



DAN COYRO/SENTINEL

Patrons Marika Roblin and Neal Christen work on their studies Wednesday in the downtown Santa Cruz Borders cafe, where free Wi-Fi is available to customers. The Borders on Pacific Avenue will be shutting after Borders filed for bankruptcy.

# Downtown Borders one of 200 to be shut

*Borders* 2-17-11  
After fighting to open in Santa Cruz, chain will close store due to bankruptcy

By JONDI GUMZ

jgumz@santacruzsentinel.com

SANTA CRUZ — Borders came into Santa Cruz like a lion but it's leaving like a lamb.

The bookstore chain, fended off by Capitola then greeted by protesters 11 years ago when it opened downtown, will close 200 stores including the one in Santa Cruz as it reorganizes. The second biggest bookstore chain in the U.S., Borders filed for bankruptcy Wednesday, humbled by \$1.29 billion in debt and weakened by growing online competition.

Asked about the Santa Cruz location, Donald Cutler, spokesman for the Borders Group in Ann Arbor, Mich., said, "We don't have a concrete closing date yet."

The closing will affect 30 employees in Santa Cruz, according to Borders spokes-



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Marti and Larry Selman made it a point Wednesday to stop into Borders, where they were the bookstore's very first customers when it opened nearly 11 years ago.

woman Mary Davis, who added Borders will keep operating smaller specialty shops like the one in the Capitola Mall.

In the filing, lawyers for Borders said "closing right

away is essential" because losses total \$2 million a week at the sites targeted for shutdown.

Borders is one of the largest

## BORDERS CLOSURES

TEN OTHER  
SF BAY AREA  
STORES CLOSING

- Los Gatos
- Santana Row, San Jose
- Post Street, San Francisco
- Market Street, San Francisco
- Pleasanton
- San Mateo
- Alameda
- San Ramon
- Fremont
- Union City

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# BORDERS

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retailers in downtown Santa Cruz, occupying 22,500 square feet at 1200 Pacific Ave. The chain went "head to head" with Bookshop Santa Cruz, a locally owned competitor that opened in 1966, survived the 1989 earthquake and has 20,000 square feet and 35 employees two blocks away. Bookshop had 50 employees before Borders moved in.

"Santa Cruz wasn't a market that could sustain two large bookstores — we're glad we came out the other side," said Bookshop owner Casey Coonerty Protti, 34, who got the news in Hawaii where she is vacationing.

"We're not in the clear yet," she added. "We're still facing incredible pressure from Amazon and e-books. This is our one break. I feel very lucky and humbled that we have the task of maintaining book culture in Santa Cruz."

She got an alert on her BlackBerry about the filing, and called the store and her father Neal, who turned the store over to her five years ago. She had been tracking it, seeing stock that once traded at more than \$10 fall.

"Borders stock was down to 75 cents," she said. "It was known something was going to happen. Nobody knew exactly what."

By 2:30 p.m. she had e-mailed customers: "Although losing any bookstore is hard, we are incredibly grateful to you, our customers, for your loyalty and for your belief in the value of independents."

Peter Beckmann, co-founder of Think Local First Santa Cruz County and owner of Beckmann's Bakery, reacted in a much sterner tone.

"In my opinion, this store was a stark example of corporate predators," he said. "Judging on the few customers roaming the store during its years of existence and based on the market rent for a space like this, Borders in Santa Cruz has been operating at a loss for most of the time. This is something only big corporations can afford."

Others welcomed Borders for offering consumers an alternative.

When Larry and Marti Selman heard that Borders planned to close its Santa Cruz location, they came downtown to patronize it. They had stood in line when the downtown store opened June 3, 2000.

"We were the very first customers," Larry Selman recalled.

"It's a wonderful place to spend time browsing," his wife added.

Wednesday afternoon, the Selmans were among a small number of patrons at Borders. Three men were reading, sitting in soft chairs on the main floor. Three other chairs were empty, and no one was in the children's section.

Rod Harmacek, who made a purchase, said he can get good deals at Borders. "I hope they can stay open, but I actually shop more at the other store," he said, referring to Bookshop Santa Cruz.

Upstairs, Esther Searles, a book editor who lives in Santa Cruz, was curled up with a magazine in a soft chair by the cafe. Upon learning the store would close, she said, "That's horrible. They have very interesting books."

Matt Feist, 19, a Cabrillo College student, had selected several paperbacks and was unhappy when informed of the shutdown. He preferred the Santa Cruz store over the one at the mall because it has computers so "I can look up what I want. I'd be out of luck."

Chip, who heads the Downtown Association, said, "It's sad to hear about the employees who will be losing their jobs."

He was optimistic the building would not sit empty due to the downtown demographic

and the "cooperative" property owner.

"I expect we'll see something positive and exciting in that space very soon," he said.

Ron Hirsch, a commercial real estate broker in the county for 33 years, was more cautious.

"I think it's going to be tough," he said. "One user for that large space, there's not that many around."

Hirsch thought it could be hard to break up the building into smaller spaces because of the mezzanine area, where the cafe is.

"We've been exploring that over the past couple months," said Craig French of Redtree Properties, the building owner.

One tenant would be ideal, but the space could accommodate three or four tenants, he said, expecting the space to be available after a liquidation sale in 30 to 60 days. He already has some schemes to show commercial real estate brokers.

"We just went through this with Circuit City," French said, referring to the electronics chain that closed a Mid-County location after filing for bankruptcy. "It took us a year to get that leased."

French got 10 e-mails Wednesday from brokers who would like to represent the property but no offers from tenants.

"There's a list of several names we'd love to attract," he said, confirming the list includes Apple and Anthropologie, which specializes in women's clothing and home decor.

"The city is working on an initiative to put our best foot forward," he added.

Based on advice from national retail expert Robert Gibbs, who visited in October, city redevelopment staff asked the City Council in mid-December to recruit a broker to represent 1200 Pacific Ave.

An advertisement was posted Jan. 10 with proposals due Jan. 26, according to

Peter Koht, the city's economic development coordinator, who said the deadline was extended until Feb. 4 "to get more local applicants into the selection pool."

Three finalists are under consideration. Koht expects a decision the week of March 1.

"We closely track retail trends and Borders had problems adapting to the digital marketplace," he said, explaining the recommendation to move ahead of the bankruptcy filing. "We try to be proactive."

The city Redevelopment Agency is advertising for a consultant to produce a retail market analysis, as Gibbs recommended. The statement of qualification is due today.

The goal is to tell city officials what goods and services residents are buying elsewhere, known as leakage, identify stores or kinds of stores that fit the local demographic, evaluate opportunities to expand retail trade and recommend measures to

capitalize on those opportunities.

Hirsch, the veteran broker, said he rents a database that shows every retailer that would consider a store in Santa Cruz County and what their parameters are.

Because of the downturn and the precipitous drop in consumer spending, retailers are asking — and getting — lease concessions.

"We're down 30 percent in terms of renegotiating on leases," Hirsch said.

One example: In mid-2009, the asking rate for a 4,900-square foot divisible retail space at 110 Cooper St. was \$3.50 per square foot triple net. The space is now advertised as smaller spaces, one of them asking \$2 per square foot triple net.

There's even a bit of a discount for office space at the empty four-story Rittenhouse Building at 1367 Pacific Ave. The asking rate was \$1.75 per square foot triple net, now it's \$1.65 per square foot triple net.