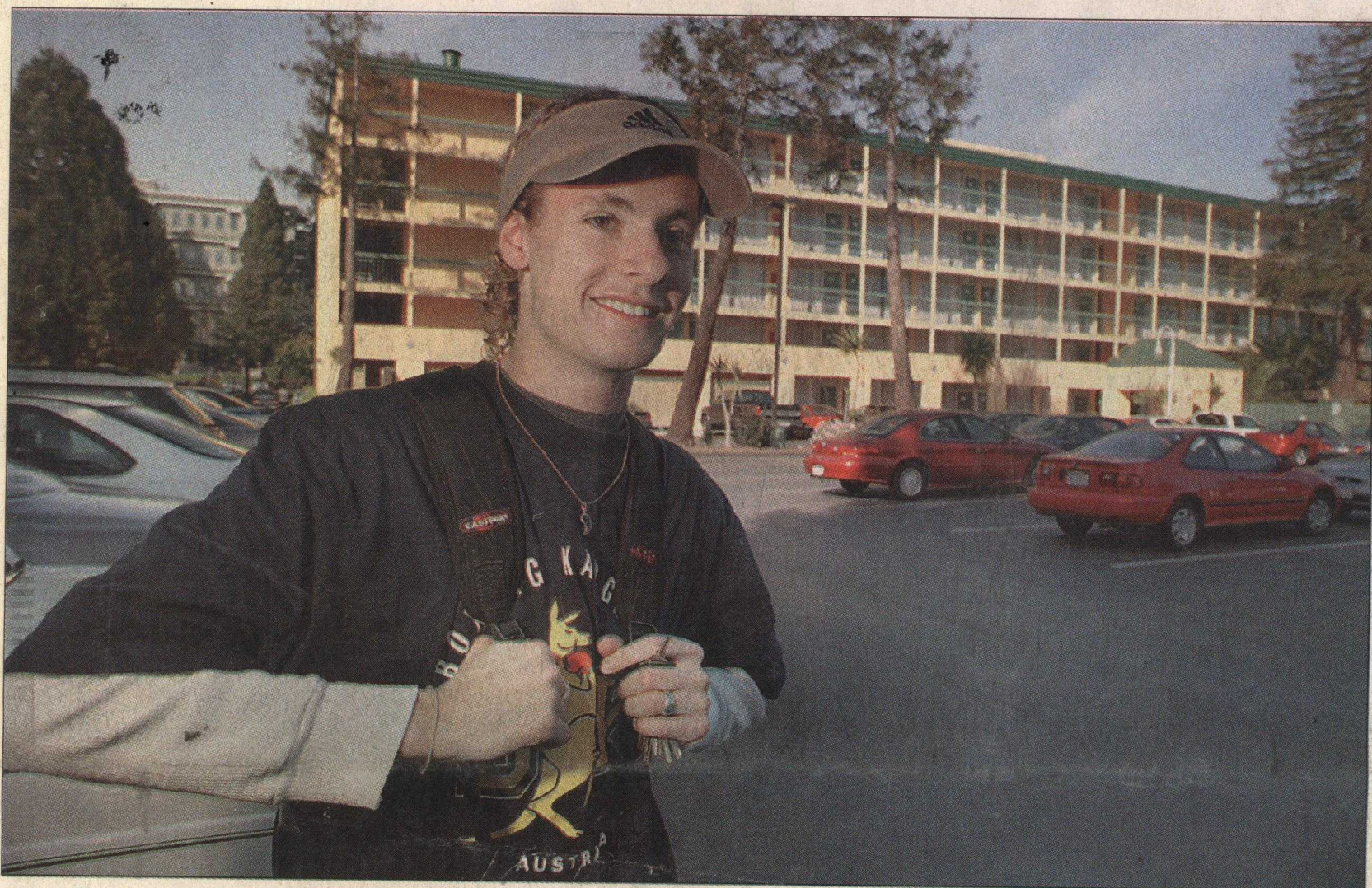


UNEASY ROOMMATES

Plan to make Holiday Inn a dorm further strains UCSC-city relations



Bill Lovejoy/Sentinel photos

Ben Leduc-Mills is a resident adviser for UC Santa Cruz students who are living at the Holiday Inn on Ocean Street.

University officials apologize for secrecy of hotel negotiations, vow to help 'make things right'

By HEATHER BOERNER
SENTINEL STAFF WRITER

Hotels & Boarding Houses
SANTA CRUZ

A setback. A misunderstanding. A new chapter in the strained relations between city officials and UC Santa Cruz.

Call it what you want, but UCSC's announcement Jan. 25 that it had struck a deal to turn the Holiday Inn on Ocean Street into a dorm in September has some city leaders saying they can't trust the university.

University Chancellor M.R.C. Greenwood said Friday springing the deal on the city was never her intent, and that she's willing to do what's necessary to "make things right."

"Maybe we made a mistake" not informing the city earlier, Greenwood said in her first public comments on the deal Friday. "We don't make a practice of withholding information. We were in a difficult position with the owner's rights in keeping the deal quiet."

She said Holiday Inn owner Ram Bho-

jwani insisted the deal be confidential until it was signed.

The pact calls for the university to lease the 172-room hotel for 10 years at \$162,000 per month, for a total of \$19.5 million. UCSC has leased a third of the hotel's rooms for student housing for three years.

Bhojwani will get \$1.9 million annually from the deal. He said the city, for most of the year, has plenty of empty hotel rooms.

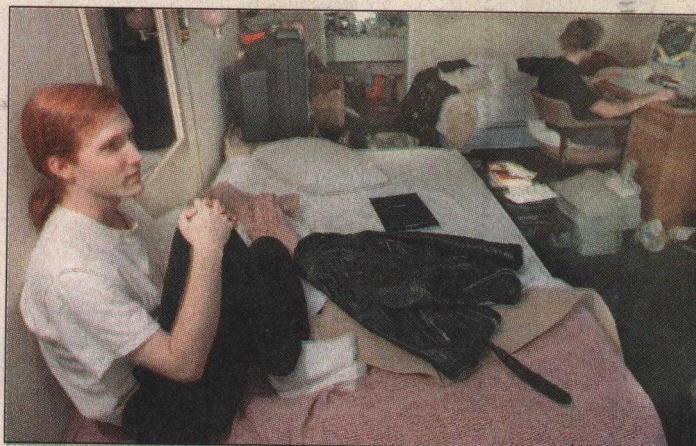
"If we were doing so well, why would we have taken students in the first place at a cheap rate?"

Sunil Bhojwani, the owner's son and hotel manager, will stay with the hotel for a few months as it transitions to a dorm.

Greenwood said the university is considering compensating the city for the estimated \$500,000 it expects to lose annually in hotel and property taxes once UCSC takes over the hotel. Voluntarily paying the hotel tax on the rooms the university will use for overnight guests and an in-lieu contribution are possible, she said.

Santa Cruz officials say the announcement of the deal at a regularly scheduled meeting

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UCSC student Sam Carne shares his Holiday Inn room with Tim Spencer.

Student life at 'the Ho': a bit of stargazing and lots of fun

By DAN WHITE

SENTINEL STAFF WRITER

SANTA CRUZ — Some UC Santa Cruz students call the place "the Ho Inn." Others just call it "the Ho."

This is student slang for the Holiday Inn on Ocean Street, a medium-price franchise hotel about to become a UCSC dorm. The conversion begins this fall, but students have had a presence there for three years. In the process, students have been hippifying the Ho, turning it into an unlikely part of UCSC subculture.

Goodbye, weekend warriors. Hello, all-night cram sessions and student hoedowns, complete with pie eating, cowgirl outfits and country music.

It's gotten to the point where some students identify strongly with the Holiday Inn.

"When people hear about us living at the Holiday Inn, their mouths drop," said UCSC student Brenda Wiser, 20. "There is an aura about (UCSC students at the inn) because you are not part of the campus.

Please see **LIFE AT 'THE HO'** on **Page A7**

More inside

■ City officials 'wonder how to cope with the loss of \$500,000 annually in room tax and property-tax revenue. **Page A6**

■ Editorial: UCSC deal shouldn't have been a surprise. **Page A19**

UCSC deal: Town-gown relations strained

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between council members and UCSC administrators did not give them ample opportunity to prepare for the lost revenue or weigh in on the deal.

The Holiday Inn is one of the largest hotels in the city, and one of only two large hotels with conference space.

But more importantly, Santa Cruz officials say, the surprise agreement was another in a long list of slights against the city by the university.

The university is tax-exempt under the California Constitution and therefore does not pay property taxes. The city does not have a say over development plans on campus or on off-campus parcels owned by the university, such as the research labs near Natural Bridges State Beach.

The conflict is certainly not the first between the city and university.

Since UCSC opened in 1965, city officials have objected to, among other things, the rights of student to vote in city elections, the development of additional colleges and overall campus expansion.

Over the years, the city has threatened at least three lawsuits against the university and placed two measures on the ballot to try to force the university to compromise on projects.

And while the Holiday Inn announcement hasn't escalated to that point, Mayor Tim Fitzmaurice said the Holiday Inn deal treads on the city's frayed nerves.

"It's just a feeling that they are not being completely above board with us," said Fitzmaurice, who is employed by the university as a lecturer. "We can't be sure when we're dealing with them that they're not making other decisions that they'll spring on us. ... It makes it almost impossible for us."

Fitzmaurice added that the university's move this month will make it difficult for city officials to trust the university in other negotiations.

They include:

■ The development of Terrace Point, one of the last pieces of undeveloped coastal terrace in the city: The 55-acre, university-owned parcel abuts the UCSC Long Marine Lab and Seymour Discovery Center. City officials do not want housing at the site, but university proposals have included housing for students and researchers. Greenwood said she went out of her way to be forthcoming on the university's interest in purchasing the property.

■ Transportation: City officials have worried the increase in enrollment and plans for more parking garages on campus will further aggravate traffic on the Westside. The university has agreed to help fund the Mission Street widening project and spend \$250,000 on a master transportation study.

■ Further construction on campus: The university has said it would like to build faculty housing between the UCSC Arboretum and the Farm. City officials and environmentalists have said they would oppose the plan because it would pave open space and infringe on parts of the arboretum.

■ Water use: The city is obligated contractually to provide the university with 2 million gallons of water per day, even though city officials say the water level is dangerously low. University officials stress they typically use only a quarter of that amount of water, and they've agreed to reimburse the city for costs associated with developing water sources, provided that the city set aside a reasonable amount of water for the campus.

He wants to register his concern about the way the university handled the Holiday Inn deal, and discover how other cities have dealt with similar problems.

Former mayor Katherine Beiers, who left the council in November after 11 years, said the Holiday Inn deal seems to undo some of the hard work that both sides had done to bridge the "town-gown" gap.

"I definitely felt in the last year that there was a real openness to talk on all issues and on both sides," said Beiers, who last year with the chancellor negotiated an end to a lawsuit the city filed in 1999 over the construction of a campus parking garage. Assembly Speaker Pro Tem Fred Keeley, a Boulder Creek Democrat, helped mediate.

"There seemed to be a commitment to always give us a heads-up," Beiers said. "That's why I was so disappointed with this. ... I hope there can be something to negate the impacts, that the university contributes something monetarily to lessen the sting."

Despite the rhetoric, Vice Mayor Christopher Krohn said he doubts anyone will "go on the warpath" over the deal.

After all, he and others acknowledged, cities have little power when it comes to asserting their will on a state-run university.

"Until the state allows for a different way for the university to deal with local governments, it will always be an adversarial relationship," said former mayor John Laird, the first UCSC graduate to serve in the post in 1983. He was charged with trying to enforce a ballot initiative passed that year to force the university to go through the

city's land-use planning process.

Often the only option, Laird said, is to file suit.

"I don't think the city has much power," said Beiers, who worked as a librarian at UCSC. "We can only hope that they want to be a friendly neighbor, and that they'll work with us to reach solutions on our common problems."

City officials have managed to win some concessions from the school.

The 1999 parking garage suit ended with the university building the parking garage — which city officials worried would bring more traffic to the Westside — but also contributing \$250,000 for a citywide transportation study.

The university also has agreed to attempt to house 70 percent of its students, which was the moving force behind the Holiday Inn deal, a campus spokeswoman said.

UCSC also has agreed to pay \$1.4 million into the city's water fund for water resources development and to give itself a deadline on its decision whether to build an access road to the university through the Pogonip greenbelt.

Greenwood said the university has done more than other UC campuses to accommodate local desires. She added that she's offered to form a UCSC-city task force on affordable housing.

"My fondest hope is that we can move beyond this," Greenwood said. "I did not expect this response. It wasn't a crisis when we leased one-third of the Holiday Inn, and I'm surprised it's such a problem now."

Staff writer Dan White contributed to this article.

Letters to other cities

Fitzmaurice said he's planning to meet with Greenwood and to write to UC President Richard Atkinson and the mayors of the eight other cities where UC campuses are located.



Bill Lovejoy/Sentinel file photos

Because of the university's housing problems, mobile homes were brought in for student housing.

Loss of Holiday Inn may mean more than decreased tax revenue

By **HEATHER BOERNER**
SENTINEL STAFF WRITER

SANTA CRUZ — Losing the Holiday Inn to student housing will cost the city up to \$500,000 annually in room and property taxes. But area hoteliers and tourism officials say the loss goes beyond that.

"The Holiday Inn, more than any other hotel in the area, provides small hotels with business," said Mary Crowen, vice president of hospitality and lodging for the Santa Cruz Seaside Co., one of the area's largest tourism companies.

"(The Holiday Inn) has a nationwide reservation line, national ads," she said. "The Holiday Inn also refers visitors, when they're full, to other hotels. That's the worst thing, to lose that kind of advertising."

Two things are in the works that might remedy the loss of advertising and the inn's conference facilities. Officials with The Inn at Scotts Valley say they plan to join the Hilton Hotel chain. And a Santa Cruz councilman says he will urge his colleagues to increase the city's hotel tax to finance, among other things, a beach-area conference center.

Carol Outtrim, director of sales for The Inn at Scotts Valley, said the Hilton conversion likely will take effect March 1. Discussions have been in the works for just 30 days, she said, but Hilton officials have approved the idea. The inn and small conference facilities are operated independently.

She said Hilton's national advertising, and the referrals the inn would give travelers when it is full, would help make up for the loss of the Holiday Inn.

Ranee Ruble, publicity director for the Santa Cruz County Conference and Visitors Center, said the idea of a Hilton "delights" her, but she didn't think it could replace the Holiday Inn.

First, it would not replace the hotel tax revenue Santa Cruz is losing because it's in Scotts Valley, she said. Second, Hiltons are aimed at higher-income clients and likely would not attract the middle-income families the Holiday Inn attracts.

Daryl Darling, owner of the Darling House Bed and Breakfast in Santa Cruz, and Pattie Carta, general manager of the West Coast Santa Cruz Hotel, said they doubted the loss of the Holiday Inn would harm the local lodging industry as Ruble predicted.

Both said their businesses might benefit slightly from the closing. Carta also doubted a Hilton in Scotts Valley would draw guests from Santa Cruz.

"Scotts Valley is Scotts Valley," she said. "Santa Cruz has the Monterey Bay. I don't think that will change."

Revived conference center

Some local hoteliers appear to be using the Holiday Inn deal to push for the construction of a hotel/conference center in the beach area.

A conference center and hotel was proposed for the historic La Bahia Apartments on Beach Street as part of the city's 1998 beach area plan. But several members of the council, including Mayor Tim Fitzmaurice and Vice Mayor Christopher Krohn, ran for office in 1998 in opposition to the plan. This past fall the council voted to alter the plan, pushing the proposed hotel and conference center to a beach-area parking lot. Business offi-



Then-Santa Cruz Mayor Katherine Beiers and UCSC Chancellor M.R.C. Greenwood sign an agreement to stop a city lawsuit against the university's proposed parking garage in 1999.

'Let's move on and create something new instead of generating ill will. We need to carefully establish the tax base with a hotel conference center, extend the tourist season with the conference hotel and improve infrastructure without hurting the surrounding community.'

COUNCILMAN SCOTT KENNEDY

cialists scoffed at the site, saying it wasn't as attractive.

Councilman Scott Kennedy, elected in November, is proposing to increase the city's hotel tax from 10 to 12 percent to pay for the conference center's creation, as well as fund a new homeless shelter.

A plan to increase the city's hotel tax the same amount to finance a homeless shelter was defeated at the polls this past fall.

"Let's move on and create something new instead of generating ill will," Kennedy said of his proposal. "We need to carefully establish the tax base with a hotel conference center, extend the tourist season with the conference hotel and improve infrastructure without hurting the surrounding community."

Darling, Carta and Michael Schmidt, Santa Cruz Area Chamber of Commerce chief executive officer, have expressed renewed interest in a conference center.

But the mayor already is speaking against it. "The idea that we will somehow solve this through the advancement of the cause of capitalism is wrong to me," Fitzmaurice said.

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Life at 'the Ho': UC Santa Cruz students enjoy studies in an unusual hotel atmosphere

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You're in this middle ground."

Three students including Wiser even publish a tongue-in-cheek "zine," a magazine devoted exclusively to hotel life, advice for the lovelorn, a survey of cute bellhops and a list of eligible bachelors, complete with photos. One issue featured a detailed account of meeting rapper Warren G at the hotel.

The irreverent zine takes a few shots at the management, but the publication mostly gives a positive view of inn living.

Holiday Inn owners Ram Bhojwani and his son, Sonny, both of Santa Cruz, will lease the building to UCSC for 10 years for \$19.5 million.

City leaders are outspoken in their opposition to the deal, arguing they were kept in the

dark and will lose \$500,000 annually in property taxes and taxes assessed on hotel rooms. But students haven't joined the hubbub.

"Living in a hotel was amazing," said zine co-editor Rosa Powers, who lived at the hotel last year. "It was like being a rock star on tour."

She loved the fresh towels each week, the maid service, private bathrooms, hot tub, pool and gym, where some students made a ritual of working out and watching "fave" TV shows at the same time, such as "Blind Date."

Powers said there were a few headaches, such as lengthy construction last year at the hotel.

"They didn't tell us about it," she said.

And there were a few perplexed stares from

tourist guests wondering why students lived there full time. At times, she said, the night-desk staffers could be short with students when they were trying to deal with tourists.

But she loved the stargazing. Powers talked of spotting Bob Dylan downstairs when he played in town and meeting former Guns N Roses rock guitarist Slash and his "orca-fat bodyguard" in an elevator.

She chatted with rhythm-and-blues star Tyrese. While she was hot-tubbing at the inn, "He and his posse came up to us. He said, 'How's the water?' Then he touched the water. I almost fainted."

In spite of a budding subculture, most students who live there say it remains a quiet place, especially compared to the dorms.

The student arrangement seems to be working fine with management.

"They give us good students, mostly intellectuals, not partiers," Ram Bhojwani said.

He said the hotel has worked to maintain cordial relations with the students.

As far as the construction is concerned, "It took four years to get permits to do that."

He called the work essential.

Bhojwani, describing the deal with UCSC, said, "We really think we've done a good thing here." He said the inn was helping students get an education.

"They have to live somewhere," he said, referring to competition for spaces in Santa Cruz's rental market.

The deal between the Holiday Inn and uni-

versity is "understandable," said Ben Leduc-Mills, a 19-year-old UCSC resident adviser at the inn. "There's a huge housing crunch."

Besides, Leduc-Mills said, his digs at the inn are "cushy. The philosophy behind student housing on campus was not to be a hotel, but to be a place to sleep. Here I have a private bathroom and good hot water."

Of course, hotel life isn't perfect, he said.

"We had a soccer mom and kids weekend here," he said. "They all stayed here. Ten-year-olds running around all weekend. It got annoying after a while."

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