

# ✓ City jumps at auto center offer

AUTO PLAZA - S.C.

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SANTA CRUZ — City officials are prepared to condemn land on River Street to keep Steve Bergstrom and his multiple car dealerships in Santa Cruz.

Scrambling in the face of another dealer group's threat to flee the city and take \$500,000 to \$1 million a year in sales tax revenue with them, Santa Cruz Mayor John Laird and City Council members Mardi Wormhoudt and Joe

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Ghio announced Monday that Bergstrom had agreed to replace the other dealers as the developer of a proposed auto plaza at River Street and Highway 1.

The three council members indicated that the city was ready to move bureaucratic mountains to help Bergstrom de-

velop the site.

Meanwhile, City Manager Dick Wilson said officials were prepared to sweeten the deal for Bergstrom by underwriting part of the project's costs. Wilson said the money would likely come from redevelopment revenues — the River Street site is in the city's redevelopment area — and from sales tax receipts from the proposed new auto center.

Bergstrom indicated for his part that he was eager to cut a deal with the city.

Over the last two years, Bergstrom has announced — but never gone through with — plans to move to both Capitola and Scotts Valley. Monday, he said he would eventually move as many as 10 dealerships to the 12-acre site at the intersection of River Street and Highway 1.

But in the interim, Bergstrom revealed, he will move his Soquel Avenue Mercedes-Benz dealership out of town

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day for Santa Cruz.'

— Mayor John Laird

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— to the Capitola Auto Plaza, where he owns an undeveloped 3½-acre parcel and is in the process of acquiring a Porsche-Audi-Isuzu-Daihatsu dealership.

Bergstrom described the move as "temporary." He said the Mercedes dealership was being relocated to make more room for his Honda dealership, which currently shares the same quarters.

Bergstrom said he sells about 500 Mercedes cars annually, at an average cost of \$45,000. That translates into about \$225,000 in annual sales tax revenues for the city.

The impending deal between Bergstrom and the city was announced Monday morning at a press conference that was long on optimism and short on details.

Officials, who said they first approached Bergstrom about the River Street site three weeks ago, said they hoped to conclude an agreement with the auto dealer in "120 days."

Bergstrom, who said he hopes to open for business on River Street in 12 to 18 months, said he and city officials had had an "informal meeting of minds."

"It appears that everything will go at a brisk pace and (that the deal) will materialize," he said. "I would not have entered into any decision at all unless I'd had assurances that we were really going to rush and get this handled. We are very far along in the process."

"This is a real good day for Santa Cruz," said Laird, who said that a council committee's efforts and \$70,000 worth of consultant work on the auto center proposal had "come together in a wonderful way."

Wormhoudt said the city was "committed to moving very rapidly on this project and (to making) the bureaucracy jump through as many hoops as possible."

The councilwoman — who, in response to Bergstrom's earlier scoffed, "I'm not going to hold my breath until anything happens" — predicted that Bergstrom's move to River Street would reverse the current "trend" of fleeing auto dealerships. "This is going to bring new dealerships into the city of Santa Cruz," she said.

"The momentum will be there," agreed Ghio, who foresaw the proposed auto center's eventual expansion to the other side of Highway 1.

Also present at Monday's press conference was Councilman Arnold Levine. Levine, who is up for re-election this year, did not say anything.

Eight property owners currently hold the land targeted by the city for the auto center. Wormhoudt said that the city would "assemble" the properties into one parcel for Bergstrom "under redevelopment law." Ghio and Laird said the city — which would buy the property initially — would condemn land if necessary.

While the city stands ready to buy out the River Street property owners, Bergstrom must ultimately agree to buy the land from the city.



Dan Coyro/Sentinel

**Ed Webber doesn't want to relocate his business for auto center.**

The auto dealer said Monday that he and city officials have yet to talk about price.

"The city and Steve have exploratory work to do on costs," City Manager Wilson confirmed. Wilson said the city would likely try to reduce Bergstrom's costs by "pledging" the redevelopment revenues and sales tax proceeds it expects to receive from the new auto center "to move the project along." He said the money could be used to pay for planning costs, the cost of relocating businesses and residents displaced by the new auto center and "as much as possible, to contribute to the cost of the project."

Asked how much it would cost to relocate businesses and residents in the area, Wilson replied that any estimate "would be speculative right now."

Wormhoudt said Monday that city officials decided to approach Bergstrom after it became clear that another group of dealers with whom the city had been negotiating were no longer interested in the River Street site. The city had been dickering with a quartet of dealers, including North Bay Ford, Santa Cruz Motors, Santa Cruz Nissan-Dodge and Toyota of Santa Cruz.

Live Oak-Soquel Supervisor Dan Forbus revealed last week that those dealers were on the verge of closing a deal to buy the Skyview Drive-In. The drive-in is in the Live-Oak Soquel redevelopment area, and, according to Forbus, the county will likely float low-interest, tax-exempt bonds — which the dealers will pay off — to make the move economically palatable to them.

City officials first contacted Bergstrom shortly after the drive-

in's owners recorded an option agreement to lease, and eventually sell, the drive-in to a group called "Soquel Drive Investors."

Bergstrom said Monday that he would move his Mercedes, Porsche, Audi, Isuzu, Daihatsu and Honda dealerships to River Street, as well as the Acura dealership, which he said he had just acquired. He also said he planned to locate three other dealerships on the site, but declined to name them.

Bergstrom had been negotiating with Scotts Valley as recently as this spring to develop an auto center on a 17-acre parcel in that city. But he advised officials there several months ago that he was "dropping consideration of coming to Scotts Valley," City Manager August Caires said Monday.

Caires, who said his city had "never plugged those dollars (from car sales tax receipts) into our budget or revenue projections," wished Bergstrom and the city of Santa Cruz well.

"It's good that Santa Cruz is finally doing something to expand its tax base to support the services they want to offer," Caires said.