

Lake Tahoe Hard Rock on shaky ground



Lake Tahoe Hard Rock has had a rough beginning.
Photo/Kathryn Reed

By Kathryn Reed

Current and former employees of Lake Tahoe Hard Rock believe the hotel-casino is destined for failure because of the management company running the place.

“It is very disappointing to see the history and potential of this property being squandered by bullies, liars and thieves with no long term commitment to or concern for our beautiful Lake Tahoe Basin. Employees who speak up or challenge the behaviors and tactics of this group are being picked off one by one and replaced with Las Vegas imports that will keep

their mouths shut," an ex-worker told *Lake Tahoe News*.

Brothers Jon and David Park, who own the Stateline property, hired Las Vegas based Warner Hospitality to run the hotel-casino. Warner does the same for the Hard Rock in Las Vegas, though the company didn't open that property, and in Sioux City, Iowa, as well as other hotel-casino entities. The Las Vegas Hard Rock that Warner manages has been losing money for years. According to Mergers & Acquisitions, Bref HR, which owns that Hard Rock, has struggled the last three years with substantial losses – \$103 million for the last fiscal year, \$105.5 million in 2014 and about \$116 million in 2013.

Jody Lake, Warner's chief operating officer, is the person who employees said makes most of the decisions regarding the Stateline property. He is out of town and deferred comment to Chris Fiumara, vice president and general manager of the Lake Tahoe property. Fiumara is married to Brooke Fiumara, vice president of marketing for Warner. Some employees believe having a local GM married to an executive working for the management firm is compounding the problem.

Questions to Fiumara were limited and only done by email.

Lake Tahoe News spoke to about a dozen workers – some of whom are still working at the Hard Rock, some who quit and others who were fired. All spoke off the record for fear of not retaining their job or not being able to get a new one. Some were with the Hard Rock before it opened, others since nearly day one and others were hired more recently. (The property opened Jan. 28 after a \$60 million makeover of what was the Horizon.) All had a similar story to tell of corners being cut, staff shortages, a tyrannical-like approach to dealing with employees, and guests being unhappy. (Hard Rock has a 2-star rating on Yelp and 2½ on TripAdvisor).



Morale is an issue for employees throughout the property. Photo/Kathryn Reed

Staffing issues

There are about 500 people working for the Hard Rock. Employees say a property this size – 539 rooms, three restaurants and gaming – should have closer to 700 workers. (Housekeeping is contracted out.)

Turnover of the front desk staff is at 180 percent and about 150 percent with upper management. Overall turnover is closer to 45 percent. It had been forecasted to be 15 to 18 percent.

“The current turnover at the Hard Rock Hotel & Casino Lake Tahoe is not out of the ordinary, particularly with an opening. People come and go and that’s just part of the normal course of business,” Fiumara, the general manager, told *Lake Tahoe News*. “Our team members are our biggest asset and we believe our team members are engaged, friendly and provide the guest experience the Hard Rock brand is famous for.”

To operate room service efficiently there should be a supervisor and 16 employees. Four is the maximum the hotel has operated with. The restaurants should have had 56 employees; they had 39.

At one point there was a hiring freeze.

There are eight directors on site who work for the Hard Rock, with two of those slots currently vacant.

About a dozen key people left earlier this month. It came to light that Warner had placed a blind ad for many of their positions and then denied doing so when confronted. Some left on their own, others were shown the door.

Performance reviews were never done. Many were told their position was eliminated and then something similar to it was posted.

Some got a severance, others didn't. No compete contracts were issued after hiring, with stipulations of not going to work for a competitor within a 100-mile radius. This means having to move if they want to stay in the gaming industry. Some of these workers are longtime locals, some moved here for the job. Many have families.

"Word is out and word travels fast so now people don't want to go there to spend money. Applications have dried up because no one wants to work there because they have heard working conditions are horrible," an ex-employee said.



Reviews of the various restaurants are inconsistent.
Photo/Kathryn Reed

Questioning the operations

Workers said Warner doesn't understand the Tahoe market, the guests or the workers.

"They wanted to run it lean and mean and it doesn't work," one person said.

Money or the lack of it was the reason employees were given for the staffing shortages and non-existent training.

"The budgets and forecasts Warner came up with were totally unrealistic. That's why there were so many cutbacks. People were doing three and four jobs," someone said.

Each worker mentioned the long hours – 18 on many days, no days off – and being reprimanded if two days off in a row were taken.

“It was very challenging due to the Warner group. At times there was hostility in regards to how they treated team members on how to get things done. There was a lack of leadership and very much a lack of communication,” one man said.

Warner has someone who oversees each division. These people are based in Vegas, coming to Tahoe randomly. This has been a challenge for local workers when it comes to getting the powers that be to understand the issues. It has also created problems because one person comes to town, makes a decision, and then that decision is overruled when someone else shows up.

The lack of a cohesive voice, direction and any type of real leadership is exposing major fissures in the operation.

Policy and procedure protocols didn't exist at the opening. There was no framework for each department. All of this has been developed haphazardly since the opening. It was chaotic from the get-go, with workers not being trained ahead of time.

Employees didn't understand the rush to open. *LTN* was on site opening night, having witnessed displays still being put together and the place not ready for the public just hours before the doors opened.

“The original opening date was set for December and was pushed back to the Jan. 28 opening date. We felt it was important to open during the winter season; we opened to positive feedback both on the property and guest service,” Fiumara said.

For many workers, things have not improved in the last seven months.



Pool parties were to set the Hard Rock apart from other Stateline casinos; those plans went down the drain. Photo/Kathryn Reed

Issues at the property

“This group has cut corners in every area, ignoring building codes, health regulations, the health and safety of its customers and employees,” one person said of Warner Hospitality.

In the back tower, where there are 220 rooms, non-permitted electrical work was reportedly done. This, several employees said, was to deal with the lights above the vanity.

“The Warner group signed off on the vanities and didn’t wire them properly,” according to a worker.

The heating and air conditioning systems are so old that not all rooms allow guests to control the temperature. Ice machines don’t exist in the Heavenly Tower even though there are signs saying they are available. This is a complaint noted by reviewers online.

Asbestos removal was occurring after the property opened.

The old phone system was not replaced. This has resulted in issues in rooms with guests unable to communicate with staff. While wireless Internet was put in, there are spots on the property that are black holes.

The pool has been closed for the season by Nevada officials because of a leak that some employees said was a known problem last summer.

JoAnn Kittrell with the Department of Conservation and Natural Resources said new leaks keep being discovered.

“They are trying to determine what their course of action will be, whether they need a total new pipe or is it time to redesign, reengineer, replace the pool,” Kittrell told *Lake Tahoe News*.

Today it’s empty, as is the hot tub. Cabanas sit along the side. But the much hyped pool parties aren’t able to go off as planned. These types of parties are infamous in Las Vegas.

“I don’t think they understand Tahoe. They are trying to force Tahoe to be Vegas,” a former employee said.

Douglas County sheriff’s deputies showed up at the property during July’s celebrity golf tournament because of the parties the Hard Rock was having out front.

“Go-go dancers were hired. They were involved in three-way

kisses on the patio; there were lap dances on the patio. They were taking tips like strippers,” an employee said. He said restaurant patrons were appalled and that deputies shut down the party.

Someone else said, “People come to Tahoe for many reasons. The main reason is the outdoor recreation part of it. Everything else we offer like restaurants and gaming is secondary. Gaming is more like an amenity to this destination, whereas with Vegas, why people go is gaming. They are not putting equal focus on other amenities that are just as important. You can’t base your budget solely on a gaming framework.”



David and Jon Park, owners of the Lake Tahoe Hard Rock, on opening day – Jan. 28. Photo/Denise Haerr

The Park brothers

Those who know the Park brothers had only good things to say about them, and many feel sorry for the two.

“I can’t stress enough how much the Parks really do care. They are great people. Warner is destroying the company and milking the Parks for everything they can,” a worker said.

Neither of the brothers returned multiple phone calls.

Reports are the contract between the Parks and Warner is for seven years. The details of it are not public so it is not known what type of performance measures Warner must meet or what it would take for the Parks to get out of the contract if they so desired.

Those who know the Parks say the brothers are trying to get out of the contract.

The Parks already have at least one legal issue to deal with – **payment to the contractor**. Mediation this month did not resolve the dispute.

Warner managed the construction project.

“The Parks are upstanding citizens who were dealt a bad hand. They don’t know the hospitality business,” a woman said. “They put their hands and faith with people who sold them a vision and who are certainly not coming through on that vision.”