



INDUSTRY WRAPUPS

Real estate notebook

Schnitzer set to sign hotelier for Meydenbauer project

Jeanne Lang Jones

Schnitzer Northwest LLC is close to securing a hotelier to operate two hotels planned in its proposed mixed-use project adjacent to Meydenbauer Center in downtown Bellevue.

The Bellevue-based developer has narrowed its list from eight candidates to two for its proposed 175-room executive residence hotel and 450-room four-star hotel. One candidate has agreed to meet the developer's terms while the other candidate had not yet submitted a response, said Schnitzer Northwest managing partner Dan Ivanoff.

"They are recognized national operators," said Ivanoff, who declined to identify the two candidates, other than to describe them as two of the top four in the country among operators of upper-end luxury hotels.

"We'd like to have the deal completed by us and the operator within the next 60 days and that includes complete documentation of the deal," said investment director Tom Woodworth.

But there is one card yet to be played in the makeover of the superblock just west of Interstate 405 at Northeast Eighth Street: when -- and perhaps even if -- the city will proceed with its plans to expand the adjacent Meydenbauer Center convention facility. According to city officials, Schnitzer Northwest has asked for a definitive answer by year's end.

Last year, Meydenbauer Center lost money for the first time since it opened 10 years ago. The convention center posted a net loss of \$2.1 million and had to tap its reserve fund to balance its books.

Meanwhile, hotel bookings for the Eastside city dropped sharply as well, with hotel/motel tax revenue down 14 percent. Meydenbauer Center's net loss came despite bookings holding steady at 389 events in 2002 and a 1 percent increase in attendance.

"We held on but our business clients are not spending as much on food and beverages as they have in the past and the bottom line has been affected," said executive director Stacy Graven.

Things are looking brighter this year, however, with the convention center's revenue up 18 percent compared to last year.

The expansion project won't be eligible to receive a share of the hotel/motel tax until 2005.

The convention center authority will make a presentation to the Bellevue City Council Sept. 8 on its financial performance and the feasibility of its proposed expansion plans.

Graven said current plans for the proposed expansion would expand the existing 36,000-square-foot meeting space downstairs to 60,000 square feet and add a 24,000-square-foot, divisible ballroom meeting space upstairs with additional pedestrian spaces. The cost of the expansion was still being priced, Graven said.

With Schnitzer Northwest's proposed mixed-use development of the surrounding property, the convention

center will have more hotel rooms and a complex of upscale shops and restaurants to pitch to bring in more business. But there is more competition for corporate meetings these days.

"We need to be convinced, as we have been in the past, that an expansion still makes sense," said city Planning Director Matt Terry. "There are now a lot of regional facilities that did not exist five years ago. We will re-examine the role of our convention center and how it will fare whether it is expanded or not. Another factor is whether we can afford the expansion financially and stay within the (dedicated) tax source, the hotel and motel tax."

Terry said the city has done a study that it will present to the Bellevue City Council at the September meeting that looks at alternative uses for the hotel/motel tax and the likely benefit from those uses.

"It's all in the spirit of making sure if we were to expand the convention center that it would be the most prudent use of our money," Terry said.

The city could also consider new funding options for the expansion.

"Our philosophy has been that any expansion has to be able to be paid for from the projected revenue from that source," Terry said. "Whether or not we stick with that position remains to be seen, but that has been the city's historical position."

Other cities have tapped their general tax funds or other types of revenue to pay for their convention facilities, Terry said.

Short takes

- The Southwest Library at 9010 35th Ave. S.W. in West Seattle is undergoing an expansion that will double its size. Design plans by Seattle-based Olson Sundberg Kundig Allen Architects will add a children's reading room with bay windows and a two-story atrium for the main circulation desk. Construction is set to begin in the summer of 2004 and should be completed in 2005.
- Edmonds-based Hotel Group Inc. added another hotel to its portfolio earlier this month with its purchase of the 224-room San Antonio Doubletree Club in San Antonio, Texas.

The Hotel Group owns and manages 27 hotels in 10 states under 10 different franchise brands. In October, the property will be reflagged and renamed the Radisson San Antonio Airport Hotel.

Reach Jeanne Lang Jones at 206-447-8505 ext. 118 or jlj@bizjournals.com.

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