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Viva Las Vegas

S.F. chefs are hitting the casinos — and some \$10M jackpots

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After a run of bad luck at home, more and more Bay Area chefs are rolling the dice on Las Vegas, where tourism is booming and casinos offer inducements valued at upwards of \$10 million.

Hubert Keller, owner and chef of posh San Francisco French restaurant Fleur de Lys, last month doubled down on Vegas, opening the gourmet "Burger Bar" at the Mandalay Bay hotel, to be followed by a second incarnation of Fleur de Lys in five months. Keller follows a string of Bay Area restaurateurs who have established desert outposts, and top local chefs say others in their ranks are poised to follow suit.

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Vegas still has a vitality San Francisco seemed to slough off four years ago, chefs say. Locally, restaurateurs must contend with sluggish tourism and corporate travel, a balky economy, rising labor costs and finicky gourmands. In Vegas, on the other hand, free-spending hotels offer to build them opulent digs, guarantee revenue and fly in product from out of state.

"They made for me a deal you cannot refuse," Keller said of the Mandalay Bay. "They were really, really generous."

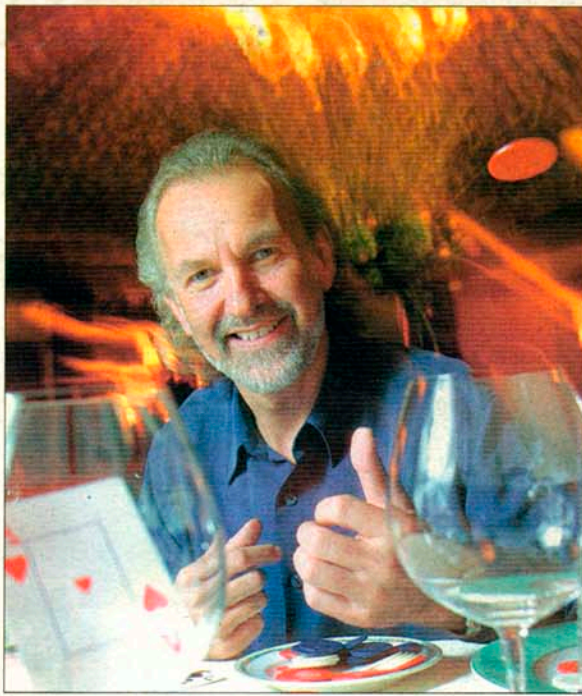
Such offers have lured not just Keller but Michael Mina, of San Francisco's Aqua, Charles Condy, also of Aqua, Bradley Ogden of the Lark Creek Inn in Larkspur, Julian Serrano, formerly of Masa's, and even Thomas Keller of the esteemed French Laundry in Yountville.

Hubert Keller said the hotel covered the cost of building Fleur de Lys, a project he said will be in a class of restaurants that can easily cost \$4 million or \$5 million to construct. He won't say whether Fleur de Lys will have to pay rent, but said the hotel seemed to eager to get his place in the door.

"Some people can say, 'Would you be interested in having my restaurant in your property?' That's one approach," he said. "Then there's ... 'We would like to have your restaurant in our property, what can we do to get you?' And so, you know, it's a generous deal."

For all this, Keller's contract requires him to show up only two or three times a year.

Clark Wolf, the former Forbes food columnist who brought Keller and the Mandalay Bay together and who has brokered similar deals in Vegas, said that sort of arrangement is not uncommon. Vegas hotel-casinos bring in top restaurants, with "name" chefs and a national reputation, to help lure other quality restaurants and guests. Such establishments will do at least two-and-a-half times as much business as a comparable restaurant run by



WINNING HAND: "They made for me a deal you cannot refuse," Keller says.

the house without a big name attached, Wolf said.

In these deals, the hotel will often pay for everything, Wolf said, spending between \$1 million and \$10 million to build the restaurant, paying a guaranteed management fee to the restaurateur, sharing the profits and paying bonuses for reaching revenue goals or achieving certain ratings.

Sometimes a hotel will just hire a chef outright, if the chef can be convinced to move to the desert. When Seranno jumped from Masa's in San Francisco to Picasso at the Bellagio in 1998, his new salary was widely quoted at between \$400,000 and \$500,000.

Every deal is different, Wolf said, depending on the priorities of the restaurateur and the hotel. But all of the operators, from the Bay Area, Los Angeles, New York and elsewhere around the country, share a common motive: money.

"No one is going to Las Vegas just to put it on their resume," Wolf said.

Unlike San Francisco, Las Vegas' tourism industry has posted three straight years of gains, ending 2002 with close to 36 million visitors, up more than 50,000 from the year before. In the same period, San Francisco had 13.7 million visitors, down 2 million from the year before. Last year, Vegas added more than 30,000 jobs, while San Francisco lost 15,000.

In San Francisco, hotel investment has slowed significantly, as existing properties face tough times. In Vegas, hotels are still

spending freely on construction and renovation, to the tune of \$1.3 billion last year alone.

"A lot of people have gone to Vegas, and I think more will," said Roland Passot, chef and owner and La Folie in San Francisco.

"If the opportunity happens, I will definitely look at Vegas, because I would be dumb not to."

What's more, the opulent resorts up and down the Las Vegas strip offer restaurateurs powerful partnerships that just aren't part of the landscape in San Francisco. Hotels typically spend enormous amounts on marketing, often promoting the restaurant in the process. They also take on back-office tasks like human resources and accounting. Perhaps most importantly, the hotel's rooms, casinos and

St. Francis in June, said another perk of Las Vegas is the customers. They're not necessarily higher rollers — the check size at Aqua was almost exactly the same between the two locations, he said — but they have a more positive attitude. It helps that they are not thinking about business or social obligations, as they are in San Francisco.

"People have said the clientele isn't as food savvy," Mina said. "Some of that might be true, but what makes up for it is people who come to Las Vegas are looking to enjoy themselves."

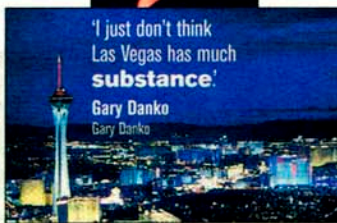
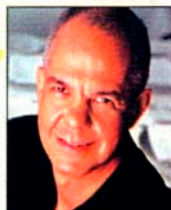
Another perk: Success in Vegas can boost business at home. Mina said San Francisco saw an appreciable bump in business not long after the Las Vegas location opened, a jump he attributes at least partly to heightened exposure for the restaurant brand.

Of course, things don't always come up aces for restaurateurs in Vegas. Anteing up is often cheap or free, but the game can be ferociously competitive, chefs and owners warn. As a result, casinos are starting to insist on owning the restaurants, rather than merely presiding over them as landlords, and more and more often are requiring that the executive chef actually live in Las Vegas. Even for chefs like Hubert Keller, jetting in for the occasional weekend, the grind can be intense.

For other San Francisco chefs, Las Vegas is simply too crass, commercial and gaudy. Gary Danko, who runs the famed San Francisco restaurant under his own name, said he spurned an offer to go into the Bellagio when it was first opening and has never looked back.

"I just don't think Las Vegas has much substance," he said. "I go there and I am so bored. I went there (for) a catering conference. I literally was there for three days and spent two days in my room catching upon my sleep."

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shows provide a built-in client base prepared to buy an expensive meal.

"They are true partnerships," said Michael Mina, who eight years ago helped open, and still operates, a Las Vegas branch of financial district hot spot Aqua in the Bellagio Hotel & Casino. "I don't think you get that when you lease a space in the middle of downtown."

Like Hubert Keller, Mina was quickly taken with Vegas and proceeded to open two other restaurants, Nob Hill three years ago and, last October, Sea Blue, both of them in the MGM Grand.

Mina, who runs Arcadia Restaurant in San Jose and will open an eponymous restaurant in the San Francisco's Westin