

Overlook approved 'in concept'

City will negotiate \$138,000 housing fee

By LANE WALLCE

STAFF WRITER

WATSONVILLE — The proposed 272,000-square-foot Overlook shopping center was approved "in concept" early today by the City Council, with a fee of up to \$138,000 still to be negotiated.

The vote for the center, which will be twice the size of Watsonville Square, came after a 9-hour meeting that ended at 1:15 a.m.

Councilmembers heard from 35 speakers, who were split about 60-40 against Overlook, which will include Target and three other major tenants.

The council made the "in concept" vote rather than full approval over a fee which goes for low-income housing, but not on the same property.

Councilman Todd McFarren objected to a city staff recommendation that Overlook developer Don Orosco be exempt from the low-income-housing fee normally charged — in this case \$138,000.

The council directed the city staff to negotiate with Orosco and return with a recommended fee in two weeks. The council gave no direction on what the fee should be.

A 298-unit condominium project was approved for the site in the early '90s, but never got to the construction stage.

Councilman Dennis Osmer cast the lone dissenting vote, saying he

Tenants: It's comparison versus convenience sellers

WATSONVILLE — Safeway and Longs are in the lineup now for the Overlook shopping center, but they could get "traded" for other stores.

Under the development agreement approved in concept by the City Council early today, the city staff and developer Don Orosco will seek retailers which sell "comparison" goods in markets with 100,000 or more people.

Those who sell "comparison" goods — the kind of things people shop around for — could replace retailers of "convenience" goods such as Safeway and Longs.

The idea is to attract a better mix of retailers to go with the

See TENANTS, back of section

wasn't ready to vote for something that could put existing merchants out of business and hurt the downtown.

Imposition of the fee isn't going to break the project, but it could have "a direct bearing on the tenant mix," Orosco told the council. Orosco, who has developed shop

See OVERLOOK, back of section

OVERLOOK

From page 1

ping centers for 21 years, said the other fees he will have to pay "are the highest I've seen."

Not counting the low-income housing, Orosco must pay \$1,688,000, of which \$1,180,000 is for roads and related improvements, such as signals.

Overlook, planned for 37 acres on the old Console property, just north of Ramsay Park on Main Street, will be anchored by a 96,000-square-foot Target store.

Other major tenants scheduled are Safeway, with a 52,000-square-foot store, Longs Drugs and Staples, a supermarket-type office-supply store. (Those tenants aren't certain, though. See adjacent story.)

Orsoco said some of the small stores could be open late this year, with Target opening as early as the spring of 1997.

The developer, consultants and the city staff contend Overlook will help stem "leakage," the trend of Watsonville shoppers to leave town to shop.

Keyser Marston Associates, a San Francisco firm hired by the developer, estimates Overlook will produce \$89 million a year in sales, of which \$17 million will be drawn from existing businesses.

That net of \$72 million would boost the city's retail sales by more than 20 percent.

Richard Fabrikant, a Watsonville economist hired to review the Keyser Marston study, agreed with the leakage issue and said Watsonville needs to bring in new stores to help recapture some of the business it has lost since the 1989 earthquake.

City Manager Steve Salomon said Overlook will give the city a better retail balance and provide needed tax money for the city. Failure to approve Overlook, he said, would mean the city's economy would continue to suffer "on the path we're currently on."

Orosco, who started developing shopping centers in the Central Val-

ley and has projects in Morgan Hill and Sand City, said he's never had a project that didn't create a net increase in jobs and sales for the town.

Watsonville "is being torn apart by a three- or four-pointed star," said Orosco, pointing to competition from Santa Cruz, Gilroy, Monterey and Salinas. "There's been a massive buildup in Santa Cruz."

While experts hired by the developer and the city say Overlook will work, an economist in the audience was skeptical.

The projections for Overlook sales "are filled with wishful thinking," said John Borrego, a University of California at Santa Cruz professor who lives in Watsonville.

Fabrikant's statement that Overlook and nearby centers can be a gateway to downtown is a "well-manicured illusion," Borrego said.

Tom Pyle, owner of Crestview shopping center on Freedom Boulevard for 31 years, said the leakage "is highly overstated." Watsonville, he said, "has one of the sickest retail environments I've seen."

What Watsonville needs first is jobs, Pyle said, before a big push for more retail.

Proponents of the center said it will provide jobs that are badly needed in Watsonville, where unemployment is 20 percent. Keyser Marston estimates Overlook will mean 611 new jobs in Watsonville.

Even though some of those jobs will be low-paying, "there are people happy to work for \$5 an hour," Councilman Al Alcalá said. "Pride comes with the job."

"We are not going to replace the cannery jobs. I'm sorry," said Alcalá, referring to the closure last week of the Norcal Crosetti Frozen Food plant, and other plant closures in Watsonville over the last 10 years.

Overlook will be required to improve Harkins Slough Road, which will help developers who want to build housing there. Norman Schwartz has plans for 100 homes on Harkins Slough, and Chuck Allen plans 110. They will share road-improvement costs with DBO, Orosco's firm.

TENANTS

From page 1

other major tenants, Target and Staples office supply. The developer is not obligated to pursue such stores for more than 90 days.

The provision to look for new stores was added to the development agreement since the city Planning Commission recommended approval of Overlook last month.

Orosco said the idea of looking for other stores was the city's, "but we support it."

The retailers being sought would

be those not already in Santa Cruz County, such as a major electronics store like Circuit City.

Orosco sought those big retailers before, and was unable to get them. If he can't get them this time, Safeway and Longs will still be in the picture.

Jeff Fergot, a Longs representative from Walnut Creek, told the council last night that "we're very disappointed that maybe we're going to be tossed aside."

Longs does not intend to close its downtown store when Overlook opens, Fergot said.