

River Street Showdown

Business Owners Don't Buy Auto Plaza Plan

By Robin Schirmer

If the quality of a community is measured by how it resolves conflict, the auto plaza predicament is one true test. The focus of keeping our auto dealers and revenues in town has shifted from the 60-acre Kinzli greenbelt to a 12-acre site closer to town, but the momentary sense of environmental relief passes swiftly. Now, instead of greenbacks versus greenbelts, the issue has become revenues and relocation.

A sign outside E.E. Webber's printing and office supply store on River Street reads: "We were here first. To hell with auto plaza." Inside, seated at his desk, 72-year-old Ed Webber elaborates his point of view.

"It seems ridiculous to move one set of people to accommodate somebody else at government expense. In my mind I don't know if the city can do what they're talking about." According to Webber, it's one thing to move people for the public good. "But to buy out one group of citizens to help another get along in the world, I don't think it's quite kosher."

A native of Santa Cruz, Webber bought his property 12 years ago when land was still affordable. He did so for the exposure and highway access the location offered his business. His property is one portion of the 12-acre site owned by at least nine different individuals, bound by the San Lorenzo River and River Street, Josephine Street and Highway 1. If the latest plan goes through,

Webber will have to move his entire operation to another, less favorable location.

Webber isn't alone in his objection to the current auto plaza proposal. According to a survey of the area that he helped compile, there are 14 disgruntled businesses that employ a total of 171 people with a payroll of over \$3 million and annual revenues to the city estimated at \$250,000.

Michael Podorson tapped on Webber's office window, then poked his head in from the outside and asked, "You gearing up for the big fight?" As owner of Dolphin Signs for the last 17 years, Podorson has been doing business with a wide range of local clientele. He sees the plan as a big headache that's going to drive a lot of people out of town. Originally from Los Angeles, he moved to Santa Cruz because of overdevelopment and now sees the same thing happening here. "I'm all in favor of progress," he says. "But this is a matter of poor planning, a knee-jerk reaction to the pressure of the auto dealers with the rest of us squished in the process."

According to Lee Courtright, owner of Santa Cruz Dodge and part owner (with Charles Canfield) of Toyota of Santa Cruz, the auto dealers don't want to create a hardship on anyone. "But there are always negatives. We're trying to find a happy medium in order to work with everybody."



River Street craftspeople (from left) Michael Podorson, Michaelangelo Rosato, Russell Nystrom and Seth Finkelstein don't take kindly to the idea of relocating their businesses.

Canfield and Courtright have been given a one-year extension for moving their Toyota franchise from its current Front Street location. Similarly, Bill Winterhalter, the third party in the deal, is having to split Fords from Lincolns and Mercurys at their presently shared Water Street site.

Both the city and the auto dealers consider the River Street location as the last suitable piece of open land in a sea of buildout, offering good visibility and access. Already the three dealers have put up \$20,000 for preliminary drawings prepared by Walker and Raincourt, southern California designers who specialize in auto plaza developments, with the objective that "if there are going to be 200 cars at the entrance to town, it's going to have to look appealing." In the meantime, the Kinzli acquisition remains on the back burner as a second option, and as leverage which increases the appeal of the River Street proposal. "We really haven't given up the greenbelt," explains Courtright. "But the city asked,

'Could you look at alternate areas?' We're not giving up the idea of the other piece."

In the mid-'70s, the city council turned down a proposal to develop an auto plaza in the area now being proposed, but of greater dimension. Since then, the auto dealers' recent efforts to purchase the Kinzli greenbelt have stoked the fires of intensive commitment on the council's part to live up to policy in the General Plan which encourages the retention of auto dealers within the city's corporate limits. Efforts are doubly hard-pressed due to the \$1.1 million shortfall in the city purse, which is

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suffering substantially lower sales tax revenues since auto dealers left town for the Capitola auto plaza.

Even so, those remaining dealerships, including Courtright's, Canfield's and Winterhalter's, make up 25 percent of the city's annual sales tax revenues, recently estimated by city finance director Bob Shepherd at \$1 million annually—a figure predicted to increase by combining several dealerships into one central location.

"There is no way we can continue city service if we don't have the tax revenues," says councilmember Mardi Wormhoudt. "It's not only a question of retaining, but hopefully increasing revenues. If we can't put the auto plaza here, I don't see anywhere in the city of Santa Cruz that you could."

In addition to problems of relocation and unwilling sellers, the project presents its environmental pitfalls to the city and the auto dealers—though not nearly so dramatic as those concerning the Kinzli property. Turning the River Street property into an

auto plaza would require a change in zoning from light industrial to commercial, not a major obstacle. It would also require taking the area out of the federal flood plain to which it was designated after the storm of 1955. The city is trying to accomplish this by redesigning the existing flood plain along with its recommendation to the Federal Emergency Management Agency (FEMA) that it was incorrectly designed in the first place.

Although it may not look like much from the street, there's a lot of business going on within this 12-acre site, a natural progression of turn-of-the-century buildings and new commercial ones which contain several viable, longstanding businesses. In the past the area was termed a "blight," and it's still considered by the city as not up to its full potential use. Several property owners blame this on the city, which has consistently turned down their proposals to develop their own property due to zoning and flood control problems and week-to-week inconsistencies within the city planning process.

Through the power vested in eminent domain, the city is within its legal rights to offer property owners just compensation and force them to sell. State redevelopment law also requires the city to notify property owners of their intent and to involve them in the process. To satisfy this requirement, the city has hired a redevelopment relocation specialist from San Francisco who has already begun to meet with residents, tenants, business and property owners to explain the estimated values of structures and relocation costs, and to analyze the availability of relocation possibilities and identify any toxic waste sites.

The cost of relocation will be a substantial cost to the city, a figure they are not currently estimating. In addition, the city is expected to pitch in and help auto dealers pay for the cost of the land. While auto dealers are shooting to keep cost within \$5 to \$7 per square foot, the city acknowledges that even though an official appraisal is not ready, the value of the land is substantially greater than \$5 per square foot.

(continued on page 29)



Property owner Ed Webber disputes the sense of moving one set of businesses to accommodate another.

AUTO PLAZA

(from page 11)

"Either it's going to make economic sense and they will pay fair market value to the property owners, or it's not going to happen," says Gary Reece, president of the Chamber of Commerce, who was recently attributed with saying the city did not expect much opposition to the project from the present land owners [*Good Times*, June 4]. Reece owns property within the 12 acres and has a lot to gain. He feels the protestations of fellow property owners are premature. "It doesn't make sense for one or two people to fight something that doesn't cost anyone, particularly as vital as the auto dealership revenues are to the continuation of services to the city."

Without a doubt, there are com-

peting values at stake. On one hand, the city is trying to bolster its much-needed revenues by assertive efforts to cooperate with the auto dealers, meanwhile keeping them out of the greenbelt. On the other hand, a number of old-time Santa Cruz residents such as the Webbers, who contribute substantial revenues and provide employment, simply do not want to sell their land.

There are also the marginal businesses to consider, in addition to larger operations like Coast Paper and Supply, which depend on their low, pre-inflation rents for survival.

"When things get tough, politicians find it easy to squeeze out the little guys," says Michaelangelo Rosato. Rosato owns Renaissance Furniture Restorations housed in the historic log house building which fronts River

Street. He remains in business largely because his landlord, Chuck Scherer, is able to charge low rents. At work among old furniture and a flood of woodshavings, Rosato's shop is one of eight that make up a 12-year-old arts and crafts cooperative, all housed in buildings that were once part of the original Sash Mill plant.

"If we had to move, we would all be out of business," explains Rosato. "We don't represent any organized pressure group, but we do represent a whole range of small arts and crafts businesses which make up a part of what we like to think of as Santa Cruz." It's Rosato's contention that these types of marginal businesses are being forced out in favor of "high-profit, fast-buck franchises."

At this point, however, the city has not analyzed which properties within

the 12 acres they would want to obtain, nor how many dealerships would move to that location if the plan goes through. A decision is scheduled prior to the September 3 public hearing.

One point on the plus side of selling is an extension of time that current property owners would have to reinvest their profits, tax free, into like property. Instead of the normal 18 months, they would have three years.

"Not good enough," says Chuck Scherer, who is the single largest property owner within the site. A 60-year-old retired deputy police chief for the City of Santa Cruz, Scherer has suffered a heart attack and had major heart surgery. "After putting 37 years into what I have today, I don't feel like starting all

over again."

In addition to a certain attachment to his property, Scherer objects to the auto plaza plan out of concern for three businesses to which he has rented to over the years: the Renaissance plant, Santa Cruz Auto Body and Santa Cruz Trucking Company. He feels it would be impossible to relocate these businesses to a place that would be financially feasible.

Scherer's final objection is ideological. "I don't think it's our American way that at the whim of a board or person, the city can take your property and displace people to satisfy another business. If worse comes to worst, I will consider a longterm lease. But if they try to take my property, they will have one hellish fight." •