

Accord near on Watsonville redevelopment

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Watsonville city officials may be close to an agreement to sell San Jose developer Barry Swenson 2.2 acres of the 200 block on Main Street after more than three hours of negotiations yesterday.

City officials say they hammered out agreements on "probably six of eight" elements of the \$900,000 property sale, but a few "significant" hurdles remains.

No one would say what those are, but Swenson was expected to contact the negotiating team of Mayor Betty Murphy, Councilman Tony Campos and City Manager John Radin with an offer to settle the issues today.

"I would be afraid to say that we're going to wrap it up today because I don't know what that phone call (from Swenson) will produce," Mayor Murphy said.

But, she said, "I felt Mr. Swenson was very straightforward and I got the impression that he really wants the job."

"I can't say that we settled everything yesterday," Councilman Campos, a real estate agent, said. "But we're close to getting something that's workable and could get approval of the City Council."

Council members gave Swenson an ultimatum Tuesday following a year in which the developer was unable to reach agreement with the city despite an "exclusive right" to negotiate a deal. If a deal can't be worked out this week, the council says it will begin shopping for offers from other developers who want to build on that portion of the 200 block of Main Street.

Swenson said today that probably won't be necessary.

"We're very close to an agreement," he said. "I've got to check a few things with my lenders first, but I think we may be off and running."

The developer wouldn't discuss details, but has said he will pay the city \$900,000 for the property. However, he had been asking the city to defer interest on the 10-year payoff to make it easier to

pay for construction of the shopping center on the property.

That may have changed during yesterday's negotiating session, since Swenson said he would still want to do the project even without the deferral. But Swenson said Tuesday he wants the city to defer the interest payments until he has most of the space rented in the new buildings.

Several City Council members said they won't do that, and Mayor Murphy said today the city's negotiating team "hasn't made any concessions" so far.

That will probably change, however, Campos said.

The city's team is being "pretty hard-nosed" about the two remaining issues, but "we're going to have to make some concessions. Let's face it, that's not a cherry property. But someone is going to buy it."

Should the negotiating team work a deal today, it would still need approval of the sale from the full City Council. Unless a special meeting is called, the council probably won't get a chance to approve the deal until Nov. 10, Murphy said.

The city has spent \$6 million on its redevelopment efforts downtown and has high hopes for the property, which is bounded by Main, Second and Rodriguez streets. The rest of the block was sold to the U.S. Postal Service, which plans to build a post office there.

With a new post office and a shopping center, city officials are hoping to spark a rejuvenation of the ailing downtown economy. The city is also hoping to renew interest in private redevelopment of Main Street's 100 block and many of the shops and office buildings in the downtown.

City officials were scheduled to meet today with a representative of the Postal Service to get more information about its plans to build a new post office.

The Postal Service bought the property from the city for \$1.725 million and is expected to begin design work soon on the new post office.

REFERENCE