

Capitola Mall plan in doubt

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Drainage problems
along 41st Avenue

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SANTA CRUZ — The future of the \$35-million Capitola Mall expansion project will be on the line when the Board of Supervisors meets this morning. Unless the developers, county Public Works officials and the board can hammer out a compromise solution on drainage problems, the project's financial underpinnings may collapse, according to the developers and one of their prospective new tenants.

Threatening to derail the multi-million-dollar project is the Public Works Department's concern that storm runoff from the construction site will aggravate already serious flooding problems on 41st Avenue. Public Works officials say they want the developer, Cypress Properties of Menlo Park, to install all the necessary drainage improvements before construction begins.

But according to Cypress Properties President John L. deBenedetti and one of deBenedetti's prospective tenants, Leask's Department Store President Samuel Leask IV, such a requirement would lead to a construction delay that would very likely kill the project. Delay could be fatal, they say, because unless construction begins this summer, J.C. Penney Co. will pull out of the development. Penney's and Leask's are to be the Mall expansion's two "anchor" stores.

If Penney's backs out, they say, then Cypress Properties may have to

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give up the land, which is located behind the existing mall, off Capitola Road. Leask and deBenedetti have proposed a compromise which would allow construction to begin this summer, while still addressing county officials' concerns about drainage.

Part of the compromise, however, hinges on still another party — the state — beginning work on long-planned improvements to the freeway interchange at Highway 1 and 41st Avenue. And another aspect of it, involving construction of detention ponds at the mall, is regarded with disfavor by county Public Works Director Don Porath.

The 11-acre mall-expansion site is part of the city of Capitola, and the project, which will add 304,575 square feet of retail space to the existing 381,098-square-foot mall, has been approved by the Capitola City Council. Under conditions imposed on the project by the council, however, city officials may not issue the developer any permits until drainage arrangements have been approved by the county's Flood Control and Water Conservation District. The district's Zone 5 takes in most of the city. The district is run by the county Public Works Department and overseen by the Board of Supervisors.

Capitola City Manager Steve Burrell Monday called county Flood Control approval "a completely standard condition (for) any project" in the city. In the case of the mall-expansion project, the "standard condition" threatened to become a major roadblock about two weeks ago, when Porath wrote to county supervisors that it was "essential that adequate drainage facilities be built and functioning before ... construction or grading begins."

Porath said the developer should be required to build a drainage system that will divert runoff from the mall, and areas upstream of the site, to Rodeo Gulch through a storm drain on Capitola Road. County planners have indicated that such a system could not be built without time-consuming prior studies, unless the developer agrees in advance to design a facility which meets demanding water quality standards. And even then, adherence to Porath's recommendation would delay the start of actual work on the expansion project.

According to Leask and deBenedetti, any delay could prove devastating. They say that if the building pad for the 91,805-square-foot J.C. Penney's store is not completed by Aug. 1, Penney's — which

wants to open its new Capitola store by Christmas of next year — will not buy the building site. And if Penney's bows out, they say, Cypress Properties may not be able to hold onto the property because it may not be able to continue making interest payments. And even if the developer is able to hold onto the land, they say, higher interest costs could make the expansion project prohibitively expensive in the future.

Leask and deBenedetti have asked supervisors to allow construction to go ahead while drainage problems are resolved.

According to Leask, rechanneling of runoff in connection with improvements planned by the state for the 41st Avenue/Highway 1 interchange will alleviate much of the drainage problem along 41st Avenue. He noted in a letter to supervisors that work on that project is expected to start "sometime" this year.

DeBenedetti said that his company agrees that runoff from the mall should eventually be diverted to Rodeo Gulch. But he wants supervisors to approve the use of detention ponds at the mall site to meet storm drainage requirements "until the ... construction of the Rodeo Gulch line occurs." In a letter of his own, deBenedetti further noted that "in the event that the Rodeo Gulch line is deemed inappropriate," the on-site detention system could "serve as a permanent (drainage) solution."

That, however, is exactly the sort of outcome that Porath wants to avoid. Porath told supervisors in his letter that it was "very questionable whether (a detention pond) system could be ... maintained successfully (by private property owners) in the future." Porath asked the board to "declare ... on-site detention drainage ... an undesirable alternative since it is not a reasonable approach to planned drainage improvements in the 41st Avenue area."

Assistant Public Works Director Phil Sanfilippo said Monday that Public Works officials are worried that if the detention ponds are constructed, the Rodeo Gulch drainage line will never be built.

If supervisors decide to allow mall developers to build detention ponds, he said, then Public Works officials will ask the board to both insist that the ponds be built as permanent facilities, and to require the developers to guarantee full financing for the eventual construction of the Rodeo Gulch line.

"We don't want them to walk away from it," Sanfilippo said.