

Capitola mall

Target Says Yes to Capitola

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After Failing to Find Home in Scotts Valley, Target Moves to County's Busiest Retail Corridor



The sketch above illustrates Target's plan to renovate the exterior and interior of the former Gottschalks building at the Capitola Mall on 41st Avenue. Capitola would like to see the store opened by next Christmas.

by Linda Fridy

After more than a year of rumors, talks and public efforts to lure Target to the area, the discount merchandiser has officially presented plans to take over the vacant anchor spot in the Capitola Mall once occupied by Gottschalks.

Its application will begin with Planning Commission review on Oct. 7.

"This is an important first step, but it's not a done deal," said City Manager Jamie Goldstein, who was clearly pleased to have the plan submitted.

The Minneapolis-based retailer has not yet taken title of the property, but it began meeting in earnest with city leaders about plans for the space about six weeks ago. He said the company plans extensive renovations to the two-story, 100,000-square foot building, along the lines of the work Whole Foods did to its 41st Avenue store. Target has not mentioned a desired opening date, and when asked if the store could open in time for holiday 2011, Goldstein responded, "It would be tight. We certainly would like to see it."

The city has been publicly wooing the discount retailer, even looking into purchasing the 100,000-square foot site through its redevelopment

agency to attract the company. In the end, the city did not have to offer any financial incentive, Goldstein said.

"We discussed a number of potential public/private partnerships, but this [purchase] is a completely private transaction," he said.

The site's foreclosure and return to bank ownership complicated negotiations. The bank solicited offers on the property and received several. The broker then asked for a second round of bids, Goldstein said, and both Capitola and Capitola Mall operator Macerich supported Target's proposal.

Scotts Valley's Loss Is Capitola's Gain

Target had been pursuing a second Santa Cruz County store in Scotts Valley through a developer that hoped to build next to the Hilton Hotel. That effort generated much controversy within the city, and Target eventually withdrew from the project earlier this year when the developer did not get approval within the time limits it set.

That change accelerated the company's talks with Capitola, Goldstein said.

"The Capitola Mall, and the Mid-County area, has been on their radar for a long time," he said.

Macerich owns and operates the Capitola Mall, but not the former

105-year-old Gottschalks chain closed.

Sales tax generates a significant portion of the city's income, and filling that opening will benefit city finances. Finding a tenant for that spot was one of the city council's top priorities for the year.

"Filling a vacancy like Gottschalks and the introduction of a quality retailer like Target is incredibly important to maintaining the 41st Avenue corridor as the major regional retail center," Goldstein said.

Goldstein was just promoted to city manager, and previously as the city's community development director has coordinated the Target proposal.

"I'm really happy this thing is pulling together. It's looking really good," he added.

The successful openings of Kohl's, Whole Foods and IHOP last year helped the city avoid continued employee furloughs, unlike many neighboring municipalities. ■