

# Developer eyes La Bahia as conference hotel

## City Council ready to talk

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SANTA CRUZ — A hotel developer waiting in the wings since late last year is ready to deal with the city to build a 275-unit hotel conference center at La Bahia Apartments on Beach Street.

The Santa Cruz City Council was unanimous in its support for the project Tuesday night. Mayor Katherine Beiers, councilmen Christopher Krohn and Mike Rotkin and other city officials will meet soon with King Ventures of San Luis Obispo to set up public meetings and give clear indications of what is expected. No date has been set.

The hotel would be unlike any in the city. It would not only draw conventions and conferences to the beach area but would preserve one a historic building constructed in 1926.

The Spanish Colonial-style complex has 45 residential units and occupies the entire block of Beach Street between Main and Westbrook streets. A domed bell tower distinguishes the building.

King Ventures is described by city officials as a medium-size developer of hotels, with projects like the Inn at Morro Bay and a hotel in Pismo Beach to their credit.

According to a letter from King officials to Mayor Katherine Beiers, the company has agreed to buy the property from the Santa Cruz Seaside Co. King officials also write they have been in discussions with several major hotel chains, including Hilton, Sheraton and Westin.

The tentative name given by King: "The Santa Cruz Biltmore."

The conference center was first proposed in the Beach and South of Laurel Area Plan, which went

through many public meetings over several years. The original plan included a realignment of Third Street, new affordable housing, new commercial areas, a 300-room hotel and expansion of the Santa Cruz Beach Boardwalk. But community opposition forced the council to scrap the plan, except for some affordable housing and a 275-room hotel.

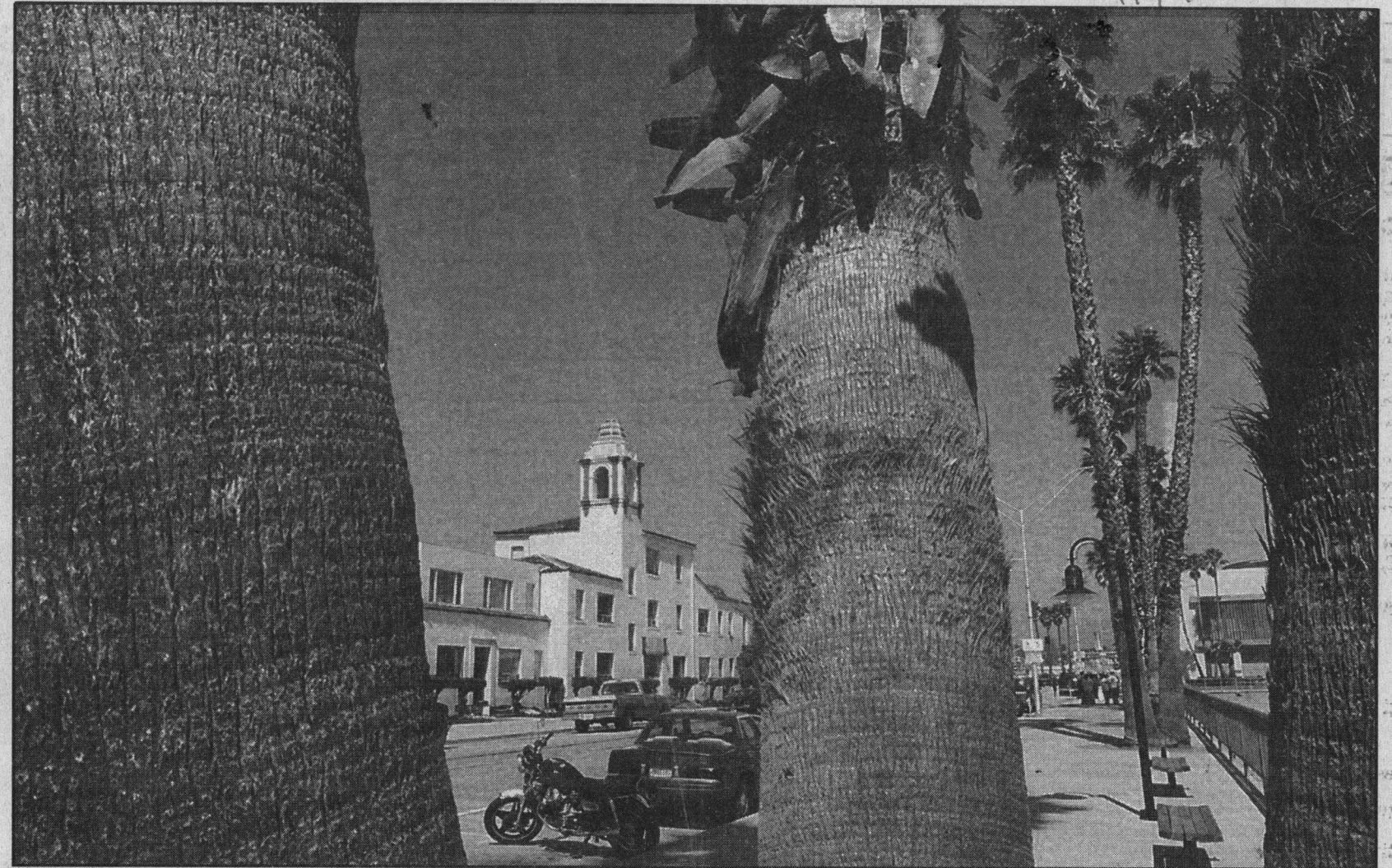
King Ventures kept close watch of the beach plan's progress since last year, but city planners broke off talks after the plan was reduced. City officials wanted a clearer direction from the council before they talked about a new hotel with developers.

The council made it clear Tuesday and over the past few months they are unanimous in their desire for a new hotel, with certain stipulations. That includes union workers be hired, historic elements of the building be preserved and an understanding that the city's Redevelopment Agency will contribute some money.

The council was also clear that the public must be involved in the planning.

The developers "won't walk away," Mayor Beiers said. "They know we are ready to address this. But we need to have discussions once again even though we studied it during the beach plan. I'm committed to a conference hotel and I want it to go forward."

The city wants a conference hotel because it means big money to the general fund. In this year's budget city officials might be forced to take as much as \$1.4 million from reserves. While revenues from sales tax is the largest contributor to the city's coffers, the 10 percent tax charged to each hotel room rented in the city brings in a sizable chunk too.



Shmuel Thaler/Sentinel

A conference center would maintain the look of the Spanish Colonial-style La Bahia on Beach Street.

Figuring an occupancy rate of 80 percent in a year, a 250-room hotel charging \$100 a day would potentially bring the city \$750,000 each year.

The beach plan had estimated that a full service conference hotel would cost approximately \$135,000

per room. That would mean a cost of about \$33.7 million for the La Bahia.

Under a tentative construction scenario, an estimated two-thirds of the La Bahia's historic structure would remain untouched, including original window frames and interior

courtyards. The center is expected to be built around the complex.

Councilman Mike Rotkin said the council must be direct with the developer so everyone knows what is expected.

"We need to aggressively go after

it but we have obvious issues too," Rotkin said.

"We need to be clear that on certain issues we won't compromise, like with labor issues," he said. "Because we can't say we like it now but maybe not later."