

Council approves Holiday Inn on SV Drive

Hotels and Boarding Houses

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By Peter Burke
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The final hurdle has been cleared for hotel developer Anatol Schliapnikoff to construct a 112- to 119-room Holiday Inn Express on Scotts Valley Drive.

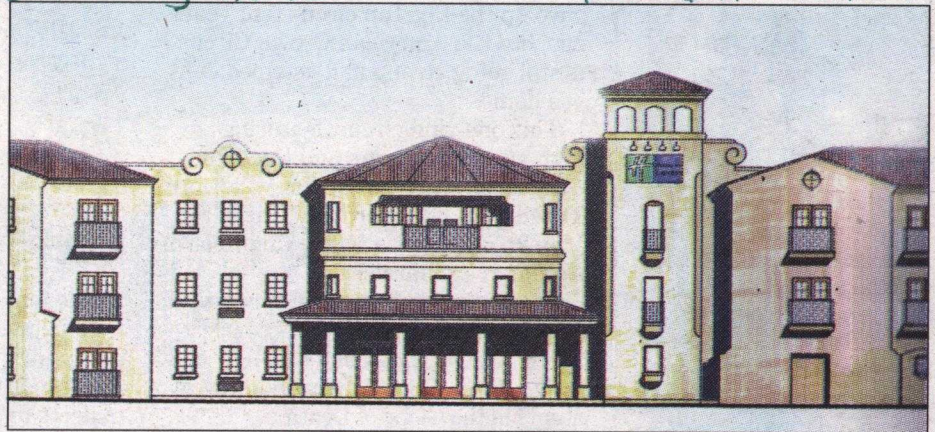
Citing economic benefits for the city, the Scotts Valley City Council on May 6 unanimously approved the application to build a hotel that Schliapnikoff, who has been in the hotel business since 1973, says will not compete with Scotts Valley's other two hotels.

"My market is especially mid-price in the Santa Cruz area," Schliapnikoff told the council. "I will probably be competing more with Holiday Inn in Watsonville. They are on the same reservation system I am on."

Schliapnikoff said the hotel will create between 35 and 45 full- and part-time jobs and will increase the city's transient occupancy tax and revenue from property tax as the parcel's property value increases.

Schliapnikoff estimates that, if the economy improves, within three years the hotel will have a 72 percent occupancy rate and generate between \$310,000 and \$413,000 in transient occupancy taxes for the city.

The Holiday Inn,



Courtesy artist rendering

MAKE WAY: A three-story Holiday Inn Express, designed with a Tuscan motif, has won City Council approval for construction on Scotts Valley Drive.

Schliapnikoff said, would serve Santa Cruz County as a mid-priced stop along Highway 17 for people entering Santa Cruz for tourism and business.

The hotel, which will likely open in two or three years, is slated for 5030 Scotts Valley Drive, adjacent to Scotts Valley Car Wash and on the site of the historic "octagon" building.

The roof of the octagon building, a former post office, will be disassembled and stored for future use.

The council unanimously passed the project, but local hoteliers are not so sure there's space for another room and board in town.

Mitch Hatch, a manager at the Scotts Valley Hilton, spoke against the development, saying that

the Hilton has only had two "good" years since it opened 10 years ago in Scotts Valley. During those years — 2006 and 2007 — the hotel occupancy rate was about 60 percent, far below the 72 percent rate estimated by Schliapnikoff for his venture.

Hatch said the new hotel will compete for customers from Seagate Technology.

However, helmet maker Giro is scheduled to move into Scotts Valley in June and will bring with it an estimated 400 to 600 hotel stays each year to the city.

Councilman Jim Reed and Mayor Randy Johnson both spoke in favor of adding the Holiday Inn to Scotts Valley.

"We're not in regulatory business in terms

of stifling competition," Johnson said. "This is a free-enterprise system where a businessman is putting up his money to invest in this community."

The Hilton on La Madrona Drive and the Best Western on Scotts Valley Drive are the two major hotels already in the city.

The Hilton is a full-service hotel including a restaurant and conference rooms with rooms from \$180. The Best Western has rooms from \$89.

Schliapnikoff said rooms at the new Holiday Inn Express will average \$129 per night.