

Council encourages La Bahia plan

Hotels and Boarding Houses

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No commitment made yet regarding faded apartments

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The City Council is encouraging but non-committal about a plan to turn the faded La Bahia apartments into a four-star 100-room hotel facing the Monterey Bay.

"You're on the right track," said Mayor Christopher Krohn after hearing a presentation by Barry Swenson Builder, which recently collaborated on the restoration of the Del Mar Theatre downtown. "If you came in with a huge project, there would be a lot more uncertainty."

The La Bahia has a lush patio and a tiled tower rising over Beach Street. Its 40 apartments house college students and seasonal workers at the Seaside Co., owner of The Beach Boardwalk across from La Bahia.

The developers, who plan to build the hotel in partnership with the Seaside Co., say they will replace this lost housing.

The 75-year-old building was a key component in a 1990s redevelopment plan to make the site a 250 to 275 room hotel and conference center while expanding the Boardwalk by 1.4 acres.

The plan, which would have required a city Redevelopment Agency partnership with the Seaside Co., faced widespread protest. The reaction was more positive Tuesday.

The council took no vote, but the cautiously optimistic tone was enough for Jesse Nickell of Barry Swenson Builder, who said he hopes the \$21 million project makes its way through the Planning Commission and is back before the council this summer.

Historian Ross Gibson said, "This is the project to fiddle with and try to keep." He said he was worried that another "terrifying" large project would come up if the city rejected the new plan.

But Councilman Scott Kennedy said the city was facing "a tremendous missed opportunity" by not building an ocean-facing convention center at La Bahia.

He said he doubted the new hotel could make

up for lost city revenues.

He cited a deal last year to convert the Holiday Inn on Ocean Street to a UC Santa Cruz dorm, an arrangement that City Manager Dick Wilson said would cost Santa Cruz \$500,000 in hotel tax each year. Nickell says the proposed new hotel could generate \$400,000 to \$500,000 in tax revenue each year.

Kennedy also said the fact that the builders aren't seeking public funds will give Santa Cruz less leverage to ensure union labor.

Some labor representatives at Tuesday's meeting said Swenson Builder had a spotty track record when it comes to employing union workers.

Nickell said the project likely will use 60 percent union labor, and said union workers have played major roles in past Swenson projects.

Leonard O'Neill, secretary treasurer of Hotel Employees and Restaurant Employees Union Local 483, said he wanted to make sure the "four-star hotel has four-star employees with four-star wages and benefits" in a community grappling with affordable-housing shortages.

Councilman Mark Primack praised the developers for respecting community wishes to preserve La Bahia. But he also said, "You've done

the math. Do you think this project can float?"

Jeff Major of Barry Swenson Builder said market studies show the hotel makes economic sense — although his revelation that some rooms may be privately owned raised the concerns of Councilman Keith Sugar, who said this arrangement raised "myriad" issues.

Major also said the builders will be cautious, finishing construction in two phases, starting with the renovation of the existing 24,000-square-foot building.

In another phase, about 80,000 square feet would be added, including 15,000 square feet of underground parking.

Nickell said the project would preserve the landmark's design features and that none of the old exteriors will be touched.

Some neighbors are worried the project is too big and will bring traffic through their area.

The builders say they are within city-imposed size limitations and will make arrangements for service vehicles to avoid neighborhood streets.

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