

✓ ^{San Jose} ^{Watsonville} ^{rebuilding}
**Ford's gets
SBA loan**

**Watsonville store planned;
Santa Cruz return 'unsure'**

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WATSONVILLE — Ford's Department Store has received a government loan to rebuild the stores it lost last October in downtown Watsonville and Santa Cruz, but an official with the company said Ford's is "unsure" about its plans for Santa Cruz.

"From a business point of view, we're unsure at the present time what's happening in downtown Santa Cruz and what the future is there," said Hal Hyde, vice president of Ford's.

The \$24-million, low-interest Small Business Administration loan — the second-largest in SBA history — includes enough money for rebuilding in Santa Cruz and Watsonville, but Hyde couched all references to Santa Cruz in a cloud of uncertainty.

The Ford's Board of Directors has approved rebuilding the Watsonville store and a service center for the company in that city, but not the Santa Cruz store, Hyde said. "We had some great customers in Santa Cruz, but it has to make sense before we do it," he said.

Santa Cruz Mayor Mardi Wormhoudt said she was not sure why Hyde and other developers say there is uncertainty in Santa Cruz.

"I think we've given clear direction," she said. Wormhoudt said the city is working on parking needs and "social problems" and has moved as quickly as possible to approve plans that have been submitted. In addition, she said, a group composed mostly of property owners is working with the city to put together a redevelopment plan.

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Ford's

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"I would say the ball is in the property owners' court," Wormhoudt said. Wormhoudt said Hyde had not informed her of Ford's decision, but that he had called to invite her to a press conference on Friday.

Downtown Santa Cruz's second department store, Gottschalks, earlier this year sold its land to a Palo Alto real estate development firm and will not move back to Pacific Avenue. The new owners have said they may build a mixed retail development there.

Ford's has scheduled an unveiling of the loan package Friday at the site of the company's flagship store at Main and West Beach streets. Rep. Leon Panetta, D-Monterey, who was instrumental in securing the loan, will be at the ceremony, as well as officials from the SBA, Watsonville and Santa Cruz.

Ford's will replace the lost 110,000 square-foot Watsonville store with a 75,000 square-foot structure and a new service center to house its management, merchandising and computer centers.

Since April, Ford's has been negotiating with the SBA on a loan to repay its debts and begin reconstruction. This week, Panetta announced the successful conclusion to those talks by saying the SBA approved a 4-percent, 30-year, \$24 million loan.

The loan was offered, in part, because Ford's is considered a major employer in the Central Coast. Be-

fore the earthquake, Ford's employed 700 workers in stores from Santa Cruz to San Luis Obispo, Hyde said.

With companywide sales of \$41 million posted before the earthquake, Ford's is considered crucial to the economic vitality of Watsonville and Santa Cruz.

Councilwoman Betty Murphy lauded the company's plans this week, saying Ford's is the "key" to a successful downtown.

Hyde said he sees the loan as "cementing our place in the area."

The only hitch in the Watsonville plans concerns the demolition of the service center. Built more than 50 years ago, the brick building was at one time the State Theatre.

Hyde said Ford's and the Federal Emergency Management Agency are ready to tear it down, but the California Historical Society has put a halt to demolition in order to determine its historical significance.

"It's hardly a jewel. We hope to have this resolved soon," Hyde said.

The loan covers repayment of a debt to Wells Fargo of about \$14 million for the destroyed stores, as well as the cost of replacing merchandise lost in the earthquake and construction of three buildings, Hyde said.

If all goes well, Hyde said he hopes to see a new service center built by this winter, and a new Watsonville store by Christmas 1991.