

Santa Cruz holds key to Scotts Valley project

Former Skypark land eyed for city center

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SANTA CRUZ — The city of Santa Cruz could play a key role in Scotts Valley's plans to turn the former Skypark airport area into its very own downtown.

Santa Cruz is involved because it owns 10 acres in the area, which puts the largely anti-development City Council in the potential position of being a development entrepreneur.

Closed-door negotiations are un-

der way involving Scotts Valley and Santa Cruz officials and developers George Ow and Barry Swenson. Ow and Swenson are working with Scotts Valley on the downtown design, which was first planned for by that city in the early 1990s.

Santa Cruz City Manager Richard Wilson said Scotts Valley officials initiated the talks.

"They asked us if we were interested in working with those parties. We haven't answered that question. But in order for that development to work, it is imperative that the (Santa

Cruz-owned) parcel be part of it."

Based on a 1995 sale, the property could be worth \$2 million or more.

There is no doubt about Scotts Valley's long-standing desire to create a downtown. But Santa Cruz council members are less certain about what role to play — whether to hang on to the property, lease it for development, sell it outright or sell just part of it.

"The question is do we want to be partners with them in that development and do we want to stand in the shoes as a developer?" said Santa Cruz Councilman Keith Sugar.

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Sugar

Councilman questions Santa Cruz's role in Scotts Valley growth.

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Skypark

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"I really would take a very serious look at that. I don't think we should be developers. I'm not responsible for the city of Scotts Valley, but I am responsible that this city makes wise land-use decisions for the property it owns."

Negotiations between the cities are expected to continue in the coming months.

"We really haven't gotten to any details yet," Wilson said. "But in terms of development of that parcel there would be no reason for us to put a package together of our own that Scotts Valley would want no part of."

Negotiations are being conducted under some time pressure because a contract between Santa Cruz and Scotts Valley says Scotts Valley's right to buy the 10 acres expires in April 2000.

Scotts Valley Councilman Bart Cavallaro said he wants to see the property used as part of a downtown for Scotts Valley, which is now essentially a suburb without a city center.

"We don't want a strip mall or

big box store," he said. "We want a downtown."

Scotts Valley officials say they want to use as much as 4 acres of the property for a library branch and multi-purpose facility and for expansion of a park. The remainder would be used in conjunction with other properties to form a downtown area.

While all 10 acres are on the table now, both cities might agree to transfer just part of it at this time, city officials said. By holding onto some property, Santa Cruz might make it more valuable in the long run, especially if Scotts Valley's plans for a downtown come to fruition.

The Santa Cruz council has been kept informed about the negotiations in closed session, which state law allows. But at least one council member would like the matter to be discussed in open session.

Santa Cruz Councilman Michael Hernandez said the only real issue in his mind is that the city should get the best deal it can when it sells the property.

"Scotts Valley has the option to buy it," he said. "What we do have is we owe it to the public to get the best deal we can for them."

Santa Cruz has owned the airport property since the early 1900s. As Scotts Valley grew, the small airport became a growth obstacle. Santa Cruz officials closed it in 1982.

Santa Cruz initially held title to 40 acres but parceled most of it off over the years.

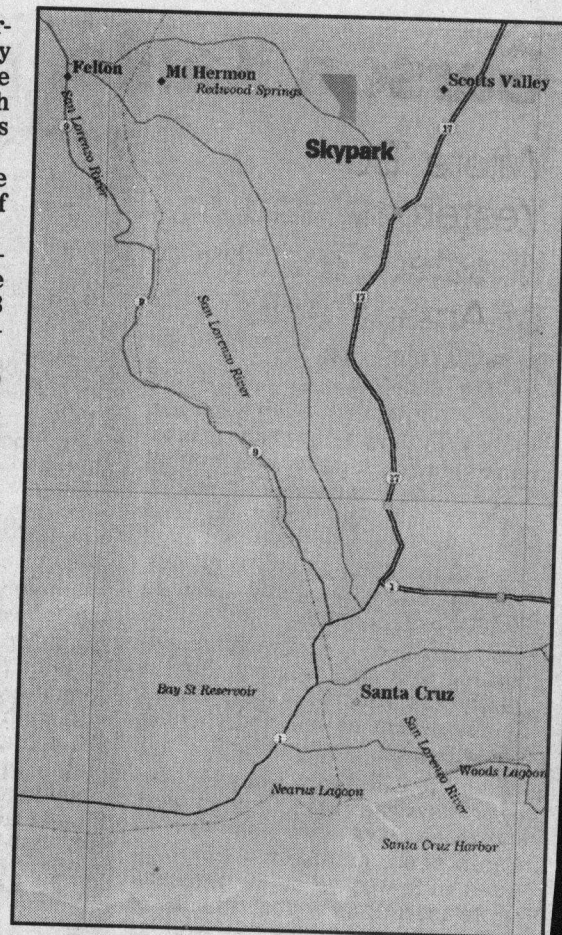
Early this decade, Scotts Valley created a master plan for the entire area, including about 53 acres between the airport property and Mount Hermon Road.

In 1995, Santa Cruz sold 20 acres to home builder Kaufman & Broad for about \$4 million. In 1996, for about \$500,000, the city sold an additional 10 acres to Scotts Valley to be used as park and open space. That 10 acres is next to the 10 acres now under discussion.

The money earned from previous sales remains in a trust fund and the interest is used to supplement the Santa Cruz city budget.

Kaufman & Broad has since built 190 homes on the property.

"I'm willing to admit that I would not want to be part of that development," said Sugar, who is a lawyer specializing in land-use issues, "but you can bet I won't have a problem finding how to spend that money."



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