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Capitola officially approves purchase of mobile home park

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CAPITOLA — In a flurry of contract mumbo jumbo enough to make a real estate agent cry, the City Council here Thursday night eventually approved an option agreement for the city to pursue the purchase of Pacific Cove Mobile Home Park.

The option agreement, for the first time, formally ties the city into the active purchase of the park for a disclosed price of \$1.5 million. The 83-space park, located near Capitola Village, will be partially converted to a 203-space parking lot in order to help alleviate the long-standing parking problem downtown.

In matters relating to the controversial

parking plan, councilmen approved \$81,000 for the purchase of computerized parking banks that will be installed in the village by mid-summer. The on-street, pay-parking revenue is seen as the major funding source for the city's purchase of Pacific Cove.

Councilmen also approved the formation of a residents' committee at Pacific Cove, which will work with the city in the development of a relocation plan and operation of the park upon city purchase.

As proposed, the upper terrace of the mobile home park would eventually be converted into a parking lot. Pacific Cove residents, however, would not be forced out as the conversion would only be done through attrition. The city also has agreed to pay relocation costs of residents who

move to the lower terrace of the park.

The option agreement to purchase the park, meanwhile, almost didn't come to pass. The question of a \$700,000 balloon payment that might be due upon city purchase popped up.

According to the agreement, the city will pay \$5,000 for a three-month option to purchase the park. The city can renew that option for an additional three months at another \$5,000 if the purchase takes longer than expected.

Terms of the sale include a \$245,000 down payment and the pay-off of an additional \$550,000 in five years at \$8,250 a month.

The city also plans to assume a \$700,000 loan that the present owners, Pacific Cove Associates, hold on the property. It was

not known, however, whether the holder of that \$700,000 note would be willing for the city to assume it, or want his cash in total upon the city's purchase.

Councilman Dennis Beltram, who was on the losing end of the 4-1 vote to approve the option agreement, maintained the city should contact the note-holder first. He felt more information was needed before agreeing to the option to buy.

At first, other councilmen agreed. They didn't want to place the park purchase in jeopardy if the city suddenly had to come up with an additional \$700,000 up front. It was only after City Attorney Richard Manning clarified a specific clause in the option agreement that they changed their minds.

That clause gives the city 40 days to

cancel the option if the holder of the note does not agree to the city assuming the loan.

Manning also maintained it was "only ethical" to pass the option first with Pacific Cove Associates, and then let them talk to the note-holder.

In a confusing array of motions, councilmen first moved to approve the option, then backtracked. After Manning's clarification, they eventually approved the option.

Manning said afterward that the city, in effect, was risking nothing. If Pacific Cove Associates can't come to an agreement with the note-holder regarding making the loan assumable, the city's option to purchase is canceled.

City Manager Steve Burrell added that he didn't feel the note will be a problem. He is to report back next meeting.

According to Burrell, the computerized parking banks could be in place in the village by mid-July. The pay-parking area would include all of the Capitola Esplanade, and portions of Capitola, Monterey and Stockton avenues.

The system makes use of nine computerized ticket dispensers rather than meters at every stall. Motorists parking in the village would need to walk to the BART-like dispensers, purchase a ticket and place it on the dashboard of their car.

Pay-parking would be enforced 13 hours a day. A 50-cents-per-hour fee would be charged.

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