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Mayor Gray owes Hamid Zahedi an apology

In an article appearing in the Intelligencer Journal New Era titled “**Mayor, Lancaster city scrutinize Hotel Brunswick**”, the following appears:

“Gray said the owner, New York-based investor Hamid Zahedi, has told city officials the tenant is responsible for management and upkeep.

“‘The person who is the owner I don’t think has ever been in Lancaster,’ Gray said.

“He said the city has made offers to help revitalize the faded hotel property, such as extending East Marion Street through Lancaster Square or creating a drive in the public square to serve a new hotel lobby. Those offers have gone nowhere.”

Either Gray’s memory is dimming or this is a blatant misrepresentation. Hamid Zahedi spent a number of years living between the Brunswick Hotel which he managed and his home in northern New Jersey (not New York). He has not spent time in Lancaster since leasing the hotel a couple of years ago. We understand that he and Gray are acquainted. Zahedi has spoken of Gray’s antagonistic attitude. (So had Molly Henderson.)

Zahedi is one of four partners, the majority partner living on the West Coast. He is an émigré from Iran. For the first time since his father fled with his family, Zahedi recently bravely revisited Iran for several months to sort out long neglected family business.

The Brunswick has been for sale for decades, for the most part owned but the original lender.

Apparently Zahedi and his partners were enthralled with the ‘brick and mortar’ but were nieve concerning the market for downtown hotel business. It has been a continuing drain on their resources, requiring millions in investment over the years.

Zahedi and his partners are real estate investors, not hotel operators. They got in way over their heads. (Editor’s note: The Watchdog and Zahedi have long been friends, meeting for dinner from time to time to discuss world affairs, rarely business.) The opening of the downtown Marriott was the coup de grace.

Zahedi and his partners have long been looking for a buyer. They haven’t found anyone that dumb. As the Watchdog, a builder investor said decades ago and continuously over the years, he wouldn’t take the Brunswick if it were given to him because it would never generate sufficient revenue to cover minimal operations.

There is no question that the Brunswick is a downtown problem. Gray’s support of the Convention Center / Marriott Project instead of an original plan to place a recommended smaller conference center at the Brunswick in Lancaster Square was a major cause of this blighted area in the center of downtown. Had PAM been better managed by Paul Ware and his fellow trustees, the Brunswick would have have been the ideal dormitory for high school students from Asia and elsewhere, much as Linden Hall in Lititz is.

In any case, Gray should apologize. The mayor, also a friend, is a good man and this is a serious problem, but he stumbled here by these misrepresentations.

County Treasurer answers questions that Lancaster Newspapers failed to ask

In response to the local press coverage of the discrepancy between the County Treasurer's reports of hotel room sales tax collections and the hotel industry's STR reports, thus implying incompetence if not malfeasance, *NewsLanc* submitted specific questions to County Treasurer Craig Ebersole. The responses arrived within two hours and follows:

"We have reviewed our data as it compares to STR data and found the following..... There are 120 hotels/motels collecting the 5% tax in our county..... The STR data includes all 40 of the 'flagged' hotels, and so the data from the flags should be good..... but only about 1/2 of the non-flagged hotels. Curiously, their monthly census report includes the Shawnee Inn, which closed in 1993.... Their report also includes a facility that is located in Dauphin County, and about a handful of [Breads and Breakfasts] ...

"Their report does not deduct any revenue dollars for the 'exemptions' I pulled a sample month (Nov, 2011) and looked at the top ten facilities

They had in excess of \$100,000 for the month in exempt sales or the equivalent of about \$5,000 in hotel tax NOT collected. ...

"The STR data takes a sampling of information, and then pushes out a number which they and others allege to be accurate. For much of last year, two of our largest facilities were having terrible years, as in occupancy levels below 30%, and together they account for about 8% of all rooms in the county, and one of these facilities is not a STR reporting entity..... but STR assumes they would have had occupancy levels on par with the other establishments.

"We have performed audits, and continue to perform audits ...

"The number of delinquent facilities is less than ten, and totals less than \$100,000..... we call them, visit them, and involve the county solicitor as needed..... no one... is simply refusing to pay."

A Georgia Town Takes the People's Business Private

NEW YORK TIMES: IF your image of a city hall involves a venerable building, some Roman pillars and lots of public employees, the version offered by this Atlanta suburb of 94,000 residents is a bit of a shocker.

Applying for a business license? Speak to a woman with Severn Trent, a multinational company based in Coventry, England. Want to build a new deck on your house? Chat with an employee of Collaborative Consulting, based in Burlington, Mass. Need a word with people who oversee trash collection? That would be the URS Corporation, based in San Francisco....

EDITOR: *As much as the economy needs a strong union movement, public service and other unions can abuse near monopoly power just as business leaders do when they have an opportunity. The above 'privatization' of municipal services is a result. This could reach all the way to the police and fire departments.*

**The above have been excerpted from www.NewsLanc.com.
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