

# City OKs \$1 million Cooper House deal

By KAREN CLARK  
Sentinel staff writer

SANTA CRUZ — City Council members stowed their skepticism Tuesday and reinstated a \$1 million subsidy for the Cooper House project after developer Jay Paul vowed to start building by September.

"I know this has been a long process, and we've had some false starts," said Paul, who has been promising to start construction on the landmark downtown site for seven years.

The council's 4-1 vote, with Mayor Celia Scott dissenting, wasn't a ringing endorse-

ment of the agreement, with at least three members wondering if it was fair to give Paul's long-stalled project special treatment.

But ultimately the council was not ready to scuttle what could be the last chance to get the Cooper House site rebuilt any time soon.

"If it gets put off until September, the project is dead," said Councilman Mike Rotkin. "And that would be a tragedy."

Paul has until Sept. 30 to start construction or he will have to start the approval process over, a situation that would cost more than \$100,000 in fees and months in

lost time.

"I think he does take a risk on the type of building he would get approved if he doesn't exercise his building permit right now," said Ceil Cirillo, executive director of the city's Redevelopment Agency.

Cirillo said there would be no guarantee that the building-design approved by the council in 1991 would be the same one OK'd today.

Paul assured the council he finally has the financial backing to begin work on the 100,000-square-foot, five-story project, even without having a single tenant signed on.

The council's deal is designed to help

Paul attract potential tenants to the top four floors of office space. The agreement calls for the Redevelopment Agency to spend \$95,000 annually for 10 years on the project to:

- pay all the city-mandated fees for 188 downtown parking spaces required for a building this size; and
- guarantee 140 annual parking permits — of which the Redevelopment Agency would pay for approximately 82 — for the project's tenants.

Officials estimated that a rebuilt Cooper House would generate some \$95,000 annually in taxes for the Redevelopment Agency,

which is why the allocation to the project was capped at that level.

The Redevelopment Agency agreement is not as lucrative as the \$1.3 million pact approved by the city in 1995. That agreement ran out earlier this year when Paul failed to start construction.

"It's less than what we asked for, but I think it's sufficient for us to go ahead," said Paul after the meeting.

The council did add a caveat to its approval, asking the Redevelopment Agency to work with Paul to ensure that any ground-

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floor retailers he signs up won't offer services in direct competition to nearby businesses.

Councilwoman Cynthia Mathews, who was concerned about the fairness issue of giving Paul a sweeter redevelopment deal than any other downtown developer, also was worried about guaranteeing so many parking permits to one project.

She pointed out that the city will be 200 parking spaces short when

the downtown is fully rebuilt, even with the new parking garage being built at Soquel Avenue and Front Street.

Scott cast the lone dissent on the agreement because she believed a five-year deal would be more appropriate for a project at this late stage in downtown's redevelopment.

But the council eventually agreed that the old Cooper House was such a symbol of downtown that many residents won't feel like

the area has fully recovered from the earthquake until at site is rebuilt.

Paul said the project is his \$16 million investment in downtown, ample proof that he is serious about getting a project under way. He already has put more than \$3 million into the Cooper House.

"We didn't do it for the sake of not proceeding," said Paul. "I think what we're asking for is reasonable considering what this building will offer downtown."