

# ✓ WATSONVILLE 1990 - City struggles to finance downtown revitalization

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WATSONVILLE — Raising money for revitalizing downtown is a big hurdle for the city.

Veteran City Councilwoman Betty Murphy told the Watsonville Development Committee Tuesday morning that getting county supervisors to give up lucrative property-tax revenue will be difficult.

The City Council last week accepted two studies on downtown Watsonville — a \$45,000 retail and marketing study and a \$20,000 study on the feasibility of a mercado (farmer's market). Council members referred the studies to community groups for comments.

Both studies recommended that Watsonville broaden its use of redevelopment powers to finance downtown improvements. Redevelopment projects derive revenue through so-called "property-tax increments," which must go toward improvements to specific "blighted" areas.

Murphy told committee members, "The county is not eager to

lose any of their money. That's the reason we (the city) have stalled on the idea (of broadening redevelopment powers)."

Former Watsonville City Manager John Radin, a member of the committee, agreed, saying that the county "wants its full share (of property-tax increments) before it agrees on redevelopment."

However, at the same time, Murphy left a glitter of hope, adding, "Our window might be the earthquake. Hopefully, the county will see that because of the earthquake, we need as much money as we can get to rebuild downtown."

Tom Burns, administrator of the county's Redevelopment Agency, said Tuesday that the county would be willing to negotiate for terms. What those terms might be, though, are up to the County Administrative Office, which handles negotiations.

Consultant Mike Conlon told the Watsonville Development Committee that Watsonville's two redevelopment projects, established in 1973, will expire in 1998. He recom-

mended the two projects be merged and extended. Conlon estimated that Watsonville could derive about \$800,000 a year (after the county's take and \$200,000 is used on affordable housing) to revitalize downtown, which was hard hit from the October 1989 earthquake.

Improvements outlined in the report included enticing certain retail businesses to come downtown by creating not only an attractive business climate, but by creating loan programs for prospective businesses. Conlon also recom-

mended that the city entice shoppers by offering a minimum of three hours of free parking in order to compete with outlying shopping areas.

For the most part, downtown Watsonville "isn't doing that bad," despite the earthquake, Conlon told committee members.

"In a lot of ways, downtown is very balanced, and has the potential to improve quite rapidly," Conlon said, adding that the rebuilding of Ford's department store would be a key. Ford's has already bro-

ken ground on a new 76,000-square-foot store at its old Main and Beach streets location, with an opening planned for October.

Hal Hyde, Ford's senior vice president and another committee member, called both studies "fascinating documents," lauding the "opportunities for retail" downtown.

Committee member Raymundo Vigil, chairman of the committee's mercado subcommittee, said he "feels good" about the concept for the development of a downtown

mercado. However, Vigil also conceded that Latino business owners probably would not get behind a mercado.

It's no secret that while a mercado would attract shoppers downtown, it also would offer competition to existing businesses.

Consultant Bill Segal said a Latino-oriented mercado, with shops facing the sidewalk, would be feasible. He estimated costs for a 9,000-square-foot mercado at \$1.8 million, of which \$1.2 million would have to be subsidized by the city.