

# Auto center, river project a 'catch-22'

By DONALD MILLER  
Sentinel staff writer

SANTA CRUZ — The mayor calls it a "classic catch-22."

An advocate of restoring and beautifying the San Lorenzo River downtown calls it a "betrayal."

City officials call it an economic necessity.

"It" is the proposed auto plaza the city wants to build for auto magnate Steve Bergstrom and up to 10 of his dealerships on River Street.

At issue, however, is just where the city will get the money for the auto plaza and what kind of subsidy it is offering Bergstrom to keep and augment his operation inside Santa Cruz city limits.

It also raises questions about the long-term prospects for a river restoration project, say project backers.

When plans for the auto center

were unveiled earlier this summer, officials said part of the costs of the project would come from "redevelopment revenues."

But the only redevelopment district in Santa Cruz is the San Lorenzo River Safety and Beautification Project.

That project was the product of years of painstaking deliberation, according to former members of a countywide River Task Force. The group was set up in 1985 to make recommendations to improve the river's physical appearance and surrounding areas, and to improve flood control, especially in downtown areas.

The Task Force was disbanded after the redevelopment district was set up. The council then appointed a River Restoration Committee to take its place in planning for the future of the river area.

Please see AUTO — A14

## Auto/ Funding of plaza at issue

Continued from Page A1

And now, say former Task Force members, the city is raiding money that was to go for river restoration and using it for an auto plaza.

"It's a painless way of raising money," said former Task Force member Steve Baron. "They're (the city) going to get it through because they have the bank account."

The City Council, which meets today as the Redevelopment Agency, has final say over how the redevelopment district funds are allocated and spent.

But in this case, said Baron, the money is going toward a project that has nothing to do with what the redevelopment project was set up to fund.

He said that not only should the river redevelopment money not be used to support or plan the auto plaza, but doing so creates a dangerous precedent for the future, when some other project deemed economically vital may also come knocking on the river project's door.

Bruce Van Allen, a member of the River Restoration Committee, said it has "always been known that other sorts of uses for that money can be considered," since the redevelopment district includes most of downtown Santa Cruz,

which is in the river flood plain. The river district will raise more than \$250,000 this year, said Van Allen, an amount that will grow in coming years.

The river redevelopment area raises funds by incremental increases in tax revenue.

Mayor John Laird said of the redevelopment money that "it was clear from the beginning it was discretionary," but that the district was being set up primarily to fund the river project. And, said Laird, "I always knew that 100 percent of the money was not going to the river."

The mayor said that the city is caught in a "classic catch-22:" if it doesn't keep Bergstrom in town, the city won't have any general fund revenues to put into the river project in the future.

But Van Allen, while saying he "knows the council is being prudent and responsible trying to keep the auto dealers in town as a source of tax revenue," also said he is "concerned" the proposed auto plaza will not generate revenue for the river project.

City Manager Richard Wilson, while declining to discuss details of negotiations and any possible agreement with Bergstrom on the auto plaza, said the auto center will be "revenue neutral" for the river redevelopment district.

River advocate Baron, however, vehemently disagrees that the Task Force ever considered an auto plaza-type use as compatible with the river plan.

He also is angry that the city is using river redevelopment money for the auto center planning process.

According to Joe Hall, the city planner working on both the auto center plans and with the river redevelopment district, the city has spent only \$40,000 so far of river redevelopment money. Hall said he did not know if the city will ask for more river project money for planning the auto plaza.

Hall agreed that the auto plaza deal the city is trying to strike with Bergstrom "doesn't do anything" for the river project.

"Who's the river's advocate in the negotiations (with Bergstrom)?" asked Baron.

But Laird said that opponents of the auto plaza need to "pose alternatives" so that the city does not lose additional revenues or have to raise taxes, which it had to do earlier this summer to balance its 1988-89 budget.

That doesn't mollify the river people.

"I'm totally demoralized," said former Task Force member Jon Bombaci. "I think what's happening is a horrible twist of fate."