



Mike Stebbins, who owns property on the proposed auto center site, didn't know of the deal until a reporter told him. Dan Coyro/Sentinel

Scotts Valley says dealers negotiated in bad faith

By MARIA GAURA
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SCOTTS VALLEY — City officials here expressed shock and outrage at revelations that five local car dealers were apparently negotiating to build an auto sales center in Scotts Valley while secretly putting together a second plan to build in the Live Oak area.

City officials say they are considering legal action against the dealers for dealing in bad faith.

"We had no reason to believe it was not a finished deal," said Mayor Glennon Culwell. "We had boiled it down to design issues. The dealers had all signed on the design (document) itself, indicating their agreement with the basic design."

"All we can conclude at this point is that we were manipulated," he said.

"If they continued to allow the city to expend sums of money and a great amount of effort and staff time at the same time they were completing plans with the county, the only conclusion is they were negotiating in bad faith," Culwell said.

Auto dealers' representatives were not available for comment Monday.

But Don Starr, owner of Santa

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Cruz Motors, said last week that his company had written a letter to Scotts Valley "about six weeks ago telling them we're no longer interested in their project."

Scotts Valley City Councilman Phil Liberty on Monday said that wasn't the case. Liberty said city officials received the letter from Starr less than three weeks ago, and after contacting Starr, were able to persuade him to re-enter negotiations.

Scotts Valley has spent hundreds of thousands of dollars buying land and developing their auto center plan, but city officials were unable to provide a specific dollar amount. The dealers placed \$250,000 in "earnest money" in a bank account which they stand to forfeit if negotiations with the city are truly dead.

"The last negotiating session was the most positive we've had," Culwell said. "We told the

dealers we wanted to increase the amount of the good faith deposit, and they seemed to be sort of offended. They said, 'haven't we already demonstrated sincerity and interest all along?'"

The dealers then cancelled three subsequent meetings claiming their attorney was busy, or they had a fishing trip planned, Culwell said. Never were negotiations with the county revealed.

Culwell and Liberty sat in on negotiating sessions with the car dealers, along with consultant Mike D'Amico and attorney Robert Logan.

"There are certainly some potential (legal) matters to look into that would directly affect the county and the auto dealers," Liberty said.

D'Amico, an architect specializing in auto center develop-

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