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# HOTELS TO BLOOM ON THE RIVERFRONT



## Builders planning high-rise projects

SCOTT GOSS and CHRISTINA JEDRA  
THE NEWS JOURNAL

Delaware's hotel industry may be about to flourish along the Wilmington Riverfront.

Developers are racing to break ground on two high-rise projects, with a third slated to follow in the coming years. Collectively, the new hotels are expected to add 600 rooms — a threefold increase to the once-neglected industrial area that has become a model of urban redevelopment in Delaware.

The sudden surge of development is being hailed as a potential boon to local retailers and restaurants while promising to push the Chase Center — the city's largest event space — into the next level of convention bookings.

"People are very optimistic," said Joseph McCullough, executive director of the Riverfront Development Corp. "More rooms will mean more people visiting the riverfront, and that's going to generate more business for everyone."

A new development team surprised Delaware's hotel industry last week by announcing plans for a seven-story, 122-room hotel and banquet hall attached to the existing Big Fish Grill on the Riverfront. The project was not on the radar of most hoteliers — a rarity among a rela-

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Eric Sogrine, owner of Big Fish Restaurant Group, and Jonathan Shies, director of real estate for the DMR Group, on the property next to Big Fish Grill on Riverfront, where they soon will build a 122-room, 122-room hotel (top).

"We've always had demand for a banquet space that can hold a wedding or a 200-person event."

ERIC SUGRUE  
CO-FOUNDER AND MANAGER PARTNER

## Hospital, civic leaders to meet

Aggressive constables on video raise concerns  
ESTEBAN PARRA, THE NEWS JOURNAL

Community leaders shocked by a video obtained by The News Journal showing four Christiana Care constables punching, kicking and knocking a man while forcibly restraining him in a Wilmington Hospital room will soon meet with hospital administrators to air concerns of aggression by staff of Delaware's largest health care provider.

Christiana Care Health System officials said they are "deeply sorry" about the incident in which four constables — private security officers who have similar powers to police — violently handcuffed 37-year-old Terrace Carter to wall-mounted restraints.

Carter had been involved in a dispute with a person he knew while waiting for a ride home after being treated at the hospital. He was taken into a room by the four constables, who sprayed something in his face on the video, then while being restrained by two or three of the constables, another repeatedly kicked and punched him.

The four constables involved in the Feb. 24 incident and two of their supervisors have been fired, Christiana Care officials said after the video was published Tuesday at delawareonline.com. But that's not enough for leaders of the African-American community, who said they've noticed a pattern of aggression by hospital staff and constables.

"A hospital should be a place for help and healing, not a place to be hurt," said the Rev. Christopher Bullock, head of the community members meeting with Christiana Care's administration. "The [constables] acting is a good thing, but going forward we need a review of the policies. We need better oversight, and we need the board of Christiana Care medical system to be more involved in what goes on in their hospitals."

Christiana Care officials said they would welcome input from the community. "Our mission is one of service to our community," Christiana Vice President of Communication Karen Y. Browne said in a statement. "To truly serve our neighbors, we partner with them to

See HOSPITAL, Page 7A

## Francis seeks fanatic 'Charity'

The postiff reaches out to Muslims and embattled Catholics during a two-day visit to Egypt. Page 1B

## DELAWARE EDUCATION Schools struggle with proposed cuts

JESSICA BIES and MATTHEW ALBRIGHT  
THE NEWS JOURNAL

Education leaders and parents are up in arms over \$37 million in budget cuts to public schools proposed by Gov. John Carney and vote a fight in the General Assembly to stop them.

"At some point in time, we have to look at our future and stop robbing Peter to pay Paul," said Jeff Days, who is running for a spot on the Christiana school board and has children in the Appoquinimink district.

Carney has said he would rather not be making any cuts but said "shared sacrifice" is necessary in the face of the state's nearly \$400 million budget deficit.

"There are extremely modest cuts in the scheme of things, and other cabinet agencies are being cut a lot more," Carney said. "All we're asking is that our school boards do a little more to run a little more efficiently."

The cuts are only 1.5 percent of the state's \$1.37

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SUNDAY, APRIL 30, 2017



The 122-room hotel planned for construction on the Wilmington Riverfront will connect to Big Fish Grill through a one-story, 4,300-square-foot banquet room.

### Hotels

Continued from Page 1A

tively small community that typically catches wind of new developments well in advance.

The project is being undertaken by Riverfront Hotel, a limited liability corporation made up of Pennsylvania-based property developer Onix Group and Big Fish Restaurant Group, a Rehoboth Beach-based chain with 11 eateries in three states - including the 275-seat seafood restaurant on the west bank of the Christina River.

"We've always had demand for a banquet space that can hold a wedding or a 200-person event," Eric Sgrava, co-founder and managing partner of the restaurant group said of his longest-running Wilmington venture. "At the end of the day, this [land] became available so I pursued it... and it worked out to become this."

Sgrava's team says it hopes to begin construction by late summer and open a year later. Despite the aggressive timetable, the developers say they have yet to nail down financing for the \$22 million project. A general contractor has not been selected. A franchisee beyond name has not been secured. The lot still must be cleared of industrial contamination from more than a century of use as a shipyard. And, no building permits have been issued.

"I'm a little surprised they made an announcement, frankly," said Bill Sullivan, chairman of the Greater Wilmington Convention & Visitors Bureau and managing director of the Courtyard Newark at the University of Delaware. "It sounds to me like they're still early in the process."

Even with those looming unknowns, Riverfront Hotel LLC is clearly challenging the city's largest developer.

Buccini-Pollina Group built the 180-room Westin Wilmington, a 10-story property connected to the Chase Center and presently the Riverfront's only hotel. It also has built several residential properties in the area, including the 214-unit Residences at Junction Landing, the 180-unit Residences at Harton Flats and the 173-unit Residences at Christina Landing on the east bank of the river.

BPG anticipated last year that it had been awarded franchise approval for a 200-room Homewood Suites by Hilton and was seeking a deal to open a 200-room Marriott hotel. Both projects are planned for the Riverfront, but company officials so far have declined to say exactly where - or even which side of the river - the hotels will be built.

Rob Buccini, the company's co-founder and co-president, expects to break ground on the Homewood Suites project in July, with the Marriott to follow after that point.

"There will be a little competition in the short term," he said of the Riverfront Hotel project. "But in the long term, I think that's going to benefit the city as a whole."

#### The big attraction

The hotel boom on the Riverfront certainly would benefit the Chase Center.

While Daniel S. Frawley Stadium, home of the Wilmington Blue Rocks, tends to catch the eye of drivers passing by on Interstate 95, the convention center next door is the true heart of the Riverfront - one that has evolved with each stage of the area's redevelopment.

Originally built as a 125,000-square-foot shipbuilding warehouse when the Riverfront was a thriving manufacturing center, the building was purchased by developer Varco Partners in 1988 as

part of a \$1.2 million deal for an 86-acre swath on what by then had become an industrial wasteland.

Nearly a decade later, the property became the focal point of a major push to resurrect the fallen riverfront into an economic hub for the city. The takeover-backed Riverfront Development Corp. took control of the property and reopened the building in 1998 as an exhibition hall, a concept that frizzled after seven shows.

Then headed by current Mayor Mike Parzycki, the RDC sunk an additional \$7 million into the building to convert the property into a mini-convention center capable of hosting small trade shows, chamber of commerce galas and weddings. But it wasn't until BPG completed the Westin that the concept really began to take off, McClintchey said.

"Before that, we were mostly attracting local and regional groups that not much beyond Pennsylvania and New Jersey," she said. "Now we're drawing from New York to Washington, D.C., because people that attend the events can stay right next door without having to drive downtown."

The nearly \$60 million Westin opened in 2014, but getting there was no easy feat.

Then Gov. Jack Markell's administration initially considered a \$6 million letter of credit for the project in 2011 before public pressure (fueled by a News-Journal investigation) forced them to back out. An application for a \$2 million state grant was entered and then withdrawn after attracting criticism from state legislators.

Finally, the city and the RDC put up \$3 million in loan guarantees and BPG bought less than 1 acre of property from the RDC for \$2.5 million.

"The Westin was built at the bottom of the market right after the collapse," Parzycki said. "We had to try to help these projects along. We created terms that made the financing of the project easier but didn't give anybody any money. There were no loans... We got all of our money back. Every single penny."

This time around, the Riverfront hotel projects should not count on any taxpayer assistance from the city, he said.

#### A trickle-down effect

Now that the economy has improved and the Westin has proved the Riverfront as a viable market, there is far fewer questions about whether additional hotels would add economic development value to the Chase Center.

In fact, not having them has had the opposite effect, McClintchey said.

"We've lost so many bookings because we didn't have the hotel rooms needed to support them," she said, citing a recent example in which a national organization of music therapists that passed on Wilmington because the city could not provide 400 hotel rooms in immediate proximity to the convention hall.

"Adding rooms would bring in a lot more groups of that size," she said. "And when you have that many people here for two or three days, they're going to spend their money locally."

More convention attendees, she added, would mean more business for the 15-screen Penn Cinema Riverfront & IMAX, the Delaware Children's Museum, Riverwalk Mini Golf, Blue Rocks games, the Riverfront Market, the Constitution Yards beer garden or Riverfront Park and the smattering of restaurants throughout the neighborhood.

Kevin Fina, chief executive officer and co-founder of Iron Hill Brewery, said the Riverfront was on shaky ground when the restaurant opened in the early 2000s. But the Wilmington location is now one of 10 locations for the brewery in Delaware, Pennsylvania and New Jersey and among its busiest. New hotels will keep up the momentum, he said.

"If it's 122 rooms, it will be at least 122 people who need to eat and go out," he said of the Riverfront Hotel LLC project.

Iron Hill often has consultants and business associates visit for meetings, he said. Usually the customers try to stay at the Westin first, he said, but it's "not cheap" - a one-night, one-room stay on May 6 would cost \$142 - and reservations aren't always available.

"If you don't book a few weeks in advance, it's hard to get a room at that hotel," he said.

The addition of more hotel rooms also could bring even more attractions. And

that, McClintchey said, could help the Riverfront lure more employers, such as AAA Mid-Atlantic, Barclay's and Navient.

"Corporations are always looking for ways to attract talent," she said. "If you have an exciting, vibrant place for them, you're going to see more of them want to come here."

The fact that more hotels may be built at the Riverfront is proof of the growing energy there. Navient spokeswoman Nikki A. Lovette said that nation's largest servicer of student loans moved its national headquarters to the Riverfront in 2015.

"It tells us the investment we made here two years ago was worthwhile because the area continues to grow," she said. "We'd be really happy to welcome a new hotel as our neighbor."

#### Not everyone happy

While the Riverfront might be cheering the addition of hotels, the added rooms are being looked at with some skepticism by some hoteliers.

The Delaware Hotel and Lodging Association has been warning for years that an influx of new properties throughout the state is threatening to undermine the local industry's recovery, just as it is finally getting underway.

Statewide occupancy rates returned to pre-recession levels for the first time in 2014. In 2016, those rates improved to 85 percent - still below the 80 percent break-even point for most hotels, and well south of 68 percent national average. Hotel managers say that because a growing number of developers and hospitality chains are opening new properties every year - flooding the market with supply that outpaces demand.

The trend is even more pronounced in Wilmington, which draws most of its business from legal and corporate industries. With several hotels snarving their workforces and the DuPont Co.'s 2015 move to the suburbs, some of the four major hotels in downtown Wilmington have struggled to fill the 780 rooms among them.

See RIVERFRONT, Page 11A

"People are very optimistic. More rooms will mean more people visiting the riverfront and that's going to generate more business for everyone."

MEGAN MCCLINTCHEY, EXECUTIVE DIRECTOR OF RIVERFRONT DEVELOPMENT CORP.



Eric Sgrava, owner of Big Fish Restaurant Group, and Jonathan Silver, director of real estate for the ONIX Group, on the property next to Big Fish Grill on Riverfront, where they soon will build a 122-room hotel.

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The crane depicted would help build a \$23 million, 122-room hotel on the riverfront.

PHOTO BY ROB BUCCINI FOR THE NEWS JOURNAL

### Riverfront

Continued from Page 10A

Competition is expected to get even fiercer this fall when Capon Hospitality Management is slated to open a 96-room Marriott Residence Inn in the former vacant Beneficial Bank building at 1300 N. Market St. Soon after, BPG will begin renovating the Hotel du Pont as part of a \$173 million transformation of the Thabert Building, which also includes Chennours headquarters and the Playhouse on Rodney Square.

Add in the three new hotels planned on the Riverfront, and Wilmington soon could see its overall inventory of hotel rooms jump 40 percent.

"It probably will affect my business if all three of those projects get built," said Capon Patel, president of Capon Hospitality Management. "I think everyone is going to have to work on their branding, marketing strategy, and revenue management. But at the end of the day, it's going to come down to who can offer the best value proposition."

Greg Pettinato, CEO of the family real estate company that developed several of the commercial properties on the Riverfront, said that's a battle the new hotels are likely to win.

"If I were coming from out of town, I would much rather stay on the Riverfront than downtown," he said. "You've got restaurants, movies, a 1.5-mile walking trail along the river, a nature preserve and free parking down there. Why wouldn't you choose to stay there?"

Not everyone is convinced the new hotels will harm the downtown properties, however. Bill Silva, general manager of the Westin and chairman of the state hotel association, said competition is good for everyone.

"It's going to force us all to deliver better service and provide more opportunities for people," he said. "Besides, we're still only talking about 1,200 or so rooms in the entire city. The Philadelphia Marriott has more rooms than that all by itself and they're doing fine."

McGlinchey said the new hotels would be generating new business by drawing from large conventions at the Chase Center — not from the existing market.

Paryscki, meanwhile, said it's "hard to tell" if the additional properties will lead to over saturation.

"It may hurt another vendor or operator. We just don't know," he said. "But these guys are not fools. There are no novices here."

**New kids on the block**  
The 122-room hotel planned next to Big Fish Grill will be a new undertaking for both partners in the Riverfront Hotel development team. Big Fish Restaurant Group operates eateries throughout the region but has never undertaken a hotel development project.

And the 30-year-old Orix Group — which owns six hotels, including a 96-room Comfort Inn in Rehoboth Beach — has never done a project in Wilmington. Orix also owns or is developing commercial facilities, such as the Pike Creek Medical Office Condominiums off Limestone Road, the Dover Tower Center in Kent County and a 90-bed behavioral hospital in Georgetown.

Together, the two partners make a perfect team, said

Sagrus, who heads Big Fish. "I think we're combining what we're both good at to make something great that neither of us could have accomplished on our own," he said.

The envisioned project will include a one-story, 12,000-square-foot connector with a 4,300-square-foot banquet hall that will run from the kitchen of Big Fish Grill south to an 83-foot-tall hotel topped by a bridal suite. Most of the rooms will feature unobstructed views of the Christina River and the Wilmington skyline. The new property also will include an outdoor patio along the Riverwalk path that traces the Christina's western bank.

Big Fish will operate the banquet hall, while Orix Group will manage the hotel. The project is expected to employ 60 workers. Construction would create 175 jobs.

"We're looking to market to the mid-period leisure and business traveler," said Jonathan Silver, the Orix Group's director of real estate. "We think our hotel will be a nice complement to the Westin, which is a different price point. There's a demand here for that kind of modern, affordable accommodation."

Rob Buccini said he welcomes the competition but adds that he would prefer a "higher-end brand."

"I think the Riverfront is big enough for both of us," he said. "For us to keep building the momentum in Wilmington, there definitely needs to be other developers focused on the city along with us."

Developer Louis Capano III likes the heading that call with his first foray into the city. Louis Capano & Sons

recently began work on a 68-unit, multifamily apartment building at 101 Avenue of the Arts, next to the Gates Building, which houses Barclay's and Firestone Bouslog House. That four-story project is slated to be followed by an eight-story structure with 135 apartments.

"Puccini/Pullia has really spurred a lot of the growth along the river and proven there is high demand among people who want to live there," Capano said. "I think that has encouraged other people like us to invest right alongside them."

Silver also praised BPG's contribution to the Riverfront.

"I have a lot of respect for them and what they've done for this city," he said. "They're as first class as it gets."

Paryscki described BPG as "our heroes" for investing more than a \$1 billion in the city over the last decade, both along the Riverfront and North Market Street. But he said, it's even more encouraging to see fresh blood investing in Wilmington.

"It's important that we get other investors, other large developers, committing their funds into the city," he said. "Done, that's a sign of confidence in the future of the city. That is very healthy for us."

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