

Scotts Valley moves ahead on auto center

Council will discuss issue today

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SCOTTS VALLEY — A \$7 million deal to buy land for a proposed north Scotts Valley auto center development will be discussed by the City Council tonight.

The council also will decide whether to accept "predevelopment agreements" signed by the owners of nine local car dealers who are negotiating to move into the proposed 32.7 acre project, located along Highway 17 near the abandoned Santa's Village amusement park.

In addition to the auto dealership project,

the council will hold a 7:30 p.m. public hearing on preliminary plans to replace an overcrowded Granite Creek Drive freeway interchange. A city consultant has designed two options for the new overpass, one of which would build a new structure just north of the existing one. The second option would place the new overpass near the Assemblies of God headquarters and 2,000 feet north of the existing one.

At its 4 p.m. session, the council will decide whether the city should borrow \$7 million to buy the auto-center site. City attorney Bob

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Haight has recommended that the city issue "certificates of participation" worth \$7 million to buy the land, which would then be subdivided, developed and sold to individual car dealers.

At 9:20 p.m., the council will discuss "predevelopment agreements" signed by the owners of nine Santa Cruz car dealerships negotiating to move into the new auto center. The dealers have made "good-faith deposits" of \$10,000 per acre to continue negotiations. The dealers have requested a total of 35 acres for nine dealerships, and have given the city deposits totaling \$350,000.

If approved, the predevelopment agreement will set the groundwork for negotiation of a "disposition of development" agreement, which must be made final within six months.

The predevelopment agreement calls for the city to buy the land for the project, and for the dealers to identify the acreage they want. The city will assure that the final land cost to the dealers will be between \$5 and \$7.50 per square foot, depending on a cash-flow analysis.

In return, the city will require assurance that it can reap a minimum of \$35 million in sales-tax profits over the first 25 years the auto center is in operation. The city is asking the dealers to provide several years worth of sales information and future sales projections to determine what the future profits from the center will be.

According to the agreement, the auto center land will be sold to the car dealers as soon as they receive final building permits from the city, and the city will complete all of the public improvements, such as roads and sidewalks, within one year. The land will carry deed re-

strictions limiting use of the area to auto-related retail sales for 25 years. In turn, the dealers must have their sites developed within one year.

The city has already begun an environmental impact report on the project, and will assure the dealers that all environmental concerns have been taken care of. Public hearings will be held when the environmental report is completed.

The nine dealerships that have signed agreements with the city are Acura of Santa Cruz, Santa Cruz Motors Mazda-BMW, Ocean Chevrolet, Santa Cruz Nissan Dodge, North Bay Ford and Lincoln Mercury, Honda of Santa Cruz, Bergstrom Motor Company Mercedes, Toyota of Santa Cruz and Lewis Volkswagen, according to City Administrator August Caires.