

**T**hey fought city hall. And not only did they win — they took it over. Contrary to the old cliché, fighting city hall is a respected American custom, and city hall fighters often win. But in Scotts Valley, where real estate promoters and developers have run city hall just about since the city was founded in 1966, the triumph of Citizens for Orderly Growth (CFOG) candidates in the recent city election signals a particularly dramatic change.

Three CFOG candidates victorious in the June primary now make up a majority of the council in the small mountain town of 7300. Barbara Leichter, a 46-year-old housewife and electronics industry consultant, is the city's new mayor. Her fellow CFOG councilmembers are Joe Miller, a consulting electronics engineer, and Roger Anderson, associate professor of chemistry at UCSC.

They outnumber the "old guard" councilmembers: former mayor and real estate broker Ray Carl, who was re-elected in June; and attorney Phil Liberty, appointed last summer to fill the seat vacated by Rod Pulley (who resigned and went to Utah).

Yet the CFOG victory is not without its irony. It coincides with the collapse of the electronics industry boom in Scotts Valley. The slow-growth majority takes command just when there's no more growth to slow.

Not too many months ago, it was a traumatic experience to be caught in the evening rush hour on Scotts Valley Boulevard. Traffic slowed to a crawl as workers poured from the burgeoning electronics plants. Today there's no problem. Hundreds of jobs created by the industry are gone. Either they no longer exist or they've been exported to the Far East.

The two major firms largely responsible for the boom are also responsible for the bust. Victor Technologies, makers of mini-computers, once so dominated the town that its executives seriously suggested Scotts Valley should change its name to Victorville. Nobody would dare make such a suggestion today. Victor has filed in bankruptcy court for protection from its creditors. Employment has collapsed from 2700 to 228.

The story of Seagate Technology is different. It's still very much a going concern, though its stock price recently hit a 52-week low of \$8. But Seagate announced a layoff of 700 in its work force, most of them \$4.50 an hour disk drive assembly line workers in Scotts Valley.

Seagate once employed approximately 2000 workers in Scotts Valley. Persistent rumors say the total was more like 950. San Jose Mercury sources inside the company estimate that only 85 manufacturing employees will be left in Scotts Valley when the shakedown is over. Donald L. Waite, Seagate vice-president, said the main reason for the layoffs is the shift of manufacturing to Singapore and Bangkok.

Collapse of the electronics boom brings its problems, including a plummeting of city revenues. The Seagate bloodletting alone



BARBARA LEICHTER and her daughter on election night last June, the night the "slow growth" candidates of CFOG gained control of Scotts Valley's city government.

# Scotts Valley Daze: Boom Gets Busted

M A R Y B A R N E T T

means \$35,000 less in city coffers, since Scotts Valley levies a business license fee of \$50 per full-time employee. But Scotts Valley is no longer faced with the problem of unbridled growth that scared citizens into founding CFOG and suing the city to force it to bring its general plan into line with state law.

Is the CFOG victory irrelevant in light of changing times and different problems? By no means, say victorious councilmembers.

Miller, who was top vote-getter in the June election, sees the central issue as one of citizens taking control of their own city. "There's going to be a difference in information conveyance to the public," he says. "Also, the new councilmembers want to exercise more fiscal control. An example is the public works budget for street maintenance. I've pushed for a prioritized list of jobs to be done. Right now, the list is locked up in the head of Jack Elzer, the public works director."

Despite the electronics industry slowdown and the many empty buildings along Scotts Valley Drive, Miller points out there are plans for

huge new developments. Chief of these is a 400,000 square foot industrial park planned by property owner Noor Billewala on 28 acres at the intersection of Scotts Valley Drive and Vine Hill Road. Orchard Properties of San Jose, which planned to develop the site as Orchard Business Park, a research-industrial center, has pulled out because of "politics" (translation, an unsympathetic new council), but Billewala is looking for another developer to take over the project and thinks he may have one lined up. What good that may do him is problematical.

Miller says, frankly, that without major changes, which he can't see coming, Orchard Park is out as far as he is concerned. "I think I know how Barbara and Roger will vote too," he says. Both the other councilmembers indicated a lack of sympathy towards huge new industrial developments at the moment.

Billewala is probably the major loser in the election. In addition to the huge Orchard Business Park, his ambitious plans include a big hotel on the other side of Highway 17 from Orchard Park and another industrial park near the hotel on

the old Santa's Village property — with an adjoining shopping center — then on Glenwood Drive, he wants to put in a big condominium development with office space.

The Citizens Advisory Committee for the new general plan, whose members include none other than Noor Billewala, likes the plans and wants to design the general plan to accommodate them. The city planning commission, with four of its five members appointed by the old council, has okayed a general plan amendment to accommodate Orchard Business Park. But its prospects with the new council are, as we have seen, dim. Billewala has obtained a postponement of the council's hearing on the issue until September to give him a chance to interest a new developer. However, without major changes in plans, including a new freeway overpass to relieve traffic impacts, it looks like he's not going to make it.

Billewala is in deep financial trouble. He has filed for protection from creditors under Chapter 11 of the federal bankruptcy act. He owes millions of dollars to financial lenders who have enabled him to make payments on his property.

"My mistake was that I tried to work with the city," he says. "I could have come out with a mish-mash, like they have further down on Scotts Valley Drive. But I wanted a beautiful development. Because I tried to work with the community and produce something first-class, I stand to lose everything I have, including my house and car. I've offered the councilmembers my property for \$1 if they take on my obligations. There were no takers. My main crime was that I bought a lot of property. So I'm a bad guy."

Actually, even his political foes don't think Billewala is a bad guy. He's a pleasant man of middle years, trim, with a touch of gray in his crisp dark hair. He likes to take part in Scotts Valley civic activities, helped paint the new city hall and donated 50,000 yards of topsoil for the new city park. He's personally well liked. It's just his ambitious plans that scare the opposition.

"I like him real well," Miller says. "I just don't like his plans. But he's personified everything."

Billewala is the father of seven children. He reports, "My kids keep asking, 'Dad, what is the community doing for you?' They see me doing all these things and getting nothing back. What can I say?"

He looks at the glass case containing the model of Orchard Business Park, with its little buildings in earth colors on winding lanes, its tiny trees and parked automobiles. Mournfully, he shakes his head.

**I**f Noor Billewala is the biggest loser in the Scotts Valley City Council election, the biggest winner has to be Barbara Leichter. Elected in 1982 with CFOG support, she was a minority of one on the pro-development council, regularly gavelled down by Mayor Ray Carl when she raised questions about what was going on. Now, with a three-member CFOG majority, she's wielding the gavel herself as mayor. It's a real Cinderella story, with overtones of Jack-in-the-Beanstalk.

On a bright summer morning in her hilltop home she shares with her husband, Lloyd, and four daughters, Leichter remembers how it was in the bad old days.

"Their attitude was, 'You can't play in our yard — go away,'" Leichter recalls. "It was, 'Nanny, nanny, nanny goat!' But my attitude was, 'Sorry, guys, but this is my yard too.'"

If Leichter has impulses toward revenge, it hasn't showed up in her conduct of city council meetings. She is wielding the gavel lightly, and seems to be seeking a working truce with Carl and Liberty. Meetings have been peaceable, and votes haven't always been on 3-2 lines. When the new bunch took over, in fact, Liberty told reporters, "Don't be so sure there will be 3-2 vote splits on land issues." He too has voiced concerns about Orchard Business Park.

Leichter seems to be one of those politicians who can keep politics and personal feelings separate — a valuable trait for success in politics. Of Friend Stone, former mayor and her staunch political foe, she says, "He's a unique person. He and I get along just fine. But I didn't vote



for him, and I'm sure he didn't vote for me."

The new mayor obviously enjoys politics. She has always been interested in it — at least, she says, ever since the Eisenhower-Stevenson Presidential contest, when she was a student at Boston University.

"I went to a rally for Adlai Stevenson and I heard a huge blast of trumpets," she remembers. "I turned around thinking Adlai had arrived, but it was Boss Curley."

It would make a better story to report she decided then and there to go into municipal politics. But

financing itself on one-time development fees," she says. "It had created its own domino theory. It had to keep developing to get that one-time money. It was an untenable situation. After development of all the land, what was the city going to do? There was tremendous pressure to annex more land and to rezone residential land to industrial. It was a self-created Catch-22."

Leichter also started taking a hard look at how the city had built the new city hall. "It was ostensibly built free, with volunteer labor. But

bookkeeping for another supposedly volunteer project, the new city park, Leichter charges. She adds, "Construction was in bad shape then. It was a good healthy work project for friends of people on the council."

Leichter remembers looking at what was going on in town and thinking, "This is another planet." The turning point came at a council meeting at San Augustin's Catholic Church. The then-mayor Friend Stone slammed down his gavel and told the people complaining about the RDA that if they didn't like the way things were done in Scotts Valley they could take off their shoes and go down to the Pacific Garden Mall.

This summary of alternatives insulted RDA critics, all middle-class types who rarely removed their shoes in public. Results were immediate. Leichter remembers encountering George Furse on the church patio that night after the meeting. He announced, "We've started a new organization! Citizens for Orderly Growth. Sign up here!" She put down her name. It was first on the sheet.

Citizens for Orderly Growth defeated the RDA, produced a growth management proposal defeated on the 1982 ballot, sued the city to force it to adopt a legal general plan, and helped elect Leichter, Anderson and Miller.

Leichter took the material she had dredged up on the city hall and parks projects to a Santa Clara County attorney, because "it just didn't smell right." The lawyer told her she could sue, but it would cost her \$25,000. He had another suggestion.

"Why not run for city council?" he asked. And that is what she did. Not only that, she won.

Leichter continued her snoopy ways, which earned her criticism from fellow councilmembers and city personnel. She was accused of harassing staff members by asking a lot of questions and insisting on answers. She is unrepentant.

"I believe in access of press and public to public records," she declares. "It's not convenient to operate under sunshine laws, but after all it's the public's business."

"I would call up reporters and suggest they look at certain things. It resulted in charges from city staff members they are being asked to accommodate unreasonable requests from the press. That blew me away. I can't imagine public officials saying that accommodating the press is unreasonable. Freedom of inquiry makes this country great."

But her minority status on the council had its advantages. "In some ways I was in the catbird seat," she notes. "The only person people would call for another opinion was me. I got some good coverage in the *Wall Street Journal*."

This celebrated coverage came in an article by Carrie Dolan on March 22 of this year. The article recounted how Victor had sparked an economic boom in little Scotts Valley only to be followed by a bust when it filed for protection from creditors, retrenched to a fraction of its earlier employment,



PHOTO: CHRIS MACAULEY  
JOE MILLER: "We're not no-growth... that idea is a disservice to the community and gives it a bad name. I would allow growth commensurate with a mountain residential community. We do not want to be Sunnyvale. We do not want to keep anyone out."

vacated most of its Scotts Valley space, and even laid off Mayor Carl's son.

Leichter enraged the pro-development contingent by saying that a small community like Scotts Valley "doesn't have the infrastructure to meet the demands of high-tech industry. It's an exciting, gregarious industry, but it grows exponentially. A little community can't handle it, especially if it doesn't have a plan."

Billewala blames Leichter's *Wall Street Journal* article for the Orchard Properties pullout from Scotts Valley.

Regardless of charges, CFOG members insist it is not anti-development, but just wants a slow-down and possibly a change of direction.

Like Leichter, Miller is professionally involved in the electronics industry and thinks he understands it pretty well. He sees it as chronically unstable and would like to see Scotts Valley attract some nice, safe, stable industries, like banking or insurance.

"We're not no-growth," he says. "Not at all. No responsible member of CFOG advocates stopping growth. That idea was brought up

firings, people will have to be very persuasive before we allow more industrial development."

He thinks the community's major need now is not more industry but housing. He points out that if all present industrial buildings were full, Scotts Valley would suffer a severe housing crunch.

The biggest problem facing the new council — and indeed the entire community — relates not to future development but to the lingering effects of past development. The problem is contamination of Scotts Valley's water supply by toxic chemicals.

The first toxic chemical spill was discovered at Watkins-Johnson Co.'s electronics facility in Scotts Valley last April. A second, unrelated spill was found late in June. At that time, soil samples revealed traces of four chemicals — three suspected carcinogens and one toxic chemical. Shortly thereafter, company officials told Scotts Valley water district directors that traces of the chemicals were also found in monitoring wells and in a well supplying water to the plant. Company and county officials so far are making soothing noises about the contamination being limited to the site, and not being all that bad, but the new councilmembers are frankly scared by the discoveries.

"It's a growing problem," Miller says, "and it's going to get worse with each passing year. The city's hazardous materials ordinance doesn't begin to solve the problem. It lacks enforcement mechanisms and insurance requirements. We may modify it to include requirements for insurance to make sure the industry responsible for contamination will be able to repair the environment."

Miller pointed out that bills for cleanup of chemical spills in the Santa Clara Valley have exceeded \$40 million. "These electronics plants we have here aren't Fairchild, though they have the same potential for damage. They can't afford \$40 million," he says.

Miller sees Scotts Valley homeowners as potential losers if chemicals enter the water supply. "Without water, what are our homes worth?" he asks. "Not a lot. We are

## Collapse of the electronics boom brings its problems, including a plummeting of city revenues — the Seagate bloodletting alone means \$35,000 less in Scotts Valley's coffers

by political rhetoric. It's a disservice to the community and gives it a bad name. I would allow growth commensurate with a mountain residential community. We do not want to be Sunnyvale. We do not want to keep anybody out. However, if industry wants to come into the community responsibly, and take care of its impacts, OK."

Like his cohorts, Anderson thinks the major meaning of the election is that the council "will look more closely at how development is impacting the people of Scotts Valley. After the recent Seagate

the only county in the state with no outside sources of water. We should pay real close attention to making sure we don't get our aquifer [underground water supply] polluted.

"We need to monitor dangerous chemicals to be sure the amount into a plant equals the amount coming out. I'm not sure how to do it."

The city hall fighters are in charge now. They no longer enjoy the luxury of criticizing from the outside. Scotts Valley's problems are theirs to solve.

she insists this is not the case. She never wanted to be a city official. She did, however, become involved in city politics in Sunnyvale when the Leichters lived there. A citizens' group called ORCHARDS began in her living room. Later, after the family moved to the foothills, she served on the Milpitas school board. When the Leichters lived for a time in the state of Washington, she had a fascinating "five-star go-fer" job with the Washington Public Power Supply System.

Lloyd Leichter decided to establish a consulting business for the electronics industry in Scotts Valley, and the family moved there. As were Miller and Anderson, Leichter was precipitated (her word) into Scotts Valley politics by the Redevelopment Agency (RDA) the city fathers decided to establish to eliminate "blight" and pump federal money into town.

Opponents saw the RDA as a means of capturing public funds to put in improvements for private developers such as streets and street lights which the developers should pay for themselves. Opponents — including Miller, Anderson and Leichter — were successful in stopping the plan.

"All the neighbors were buzzing about the RDA," Leichter remembers. "I went to a meeting on it at our neighbor David Schmidt's house. We were talking about some pretty horrendous things, like people who owned property diverting money from the city coffers. To get redevelopment from the federal government they had to have blight. So a chicken ranch owned by Noor Billewala was called blight."

"People asked me to run for council, but I said, 'Don't be silly.' I did agree, though, to go to council meetings to see what was going on." This was the undoing of her fine resolution not to run for city council. She was named to a fiscal review committee, part of an ad hoc committee the council set up to study the RDA. What she discovered shocked her.

"It was very apparent the city was

it was NOT free," she declares. "There was a parcel of land next to the old city hall appraised at \$500,000 plus, and it was sold in executive session to George Ow [King's Village owner] for \$260,000. And that was the money used to build the new city hall."

Leichter notes city finance director Joyce Bray is careful to say that she kept track of all the money that went through her to build the new city hall. But Leichter discovered a lot of the money wasn't going through Bray.

"There was a very haphazard record of the amount of work donated," Leichter reports. "The city never went to bid, but it was billed for labor and materials by the Scotts Valley Drive Property Association."

"You are required by law to go to bid on any project over \$5000. I was horrified by what I found. I kept



PHOTO: CHRIS MACAULEY  
ROGER ANDERSON: "After the recent Seagate firings, people will have to be very persuasive before we allow more industrial development."

saying, 'You can't do this.' There was no formal record of the number of volunteer hours put in. How could the city thank people for their time?"

There were also irregularities in