Written by Steve Ostermann
Wednesday, 06 January 2010 19:24

Baymont Inn's delinquent payments for 2009 leave Grafton shy of revenue for debt payment, marketing

The Village of Grafton is facing a shortfall in room tax revenue due to delinquent payments from one of two hotels that operate in the community.

Village Administrator Darrell Hofland said Baymont Inn & Suites, 1415 N. Port Washington Rd., has yet to make 7% payments for revenue from the second and third quarters of 2009, as required under the municipal room tax ordinance.

The village received the hotel's first-quarter payment of $14,587, which was 19.5% less than the $18,119 the business paid for the same period in 2008. The first-quarter total was also the lowest amount received by the village for that period since 2005.

"It was a surprise that it was substantially lower," Hofland said.

Village officials were subsequently caught off guard, Hofland added, when the Baymont failed to make payments for either of the next two quarters.

"Both payments are long past due. The village has made numerous contacts with Baymont Inn & Suites but has gotten no response," he said.
After reviewing the revenue figures on Monday, the Finance Committee directed the village staff to "look for ways to encourage or force payment by the hotel," Hofland said.

According to a report to the committee, the village's other hotel — the newly opened Hampton Inn & Suites at 2633 Washington St. — made its first payment of $23,795 for the third quarter of 2009. Hofland said village officials were surprised by that "larger than anticipated" amount.

Neither hotel has made payments for the fourth quarter of 2009, which are expected early this year.

Like other municipalities, the village uses room tax revenue to help fund marketing efforts and offset debt payments. The village receives 5% of the revenue, and the other 2% goes to the Grafton Area Chamber of Commerce for use in tourism promotions.

In 2008, the village received $94,189 from the Baymont, the most the hotel has paid in any year and a 7.5% increase over the 2007 total of $87,583, the previous high.

Although the Hampton Inn & Suites' third-quarter payment helped bolster the room tax coffer, the village depends on timely payments from both hotels for budgetary purposes, Hofland noted.

"Because the village relies on room taxes to help make debt-service payments as well as funding the Chamber's needs, it's an important source of revenue," he said.