

City snubs county, approves plan

By STEVE SHENDER

If it's true that it's better to be cursed than ignored, then Deputy Santa Cruz County Counsel Dwight Herr suffered a serious slight Wednesday night as Watsonville City Council members totally ignored his objections to the city's downtown redevelopment plan.

Meeting as the Watsonville Redevelopment Agency, the council voted unanimous, long-awaited approval of the plan without so much as acknowledging a series of legal objections raised by Herr in a single-spaced, eight-page document handed out to council members at the start of Wednesday night's hearing.

Council approval, which came on a 6-0 vote (Councilman Joe Marsano was absent due to illness), opened the way for the city to select a developer for the so-called "superblock" on Main Street between Riverside Drive and the Pajaro River. The redevelopment plan calls for the closure of the 100 block of Main Street, and for parcels in the area bounded by Riverside Drive, Union, Rodriguez and Front streets to be assembled — through purchase or, if necessary, condemnation — into one large parcel which would become the site of a new shopping center.

The county had sought to persuade the city to put off adoption of the plan until after city and county officials could meet to discuss how the city might share its redevelopment revenues with the county. But council members, stung by county charges that the

city had misappropriated redevelopment revenues over a 10-year period, last week refused to grant the county a further delay.

And Wednesday evening, following a presentation by Herr — who suggested that much of the land included in the downtown redevelopment area was beyond the legal scope of redevelopment — the council swiftly passed the plan with practically no discussion.

Herr argued that none of the downtown area north of Second Street and Maple Avenue could be considered "blighted" under state redevelopment law. "On the contrary," he stated in his written report, "the portion of the Redevelopment Project area north of Second Street/Maple Avenue appears to be economically sound and improving without the benefit of any redevelopment activity."

Accordingly, he contended, none of the land north of Second Street and Maple Avenue belonged in the city's redevelopment project and it was therefore improper for the city to continue to skim off redevelopment revenues from that area.

(The revenues collected by the city — and sought by the county — are derived from assessment increases which have occurred in the redevelopment area since its formation 10 years ago. They are commonly referred to as "tax increment" revenues.)

Herr, who stated there was "insufficient legal justification to include the area north of Second Street/Maple Avenue within the Downtown Redevelopment area,"

also said there was no "financial justification or necessity" for its inclusion. He contended that redevelopment funds already on hand, plus interest on those funds, plus tax increment revenues that would be generated in the area south of Second Street and Maple Avenue would be sufficient to finance redevelopment there.

While suggesting that the city could not legally include much of the downtown within the redevelopment area and arguing that Watsonville in any case had no need of the revenues which would be derived from the properties north of Second Street and Maple Avenue, Herr noted that collection of those revenues by the city "would cause a severe financial burden and detriment to the county."

"The county," Herr stated, "is presently facing a severe fiscal crisis. Every dollar of tax incremental revenue diverted from the county to the Redevelopment Agency can be translated into the loss of county employees and the reduction of basic county services."

Herr noted that city as well as county residents benefit from county services, and he also noted that county residents, who do most of their shopping in the cities, "contribute a substantial amount of revenue to the cities by way of sales taxes."

Herr would not say, following Wednesday night's council action, what the county's next move would be. "We'll advise the Board of Supervisors of the action of the

City Council," he said, declining to say whether the county would now seek a court injunction to block the city's redevelopment plan until the revenue issue is resolved.

Pajaro Valley Supervisor E. Wayne Moore, who attended the session, noted, however, that the board majority (of which, he took pains to point out, he was *not* a member) had already authorized Herr and County Administrative Officer George Newell to take whatever action they deemed appropriate in the controversy.

And Councilman Rex Clark indicated he would not be surprised if the county's next move came in Superior Court.

"I would say that with just a few changes, this (Herr's) report could become a brief for a lawsuit," Clark said.