



City of Fremont
CALIFORNIA

memorandum

November 4, 1991

To: CITY COUNCIL

From: CITY MANAGER

Subject: MEETING WITH GENERAL MOTORS REPRESENTATIVES

I met for 2 1/2 hours on Friday November 1, 1991, with two representatives of General Motors to discuss their current activities in Fremont and Newark, and the Fremont Auto Mall. I asked representatives of Catellus Development Corporation to join us because Catellus owns the parcels of land in the auto mall which are available for purchase. Following is a summary of the key points from the meeting which I believe would be of most interest to members of Council:

-- GM has no contract, agreement or understanding whatsoever with the City of Newark or any property owner in Newark. While GM is exploring opportunities in Newark, there is no timetable or deadline for action of any kind. We were urged to take lightly the rumors we hear; people who start or perpetuate them are doing so for their own purposes.

-- GM is currently "exploring its options" in the Fremont area because the possibility of redevelopment in Centerville and the Fremont Auto Mall are likely to change the market conditions under which the Fremont GM dealers operate. The options being examined include no change, dealers moving to the Fremont Auto Mall, dealers moving to Newark, dealerships being opened in Milpitas, and some combination of the foregoing. No decisions have been made, and there is no timetable for decisions.

-- GM has been watching the Fremont Auto Mall closely, already has considerable information about it, and knows its dealers have been involved in the auto mall project. However, GM had not examined the alternatives available in Newark. This is why GM appeared recently to be ignoring Fremont while giving attention to Newark. We were assured the Fremont Auto Mall is definitely being evaluated as a relocation site, and we were asked a number of pointed and specific questions on the current status of the Auto Mall. Both the City and Catellus will provide additional information requested at the meeting. [It is my impression GM is trying to stimulate somewhat of a contest between Fremont and Newark, and we will put our best foot forward; however, it appears there are many factors which will play in the final decision, apart from what each City is willing to "do" for the GM dealers].

-- No decisions have been made as to the exact role GM might play in the relocation of any dealership(s): GM could buy or lease land, and sell or lease it to a dealer; build or lease buildings and sell or lease them to a dealer; or play any of a variety of other roles; or, none at all. This will be determined on a case-by-case basis.

-- Both GM and the State of California must approve any relocation of GM dealers. There do not appear to be any predispositions to approve or disapprove any particular relocation proposals.

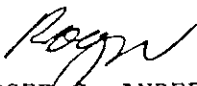
-- GM is concerned about the future use of the Centerville sites of DiGiulio Pontiac/GMC and Moran Oldsmobile (and other non-GM dealer-owned land in Centerville), because the disposition of this land affects the financial ability of the dealers to move to the Auto Mall (or elsewhere). The GM representatives seemed quite familiar with this issue.

I advised them that the City and its consultants are working hard to develop a model pro forma for development of high quality, first-time homebuyer ownership housing (condominiums) on the dealer-owned land, within the constraints of the pending Centerville Plan. We have called upon an experienced developer of this type of housing to provide a "reality check," (obviously, with no commitments being made to the developer).

Preliminarily, it appears this may be the only economically feasible use of the land, and should satisfy both neighborhood concerns and provide the best (i.e. most realistic) return on the land. Some use of Redevelopment Housing Set-Aside money may be needed. Of course, any City involvement in such a project would be contingent on a commitment by the dealer/landowner to relocate to the Fremont Auto Mall. [IMPORTANT NOTE: I directed staff and consultants to explore this option less than two weeks ago; work is continuing, and no firm conclusions have been reached. Within the next two weeks, we expect to be able to share our analysis with the Council, the affected property owners, and General Motors.]

-- The GM representatives made clear the Fremont Auto Mall is definitely "in the running" for relocation of the Fremont GM dealerships. Timing is clearly uncertain. We agreed to keep them informed of any new developments; in turn, they agreed to let us know the progress of their work, and to advise us before they make any final decisions, so we may either help implement their decisions, or have "one last shot," should this be necessary.

The main purpose of the meeting was to re-open communications between General Motors and the City of Fremont. That occurred in a very amicable way, and I believe we now have an effective (and important) communication link with GM. While we certainly got no assurances that the GM dealers will stay in Fremont and/or relocate to the Auto Mall, these possibilities definitely remain open, and there are things we can do to enhance their likelihood. I am very hopeful that, with continuing communication with GM and its dealers, and the other work which is being done on many fronts, the Fremont Auto Mall will soon be back on track and will be the success story we have all expected it to be. We're giving it our best shot!


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City Manager

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