need in big cities like San Francisco. Boise has 250 construction workers on its factory floor.
3. Set crews work to connect modules during the crane installation of the Bricktown AC by Marriott in Oklahoma City, Okla. Eighty-one modules, all built in Guerdon's Boise, Idaho factory, came together to make up the 142 suite hotel.

tel industry in using modular, and was the first customer when Guerdon entered the hotel construction business about five years ago. Now, Guerdon is working on projects for the Holiday Inn Express,

Hampton Inn and Suites, and Hyatt.

"They were the first major flag to really get in and start pushing the modular initiatives," said Michael Merle, the director of Guerdon's hospitality divi-

sion, of Marriott. "Europe had a couple of decades of advancement over us, as far as the acceptance level of modular, particularly in commercial construction."

See **PIECING IT TOGETHER**, page 11

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Hotels turn to modular construction for savings in money and time

In 2014, the federal government chose Guerdon's modular technology for five multi-story lodges with 410 guest rooms at a remote site in Yellowstone National Park. Guerdon's units were built on site in Boise and then set into place with a design that enabled them to be drained and sealed during winter. The lodges opened in spring 2016. Each lodge is made up of about 50 modules that was transported 420 miles to the park. When the modules arrived, crews used a crane to assemble the pieces. Guerdon was also hired to build an employee dormitory near Old Faithful that was completed in the spring of 2015, the company said.

Continued from page 10

An advantage of modular construction is that work can start on the hotel rooms in the factory floor while site work is underway elsewhere.

"One of the biggest factors that is a hook in the hospitality industry is speed to market," said Merle. "On a smaller 100-room hotel, from groundbreaking to certificate of occupancy, we're able to get to market typically in six months less than they can do in a site-built perspective."

With the 350-room hotel that Guerdon will be working on this summer near L.A., "the general contractor there is estimating we'll be eight to 10 months ahead of schedule of what he would be able to do," said Merle.

When you walk into a hotel room that is sitting on the lot at Guerdon's factory on Federal Way in Boise, it's hard to tell you're not in the hotel itself. The corridors are still rough; they will be finished on site, along with electrical, plumbing, and other services. But the rooms are complete, down to closet doors and towel racks.

There are also savings in labor costs, especially if a building is going into a remote area with a very small workforce, or into California or other states where wages are higher than those in Idaho. And the Modular Building Institute, an organization designed to promote modular construction, says that quality goes up when buildings are put together in the controlled conditions of a factory.

"Structurally, modular buildings are generally stronger than conventional construction because each module is engineered to independently with-

stand the rigors of transportation and craning onto foundations," the organization says. It also says materials stored in factories tend to be protected from moisture damage and other elements.

And "manufacturing plants have stringent QA/QC programs with independent inspection and testing protocols that promote superior quality of construction every step of the way."

Modular construction does have detractors. Modular buildings don't use as much local labor. And mass-produced modules that are shipped hundreds of miles do not convey the sense of place or harmony with surroundings of a locally designed and built structure. However, most of the hotel chains, along with the national restaurant and retail chains, are built to specifications standardized elsewhere, and are rarely constructed with an eye to indigenous building materials or exteriors.

And modular building supporters note that modular building construction usually has less of an impact on the immediate area than traditional construction does.

"Removing approximately 80 percent of the building construction activity from the site location significantly reduces site disruption, vehicular traffic and improves overall safety and security," according to the Modular Building Institute.

Why Idaho?

Guerdon builds its projects for Canada and the 10 western states. Beyond that, the cost of shipping the modules to the site isn't worth it, said salesman Michael Merle.

The company is thriving in Idaho. It stopped building modular single-family homes nearly 20 years ago and switched to apartment buildings and then the "man camp" housing that was needed during the oil boom in North Dakota from around 2009 to 2014. The company built its first hotel for oil company workers in Stanley, N.D., and then was hired by Marriott for that chain's first modular hotel, in Folsom, Calif.

The primary reason for the growth in modular is the cost of labor, Merle said. About 70

percent of Guerdon's business is in California, where an electrician can make \$95 to \$100 an hour.

"With the labor rates we've got here in Boise, we've got 250 tradesman in our factory who are working on a daily basis and I can assure you that even our senior folks that are supervising and overseeing particular stations are not getting near the rates that a standard laborer is getting in the South Bay area," he said. Guerdon has about 250 construction workers on its factory floor and 50 support staff.

"Taking 50 or 60 percent of the scope of work offsite and being able to do that to a higher quality level at a substantially reduced price, we can save a lot on transportation to get it down there, and still come out with a pretty substantial cost advantage," Merle said.

The Marriott Initiative

Marriott began researching modular construction in 2014 and started using modular in 2015. At a conference this spring in Los Angeles, Marriott displayed a Courtyard by Marriott guest room created by Guerdon. The hotel chain announced May 1 that it expects to sign 50 hotel deals this year that use prefabricated guest rooms or bathrooms.

Marriott has opened just one hotel so far under this modular initiative, a 97-room Fairfield Inn & Suites in Folsom, Calif., that uses rooms made by Guerdon at its plant. Four more Guerdon-built Marriotts are under construction in Pullman, Wash., Oklahoma City, Louisville, Kentucky and Chapel Hill, N.C.

"Construction is the next frontier for innovation, and modular is leading the way," said Eric Jacobs, Marriott International's chief development officer of Select Brands, North America, a mid-level brand for Marriott.

See **PIECING IT TOGETHER**, page 14



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Idaho hotels tackle waste, sustainability

By SHARON FISHER
Idaho Business Review

It's not unusual to find notes in a hotel room asking you to conserve by hanging up your towels and not having your sheets changed every day. But some Idaho hotels are kicking their efforts to be green up a notch.

SpringHill Suites by Marriott, in Coeur d'Alene, was the first hotel in Idaho to be certified to comply with the U.S. Green Building Council (USGBC) Leadership in Energy and Environmental Design (LEED) specifications. LEED-certified buildings are designed to use less water and energy and to reduce greenhouse gas emissions compared with traditional buildings.

"Hotels are huge wastes," admitted Tucker Qualls, general manager of the facility, which opened in August 2013. "The amount of electricity and water, just to keep the building up and running with its PTAC [packaged terminal air conditioner] units, is a pretty heavy load."

Ownership chose this facility for LEED certification due to its location, Qualls said. "The world is turning to make sure we're more eco-friendly," he said. "Coeur d'Alene is very art-driven, very community-focused on being involved. We get a lot of business from Canada and Seattle, places where this consciousness is making a big impact."

How much this translates into improved booking rates isn't clear. "People ask questions, but there isn't a 'LEED-certified' book," just lists of hotels that consider themselves to be sustainable, Qualls said. "It's so easy to be 'green-friendly,' but just because you're doing single-stream recycling doesn't mean you put the steps into place to be a non-drain on how the world works."

The USGBC said in February 2016 that 1,600 hotels making up nearly 1 million square feet had registered for LEED certification, nearly four times the number of existing LEED-certified hotels at that time. The group recommends that hotels promote sustainability by providing environmentally friendly transportation, such as shuttle programs, for guests and staff; use native plants or undisturbed natural habitat when possible; and pave non-roof surfaces with highly reflective materials or open grid pavement to prevent heat island effect and water retention. The group also recommends rooftop solar water heating systems, solar photovoltaic roof panels or green roofs for improved storm water management and reduced energy use.

A major part of LEED certification is simply ensuring that a hotel has the right level of monitoring in place for systems such as water management and electricity, Qualls said. But even with that, it isn't necessarily easy to measure how much energy the hotel saves, because comparing apples to apples is so difficult. "It's hard to compare because the hotel next door has 101

A major part of LEED certification is simply ensuring that a hotel has the right level of monitoring in place for systems such as water management and electricity.

rooms, and we have 118," he said, so the electricity and energy use is going to be higher because of the larger number of rooms. Amenities also make a difference. "Our gas usage is actually higher than next door," he said. "It could be because we have outdoor fire pits, or the amount of laundry we're consuming."

And the process is ongoing. For example, the hotel is now switching out the halide lighting in its parking lots for light-emitting diode (LED) lights, Qualls said. "That wasn't initially in the certification, but it's something we're looking to do" because of the amount of electricity the move is expected to save. "I think we'll see a major decrease in electricity use once we remove 350 halide lamps." The company also designed the parking lot to keep as many of the existing trees as possible.

While it could have scraped the lot flat and then planted new trees, "it's not the same as trees that have been growing there for 60 or 70 years," he said.

Other sustainability components in the SpringHill Suites in Coeur d'Alene include:

- Single stream recycling in the lobby
 - Aerators to reduce water use in the showers
 - Car-charging stations, including one specifically for Teslas – an amenity that is attracting more traffic to the hotel, Qualls said
 - Bike rentals, convenient to the hotel's location along the Centennial Trail
 - An employee garden
 - A fountain made of recycled material from construction sites
 - Landscaping to help reduce the use of water
- Sustainability is a Marriott-wide initiative, and the company continues looking at ways to make itself more green, Qualls said.

Another Idaho LEED hotel is the Limelight Hotel in Ketchum, run by the Aspen Skiing Co., based in Roaring Fork Valley, Colo. The hotel, which opened last December, is in the process of securing LEED Silver certification.



A bathroom in the Limelight Hotel in Ketchum. The hotel's owner, the Aspen Skiing Co. in Colorado, has a goal of reducing its energy use 25 percent by 2020. Photo courtesy of the Aspen Skiing Co.

Costs and Benefits

It's clear that consumers are asking for green construction in their hotels. According to the U.S. Green Building Council, lodging visitors request sustainable resources, evaluate the indoor environment for health concerns and place a preference on sustainable buildings.

It's not as easy to figure out when sustainability projects save money.

"As you can imagine, the answer is: It depends," said Matthew Hamilton, sustainability director for the Aspen Skiing Co. that runs Ketchum's Limelight Hotel. Since 2012, Ketchum city code has encouraged green, high efficiency, health buildings for new residential construction and additions. It is based on the National Green Building Standard, with a minimum compliance level of LEED Silver.

Hamilton said the hotel company believes reducing its environmental impact and practicing sustainability initiatives leads to higher employee satisfaction and a better customer experience.

Marriott puts out an annual sustainability report, but its metrics all focus on how much power or water was saved, not on whether the company saved money on the sustainability efforts.

A 2014 study from Cornell University, "The Impact of LEED Certification on Hotel Performance," found that hotels did gain a revenue benefit by being LEED-certified, but it was unclear whether the benefit lasted beyond two years because most hotels' certification was relatively new. The study, which has not been updated, did not examine whether the LEED improvements themselves were of financial benefit, or because people were more likely to stay at a LEED-certified hotel.



Matthew Hamilton

"It involves everything from recycling to paint, finishes, and glues, and reclaimed wood," said sustainability director Matthew Hamilton.

Aspen's goal is to reduce its carbon footprint 25 percent by 2020, compared with its 2000 baseline, and is about halfway there, Hamilton said. For example, hotel fans and kitchen hoods are variable speed, and it uses sensors in the pool deck and patio area to ensure the snowmelt system is only operating when snow is present.

While the hotel itself is too new to have benchmarks, it is designed to save 16.1 percent in energy costs compared with a baseline hotel design. Aspen also works with local utilities to reduce its carbon footprint, though it hasn't gone so far as to put solar panels on the roof of

the building. "We use the power supplied to us."

Sustainability goes beyond the hotel walls. "What makes the Limelight brand stand out is how we engage in the local community," Hamilton said. For example, it worked with the Environmental Resource Center to do snowshoe tours in the winter. In addition, employees and guests are encouraged to donate to provide grants to local nonprofits.

"Going in the direction of sustainable is a no-brainer," said Tucker Burton, public relations manager for the Aspen Skiing Co. "It's part of our brand. You see it at all levels. We want to stay in business forever, and we want to be good to the land that provides us so much."

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Idaho hotel owner is betting on a water-saving laundry machine that uses polymer beads

By ANNE WALLACE ALLEN
Idaho Business Review

Revolutions are few and far between in the realm of hotel laundry. But a new washing technology that uses beads and saves water, created by a British company called Xeros, might be one.

Jerame Petry, the owner of three Idaho hotels, is the first in Idaho to adopt Xeros' water-saving laundry machine. He leased four of them in March for his hotels in Nampa and McCall. He expects they'll enable him to cut his water use in the laundry by 1.3 million gallons per year at the three hotels combined, and his laundry-related energy use by half.

“There really hasn't been an innovation in laundry for 60 years, so technologically this is huge.”

— Steve Mathis,
Sales Manager, Xeros

Petry first learned of the Xeros technology through an article in Lodging magazine. The Xeros machines clean clothes with a small amount of detergent and water and with millions of re-useable nylon polymer beads that absorb stains and substances and will run about 1,000 cycles before they need to be replaced. The bead technology, developed in the University of Leeds in the United Kingdom, enables the clothes to be cleaned at lower temperatures than a conven-



1. Jerame Petry with the Xeros laundry machines he recently installed at his hotels in Nampa and McCall. *Photo courtesy of Petry.*

2. An open Xeros laundry machine. The machine washes clothes using a small amount of water and detergent and millions of polymer beads that absorb stains and substances. Hotel owner Jerame Petry has leased machines for his three hotels in Nampa and McCall. *Photo courtesy of Xeros.*

tional water-based washing machine and with less detergent, said Steve Mathis, a regional sales manager with Xeros who has worked with Petry.

Petry's leased machines are the first four in Idaho, though Mathis said he has customers leasing machines in Oregon, Washington and California.

"I am one to always try out the new technology and see if it works," Petry said. He added that he spoke at length with Mathis, whom he already knew, and did extensive research before deciding to try the Xeros machines.

"We realized it would decrease our carbon footprint, and that's kind of why we went forward with it," Petry said. He owns a Holiday Inn that opened in June in Nampa, and a Holiday Inn Express and Best Western Plus in McCall.

The hospitality industry has for years sought

to become more sustainable, in response to consumer requests and in a bid to save money on traditionally large outlays for things like water and energy. According to the U.S. Environmental Protection Agency, the hospitality industry (including institutions like jails and schools), is responsible for 15 percent of all the commercial water use in the country. That includes water used in restrooms, laundries, landscaping, and kitchens. Only utilities and infrastructure use more.

The U.S. Green Building Council has said the nation's hospitality industry spends \$4 billion on energy and uses 1.2 trillion gallons of water per year.

Reducing water and energy consumption in the laundry room is a huge opportunity for

hotels seeking to become more sustainable. Most hotels are now working hard to promote their sustainable initiatives and some even have eco-friendly brands. Most got on board with saving water years ago by asking guests if they would mind re-using their linens for more than one day without washing. Leasing a Xeros machine takes that much farther, said Mathis.

"There really hasn't been an innovation in laundry for 60 years, so technologically this is huge," he said.

Petry's hotel in Nampa has 85 rooms, and his two in McCall have 85 and 66. At the smaller of the three, he said, he washes 180,000 pounds of laundry each year; at each of the larger, he washes more than 200,000. He noted that saving water also saves the hotels money on the cost of discharging the waste water and in drying the linens, as they come out of the machine with less water on them.

With the new machines, staffing in Petry's laundry rooms stays the same. The washers cost \$600 per month each to lease, including maintenance and chemicals.

Petry said the machines enable staff to wash more linens in less time.

"It's an easy machine," he said. "All the beads come out of the linens and towels at the end of the cycle, which is pretty amazing."

After the beads have done their job through 1,000 wash cycles or so, Mathis said, they are recycled for use in the auto industry.

"I think this is the wave of the future," Petry said.

GARDEN CITY'S RIVERSIDE HOTEL IS UNDERGOING MAJOR RENOVATION

By TEYA VITU
Idaho Business Review

The Treasure Valley's largest hotel, the Riverside in Garden City, is undergoing a \$5 million renovation on all the rooms, the lobby and bar.

The work will double the height of the port cochere, or covered entryway, to 31 feet to accommodate buses, and will create a new lobby and bar. The hotel will remain open throughout. It's not clear when all 304 hotels will be completed, said David Wali, one of the owners. He said the owners are aiming for October.

The exterior façade is also getting a facelift.

The new lobby and bar will be part of a new layout that creates a new interface between the lobby and restaurant, Wali said.

The renovations are the largest since the \$3 million Sapphire Room and Sandbar work in 2010-11, soon after Wali's DWI Hospitality LLC and David Johnson of Riverside Hospitality LLC acquired the hotel.

Mark Guho Construction is the general contractor and erstad ARCHITECTS is the architect.



A model bedroom at the Riverside. Designer Judi Kieffer said the artwork in the rooms is by local photographers Charles Knowles, Vincent Anzalone, Vishwanath Bhat and Sam Stickler. *Photo courtesy of Kieffer.*

PIECING IT TOGETHER

HOSPITALITY MANAGEMENT

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Once they are completed, modular buildings look the same as their more traditional counterparts. Indeed, when you walk into a hotel room that is sitting on the lot at Guerdon's factory on Federal Way in Boise, it's hard to tell you're not in the hotel itself. The corridors are still rough; they will be finished on site, along with electrical, plumbing, and other services. But the rooms are complete, down to closet doors and towel racks.

"We take these suites literally to completion," Merle said. "With most of the ones we have done so far, the developers have shipped the furniture, fixtures and equipment, and we're sending these things out with the beds installed, the desks and chairs, the mini-microwaves and refrigerators. The housekeepers just have to make the beds and hang the drapes and towels, and they're guest-ready."

All three schools have been working together to align their programs so students can more easily move between them. "We're really trying to align them so it's more friendly for students coming in," Jolovich said. "We're trying to be proactive to help our students."

Employer demand has made it easier to place students once they graduate – or even before. "We don't have enough students to cover the jobs," Jolovich said. "All but maybe one are working in the industry right now."

"Every one of my students has a job when they leave," Farrington said. Partly, that's because students have to do an internship and are required to work in the industry the entire time they're getting the degree, he said.

And the three programs still aren't enough, White said. "Employers are desperately looking for workforce," White said. "Our students all have jobs, and aren't looking for jobs. We would love to give [employers] more good candidates, but they're all out there doing it already."

A grab bag of some new Idaho hotels

By **TEYA VITU**
Idaho Business Review

The nearly three dozen new hotels under construction, recently opened or pending construction in Idaho will transform the lodging supply in many cities, including Boise, the state capital.

In downtown Boise, four hotel projects were announced in a period of five months in 2015. Hotels are also in the works elsewhere in the Treasure Valley; in three Wood River Valley communities; and in Burley, Twin Falls, Pocatello and Idaho Falls. One hotel recently opened in Lewiston, two are pending in Coeur d'Alene and, in March, one opened and another started construction in Rexburg.

Here are some details of a handful of the new hotels.

Yellowstone traffic draws Hampton Inn to Rexburg

Kevin Flamm is building a 101-room Hampton Inn & Suites next door to his 97-room SpringHill Suites in the city of Rexburg, which has a population of 30,000.

They will be the two largest hotels in Rexburg when the Hampton Inn opens in April 2018, said Chris Mann, CEO of the Rexburg Chamber of Commerce.

Rexburg is the last city of size before the west entrance to Yellowstone National Park and home town to Brigham Young University-Idaho.

“The amount of tour buses going to Yellowstone has exploded,” said Flamm, co-owner of Lot 6 Development Co. of Salt Lake City and Intermountain Wealth Management in Idaho Falls. “The last 10 years has seen growth of 10 to 15 percent every year.”

General contractor Headwaters Construction of Victor started the Hampton Inn construction March 1. Flamm said Yellowstone draws 40 percent of his guests at SpringHill Suites throughout the year. In prime season from May to September, the national park is responsible for 70 to 80 percent of stays.

My Place starts building second Idaho hotel in Twin Falls

The five-year-old My Place extended stay hotel chain plans to open its second Idaho hotel in Twin Falls in August. The first My Place in Idaho opened April 10 in Meridian.

Aberdeen, S.D.-based My Place was launched in 2012 with the Meridian hotel its 32nd property to open in 16 states, said Terry Kline, executive vice president of franchise development.

Kline predicts Idaho Falls will get the third My Place, with others under consideration for Rexburg, Pocatello and Coeur d'Alene. The franchise holder in Meridian also has the rights for downtown and eastern Boise, Kline said.

Construction on the 64-room My Place started in mid-February across from St. Luke's Magic Valley Regional Medical Center.

MPI Investment Group, of which Smith is principal, will own the My Place in Twin Falls. All My Place hotels are franchise-owned. Richardson Design Group in Salt Lake City is the architect of all the My Place hotels. Allied Construction of Cheyenne, Wyo., is the general contractor for Twin Falls.

My Place hotels strive for “mid-scale quality at economy pricing,” Kline said.

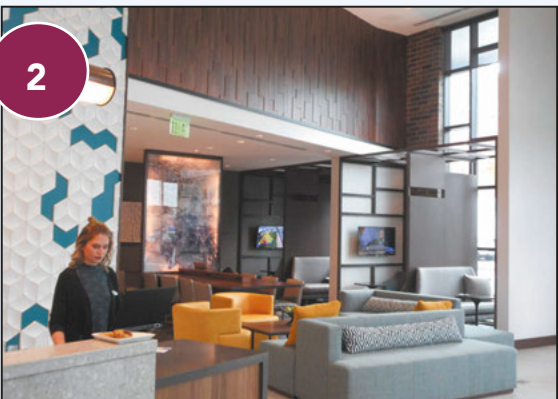
Best Western Plus opens in Nampa

The 82-room Best Western Plus Peppertree Nampa Civic Center Inn opened April 19 after starting construction in March 2016.

The hotel is the Spokane-based Santillanes family's first venture in Idaho with their Peppertree Hospitality Group, but project manager Chase Santillanes said the family might consider a second in Nampa.

“We like where downtown is headed,” he said. “We definitely would entertain that market, maybe a couple years down the road.”

Peppertree Hospitality owns the Best Western Plus in Nampa as well as Best Western Plus properties in Spokane and Omak, Wash., and the Santillanes family previously developed and owned Best Western Plus hotel in Auburn and Liberty Lake, Wash. The Santillanes family also owns the Peppertree office and retail center in downtown Spokane.



1. A crowd waits for Old Faithful geyser to erupt in Yellowstone National Park. Yellowstone visitors provide almost all of the traffic at some hotels in eastern Idaho. *File photo.*
2. Hyatt Place front desk lead Taylor Edwards awaits guests. The nearby business area has four individual work areas and a community table. *Photo by Teya Vitu.*
3. The first My Place hotel in Idaho, shown here, opened in April in Meridian at Eagle Road and Fairview Ave. *Photo by Teya Vitu.*

56-room hotel is on the way in Bellevue

Greg Anderson is putting Bellevue on the hotel map. He started construction in September on a 56-room, three-story Silver Creek Hotel on undeveloped land alongside Main Street toward the north end of town. He expects opening by July 15.

The only motel in town now is the 21-room High Country Motel.

Anderson will build two multi-room suites into Silver Creek and there will be some luxury rooms, but he said 80 percent of the rooms will be “affordable,” maybe around \$109 a night.

“I’m going after the average family in this valley,” Anderson said. “How many can afford \$250 a night? That’s the entry level in Ketchum.”

The hotel will have a 300-square-foot conference room for 15 to 20 people and a 500-square-foot room for up to 50 people. It will have full breakfast but no restaurant is planned, Anderson said.

The \$5 million hotel was designed by Jay Cone Architecture of Hailey. The general contractor is Riemann Design & Construction of Hailey. The Silver Creek Hotel is a modular structure produced by Nashua Homes of Boise.

Eight-story Boise hotel proposed for Front and Sixth streets

A Wisconsin company has submitted designs for a fifth new downtown Boise hotel, this one proposed for a surface parking lot at Front Street between Fifth and Sixth streets, across from the C.W. Moore Plaza.

Old Boise General Manager Clay Carley is in partnership with Middleton, Wisc.-based The Raymond Group on a proposal for an eight-story, 144-room hotel with a 675-space parking garage on 1.1 acres that Carley has owned since 2006, according to documents submitted Dec. 13 for design review to the city of Boise Planning & Development Services.

“The caveat to all this is it’s not certain,” Carley said. “We submitted but that doesn’t mean it will happen.”

The project architect is Gary Brink and Associates in Middleton, Wisc.

Hyatt Place opens in downtown Boise

The five-story, 150-room Hyatt Place opened May 31 at Bannock and 11th Street.

Hyatt Place is the second downtown Boise hotel to open since the 113-room Inn at 500 Capitol opened in January. A 185-room Residence Inn by Marriott is expected to follow sometime in summer, and a 150-room Hilton Garden Inn is expected to open next spring.

Graydon Pearson, president of the Provo, Utah-based In-Group Hospitality, said 2,200 room nights for groups were confirmed for groups in the first six months, with five groups expected in June.

Construction on a surface parking lot started in January 2016. Steed Construction of Eagle was the general contractor. BWA Architects of Holladay, Utah, was the architect.

PEG Development of Provo jointly developed the Hyatt Place with Rafanelli & Nehas, the Boise-based real estate development firm that also owns the Boise Plaza building across the street from the hotel. Both companies own the hotel.

se-based real estate development firm that also owns the Boise Plaza building across the street from the hotel. Both companies own the hotel.

Boise Airport area will get a Comfort Inn and Suites

A small, Tulsa, Okla.-based hotel group chose Boise to build its first hotel beyond its neighboring states.

Burton Hotel Group started construction May 2 on a four-story, 108-room Comfort Inn & Suites Boise Airport on Elder Street, a half mile west of the hotel cluster on the same street.

The Comfort Inn should be open next March, said Joanna Craddock, Burton's regional sales director.

Burton owns and operates four other hotels: Sleep Inn & Suites in Round Rock, Midland and

South Tyler, all in Texas, and a Comfort Suites in Carlsbad, N.M.

Burton looked at Colorado and New Orleans before selecting Boise for its next hotel. Until now, Burton, established in 2007, focused on building hotels in the oil market.

“Boise just spoke to us in the how the market is changing currently,” Craddock said, referring to dozens of hotels under construction across Idaho.

Burton for now intends to build only one hotel in Idaho, she said. BRS Architects of Boise is the architect. Wright Brothers the Building Company of Eagle is the general contractor.

Hilton’s new Tru hotel brand is rising at Meridian’s Grandview Marketplace

Hilton Worldwide committed to building a Tru by Hilton hotel in the Treasure Valley in the first year of the hotelier's new brand.

Hilton announced the Tru by Hilton brand in January 2016 and the first hotel opened April 21 in Oklahoma City. The Idaho Tru by Hilton, scheduled to open in February, should be among the first couple dozen Tru by Hilton hotels.

Hilton plans to open 10 Tru by Hilton hotels this year and 75 in 2018. Another 340 are in various stages of development, according to Hilton publicist Laura Schultz.

Meridian issued a building permit April 6 for a 92-room Tru by Hilton at Grandview Marketplace. Rimrock Construction of Draper, Utah, is in the early stages of construction at the shopping center at Eagle and Overland roads that already has a TownPlace Suites by Marriott.

The developer and owner is Western States Lodging & Management, a Salt Lake City lodging, management and development firm, operating locally as Meridian Hotel Partners LLC. Western States Lodging, established in 1996, owns and operates 14 hotels, all in Utah except two La Quinta Inn & Suites in Boise and Pocatello and two hotels in Hillsboro, Ore.

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