

~~PACIFIC GARDEN MALL 1992~~ Earthquake 1989 - City of Santa Cruz - Rebuilding  
SJM/ APR 29 1994

# Ross drops plans for Santa Cruz

## Concerns reported about impact on Capitola store

BY PAUL ROGERS  
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In a serious blow for earthquake recovery in downtown Santa Cruz, Ross clothing stores has backed out of a deal to build a \$3 million store on Pacific Avenue.

Under plans made public last month, Ross was to have been the first national retail anchor store to locate in Santa Cruz's

central business district in the aftermath of the 1989 Loma Prieta earthquake.

But Ross executives changed their minds this week, reportedly concerned that sales would suffer at another Ross store five miles away at Capitola Mall.

"I'm extremely disappointed," said developer Andrew Duncan of Palo Alto. "We had what I thought was a consummated deal."

Ross officials signed a letter of intent with Duncan several months ago to build a two-story, 30,800-square-foot store at the corner of Pacific Avenue and Cathcart

Street, the former site of Ford's department store.

Duncan's family has owned the lot since the 1950s.

City leaders called the project a final step in earthquake recovery that would bring more shoppers downtown and raise about \$80,000 in sales tax. So eager were they to lure the clothing giant that on March 30 the city council took the unprecedented step of dropping parking fees and buying land behind the lot that Ross said it didn't need: concessions that would have

amounted to roughly \$440,000 during the next decade.

The store had been scheduled to open by June 1995.

Thursday, Santa Cruz leaders struggled to explain what went wrong. Rumors flew about the Capitola store, the still fragile recovery downtown and street people.

"Behind these corporate veils, so much goes on that we don't know about," said Santa Cruz Mayor Scott Kennedy.

"I'm disappointed," he said. "But I feel confident that something else will come."

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## ■ ROSS

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Ross executives did not return calls seeking comment.

"We've been told that they don't want to cannibalize the store in Capitola," said Jackie Copriviza, a Santa Cruz real estate broker working on the deal.

As Ross executives studied sales patterns, they found a sizable number of shoppers come from Santa Cruz's 95060 ZIP code to shop at the Capitola store.

Apparently, another factor was the vacant lots still remaining in downtown Santa Cruz. Although substantial rebuilding has taken place since the 1989 quake, most has come in the form of small stores; no major anchor retailer has set up shop in the half-dozen remaining cornerstone lots.

"Ross may still come downtown some day," said Copriviza, "in a few years."

The quake destroyed Santa Cruz's two anchor department stores, Ford's and Gottschalk's. That left Santa Cruz residents no choice but to travel to Capitola Mall or to San Jose to buy household necessities such as towels, sheets and many types of clothes.

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— Santa Cruz Mayor Scott Kennedy

Ross Stores Inc. is one of the nation's largest clothing chains.

Based in Newark, the company operates 251 discount clothing stores in 18 states. The company, which has been expanding into downtowns such as Palo Alto and San Francisco, is projecting sales

of \$1.4 billion in 1994.

Duncan said he will reopen talks with two other national retail stores that have expressed interest in the lot.

"The site is available," he said. "We're actively looking to bring an anchor tenant downtown."