

Slow car sales halt Milpitas auto mall plan

By Rex Bowman
Staff writer

FREMONT — While plans for an auto mall in Fremont are moving along slowly but steadily, plans for a smaller auto mall in Milpitas have been postponed indefinitely because of slow car sales nationwide.

Milpitas City Manager James Connolly said Milpitas officials now believe the dealers won't agree to build the auto mall until next year at the earliest.

"The auto companies have put a hold on things because of low sales," Connolly said. "I hope that next spring maybe the cycle will be turning back up."

Milpitas officials had hoped that luring the dealers to the city would ultimately bring in between \$1 million and \$2 million a year in sales tax revenue. The postponement is a disappointment to officials because Milpitas' current sales tax base is just \$5 million.

In Fremont, meanwhile, three of the city's auto dealers plan to move out of their Centerville lots and into a new auto mall before the end of the year, according to Marge Blackwell, a spokeswoman for Santa Fe Pacific Realty, which owns the land where as many as 14 auto dealers hope to move. That land is west of Interstate 880 and south of Durham Road.

The three dealerships that have already reached an agreement with Santa Fe are Fremont Mazda, Pierotti Motors, and Claridge Motors, Blackwell said.

"I'm ready to move," Henry Pierotti acknowledged.

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Blackwell said Jim Moran Oldsmobile, DeGuilio Pontiac and Signer Buick are also working out an arrangement under which their share of the cost of buying the land from Santa Fe will be financed by General Motors.

Santa Fe had been asking about \$26.5 million for the 88-acre parcel, but recently the site was scaled down to 62 acres. The number of dealers interested in moving to the planned auto mall has also decreased in the last year, from 23 to about 14.

Though negotiations for the land have lasted longer than originally expected, Blackwell said Santa Fe officials are optimistic

that an agreement with all the dealers is only months away.

"There are no firm dates," Blackwell said. "All they (Santa Fe lawyers) know is that it should be by the end of the year."

Under a complex financing scheme, the city has agreed to pay \$4.3 million for road and landscaping improvements to the auto mall area that would have been paid by Santa Fe. In return, Santa Fe says it is offering the land at a cheaper price to the dealers. The city hopes to be reimbursed for the expense by auto sales taxes above an already agreed-upon amount.

The city hopes the auto mall will increase its sales tax revenues by \$1.6 million a year.