

The Strip: Monte Carlo puts fire in rearview

Two three-ring binders in the office of Monte Carlo President Anton Nikodemus are his most telling reminder of the rooftop fire two months ago that shut down the Strip casino for three weeks and continues to sideline roughly 16 percent of the hotel's 3,000-room inventory.

Every now and then, Nikodemus will glance at the binders, which contain letters from Monte Carlo hotel guests, casino customers, and convention and meeting planners.

A minuscule percentage of the letters are negative. The bulk, however, praised and thanked Monte Carlo's employees, Nikodemus and the casinos' parent company, MGM Mirage, for taking care of the hotel and casino guests during and immediately after the Jan. 25 fire. The letters, Nikodemus said, stand as a keepsake from a whirlwind three weeks.

„We had a tremendous amount of letters from our guests,“ Nikodemus said Monday. „Many appreciated the process we went through to get them moved to our sister properties and to make sure things were handled. Many of those customers said they would prefer to come back and stay at the Monte Carlo again.“

Business at the Monte Carlo has mostly returned to normal, Nikodemus said.

On Feb. 15, MGM Mirage reopened 1,200 rooms, the casino and a few restaurants. Within a week, all of the restaurants, another 1,300 rooms and all of the hotel's public space were back in operation.

In the days following the fire, images of the resort's smoke and flames were flashed on cable news channels and on the front pages of newspapers across the country. Curious Las

Vegas visitors showed up soon after the reopening. The curiosity, Nikodemus said, has since died off.

„You would be hard-pressed to find any remnants of the fire,“ Nikodemus said. „The casino is busy and we’re just pressing ahead.“

Nikodemus said construction crews have nearly finished cleaning and patching the exterior areas of the hotel tower that were damaged by the fire. Materials used in replacing the burned areas are in line with 2008 building codes and differ from the Exterior Insulation and Finish Systems, EIFS for short, that were used in the hotel-casino’s original construction in 1996.

Clark County spokesman Dan Kulin said building inspectors are still awaiting results from tests being conducted on the construction materials that fueled the fire before issuing a final report on the blaze. MGM Mirage has replaced just the exterior areas burned in the fire.

Two weeks after the fire, Clark County fire inspectors blamed flying molten metal and a lack of safety measures by construction workers for the fire. Welders working atop the hotel were using a hand-held torch to cut corrugated steel for a rooftop walkway when the hot metal, called slag, triggered the fast-moving fire, burning the flammable foam EIFS that was used in the exterior design.

The company blamed for the fire, Union Erectors, disputed the Fire Department’s report, saying its workers followed proper safety procedures and had the proper work permit needed for the job.

Repairs to the Monte Carlo’s water-damaged hotel rooms are still on hold. The 500 rooms that were shut down by the fire have been stripped bare and sealed off.

Nikodemus said MGM Mirage accelerated by nine months a planned

USD 80 million to USD 90 million renovation of the Monte Carlo's 3,000 hotel rooms. Instead of starting room remodeling in the first quarter of 2009, the process will begin in 10 to 12 weeks, starting with the rooms currently shut down by the fire.

„We're going through the design meetings right now and we should have a pretty good handle on what we're planning for the rooms,“ Nikodemus said. „If anything, the fire did move the process ahead.“

The midmorning fire, which sent thick, black smoke billowing across the valley, caused almost USD 100 million in damage. MGM Mirage has business interruption insurance to cover the losses. Displaced hotel guests and convention business having reservations at Monte Carlo during the three-week closure were moved to the other nine MGM Mirage casinos on the Strip.

Because MGM Mirage has a network of Strip resorts, the company's losses were minimal. Deutsche Bank gaming Bill Lerner said the market viewed the fire as having zero impact on MGM Mirage. Cash flow from the casino is roughly 4 percent of the company's quarterly earnings while insurance recovery should more than make up for any lost casino revenues.

„MGM Mirage has the room capacity to move bodies around pretty easily,“ Lerner said. „The occupancy in town was lighter than normal during that time. Other than repairing the physical damage, the fire was an unfortunate situation, but Wall Street didn't view this as a major event to the company.“