

# La Bahia's future still very much up in the air

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*Hotel and Boarding Houses*

SANTA CRUZ — A proposed 225- to 275-room hotel and conference center at the La Bahia Apartments must be built and operated with union labor, the Santa Cruz City Council told developer John King Tuesday.

But whether the project will be built at all is still in question. Mayor Katherine Beiers and Councilman Keith Sugar said Tuesday they would never vote to approve the project, no matter what is promised, citing growth and its impact on the beach area and the city in general.

Beiers said she supports a smaller hotel with 75 to 150 rooms, but Sugar's motion for a smaller project was voted down after being seconded by the mayor.

Union representatives for carpenters, hotel workers and plaster mixers urged the council to hold off on negotiations with King Ventures until the city is guaranteed union workers will be hired at prevailing wages. The council was set to approve an "exclusive right to negotiate" with King Ventures but voted 5-2 instead to put the pact on hold until King negotiates union agreements.

Union officials accused King Ventures of avoiding signing agreements with union workers on hotel projects in Marina and South San Francisco.

The unions said they support a large-scale project rather than a smaller one, but only if union workers will be used in its



The City Council is asking that any renovation of the La Bahia Apartments be done by union laborers.

Shmuel Thaler/  
Sentinel file photo

construction and operation.

After the meeting, King said he plans to return to the council in two to three months with the union deals. Despite the negative reception from some council members and union leaders, King said he's not abandoning the project. He also said he would be willing to build either a large conference center or a smaller hotel.

"We understood it was to be union," King said. "... Generally we agree that you wind up with a better project with union work."

He also denied his company avoids hiring union workers.

In Santa Cruz, King Ventures is seeking a two-phase project. Under the proposed ne-

gotiating agreement, the city would allow a minimum development of a 125-room hotel, and the developer would have the option to larger hotel, 225 to 275 rooms, and a conference center at a later date. An agreement would cost the city \$35,000 to \$45,000 in staff time. It would detail project costs and expectations of the city and the developer.

It is expected that the council, acting in its role as the Redevelopment Agency board, would contribute some public subsidy or tax break before the project gets final approval.

A 200,000-square-foot conference hotel would cost \$35 million to \$45 million, ac-

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cording to King Ventures. With 250 or so rooms, it could generate as much as \$1.3 million a year in hotel tax for the city, according to the developer.

"No one on this council is interested if it doesn't provide union jobs for people," Councilman Mike Rotkin said. "And there is no risk we will be forced to continue if the issues we've talked about, like union labor, prevailing wages and historic preservation, aren't met. If we do require those things in some way, then the city should subsidize to some level."

The project is no done deal, however.

Sugar assailed the project and King, saying the company has had more than enough time to work with unions and present firm estimates to the city. Sugar said he has no faith the developers will do what they are saying.

Sugar said the two-phase project "is a ploy to get before the City Council now and then, if a more pro-development council comes along, then go for the second phase."

Councilmen Tim Fitzmaurice and Christopher Krohn also expressed concerns.

Rotkin and council members Cynthia Mathews and Michael Hernandez have indicated support for a conference hotel as long as union jobs and other issues are guaranteed.

Mathews said a conference center and hotel would provide real public benefits in the form of tax dollars for the city and as an economic catalyst for the Beach Flats.