



# The W Hotel

W Hotel means “warm, witty, welcoming” — whatever you want. It’s an 18-story Starwood project already under construction and connected to historic Old Columbia Square.

## The W Hotel

Why “W”? “It’s a new concept,” says Sandor Shapery, partnering with Starwood Hotels and the Multi-Employer Development Program in the W Hotel on B Street that broke ground in November 2000. “W is for warm, witty, welcoming. It’s what you want whenever you want it,” he says. “It’s a new brand of high-end, business-executive hotel. When I went to preview the W Hotel in Seattle, all the service people seemed to wear headsets. The garage attendant called the registration desk that I’d arrived. The desk then called the maid on the fifth floor — and so on. The concept is fast service, including an emphasis on food and beverage.”

Because W Hotel is connected to an historic building (Old Columbia Square), Shapery had to adjust the design to blend with the brick and stained glass that already exist. “The new W Hotel resembles an 1890s brick building from turn-of-the-century Chicago,” he says.

The roof of Old Columbia Square will hold a garden bar, and the existing bar and restaurant on the first floor of that building will remain intact. However, the interior of the 18-story hotel next door will be sleek and classically modern to provide the ultimate in guest comfort.

## Monday Briefing



### ***REAL ESTATE***

➤ The Old Columbia Square property, 20,000 square feet on the south side of West B Street between State and Columbia streets, will become the site of a 263-room, 18-story prototype W Hotel, a new Starwood Hotels concept.

***Page 1B***

San Diego

# Daily Transcript

THURSDAY, MAY 27, 1993

Bummed that it took some of the luster off a momentous event, Sandor Shapery said the \$2.9 million default reported yesterday on his Old Columbia Square Building was actually a \$150,000 dispute with a lender over taxes. Shapery wanted to make payments and the lender wanted a lump sum. The lender won and Shapery paid, but not before the trustee notice went out and was duly reported yesterday by the *Transcript*. Shapery, busy celebrating the sale of his 25 percent interest in Emerald-Shapery Center, couldn't be reached Tuesday afternoon to explain.

# METROPOLITAN

## Magazines

### "FUTURE VISIONS"

MAY 3, 1991

#### 48 City Suites

"Old" Columbia Square will have something "new" after the completion of City Suites, a 17-story, nationally affiliated hotel. With the addition of the hotel, Old Columbia Square (home to the B Street Cafe and the Old Columbia Brewery) will contain a total of 142,580 square feet of improvements.

Developed by Shapery Enterprises and designed by architect C.W. Kim, the hotel will have an "historic, New Orleans-style," along the lines of the cafe and the brewery.

According to a spokesperson from Shapery Enterprises, City Suites will offer traveling businesspeople affordable, old-fashioned prices—possibly at half the cost of other downtown hotels. Currently, the affiliation of the national hotel franchise is undecided.

As its name implies, each of the 262 rooms will be suite-style, and for those visitors who don't wish to try one of the Columbia Square restaurants, kitchenettes are planned for every room.

Construction is expected to begin at the end of the year pending financing. Once work has begun, the hotel should be complete within 18 months.—M.M.

## Shapery Takes Hotel To CCDC



City Suites, Sandor Shapery's newest proposal, goes before the CCDC board this morning for approval of its basic concept and schematic drawings. The \$25 million, 17-story, 262-unit, extended-stay all-suites hotel would be built at the southwest corner of State and B streets. It will cater to business people seeking moderately priced lodging on a daily, weekly or monthly basis. Parking will be off-site at a surface lot across the street or in the garage of one of three nearby high-rises. Construction is slated to begin in spring 1990 and finish summer 1991. C.W. Kim is the architect. The 20,000-square-foot site, owned by Shapery, now contains a Greek fast-food restaurant and the Bakery Restaurant.

MONDAY, JULY 13, 1987

**Paul Thoryk & Associates** now is up to date on its rent at the Old Columbia Square building, says developer Sandor Shapery. Shapery said he's in escrow to buy the property from owner James Rudolph and as a result took over management of the property last week. "Paul Thoryk owed rent only because of a dispute with the former owner," says Shapery. "That's been taken care of. He's now current." Rudolph had filed an unlawful detainer action seeking about \$9,000 for May and June rent.



## CONSTRUCTION/REAL ESTATE

San Diego Daily Transcript

Noth



### *Starwood To Build New Concept W Hotel On Old Columbia Square Site*

The Old Columbia Square property, 20,000 square feet on the south side of West B Street between State and Columbia streets, will become the site of a 263-room, 18-story prototype W Hotel, a new *Starwood Hotels* concept. The property includes *Karl Strauss'* Old Columbia Brewery and the historic Old

Columbia Square building. The property was owned by San Diego developer Sandor Shapery, who first leased the site to the Dallas-based hotel developer, then sold it this month to the developer for \$8,558,222 (see Real Estate Briefs, Feb. 1, Source Code:20010191 tdb).

#### BONE FUSION PATENT

Kinetikos Medical Inc. was awarded a patent for a bone-fusion apparatus and method. **Page 2A**

#### MUSIC ON BBC

SummerFest La Jolla will appear with a CD-ROM in the February issue of BBC Music and on BBC Radio 3. **Page 2A**

## REAL ESTATE/CONSTRUCTION

San Diego Daily Transcript

### Old Columbia Square Sold For \$8.6 Mil.

The Old Columbia Square property occupied by offices and restaurants at 1157 and 1167 Columbia St. in downtown San Diego 92101 has been sold for \$8,558,500, cash.

The buyer was **WSD Ownership LLC**, a Delaware limited liability company, 2400 Financial Center, 1215



#### Real Estate Briefs

By Richard Spaulding

Fourth Ave., Seattle, Wa. 98161, which holds a leasehold on the property and will build a hotel on the site.

The seller of the property (533-482-02 and 13) was **Old Columbia Square LLC**, a California limited liability company with Sandor W. Shapery as manager.

The property involved in the transaction was picked by the **San Diego County Commercial Association of Realtors** as the top land deal last year.

The winners of the award were Mark Atherton and Marten Barry Jr. of **San Diego Commercial Real Estate Services**.

Atherton and Barry Jr. were contacted in January 1998 by **Gatehouse Capital** of Dallas to find a site here for a new **Starwood Hotels** product, the W Hotel.

After six months, negotiations were opened with Sandor Shapery for his 10,000-square-foot site at State and B streets in downtown San Diego. The site had already been entitled for an 18-story hotel.

In mid-1999, Gatehouse determined a 10,000-square-foot floorplate was adequate for the upper floors of the planned hotel, but would not do for the lower-level lobby, restaurant, bar and meeting rooms. Negotiations were then begun for the adjacent, 10,000-square-foot, two-story historic Old Columbia Square building, also owned by Shapery. Last summer, Shapery signed a 50-year lease with a 50-year renewal option with Gatehouse. The total consideration of the lease transaction was placed at \$30 million.

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# San Diego Daily Transcript

THE BUSINESS DAILY

ESTABLISHED 1886

VOL. 115, NO. 244

THURSDAY, DECEMBER 7, 2000

2131 THIRD AVENUE

619/232-4381

editor@sddt.com

75 CENTS PER COPY

► Thirteen brokers from six different brokerages will be honored Thursday for handling this year's top deals in real estate.

Page 1B

## Big Deals Singled Out By SDCCAR

By RICHARD SPAULDING  
San Diego Daily Transcript

Thirteen brokers from six different brokerages will be honored Thursday for handling this year's top deals in real estate from a new downtown San Diego hotel to a 325,000-square-foot industrial complex. The awards for the top retail, office, industrial, land and investment transactions of 2000 are sponsored by the San Diego County Commercial Association of Realtors.

### Land

The award for the top land deal of the year went to Mark Atherton and Marten Barry Jr. of San Diego Commercial Real Estate Services for their nearly two-year effort in finding an out-of-town company a site for a new hotel.



M. Atherton

M. Barry Jr.

The pair were contacted in January 1998 by Gatehouse Capital of Dallas. The company wanted a site in San Diego to develop a new Starwood Hotels product, the "W" hotel. After a six-month, countywide search, negotiations were opened with Sandor Shapery for his 10,000-square-foot site at State and B streets in downtown San Diego. The site had already been entitled for an 18-story hotel.

In mid-1999, Gatehouse determined a 10,000-square-foot floorplate was adequate for the upper

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## SDCCAR Deals

Continued from Page 1B

floors, but would not do for the lower-level lobby, restaurant, bar and meeting rooms. Negotiations were then begun for the adjacent, 10,000-square-foot, two-story historic Old Columbia Square building, also owned by Shapery. This summer, Shapery, provided with \$1.3 million, completed lease buy-outs and signed a 50-year lease with a 50-year renewal option with Gatehouse.

The building permit has been approved and Webcor Builders, the contractor, is about to begin construction. The total consideration of the lease transaction was placed at \$30 million.

# REAL ESTATE/CONSTRUCTION

San Diego Daily Transcript

## Tenants Stall Shapery Plans For New Hotel

By JOE BRITTON

San Diego Daily Transcript

Plans for a new 17-story hotel on the south side of B Street between State and Columbia streets in downtown San Diego

San Diego

have stalled because the owner of the property, developer of the hotel and the current tenants haven't been able to reach an agreement on how to proceed.

**Starwood Hotels & Resorts Worldwide Inc.** the owner of several hotel chains including Sheraton, Westin, The St. Regis and Ceasars, would like to construct the 263-room, \$50 million W Hotel on the 15,000 square feet adjacent to the Karl Strauss Old Columbia Brewery. The plan calls for a 17-story upscale hotel geared toward high-end business travelers.

But the development proposal has two tenants, **Ryan Brothers Coffee** and the **Brick Tavern**, caught in a fight with the owner of the building and hotel developer to keep their current space or negotiate a financially acceptable deal.

The tenants are claiming they were enticed to the property partly by of the possible development of a new hotel and because they would be allowed to stay if a new hotel is built.

In September 1999 Sandor Shapery, owner of the 20,000-square-foot property, approached the Centre City Development Corp. requesting an Owner Participation Agreement to acquire the leaseholds and vacate the space so he could move forward with the development.

When the project was originally presented to CCDC, 10 leases had to be negotiated in order for the project to proceed. Shapery has struck deals with eight tenants, leaving only Ryan Brothers Coffee and the Brick Tavern.

According to the CCDC, the two remaining tenants were under the impression that the development of the new hotel would incorporate their businesses and not require them to vacate the property, and that the involved parties "should negotiate in good faith for a buy-out of the remaining leasehold interests."

But according to Shapery, "It is my understanding that Ryan Brothers Coffee would like to stay under any circumstances, and the Brick Tavern is holding out for the best price."

"Last year we got a letter from the CCDC announcing a proposal for an Owner Participation Agreement," said Harry Ryan, co-owner of Ryan Brothers Coffee. "We were stunned — every single one of us was brought into this facility under the impression that we would benefit from a new hotel."

"In September of last year, the CCDC gave Mr. Shapery nine months to negotiate and did

Please Turn to Page 2B

## Hotel

Continued from Page 1B

absolutely nothing," he added.

"We are staying because it's the right thing to do," Ryan continued. "We are in a very central area and are strategically placed. It will kill us if we have to move."

The issue remains on the docket and CCDC will address it again on June 16.

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Source Code: 20000531tda



# Shapery asks CCDC to help oust tenants, pave way for hotel

By Ronald W. Powell  
STAFF WRITER

Sandor "Sandy" Shapery, a landowner and developer, wants to lease out land he owns in downtown San Diego for the construction of an opulent hotel, the kind appointed with chenille throws, leather desk sets and aromatherapy baths.

But there's a chink in the crystal. Much of his Old Columbia

Square property is occupied by seven tenant businesses, some with leases that don't expire for more than a dozen years.

Although he faces an Oct. 1 deadline to assure hotel developers that the property will be available, Shapery has not yet opened negotiations with the leaseholders.

Yesterday, Shapery came before the Centre City Development Corp.'s board of directors looking

for help. He asked the CCDC, the city's downtown redevelopment agency, to remove the tenants by exerting the power of eminent domain on the leaseholds.

Board members were clearly reluctant to wield such a heavy tool to settle a private dispute. Instead, they gave him 60 to 90 days to negotiate deals with the tenants, then return before the board for reconsideration.

"I certainly expect more of a good-faith effort from you in working with the tenants," George Lattimer, the board's vice chairman, told Shapery. "My concern is that you not use us as a methodology: 'If you don't deal with me, then you have to deal with CCDC.'"

Redevelopment officials said the proposed hotel is an attractive development. It would be a W Hotel, a new, executive-class line of lodging with inns in New York, San Francisco and Seattle.

The hotel would rise 18 stories at State and B streets and have 263 rooms and underground parking. Starwood Hotels and Resorts Worldwide Inc., the nation's largest hotel developer, would be one of the owners.

The development would cost \$50 million and benefit the city by generating \$1.2 million annually in hotel-room tax revenue and \$500,000 annually in tax increment money.

CCDC officials said the tax money is needed to help carry out major projects in the agency's five-year redevelopment plan.

Construction would begin next spring, with a tentative completion date of January 2002.

The majority of the tenants Shapery wants out are in the historic Old

Columbia Square Building, a two-story red-brick structure built in 1892. The developers would like to renovate the building's interior for use as the hotel's restaurant, bar and meeting space.

Tom Ryan, a partner in Ryan Brothers Coffee, said he was notified only two weeks ago that the hotel deal was in the works. He told board members that he and his brothers negotiated a long-term lease 14 months ago and that relocation might destroy the business.

"We're a small business, but small businesses make up San Diego," Ryan said. "This is our livelihood."

James McElroy is a friend of the owners of The Brick Tavern, which is one of the tenants. McElroy, a lawyer, said a government should not intervene in a private matter between Shapery and his tenants.

"This is David vs. Goliath, and you would be giving Goliath a couple more hand grenades before he begins negotiations," McElroy said. "... He wants to break contracts because he suddenly has a better deal."

John Brown, an owner of The Brick, said he has 14 years remaining on his lease. Brown said his bar and restaurant cater to office work-

ers who have few inexpensive options on the western end of downtown.

"I'll bet that 85 percent of the people in San Diego probably can't afford to go to the five-star restaurant they'll be putting in," said Brown, his voice breaking with emotion. "Where are people going to eat and drink in this area?"

Shapery has successfully negotiated a buyout of the lease of Chris Johnson, operator of the Quick-Sands sandwich shop, Juice Quake and Quickwraps — all eateries in the development footprint.

"I've come to an equitable and fair agreement," Johnson, a Shapery tenant for nine years, said after the meeting.

Shapery told board members that he feared that the remaining tenants would seek unfairly high prices for him to buy out their leases because they know how badly he wants the hotel deal.

But the tenants said they are motivated to reach an amicable settlement.

"The last thing we want is to see a \$50 million deal go down the drain and then have to live with the landlord who lost it," said Carmen Ryan of Ryan Brothers Coffee.



# Real Estate/Construction

ESTABLISHED 1886

VOL. 113, NO. 127

FRIDAY, JUNE 26, 1998

2131 THIRD AVENUE

619/232-4381

B-SECTION

► Shapery Enterprises is finalizing negotiations with Candlewood Hotel Co. of Wichita, Kan., for a joint-venture to develop a \$25 million 18-story extended-stay hotel at State and B streets downtown, according to developer Sandy Shapery.

## Shapery Proposes Downtown Hotel

By KATIE KUEHNER-HEBERT  
*San Diego Daily Transcript*

Shapery Enterprises is finalizing negotiations with Candlewood Hotel Co. of Wichita, Kan. for a joint-venture to develop a \$25 million 18-story extended-stay hotel on the southwest corner of State and B street, according to developer Sandy Shapery.

With this latest addition to the downtown hotel market, the city's urban core is gearing up for a possible influx of 6,000 new hotel rooms — just in time to accommodate an expanded convention center.

Shapery's architect for the project, C.W. Kim, explained why Shapery believes an extended-stay hotel concept would succeed at that location to members of Citizens Coordinate for Century 3 at a recent meeting in Shapery's biggest downtown project, the Wyndham Emerald Plaza Hotel.

"From our market studies, it's apparent that it's in a good location, the timing is right, and the team is good enough," Kim said. "When Shapery approached Candlewood previously, the company said that we were not close enough to the convention center and that it would be too far to compete with other hotels."

"But this time, Shapery was able to sell them on the European 'city of zones' concept. The new hotel would exist within several concentric patterns of activity zones: government, financing capital, convention center, and Little Italy. There are a lot of activities that explain the demand."

On the drawing board is a 225-suite hotel on a 20,000-square-foot footprint on the southwest corner of State and B streets. The existing building that houses QuickSands will be removed, but much of the rest of the block will remain, including adjacent law offices, the Old Columbia Brewery, Columbia Square office building and an Ace Parking lot.

"We're trying to repeat the character of the neighborhood with the design of the new hotel, using the bistro, cafe style," Kim said. The first three to five floors will have a brick exterior and the remaining floors of the 18-story hotel will have a simulated brick facade.

Also outlining hotel plans at C3's meeting was Gordon Carrier, architect for another proposed hotel in the neighborhood: the 27-floor, \$90 million Powerhouse Hotel, which will adaptively reuse much of the historic San Diego Gas and Electric Station B on Kettner and Broadway.

Arizona-based Monaghan Co. L.L.C., led by James Monaghan, is proposing to turn the former power plant into a 450-room hotel, preserving as much of the exterior facade, interior columns and the turbine room's architecture as possible. The property was recently declared a historical site by the San Diego Historical Site Board and was also determined eligible for the National Register of Historic Places by the Keeper of the National Register.

Carrier said the new 289-foot-high tower will incorporate the "romantic charm" of the existing building. However, there will be a clear distinction between the older, historic structure and the newer structure, which Carrier promises will be a new downtown landmark complete with a 100-foot "identity" spire.

Nearly a dozen new hotels have been proposed for the downtown area, and with the proposed 800-room expansion of Manchester Resorts' Hyatt Regency in the South Embarcadero, the number of hotel rooms in downtown could top 10,000.

Some of the projects on the drawing board or in construction include:

- On Sixth and Broadway, AM Rock Creek, a subsidiary of Denver-based Amstar Group Ltd., has hired Sage Hospitality to convert the historic San Diego Trust & Savings Bank Building into a 247-room Courtyard by Marriott hotel. The adaptive reuse will preserve much of the building's interior elements, including the original bank lobby and vaults, as well as the exterior facade.
- S.D. Malkin's \$40 million

Bridgeworks multi-use project, including a 243-room Hilton Garden Inn at the foot of the Gaslamp Quarter.

- A proposed 1,006-room Westin hotel by the owners of Campbell Shipyards on their bayfront industrial property has been conceptually approved by the San Diego Unified Port District. Kip Howard of Allegis Development is heading up that effort.

- United Enterprises Ltd. would like to redevelop the 10,000-square-foot First National Bank at 1007 Sixth Avenue into either a hotel or a mixed-use retail and residential project, either apartments or live/work lofts.

- Harbour Lights, 917-27 Fifth Avenue. Signature Resorts Inc. is redeveloping 7,500-square-foot property into 59-unit timeshare hotel over ground floor retail.

- A 152-suite extended stay hotel at Pacific Highway and Elm by developer Mike Galasso.

- Two possible hotel projects pending approval of a new downtown baseball park for the Padres: an 800-room hotel at Sixth and L and a 150-room hotel at 12th & L.

hebert@sddt.com



CITY EDITION

# San Diego

**SECTION B**

Lottery results ..... 2  
Obituaries ..... 8  
Opinion ..... 9-11

THE SAN DIEGO UNION-TRIBUNE • THURSDAY, MARCH 26, 1998

## Proposal links old plant to a hotel

Powerhouse would  
be lobby with shops

By Roger M. Showley  
STAFF WRITER

Arizona developer James G. Monaghan proposes to give new meaning to the term "power lunch."

Using an old San Diego Gas & Electric Co. power plant near the foot of Broadway for public rooms, including a 70-foot-high lobby, Monaghan is proposing to graft on a 26-story, 450-room hotel tower. The project, to cost at least \$50 million, is projected to open in the summer of 2000.

Meanwhile, another developer, Sandor Shapery, said he is moving forward on a second hotel project next to another historic building. His proposed "City Suites at Old Columbia Square" would rise 19 stories at State and B streets next to an old steam laundry converted to a microbrewery and restaurant.

Monaghan said he was tempted to dub his hotel the "Tower of Power" or the "Powerhouse," but he will leave that to the operator.

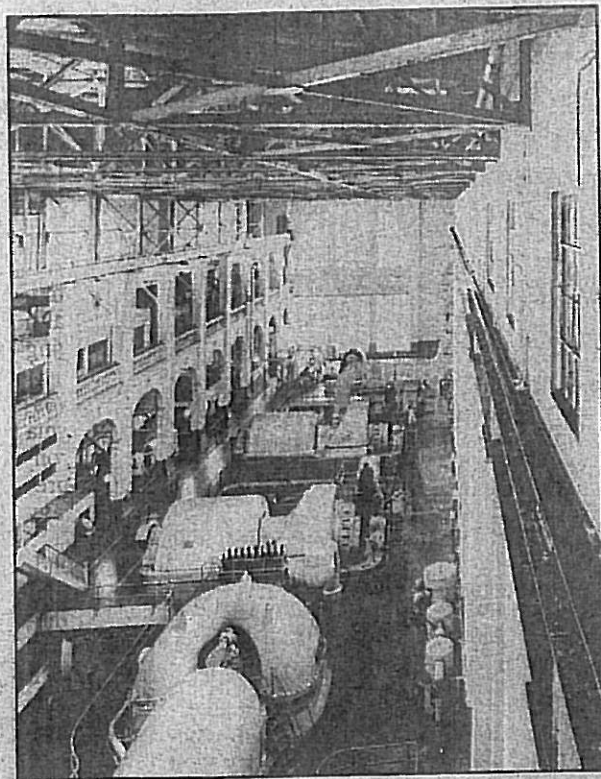
The former power plant, constructed in 1911 at Broadway and Kettner Boulevard, originally served as a terminus and source of electricity for San Diego's long-gone streetcar system.

"Ninety-percent of the people have never seen it," Monaghan said of the plant's interior, "and this is an opportunity I want to give them to do. This will be the talk of the town."

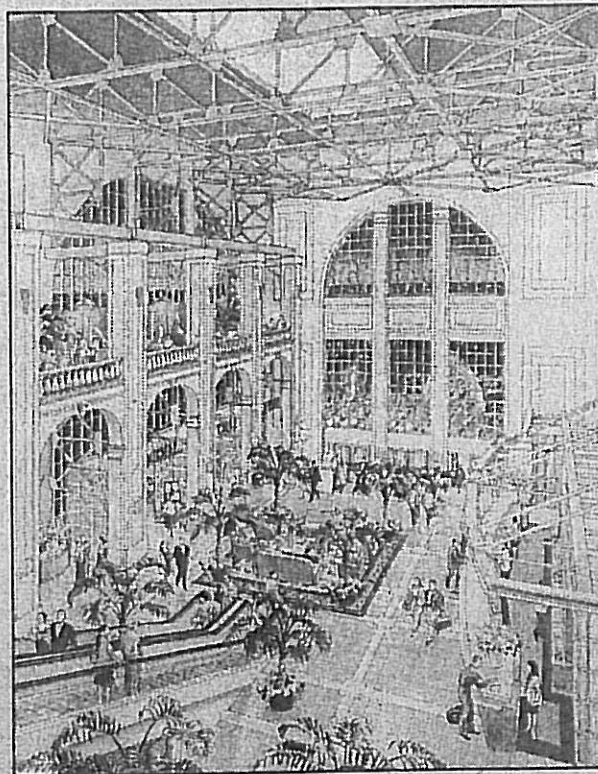
Meeting rooms, restaurants and gift shops would overlook the old turbine room, Monaghan told the city's Historical Site Board yesterday. Retained would be existing

See **POWER PLANT** on Page B-5





SAN DIEGO GAS &amp; ELECTRIC CO.



CARRIER JOHNSON

**The old and proposed:** The turbine room, left, produced electricity until 1983. That room would become the proposed hotel's lobby, right, with shops and restaurants.

## Power plant

26-story hotel would be linked to old SDG&E site

*Continued from B-1*

archways and some of the industrial elements within the building.

Peter Hall, president of the Centre City Development Corp., which oversees downtown redevelopment, said the two hotel developments represent the latest evidence that San Diego's recovery from the recession is in full swing.

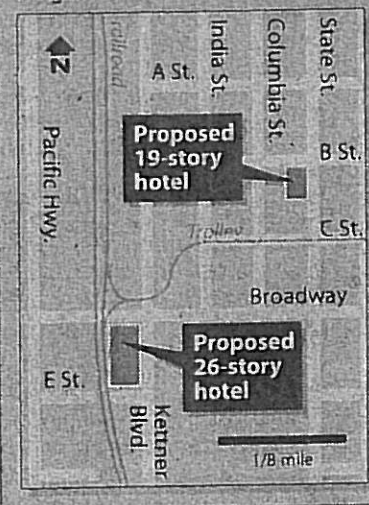
As an initial step for Monaghan's project, the site board unanimously approved historic designation for the building, formally called San Diego Gas & Electric Co. Station B. It was a companion to second downtown power plant at Ninth and Imperial avenues that was demolished last year.

The board left until later a review of the tower and changes Monaghan proposes.

"This in no way absolves SDG&E of the demolition of Station A. That was unforgivable," said board member Vonn Marie May, referring to the utility's successful appeal last year to the City Council to allow removal of historic designation for Station A and its subsequent razing.

### Skyline shapers

Locations of two new hotel proposals in downtown San Diego:



PAUL HORN / Union-Tribune

But like most of the site board members, May complimented Monaghan on finding a way to preserve Station B. "You're really lucky to have this resource to work with," she said.

The only serious criticism came from board member Caryl Iseman, who commented that inserting windows into the Broadway frontage of the station, along with other design

elements, would add an inordinate amount of glitz.

"Sometimes somber can be nice, too," she said.

Architect and board member Paul Bishop suggested to project architects Gordon R. Carrier and Kevin L. Krumdieck that the hotel tower be modified to define more clearly where the historic building ends and the new one begins.

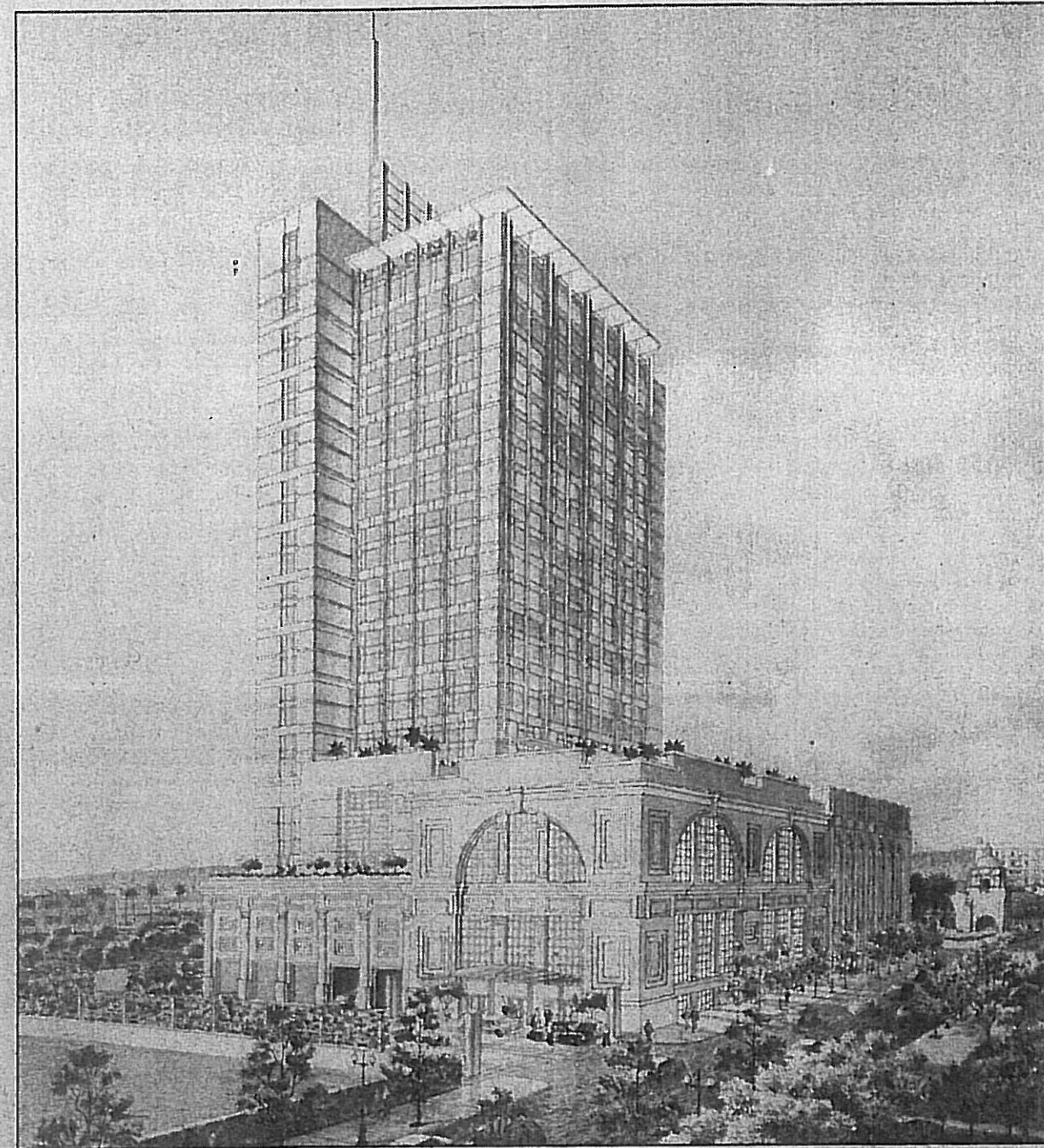
To fit the tower into the west section of the power station, the architects propose removing the present boiler room and constructing four levels of parking. The tower would rise from behind a reconstruction of the building's original facade.

The site board must give its consent for this change, but indications yesterday were that members would vote to approve the plan.

Monaghan, who bought the building from SDG&E for an undisclosed price last year, said in an interview that he is negotiating with five major hotel chains to become joint owners and partners in the project.

If he can obtain the necessary approvals this fall, he said, construction would begin and the building would open by August 2000.

"This will be the most major project in the city of San Diego," he



CARRIER JOHNSON

**New life:** The old power plant (foreground) would be incorporated into a 26-story hotel tower.

said, outside of the proposed convention center expansion and other hotels along the waterfront. "We're on the fringe of an area where things kind of stop on Kettner. My hotel will open up other opportunities for people."

Over the years, the power station has been eyed for conversion to an aquarium, a new Central Library and a warehouse. According to city planner Mike Tudury, developers more recently have proposed its demolition to make way for new projects.

Originally, the building powered John D. Spreckels' San Diego Electric Railway streetcar system. When San Diego Gas & Electric Co. converted the plant for electrical generation, it demolished a historic structure, the old Los Baños bathhouse and made several other additions through 1941.

The plant was shut down in 1983, and its smokestacks were removed, leaving it a silent sentinel along the railroad tracks as downtown redevelopment progressed around it.

As for the Shapery project, 225 extended-stay suites and 110 parking spaces are proposed for construction by mid-2000. Project architect is C.W. Kim, who designed Shapery's office-hotel complex, now known as Emerald Plaza, immediately south of the Old Columbia Square block. The extended-stay hotel project is expected to cost \$39 million.

Shapery said he has signed a letter of intent with a co-owner and operator and hopes construction can begin within eight months.