

Auto Plaza - Capitola ✓ Ocean Chevrolet moves to Capitola

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SANTA CRUZ — The city of Santa Cruz will soon lose another major auto dealership when Ocean Chevrolet moves its operation to the Capitola Auto Plaza.

The move — expected to be complete later this month — is part of a package which sees Ocean Chevrolet owner Steve John purchasing the Honda of Santa Cruz franchise from Steve Bergstrom. John will then open a combined Chevy-Honda dealership at the south end of the Capitola Auto Plaza in the lot and service building which formerly housed Honda of Santa Cruz and the ill-fated Bob Dee Motors.

The dealership is the third to leave Santa Cruz since 1988.

Both Paul and Bergstrom con-

firmed on Friday that the sale is awaiting approval from Honda headquarters.

"It's got to be approved by the manufacturers. When they approve it, it's done," Bergstrom said.

Bergstrom, who also owns Bergstrom Motors in the Capitola Auto Plaza, Acura of Santa Cruz and Almaden Honda, said the sale has been in the works for about four months.

Both men declined to reveal the price of the deal, which includes real estate in the auto plaza. "We paid enough. Bergstrom never loses," quipped John.

The real loser is the city of Santa Cruz, which misses out on sales tax revenue — 1 percent of the lot's sales — from the defection of an-

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other auto dealer.

"It's going to be a material loss in sales tax revenue. There's no doubt about that," said city finance director Jack Ness.

"It couldn't come at a worse time."

The city of Scotts Valley courted Ocean Chevrolet as a tenant in its proposed 32-acre auto plaza in March of last year. That deal fell through, and the property — near the abandoned Santa's Village — recently was purchased by Borland International computer software company as the site of its new headquarters.

John was sorry to leave Santa Cruz but optimistic about the dual dealership's chances.

"We just thought it was an economic decision that we needed to make. . . . It's a disaster down there (in Santa Cruz)," he said. "It would be good for the whole economy if Santa Cruz would pick up. There's no mall — our business went right in the can."

"Our employees were working in substandard conditions. They put

up with a lot. . . . It was so tough for the employees to go downtown to empty lots . . . they did a helluva job. In the long run this is going to benefit the customers.

The auto plaza arrangement is "a great thing for us," John said. "We need a strong dual (draw). We're hoping that it will be very profitable," John said.

Because of earthquake damage and lease difficulties, Ocean Chevrolet's parts-service and sales departments have been operating at two different Santa Cruz locations, on lower Pacific Avenue and the corner of Soquel Avenue and Morrissey Boulevard, respectively.

The arrangement was clearly untenable, John said.

"We've been separated from our service department since the first of July. It's been tough to operate, and now we're bringing it all back together. There's only one other Chevy/Honda dual (dealership) in California," John said.

"We're just hoping that were going to pick up a lot of 'plus' business — people who are not buying Hondas might buy one now."