

SV vows to sue auto dealers

By MARIA GAURA
Sentinel staff writer

3-29-90
SCOTTS VALLEY — City officials voted Wednesday to take legal action against five Santa Cruz car dealers who only recently had planned to build an auto sales plaza on the site of the abandoned Santa's Village amusement park.

Negotiations between Scotts Valley officials and the dealers fell apart two weeks ago when county officials announced that the dealers had signed a preliminary agreement to build an auto plaza on the High Lumber property in Live Oak.

The dealers met with city officials Tuesday, but told officials they only wanted to keep the Scotts

Valley project as a backup if the county project falls through, according to Mayor Glennon Culwell. City officials said they angrily rejected the suggestion, calling it "totally unacceptable."

"The auto center project is now dead," Culwell said. "We feel (the dealers) committed not only breach of contract, but potentially con-

spiracy and fraud. We voted tonight to proceed with legal action. Our attorney believes we have a very strong case."

The five car dealerships include Santa Cruz Motors, Toyota of Santa Cruz, Ocean Chevrolet, North Bay Ford and Santa Cruz Nissan-Dodge.

Calls to the dealers were not returned Wednesday night.

Culwell said city officials are also contemplating a lawsuit against the county, but have not yet instructed their attorney to take action.

"We are very concerned about the involvement of the county, but what it will add up to I'm not sure," said Culwell. "We have not issued instructions to sue at this point."

City officials say they were

stunned when news of the county auto plaza project was leaked to them. They said the dealers had encouraged them to buy millions of dollars worth of land for the project, commission an environmental study, hire an attorney and project developer and devote months of

Please see DEALERS — A8

A-8—Santa Cruz Sentinel — Th

Dealers/ SV vows to sue

Continued from Page A1

staff time to the project. The dealers never told city officials they were negotiating a second deal, Culwell said.

"They said to proceed with the environmental impact report, and asked us when we could begin rough grading," Culwell said. "We purchased two parcels of property and are in negotiations to buy a third. They encouraged us to spend public monies and ... never had the courtesy to notify us when they signed a deal with the county. We would never have known if the county hadn't leaked it to us."

Scotts Valley will probably go through with the purchase of the third parcel, Culwell said. Ultimate development of a freeway frontage site will be decided after public input, he said.

"I called the dealers on March 9 and asked point blank 'do you have another deal?' and they denied it," Culwell said. "Then I found that Don Starr had signed an agreement on behalf of all the dealers on March 8. They denied it one day later!"

Starr was not available for comment Wednesday.

Culwell said the city is seeking reimbursement for the money and time spent on the project, as well as unspecified damages.

"It's our responsibility to protect the funds of Scotts Valley taxpayers," he said. "To permit the dealers to damage us without taking recourse would be totally irresponsible."