

Worried city officials may help find buyer for Port hotel

Written by KRISTYN HALBIG ZIEHM
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Possibility that Holiday Inn could lose franchise tag sparks concern, source says

Port Washington officials are so concerned about the future of the Holiday Inn Harborview that they are considering hiring a firm to conduct a marketing study that could be used to attract potential buyers.

In addition to the potential of a change in ownership, the future of the hotel is further clouded by the possibility that it could lose the Holiday Inn brand.

The national hotel chain could lift the franchise if the owners of the Port Washington property do not commit to extensive upgrades by mid-May, according to a source with knowledge of the hotel's situation.

Having a downtown hotel is important to the city, officials said, noting that it brings business to the area and supports the community's tourism industry.

The marketing study would look at more than just a potential sale, examining such things as the amenities sought by area travelers and the ideal number of rooms for the city, officials said.

"That's good data to have," City Planner Randy Tetzlaff said. "It would give us an idea of what the overall market for hotels here is."

Information from a study would apply not just to the Harborview but to other lodging operations as well, he added.

The study could be a valuable tool to help prospective buyers feel comfortable with the hotel, Mayor Tom Mlada said.

But the estimated \$10,000 to \$15,000 cost of a study is significant, and it has some officials wondering whether this is something the city should invest in.

The city's concerns about the hotel spring in part from the fact that its owners said in February that they are in the early stages of talks to sell the downtown hotel.

The owners cautioned that a sale was not guaranteed and added that there was not an offer on the table.

The hotel, which is assessed at \$3.35 million, is owned by Eric Lund and Craig Stark, who were among a group of investors that purchased it from the Smith family in 1998. The two men have since bought out the other investors, Lund said.

Lund is also chief operating officer of S&L Hospitality, which manages the hotel.

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He said in February that while the hotel was not being actively marketed, it had been listed for sale in the past with an asking price of about \$6.5 million.

The 96-room hotel in the heart of downtown Port has long been a hub for tourists and fishermen, as well as business travelers, and is seen by officials as vital to the health of the downtown.

Lund said that the hotel is “extremely busy” during the summer and fall, and during the winter there is a steady stream of customers.

That is borne out by the fact that last year, the Holiday Inn Harborview brought in about \$146,000 in room tax, more than half the city’s total room tax revenue of \$254,000.

That money is split between the city and the Tourism Council, which uses the funding to draw travelers to the community.

The hotel franchise is a valuable asset, officials said, noting the Holiday Inn draws visitors and business travelers. The room rates they pay directly correlate to the room tax revenue received by the city.

“The better the rooms, the more the revenue and room tax,” Tetzlaff said.

“I think the owners are doing everything possible to continue the flag (franchise).”

City Administrator Mark Grams said officials are frustrated by a lack of dialog with Lund and Stark, adding they don’t have a lot of definitive information about the status of the hotel.

“The owners aren’t telling us a whole lot,” Grams said. “We’re still trying to figure out what’s going on with the hotel.”

Efforts to meet or talk to the owners have been unsuccessful, he said.

“We’re willing to at least try and talk to the owners, to see if there’s any assistance we can offer,” Grams said.

What form that assistance takes is another question, Grams said.

Tetzlaff said the city could explore the idea of adding the hotel to its tax incremental financing district. The market study, he added, would give the city background needed if this were to occur.

While the city may have little to offer in terms of financial aid, it is willing to help assist in whatever way it can, officials said.

“We’ve jumped into the conversation because it (the hotel) is something we value, but there’s truly only so much we can do,” Mlada said. “We can make a case as a city as to how valuable it

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is, but in the end, it's not up to us.”