

City talks of razing beach hotel

Hotels And Boarding Houses

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The building that houses the Santa Cruz Coast Hotel may be demolished to make way for a conference center.

Bill Lovejoy/
Sentinel

Conference center eyed at former Dream Inn site

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SANTA CRUZ — The decades-old dream of redefining the Santa Cruz waterfront with an upscale hotel and conference center has resurfaced, and project backers say past concerns about location, traffic and financing may be resolved.

City officials and Santa Cruz Coast Hotel owners are looking at the possibility of replacing the aging 10-story Coast Hotel — formerly the Dream Inn — on West Cliff Drive with a new 225- to 275-room hotel with conference and banquet rooms, restaurants and other guest amenities.

“Our goal since the earthquake has been a hotel and conference center in the beach area,” said Councilman Scott Kennedy, citing year-round tourism and year-round jobs as benefits of the project.

“And now,” he added, “we could have a place to do it.”

The plan recently presented to Coast Hotel owners by the city’s Redevelopment Agency would not only overcome the problem of finding a site, it also would secure the city a development partner in the hotel’s owner, Idaho-based Northwest Hospitality Group.

“The building is 35 years old, and something needs to be done with it,”

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said Bob Suits, president of Northwest Hospitality which owns four other hotels along the West Coast.

Northwest Hospitality had unsuccessfully sought approval from the city to expand the 163-room Coast Hotel three years ago. However, Suits said going for a “full-blown” remodel now in partnership with the city may be the better option.

“We want to put something new there that the city could be proud of,” he said, saying it was too early to comment on specifics or how large a new facility may be.

The city, too, after recently losing the option of turning the historic, but run-down La Bahia apartment complex on Beach Street into a conference center, is anxious to move forward.

In June, a private developer was given approval to pursue a smaller “boutique hotel” at the La Bahia site, stifling talk of a conference center there.

One of the biggest obstacles now will be finances.

Northwest Hospitality officials have agreed to split the cost of a study with the city examining what could be accomplished at the Coast Hotel site and how much it would cost.

Demolishing the hotel would likely be the most viable option given the hotel’s age, city officials say, though building atop the existing structure has not been ruled out.

No cost estimates have been offered yet, though Suits said possible development of a 250-room hotel with 25,000 square-feet of meeting space and dining facilities capable of feeding 500 people would be in the neighborhood of \$65 million.

City Redevelopment Director Ceil Cirillo said the city was prepared to use redevelopment dollars to subsidize a hotel and conference center, though she couldn’t say how much.

The hope, Cirillo said, is that the city investment would more than pay for itself through future taxes.

Surveys conducted in the 1990s estimated that a hotel and conference center would generate \$1.75 million annually in property, sales and hotel occupancy taxes, and millions more would flow into

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DAVE POTTER, CALIFORNIA COASTAL COMMISSION

nearby businesses as a result of convention center guests.

With the city facing tight times, the initial outlay could be financed through a bond or reserve fund, Kennedy said.

Besides spurring the local economy, city officials say, the project could double the number of jobs at the current facility to upwards of 250.

“These jobs have excellent employee benefits,” said Suits, noting that current employees are represented by the Hotel Employees and Restaurant Employees International Union.

Redevelopment officials, with the blessing of Northwest Hospitality, say they will soon bring a formal proposal before the City Council, requesting funding for a consulting team to explore the venture.

“I’m more than interested,” said Councilman Tim Fitzmaurice, who has been critical of past conference center proposals, partly because of traffic.

Kennedy, though, downplayed traffic concerns, saying that because conference center guests would likely stay longer than current visitors, the project would not generate the in-and-out traffic that is typical of summer tourists.

Environmental issues will also be of concern. Cirillo, though, said redeveloping an already developed site will make it easier to get the go-ahead.

Dave Potter, a member of the California Coastal Commission which has final say on all seaside development, agrees.

“The fact that there’s already development there works to (the city’s) benefit,” Potter said. But there are no guarantees, he said.

He noted that the effect of the project on public access to the coast and views from the surrounding area would be major factors.

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