

# Kohl's to replace Mervyns at Capitola Mall

Capitola mall  
City, facing deficit, thankful for new retail tenant

By JONDI GUMZ  
SENTINEL STAFF WRITER

CAPITOLA — Local merchants are cheering plans for Kohl's department store to take over the space in the Capitola Mall being vacated by Mervyns, the 59-year-old chain that filed for bank-

ruptcy in July and is now liquidating 150 stores.

"It's a really good store — you can compare it to Target," said Sherri Nezarati, who owns Sherri's Cookies in the mall and has shopped at Kohl's in Salinas. "With this economy, we don't need high-end stores to move in."

Nezarati, who's been at the mall since it opened,

employs 15-plus people at two locations.

Dean Monroe, co-owner of VIP Bodywork, opened in the mall four years ago and moved closer to Mervyns two years ago because of the store's popularity. He worried the store's departure would leave one of the end of the mall looking like a ghost town.

"That walk-by traffic is very important," said Monroe, who employs eight people at two locations. "People think I'm feeling sore — that (mas-

12-13-08  
sage) looks good.' I'm always hoping the store close to us is a magnet for people."

When Mervyns announced in mid-October it would close, City Councilman Kirby Nicol predicted its prime space in the mall would not stay vacant long. He was right.

Kohl's announced Friday its successful bid with Forever 21 for 46 Mervyns leaseholds for approxi-

See **KOHL'S** on **PAGE A7**

## Kohl's

Continued from Page A1

mately \$6.25 million. Kohl's, the nation's fourth largest department store, will assume 31 locations and Forever 21, a 24-year-old chain started in Los Angeles, will take over 15, pending approval by the bankruptcy court.

Of those locations, eight are in shopping centers owned by Macerich, the company that owns the Capitola Mall. Macerich is one of the nation's largest regional shopping center owners.

The Capitola location will be Kohl's first in Santa Cruz County.

Based in Menomonee Falls, Wis., Kohl's employs 120,000 people and operates in 48 states. It has 1,004 stores, including locations in Marina, Campbell, Blossom Hill Road in San Jose and Gilroy.

Its niche is moderately priced apparel, shoes and accessories, home products, toys and luggage, featuring brands like Candies, Tony Hawk and Chaps by Ralph Lauren.

Analysts called its deal with designer Vera Wang for a new clothing line that debuted last year a coup.

The publicly traded company has seen profitability drop for five straight quarters due to declining sales. However, third-quarter earnings beat analysts' expectations.

This year, Kohl's opened 75 stores and expanded its scholarship program, awarding \$300,000 to 1,900 young volunteers. In November, it began offering aggressive discounts aimed at boosting holiday sales.

Kohl's spokeswoman Kristen Cunningham said the Capitola store will open in 2009 along with the majority of the 31 former Mervyns' locations. She didn't have a specific date or details on hiring.

When Kohl's opened in Marina a year ago, it hired 150 employees. Mervyns filed a notice with the state saying it would lay off 104 employees in Capitola on Dec. 23.

"I think Kohl's will do well," predicted Toni Castro, executive director of the Capitola Chamber of Commerce. "I haven't shopped there but I've seen the ads on TV. It looks like the prices are reasonable."

The announcement was good news for city

officials, who are seeing an uncharacteristic gap between revenue and spending. Capitola ordinarily enjoys rosy financial projections because it has numerous car dealerships and the only mall in the county.

City Manager Richard Hill told the council Thursday night that he expects a deficit of \$200,000 to \$400,000 this fiscal year and \$900,000 to \$1 million for the next. Sales tax revenues were down 9 percent in the first quarter and 11 percent in the second quarter because of the economic downturn.

Former Councilman Michael Termini had hoped for Target or an expansion by Macy's into furniture, similar to Valley Fair in San Jose, although he considered Target "a long shot."

City Councilman Dennis Norton had hoped Target would move in, but he was glad the owner didn't waste any time in finding a tenant.

He said he is unfamiliar with Kohl's, but added, "If they're expanding, they must have a good product."

Contact Jondi Gumz at 706-3253  
or jgumz@santacruzsentinel.com.