

Watsonville council goes to aid of Landmark project developers

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Developers of the Landmark Business Park were breathing a little easier after the Watsonville City Council, by a narrow margin, agreed late last night to take steps that will probably help the developers secure financing for the massive project and move ahead with construction this year.

Until now, lenders have been leery of the project for one reason or another, and construction dates had been postponed several times since the project was approved last summer.

Developers Chuck Allen and Scott Johnson still don't have the \$8.9 million loan they need to do the grading and street work on the 156-acre project, which would be the county's largest industrial development ever.

But last night they got a commitment from the council, on a 4-3 vote, that the developers say should make securing the loan much easier.

Had the council rejected the developers' request for help, Johnson said, the 10-month construction of 42 vacant industrial

parcels, several streets and all the sewer and water connections, would have been postponed at great expense to the project's investors, and may have threatened the project.

What the council agreed to is complicated, but would essentially give a better guarantee to a prospective lender that the developers can pay off the construction loan.

Landmark plans to pay it off with money from the eventual sale of the street improvements to the city, which plans to sell \$10 million in bonds to make the purchase, and then recoup its cost through an assessment district on the park tenants.

But the city hadn't planned to auction the bonds until after the street work was completed. That wasn't enough guarantee for lenders of the construction loan, Johnson said, who want an up-front promise that the city will deliver the bond money to pay off the loan.

Members of the council majority, Councilmen Rex Clark, Roy Ingersoll, Vido Deretich and Joe Marsano, decided against the advice of their bond-sale counsel and gave that guarantee.

They directed City Manager

John Radin to abandon his plans to auction the bonds to the lowest bidder, and instead choose a bond buyer now who is willing to provide a letter of guarantee, which developers will circulate to prospective lenders.

The actual sale of the bonds won't occur until after the construction work is completed, but Mayor Ann Soldo Councilwomen Gwen Carroll and Betty Murphy supported Radin in opposing the idea.

Mayor Soldo said it wasn't the city's responsibility to worry about the developer's problems once the project has been approved by the city.

Murphy said she didn't like the idea of not putting the bonds out to bid, which may not help the developer, but guarantees the city will get the lowest interest rate possible.

"Our job isn't to save the developer money," Murphy said. "Our concern is supposed to be what's best for the city and not what's best for you," she told Allen.

But, Deretich said, it would be a waste to not help the developer if it means he may go broke.