

AUTO PLAZA - CAPITOLA SCOTT'S VALLEY

# Five car dealerships headed for Scotts Valley Drive location

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SANTA CRUZ — In a surprise announcement Tuesday, car dealer Steve Bergstrom said he is moving his five dealerships from Santa Cruz to Scotts Valley — a move that will strike a blow to the Santa Cruz economy, but be a windfall to the Scotts Valley treasury.

Bergstrom said he will move his Mercedes, Honda, Toyota, General Motors Truck dealerships — plus a just-acquired Subaru dealership — to a 16-acre commercially zoned parcel on Scotts Valley Drive. He already owns the property, he said.

Bergstrom said the move to a larger location should boost sales "considerably."

He estimated annual gross sales could reach "in excess of \$100 million."

Tax revenue to the city on that amount, calculated at a rate of 1 percent of gross sales, would be \$1 million annually.

Scotts Valley Planning Department staff said Bergstrom took out environmental impact forms this morning, a first step towards filing an application for a permit.

Bergstrom announced his plans at a meeting of the Santa Cruz City Council Tuesday night to the surprise of council members, city staff and residents.

He made the announcement during the "oral communications" segment of the meeting — a time set aside for persons to speak about items not on the agenda.

Bergstrom said he wanted to stay in the city of Santa Cruz and has been "juggling" plans as late as Tuesday to buy a parcel in Santa Cruz that would accommodate the size of his dealerships.

But when the deal fell through, Bergstrom said he decided he had to go through with the move to Scotts Valley. He would not identify the owner of the Santa Cruz parcel or its location.

His Santa Cruz location is too small for the size of his operation and Bergstrom said he is "under pressure" from car manufacturers to move.

If there is any chance he can find a site in Santa Cruz before the Scotts Valley plans gel, Bergstrom said he would stay.

"I've been aware of this for several years and I've been juggling things around

with the hopes of owning my own auto center," he said.

His Scotts Valley parcel is located next to the Travel Trails recreational vehicle lot.

The announcement also came as a surprise to Capitola City Manager Steve Burrell.

Plans for an Auto Row on 41st Avenue in Capitola — where other Santa Cruz dealers are now moving — had included a parcel owned by Bergstrom.

But Bergstrom said he bought that 1.5-acre parcel from a Subaru dealer, Phil Schwartz, as part of a deal to acquire that franchise.

Bergstrom said he never intended to move his dealership there, but will "hold onto" the property.

He said he is awaiting factory approval from Subaru, and also has an option on the Jaguar franchise.

Burrell said Bergstrom's announcement was a surprise, but will not significantly damage the Auto Row project because Bergstrom's parcel was the smallest of those involved.