

## SC City Manager:

# Downtown Merchants Should Be Optimistic

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Santa Cruz shoppers will continue to take their retail dollars to the Capitola Mall in increasing numbers during the next decade, but downtown merchants can continue to prosper if they play their cards right, City Manager Richard Wilson told the Downtown Association Wednesday night.

And the ace in the hole among strategies outlined in a recently-completed study done for the city is redeveloping the North River Street area, and building offices.

Wilson was the speaker at the association's annual installation dinner at the Holiday Inn, in which the new officers, President Ken Haber, Vice President Marilyn Frame, Treasurer Roy Trowbridge and Secretary Kevin Melrose took office. The event was dedicated to the late Samuel Leask III, who died last December.

Despite the drain of dollars to mid-county, Wilson said, Santa Cruz is the county's hub and a central city; a retail, government and transit center with entertainment, restaurants and bars.

Santa Cruz has 22 percent of the county's population, he said, but rings up 34 percent of sales countywide. It has 42 percent of the business from eating and drinking establishments, and 47 percent of the auto dealers and gas stations are located in town.

"Retail growth will continue," he said — up to 20 percent during the '80s — "but it will not be able to do so by itself."

The area's diversity — with its industrial, commercial and residential uses — makes it difficult to develop a single strategy for the future.

Multiple ownership of properties makes a private development, like that on 41st Avenue, impossible as well, he said.

Instead, "government and the private sector must develop different strategies for different times, so we can do things on purpose instead of having things happen to us by accident."

A study completed for the city in May by Recht, Hausrath and Associates, who term themselves "urban economists," reports the greatest growth potential for Santa Cruz is in office space — ideally in the North River Street area, according to the report.

"In general, they (the plan's authors) predict high growth, low growth and middle-range expectations," Wilson remarked wryly, noting experts do not like to make mistakes. However, the downtown area could grow by 30 to 70 percent during the 1980s if existing and new space is used for offices, the report states.

In the mid-'70s, the city looked into redevelopment in the North Pacific Avenue-River Street area, but decided the area was not blighted — a legal prerequisite for redevelopment.

A new redevelopment project spearheaded by the city "is much less likely today than it was 10 years ago," Wilson noted. Laws are stricter, the economy is bad, and the political climate make such a project "uncertain," at best. But the city will evaluate the possibility he said.

While the direct income to the city isn't significant with such development, the secondary effects — the people offices bring to the area — could increase the restaurant, bar and specialty retailing prospects on the Pacific Garden Mall significantly, according to the report.

Out-of-county visitors now account for 15 percent of the retail sales there, he

said, and 25 percent of the dining and drinking business. The latter could increase to a 50 percent real growth rate, he said.

The visitor and tourist industry are the other areas in which Santa Cruz may expand, Wilson said. The city is to begin a study on the possibility of a large hotel.

Such hotel studies are "quite precise," he said, and can determine what kind of development, if any, is possible.

The city government, which in the past has concerned itself primarily with land use, will have to involve itself in the planning process in the future, Wilson said, "but it will not be a prime mover for redevelopment."

It can, however, "serve as a focal point to at least carry on some dialogue about strategies."

After the dinner, outgoing association president Neal Coonerty, owner of Bookshop Santa Cruz, noted the city government and the merchants "are really hand in hand — our future is their future; as we prosper, so do they."

New president Ken Haber, of Haber's furniture store, said, "The city needs to adopt a pro-business sort of attitude...but not pro-business to the exclusion of other entities.

"Communication can always be improved... it's not particularly bad, but it's not good," he said. "Cooperation and communication is the key."

Businesses receiving awards at the dinner for improving the appearance and atmosphere downtown were Coast Commercial Bank, Duffy's Deli, Plaza Bakery, Ford's Department Store, Basic Exchange, the Palomar Hotel and Jackson's Bootery.