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Santa Cruz may get Ross store

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■ City officials see landing an anchor store as the last piece of the puzzle for the rebuilding of downtown after the 1989 earthquake.

BY PAUL ROGERS
Mercury News Staff Writer

After nearly five years of earthquake rebuilding, downtown Santa Cruz stands poised to land its first retail anchor store under a deal being negotiated with Ross Stores Inc., one of the nation's largest clothing chains.

The city council plans a special meeting Tuesday to discuss a Palo Alto developer's proposal to build a two-story store at Pacific Avenue and Cathcart Street, the former site of Ford's department store.

Sources said the interested tenant is Ross. The company, based in Newark, operates 251 discount clothing stores in 18 states. The

expanding chain is projecting sales of \$1.4 billion in 1994.

Developer Andrew Duncan, a Palo Alto insurance executive whose family has owned the Ford's site since the 1950s, has outlined plans for a building of 30,800 square feet. It could be opened by mid-1995, he has told the city council.

City leaders see anchor tenants as the final piece of the puzzle in the reconstruction of downtown Santa Cruz. Already, dozens of small restaurants and boutiques have opened along Pacific Avenue since the 1989 Loma Prieta quake wrecked 30 buildings. But the city lost both anchors, Ford's and Gott-

schalk's, which drew thousands of shoppers, brought in sales tax and lured other small businesses.

"This would be a major, major development for downtown Santa Cruz," said Mayor Scott Kennedy.

One potential controversy: Duncan has requested financial assistance from the city.

In a letter to the council, Duncan asked the city to purchase the back section of the lot, 5000 square feet that is not needed for the building.

That cost is estimated to be about \$200,000, said Ceil Cirillo, city redevelopment director.

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Council to consider proposal for 2-story building on Ford's site

■ ROSS

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It would be added to an adjacent public parking lot, she said.

Duncan also requested the city pay \$24,000 a year in parking deficiency fees, which are required of downtown businesses to finance future parking garages and lots.

Money for both costs would come from a \$1 million fund the redevelopment agency has earmarked for helping with construction of large projects downtown.

"All their requests are in the ballpark," Kennedy said.

Duncan could not be reached for comment.

In figures he provided to the council, Duncan estimated the store would record sales of \$8 million in the first year of operation. That

in turn would generate about \$80,000 a year in sales tax for the city treasury, according to redevelopment estimates.

Tuesday, the council will vote on whether it wants redevelopment officials to draw up an agreement to give Duncan the incentives he says he needs to close the deal.

If the council gives approval, Cirillo would work out details and return with a final contract for council action in June, she said.

The deal also would require a change in zoning law.

Santa Cruz has a requirement that downtown buildings have floors at least 18 feet high. Duncan has told the council his project would not be suitable for second-floor retail use with such high ceilings.

Construction costs for the building are estimated at about \$3 million, Cirillo said. Dun-

can has indicated he has financing to proceed, she said.

Ross has one store in Santa Cruz County, at the Capitola Mall. That store is not expected to close if a new Ross opens in downtown Santa Cruz, sources said.

A major tenant at the Ford's site would boost business along the south end of Pacific Avenue, which so far has lagged behind the north end in rebuilding and sales.

"I'm optimistic we can make it happen," Cirillo said. "This will be a critical component in the rebuilding of downtown."

IF YOU'RE INTERESTED

The Santa Cruz City Council will discuss the project at 3 p.m. Tuesday at City Hall, 809 Center St., Santa Cruz.