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Cities, county battle over car dealerships

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Like suitors surrounding a daughter with a large dowry, Santa Cruz County and two of its cities are assiduously courting the auto dealers of Santa Cruz.

The county and the cities of Santa Cruz and Scotts Valley are all trying to persuade as many as 16 dealerships either to stay in or move to their jurisdictions. As much as \$1 million in annual sales tax is the prize for the winner, depending on

how many dealerships are involved in any of the proposed auto plazas. That cash can be spent however a city or county chooses.

Tom Burns, director of the county redevelopment agency, said the county was continuing negotiations with at least three dealers commanding four dealerships. Those negotiations have stretched on for nearly a year now. The county would like the dealerships to move to the privately owned Skyview Drive-in, a 14-acre site on Soquel Drive about a mile east

of Dominican Hospital.

Some redevelopment funds could be used to sweeten the deal for the auto dealers, and help them remodel the drive-in, if the Board of Supervisors approves.

But the deal does not appear any closer to closing than it was six months ago, when the three dealers bought a 4-acre parcel adjoining the drive-in.

Those dealers are Ernest Courtright, owner of Toyota of Santa Cruz and Santa Cruz Nissan-Dodge; Don Starr, of

Santa Cruz Motors Mazda-BMW; and William Winterhalter, of North Bay Ford and Lincoln-Mercury.

The supervisors have not discussed the matter in either closed or open session since at least the start of the year, when new Live Oak-Soquel Supervisor Jan Beautz and Fred Keeley, representing San Lorenzo Valley and Scotts Valley, were seated, sources said.

Burns said the old board had "approved pieces of a possible package," but nothing final has

emerged from negotiations.

"It goes back and forth," Burns said.

At the same time, Scotts Valley Mayor Glennon Culwell said Tuesday that two dealers have said they would move to an auto plaza Scotts Valley has proposed for the abandoned Santa's Village amusement park, a 32-acre parcel just off Highway 17.

They are Bob Dee, of Bob Dee Motors, which sells Oldsmobiles, Jeeps and Renaults in Capitola, and Ocean Chevrolet,

of Santa Cruz.

The prospect that Capitola might lose a tenant from its auto plaza just off 41st Avenue does not appear to distress Capitola city officials.

"If Bob Dee chooses to leave, some other franchise will occupy that space," Planning Director Susan Tupper said yesterday.

Capitola has so far been the big winner in the auto plaza wars, because it was the first to

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build a plaza and lured several dealers away from Santa Cruz.

In Santa Cruz, City Manager Richard Wilson said his city was still hoping to persuade its car dealers to stay.

Santa Cruz has already sunk \$70,000 in consultants' studies on how best to construct an auto plaza at the River Street-Highway 1 junction. Steve Bergstrom, who owns several dealerships in the city, is still negotiating with Santa Cruz over that proposed plaza, Wilson said.

"Our project is more difficult (than Scotts Valley's or the county's) because of higher land values," Wilson said. The city would also have to relocate residents and businesses at the River Street site, he said.

Wilson acknowledged that the loss of auto sales tax if a large group of dealers were to move

out of the city would be a heavy blow to city finances, but also said the dealerships do need new facilities. The current dealerships, most of which are in the Front Street-Pacific Avenue area, are too small to display as many cars as auto makers want them to.

"Everybody is pursuing self-interests in these matters," Wilson said.

Meanwhile, Watsonville, which briefly talked of establishing a South County auto row several months ago, has more or less abandoned the idea, City Manager John Radin said.

"To get an auto row, you're looking at 12 to 30 acres," Radin said. "The only place we have right now is undeveloped industrial areas."

Those properties would be very expensive to develop, he said.

"There hasn't been anyone asking for additional auto centers here," Radin said.