

Beach area motel on tap in Santa Cruz

Hotels & Boarding Houses SJ m n 5-30-03
77-ROOM PROJECT AWAITS OK NEXT MONTH

By David L. Beck
Mercury News

Tourist-dependent Santa Cruz may be struggling with its lowest hotel occupancy rates in years, but a local group is pushing ahead with plans for the city's first new beach area motel in more than a decade.

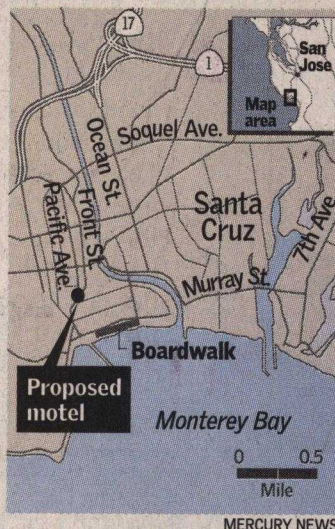
If approved next month, the proposed Holiday Inn Express at the foot of Pacific Avenue would help connect downtown Santa Cruz with the beach and the wharf and help replace some of the tax revenue

lost when the University of California took over the former Holiday Inn on Ocean Street.

At 77 rooms, the motel would be one of the city's largest. Santa Cruz Finance Director Dave Culver estimates that, assuming an average daily room rate of \$108, the motel would generate about \$170,000 a year in transient occupancy taxes.

That's in addition to the sales and admission taxes

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MOTEL | Santa Cruz planners back 77-room beach area Holiday Inn

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from the nearby downtown shops, restaurants and movies that would benefit from motel guest patronage, as well as about \$70,000 in tax increment support for redevelopment agency projects.

That's not only important money for the cash-strapped city but also represents a welcome change.

Since the 1989 earthquake, only two motels have opened in the city, the 57-room Ocean Pacific Lodge a block from the wharf, in 1991, and the 46-room Hampton Inn at the foot of Highway 17 in 2000. With the loss of the 172-room Holiday Inn to UC-Santa Cruz housing, the city has 69 fewer rooms than it did in 1989.

Many of those rooms have been empty. The average occupancy rate for 2003 so far has been 46 percent, the lowest in at least 10 years, said Rane Ruble of the county Conference & Visitors Council. She blamed the sour economy, unease over Iraq and the price of gasoline.

"Our primary markets are drive markets from San Francisco and the Central Valley,"

she said. "And with gas prices topping \$2 a gallon, not even our close-to-home travelers were coming."

At Ocean Pacific Lodge, for example, "We were having six in the house" in the winter, said front desk worker Amy Correa.

The good news is that May (not included in the year-to-

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— JOE HALL OF THE SANTA CRUZ
REDEVELOPMENT AGENCY

date figures) was better — as high as 65 percent occupancy on weekends at Ocean Pacific, Correa said.

Other motels notched similar gains. The Hampton Inn reported several May days at 90 percent, one sellout and an overall average of 70 to 75 percent occupancy. The beach-front Coast Santa Cruz Hotel, the city's largest, reported doing "fairly well" in May and

anticipating "a really strong June coming up — same with July and August," said Chris Ferrante, general manager.

The proposed Holiday Inn Express is on a boomerang-shaped corner, for which local architect Peter Bagnall has designed a long, curving three-story building with Spanish tile roofs and trim and a small swimming pool on the inside of the curve. Redevelopment agency Director Ceil Cirillo called the site "constrained" and praised the design.

The Santa Cruz Redevelopment Agency has no money in the project, but offered advice and counsel to the developers.

"You know, we are a tourist town," said Joe Hall, assistant director of the redevelopment agency. "You get a franchise that has name recognition; I think that's good for the town."

The site, where Pacific Avenue and Front Street meet, has been vacant since Ocean Chevrolet left for Capitola's auto row after the earthquake.

Previous attempts to build there failed, most recently in 1999, when the city council shot down a proposed apartment complex with retail at street level.

This time, however, the planning department has recommended approval, city planner Nancy Boyle said. The project goes before a zoning administrator June 18. If it gets a thumbs-up, there is a 10-day appeal period and then the project can go ahead. So far, no one has publicly objected.

When is construction likely to begin?

"They would love to have started this year," Boyle said.

But Kiran Patel of Scotts Valley, one of the partners in the project, is more guarded. Patel owns a small Econo Lodge motel on nearby Beach Hill, and other partners in the family venture also have motel experience.

"We're still in the planning stages right now," Patel said. "I mean, you know, it's in the city. It's a long haul."

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