

✓ ROSS

eyes SC for store

Developer asks concessions

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SANTA CRUZ — If the city is willing to deal, Ross's department store may locate downtown — the first major retail store to anchor the downtown since the Loma Prieta quake five years ago.

And it appears the city is more than willing to deal.

"This is truly big news. If this happens it will be one of the last remaining pieces of downtown recovery at a relatively modest investment by the city," said Mayor Scott Kennedy. "I see it as a real plus."

Ross, a discount clothing and accessory store with 251 stores in 18 states, is interested in the former Ford's department store location on Pacific Avenue and Cathcart Street, property owned by the Duncan Trust.

Developer Andrew Duncan, whose family has owned the property for about four decades, wants to build a two-story store with 30,800 square feet of floor space.

That would be slightly larger than the Ross's store in Capitola, which would remain open.

A key location slightly south of the heart of downtown, the property has been vacant since Ford's Department Store was devastated in the 1989 earthquake. The Duncan family has been searching for a large national retail tenant since last year when Ford's defaulted and they foreclosed, said Duncan.

Ross's had reportedly been shopping for a site in downtown, and had considered the former Gottschalks site, now proposed to be a theater complex.

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Ross eyes Santa Cruz store

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The Ford's site had the advantage of being owned free and clear, said Duncan. "Even with this advantage, we still are only realizing a 9 percent return on our investment," said Duncan.

To make the deal work, Duncan is asking for several concessions and subsidies from the city. He has proposed that the city buy about 5,000 square feet of land that makes up the back section of the property and borders the city owned parking lot. The developer estimates the value of the land at \$200,000. According to Ceil Cirillo, Redevelopment Agency Director, the property could provide 10 to 12 parking spaces or could be used for an alley.

The developer also wants a break on ceiling height requirements, allowing the ceilings to be 12 feet high instead of 18 as city codes require. To go higher would require specially-built escalators, said Cirillo.

"If we are unable to get this requirement changed, the cost to do the project and the use of the building becomes unacceptable to the tenant because of the need to effectively move people from the first to the second floors," said Duncan in a letter to the city.

The last break being sought is a subsidy for parking fees. The developer is

requesting a waiver or payment by the city of about \$24,000 annually for 10 years for the city's "parking deficiency fee" required to develop parking lots or structures.

Cirillo said the concessions being sought were expected. "We always realized that major retail anchors cannot afford the rents that developers have to get for their space because of the high land costs and construction costs," she said.

On the flip side, the benefit to the city is about \$80,000 a year in sales tax revenue, based on \$8 million annual sales. The store would also provide jobs and bring shoppers downtown, she said.

"This is the type of retailer that will

make a statement on the strength Pacific Avenue as a retail draw," she said.

Kennedy said the store would provide "underwear and socks, basic commodities that working families need," but which have been in scant supply downtown since the quake destroyed 30 buildings, including Gottschalks and Ford's.

Kennedy said the concessions being sought by the developer are not unreasonable.

"This is a case where there's no competition, it's our first live option," he said. "A project has finally come forward."

At Kennedy's request, the Santa Cruz

City Council, acting as the city's Redevelopment Agency, is scheduled to consider the proposal at a special meeting at 3 p.m. today.