

# Watsonville explores new redevelopment strategy

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In one year, about \$800,000 could be raised to improve streets in downtown Watsonville if the city merges its two redevelopment districts, City Manager John Radin told the City Council Tuesday.

One redevelopment district is strictly for the downtown; the other is for the west side.

Under redevelopment law, once a redevelopment district is formed, the governing agency may set aside any increase in property taxes just for redevelopment projects. Without the redevelopment district, the same tax money would simply be divided up like other property taxes, with a portion going to the city, some going to the county, some to the schools and some to other special districts in which the property might lie.

The city now collects about \$300,000 a year in such taxes, called "increment" taxes, in the Downtown Redevelopment District. But all that money has already been earmarked to pay off a bond used in the purchase and clearing of the 200 block of Main Street.

In the Westside Redevelopment District, the city has not collected the increment taxes for a while because the district didn't need the money.

Now the city is faced with the problem of needing more money for projects in the Downtown Redevelopment District, but being unable to collect any more in taxes there. So city officials have been eyeing the

money available to the Westside Redevelopment District.

They are considering merging the two districts so the taxes collected from west side property owners could be applied to the downtown.

Radin told the council when it met as the Redevelopment Agency Tuesday that approximately \$800,000 could be raised each year if the city collects the increment tax it is entitled to on the west side.

That would solve the problem of paying for work on two major downtown streets. The city needs roughly \$1.5 million to widen Rodriguez Street and part of Second Street in the redevelopment area, Radin said.

There is a catch, though.

If that money is taken for redevelopment, it would reduce the funding to both the county and the city's own general fund. Radin reminded the council that the city can hardly afford to lose any of the revenue it has coming in. He estimated the move would mean about \$200,000 less per year each for the city and the county.

Radin and City Attorney Don Haile said they had not yet studied all the ramifications of such a move, and mentioned that the city would, of course, have to work with the county, which could be expected to fight any move that would reduce its tax revenue.

The Redevelopment Agency was unanimous in directing Radin and Haile to study the feasibility of merging the two districts and to report back next month.

In another matter, the Redevelopment Agency approved a use permit for an 8,000-square-foot grocery store at Riverside Drive and Rodriguez Street.

The store will be built by Dick Wong, formerly one of the owners of the Daylite Market, which was demolished last year along with most of the 200 block of Main Street. Wong plans to build the grocery store first, then eventually add a laundromat, a fish market and a take-out Chinese restaurant.

Councilman Dennis Osmer sought to deny Wong permission to sell beer and wine in his grocery store because, the councilman said, that section of town already has enough problems created by drug and alcohol abuse. Osmer has suggested that no new outlets for alcohol be allowed in the lower Main Street area.

But he got no support for his position.

Councilman Tony Campos said, "If someone wants a beer, they'll go over the bridge and get it."

That's no reason for the council to ignore the problem, Osmer replied.

Councilman Vido Deretich said it wouldn't be fair to Wong to prevent him from selling beer and wine, like every other grocery store does.

The Redevelopment Agency also approved the budgets of the two redevelopment districts without discussion, and agreed to ask the Central Business Improvement District to work with the city in cleaning the sidewalks in the downtown.