

# Auto row dispute continues

Auto Plaza-Capitol  
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CAPITOLA — The City Council Thursday withdrew approval of a controversial auto brokerage firm at the city's new Auto Plaza, and the would-be broker turned around today and said he'll open the brokerage within the city limits of Santa Cruz.

The developments are the latest in a series of confusing maneuvers in recent months, mostly involving Santa Cruz automobile dealer Steve Bergstrom. Bergstrom had proposed the Capitola brokerage — in direct competition with nearby auto dealers.

The issue of who sells cars where is of keen interest to local cities, which receive substantial revenue from sales tax on automobiles. And Bergstrom, rejected by Capitola, said he'd be happy to start a revenue-rich brokerage in Santa Cruz.

"The real issue here is that Santa Cruz wins the sales tax war," Bergstrom said today.

But Santa Cruz City Councilwoman Mardi Wormhoudt was skeptical. "I'm delighted if Mr. Bergstrom wants to keep his business in Santa Cruz, but he's had so many different plans in the past six months, I'm not going to hold my breath until anything happens."

Three auto dealers have recently opened for business at the Capitola Auto Plaza. After those dealers had begun constructing their dealerships, Bergstrom, the owner of the fourth parcel at the site, announced that he would open a brokerage in direct competition with the other three.

A brokerage differs from a dealership in that it offers a variety of different kinds of automobiles.

But Bergstrom promised to limit sales at his brokerage only to those available at the three neighboring businesses. Bergstrom explained that going into head-to-head competition with the others at the site "made good business sense." The other companies would bring in customers to the Auto Plaza, and Bergstrom in turn would try to close the deal at his brokerage firm.

Unhappy with Bergstrom's plans, the other dealers turned to the Capitola City Council. The dealers complained that a brokerage — much smaller and without a service

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## Auto row

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department — was not in keeping with the design of the Auto Plaza.

Thursday, the council reversed an earlier decision and voted 3-2 to reject the design that Bergstrom had come up with for his brokerage. The council gave specific direction that any redesigned plan be much larger — "similar" in size to the auto dealership originally approved as part of Capitola's newly opened Auto Plaza.

Bergstrom was not at the meeting — he was in New York on business — but telephoned The Sentinel today to express his surprise at the council's vote. He added that he plans to retain ownership in the fourth Auto Plaza parcel and simply let it sit undeveloped.

Critics of Bergstrom's auto brokerage plans had whispered that he had no intention of following through on it; rather, they said, he wanted to drive up the price on the property and unload it.

But Bergstrom denies that, and said today, "I'm in the automobile business ... it (the property) is not for sale." He said he has already hired a staff for the new brokerage, and said it would open on one of four parcels he owns within Santa Cruz city limits. And, he said he would limit the cars he sold to those available at the Capitola Auto Plaza.

The Capitola auto row, located adjacent to Highway 1 and 41st Avenue, currently has three auto dealerships

— Marina Pontiac-Cadillac-Buick, Santa Cruz Porsche-Audi-Isuzu and Roy Baldwin Oldsmobile-AMC-Jeep.

The auto dealers — and their attorney — have argued that Bergstrom's proposed buildings were "too small" and "not aesthetically pleasing" compared to their larger buildings.

Bergstrom had proposed a 4,500-square-foot showroom, compared to the 20,000-square-foot buildings (including parts and service departments) of the dealerships. A fourth dealership that had been planned as part of the plaza was 16,000 square feet.

Bergstrom argued two weeks ago that the concerns about building size and aesthetics amounted to sour grapes by the dealers, and said it was "just a tactic to slow us down from getting into the business."

His attorney, Dennis Kehoe, said after the council vote Thursday that the council decision "was not within the limits of the law." He said the city was using the Architectural and Site Review Committee process "to attack the (brokerage) proposal."

Attorney Robert Williams, representing the three other dealers, replied, "All we're advocating here is a maintenance of the project we perceived from the beginning" — namely four full-service auto dealerships. "We're looking to guard against gutting the project due to this one plan."