

Latest deal for auto plaza in Live Oak runs out of gas

By GREG BEEBE
Sentinel staff writer

SANTA CRUZ — A \$17.9-million preliminary agreement to build an auto plaza in the Live Oak area is, if not dead, at least comatose.

A "pre-development agreement" between the county Redevelopment Agency and a group of local auto dealers "no longer exists," said County Administrative Officer Susan Mauriello last week in a letter to the Board of Supervisors.

The deal ran out of gas, Mauriello said, largely because one of the participants, Ocean Chevrolet-Geo, pulled out of the agreement after purchasing the local Honda franchise and moving its entire operation from Santa Cruz to the Capitola Auto Plaza.

Ocean Chevrolet's exodus changed the physical and financial shape of the deal, she said, although Assistant CAO Pat Busch said "dead" was too strong a word to describe the deal's status.

Busch said the county is continuing to meet with the remaining auto dealerships in an attempt to forge a new pact. The Live Oak site is still a possibility, as are other locations, he said.

Dealerships still in the auto-plaza game reportedly include Santa Cruz Motors, North Bay Ford-Lincoln Mercury, Toyota of Santa Cruz, and Santa Cruz Nissan-Dodge.

Mauriello told the board, "We have had protracted discussions with the remaining auto dealers regarding these matters, which have not produced a new agreement."

State laws have been changed

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— CAO Susan Mauriello

since the preliminary agreement was signed last May, granting county redevelopment agencies new money-raising methods, including the ability to use sales tax rebate financing — as opposed to property tax increments — to fund projects.

"The sales tax rebate is performance-based and eliminates the need for the investment of public money in the project before the project is actually constructed and operating and hence reduces the risk to the Redevelopment Agency," Mauriello said.

Live Oak/Soquel Supervisor Jan Beautz said the latest tax-rebate financing plan is part of an evolution of the auto-plaza saga. The first deal, proposed for the site of Skyview Drive-In, "really took advantage of the Redevelopment Agency," said Beautz. The second proposal — the now dissolved agreement for the Live Oak site — required a substantial up-front

contribution by the county, including money borrowed by the Redevelopment Agency from the General Fund.

"Of the three possible scenarios, this (tax rebate) is the best one as far as the RDA goes and as far as the county goes," Beautz said.

The latest failed version of the county's auto plaza would have been located on 21 acres in the Live Oak area, along the frontage road between Mattison Lane and Chanticleer Avenue.

The county Redevelopment Agency would have contributed \$9 million to the auto center, matched by \$8.9 million from the five auto dealers. The plaza would have pumped more than \$1.4 million in yearly sales tax revenues into the county's General Fund, according to county estimates.

Shortly after the agreement between the county and the auto dealers was signed in 1990, the city of Scotts Valley filed an \$11-million lawsuit against the auto sellers claiming the dealers "devised a nefarious scheme" to kill an auto-plaza plan that city had proposed for the site of the old Santa's Village amusement park. That lawsuit was later dismissed.

The Board of Supervisors is scheduled to hear the CAO's report on the status of the auto center deal as part of its consent agenda today, beginning at 9 a.m., on the fifth floor of the County Government Center. The meeting is sandwiched in between the county's budget hearings for the fiscal year 1991-92, which continue through Friday.