

Pact OK'd for Capitola Mall drain

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SANTA CRUZ — A compromise solution to drainage problems which had threatened to stall the \$35-million Capitola Mall expansion project was OK'd Tuesday, but the developers, who fear the compromise could end up costing them too much money, aren't happy about it.

The drainage compromise would allow the developers — Cypress Properties of Menlo Park — to go ahead with the mall expansion on schedule. But they would be required in turn to construct storm runoff detention ponds on their property and guarantee financing for the eventual construction of a storm drain along Capitola Road to divert runoff from the mall to Rodeo Gulch.

If it turned out that the storm drain could not be built, the developers would still have to pay for other improvements needed to reduce flooding on 41st Avenue. Meanwhile, they would also be required to pay more than \$80,000 in drainage fees to Zone 5 of the County Flood Control and Water Conservation District.

The compromise plan was hammered out late Tuesday afternoon by county supervisors and representatives of the city of Capitola and the Soquel Creek Water District, who met jointly as the board of directors of Zone 5 — which includes both Capitola and the water district. They told county Public Works officials and the County Counsel's office to meet with the developers and return in two weeks with a legal agreement to implement the plan.

"It's kind of a tough deal," Cypress Properties President John L. deBenedetti said after the vote. DeBenedetti, who called the board's action "disappointing," said his company would "have to go back and assess the implications of the cost aspect."

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DeBenedetti said it was unfair of the county to expect his company to pay for detention ponds and the storm drain to Rodeo Gulch, and still pay drainage fees. "We end up paying triple; it's a major expense," he complained.

He said Cypress Properties' drainage fees ought to be applied against the cost of the storm drain project.

The future of the mall expansion project was thrown in doubt two weeks ago when Public Works Director Don Porath recommended that the developers be required to install drainage improvements before the actual start of construction on the expansion itself. Porath said he was concerned that otherwise, storm runoff from the construction site would aggravate already serious flooding problems on 41st Avenue.

DeBenedetti and one of his prospective tenants, Leask's Department Store President Samuel Leask IV, responded that the expansion project could be killed by such a requirement. They said resulting construction delays would lead to the loss of the mall expansion's other "anchor store," J.C. Penney.

Leask and deBenedetti said that if the building pad for the 91,805-square-foot Penney store was not completed by Aug. 1, Penney — which wants to open its new Capitola store by Christmas of next year — would not buy the building site. And if Penney bowed out, they said, Cypress Properties might not be able to hold onto the property because it might not be able to continue making interest payments. And even if the developer were able to hold onto the land, they said, higher interest costs might make the expansion project prohibitively expensive in the future.

They asked the flood control board to allow construction to go ahead while drainage problems were resolved.

Leask suggested that the drainage problem along 41st Avenue would be eased in any event when runoff is rechanneled in connection with improvements planned by the state for the 41st Avenue/Highway 1 interchange.

That suggestion was rejected Tuesday by Assistant Public Works Director Phil Sanfilippo, who said that the 41st Avenue storm drain was undersized. Even after the state's project is completed, and even if the line to Rodeo Gulch is built, "We are still going to have problems with the 41st Avenue line downstream of the (mall expansion) project," Sanfilippo said.

"Our main concern," he said, "is that some improvement is made to the overall (drainage) basin."

The expansion project will add 304,575 square feet of retail space to the existing 381,098-square-foot shopping mall, which is in the city of Capitola. The project has been approved by the Capitola City Council, but city officials may not issue the developer any permits until drainage arrangements have been approved by the county Flood Control District.

The 11-acre mall-expansion site is part of a larger, 40-acre drainage basin and Public Works officials say construction of a line to divert runoff from the basin to Rodeo Gulch is the best way to deal with the area's drainage problems.

County planners have indicated, however, that the line — which will start in the city but end in the county — cannot be built without time-consuming prior studies, unless the developer agrees in advance to design a drainage facility which meets demanding water quality standards.