

City may pay for auto mall improvements

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7/23/89

FREMONT — The city has tentatively agreed to pay \$4.36 million for street improvements for an auto mall that Centerville car dealers want to build on 88 acres of Santa Fe Pacific Realty property in southwest Fremont.

After two years of negotiations, the city, represented by Assistant City Manager Roger Anderman, has put together a deal that will allow construction of the auto mall to begin by the end of 1990, if the City Council approves the deal Tuesday.

"Once we get through all the paperwork, the bills, the bonds, it's going to be a boon for the city," said Councilman Bill Ball. "Eventually we will be the winners."

The terms call for Santa Fe Pacific Realty to sell the property to auto dealers for \$26.5 million. But dealers won't pay the \$4.36 million it will take to improve streets, sidewalks, curbs and gutters. Santa Fe will pick up that cost.

The city would then form a Land Improvement District to sell bonds. The city would use the money from the bonds to buy the improvements from Santa Fe. Those improvements would serve as the collateral for the bonds.

The city would pay off the bonds in nine years with new sales taxes generated above and beyond what the auto dealers currently located in Centerville already contribute to city coffers.

Centerville auto dealers now generate about \$2.18 million annually, which would go directly into city general funds as it always has. If the auto mall failed to generate additional sales tax, the dealers would be obligated to repay the bonds without help from the city.

"We're not at risk if it's not successful," said Mayor Gus Morrison.

If auto mall sales meet projections, the city can expect an additional \$1.8 million annually in new sales taxes by the 10th year. That figure is expected to increase 5

percent annually after the first 10 years. "What it says is the more successful it is, the faster we pay off the improvements," Morrison said.

The agreement also requires the auto dealers to operate the mall for a minimum of 20 years. Within three years, 21 car franchises must move to the first 75 acres of the mall, and within five years the additional 13 acres must be developed for new car dealers, although the city doesn't specify how many.

The deal also forbids auto dealers to ask for additional financial assistance.

"It sounds like what it's doing is making us a real partner in making it successful," Morrison said.

Although he initially balked at auto dealers' request for a \$5 million subsidy, Morrison compared the subsidy to the city of Newark shouldering the costs of constructing street improvements near NewPark Mall.

"It's not an unusual way for a city to

participate," Morrison said. "If it makes a profit it makes us money, and if it doesn't, it doesn't cost us anything."

Councilman John Dutra, contacted in Washington, D.C., had not yet seen the details of the deal but was generally pleased. "I like the basic philosophy, and the basic idea is excellent," he said.

Susan Saltzer, spokeswoman for Santa Fe, said company representatives would be meeting with city staff to clarify some elements of the deal but that it is one Santa Fe can live with.

"I believe all three of us have arrived at a workable transaction," Saltzer said. "It's basically, in our view, making good on a longstanding commitment."

The sale agreement between auto dealers and Santa Fe could be executed by the end of the month and construction on Durham Road could begin as soon as August if the City Council approves, said James McKeehan, attorney for the nine Centerville dealers.