

Ford's has no cash for Santa Cruz store

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WATSONVILLE — Ford's has spent all but \$2.2 million of a \$24.1 million Small Business Administration loan, and while its flagship Watsonville department store has been rebuilt, its Santa Cruz store has not.

The company has not yet announced whether it will rebuild its Santa Cruz store, destroyed in the Oct. 17, 1989, earthquake. That store would cost \$16.6 million, Ford's officials say.

Ford's SBA loan was the second largest in the agency's history.

The new \$9.5 million, 76,000-square-foot downtown Watsonville store opened in October amid great hoopla, replacing the store that had to be demolished after the 1989 earthquake. The Watsonville store is not only considered the anchor of Ford's five-store chain, but Watsonville city officials and merchants alike see the store as the primary drawing card for economic recovery in downtown Watsonville.

Ford's Senior Vice President Hal Hyde said simply, "We would not have been able to re-

build in Watsonville were it not for the SBA loan."

That loan was granted under the major employer disaster program, in part because Ford's was considered a major employer in the Central Coast. Before the earthquake, Ford's employed 700 workers from Santa Cruz to San Luis Obispo, Hyde said. The 30-year loan carries a 4-percent interest rate, which is significantly lower than the prevailing rate of 8 percent or more.

And yet, despite the arithmetic — and the hopes of Santa Cruz city officials — Ford's does not have \$16.6 million remaining from the SBA loan, which is what it would cost to rebuild its downtown Santa Cruz store.

Hyde explained that while the new Watsonville store cost \$9.5 million, Ford's spent \$2 million on its new 40,000-square-foot merchandise-receiving service center and corporate offices, located behind the store.

Additionally, the company used \$7.1 million to pay off its debt to Wells Fargo Bank, and \$3.3 million

to replace inventory and fixtures lost in the earthquake. Essentially, there is about \$2.2 million available should the company decide to rebuild in Santa Cruz.

Ford's President Jim Vicars has said any decision regarding a Santa Cruz store is at least two years away. However, at the same time, he said that Santa Cruz remains a top priority.

Ironically, the recent closings of Ford's stores in Gilroy, Hollister and King City may increase the odds for a return to Santa Cruz. "Santa Cruz is our absolute No. 1 priority," Vicars said. "As far as I'm concerned, the next time we open a new store, it should be in Santa Cruz."

Hyde added that besides the SBA loan the relatively quick rebuilding of Ford's Watsonville store was due primarily to the extreme cooperation from Watsonville officials.

"The city approved a plan for the store in concept," Hyde said. "We didn't have to wait for every stage of the process, which helped contractors move ahead on each of the phases."



Dan Coyro/Sentinel file

Ford's new \$9.5 million store in Watsonville opened Oct. 17.

REFERENCE