

Gottschalks deal closes

Department store was anchor of downtown Santa Cruz mall

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SANTA CRUZ — The sale of Gottschalks Department Store's downtown property to a Palo Alto partnership was completed Thursday.

The property sold for \$1.9 million, according to information on the recorded deed. The deed indicates it was a cash deal.

The sale does not necessarily mean that Gottschalks will not be part of the new downtown, according to company Chairman Joe Levy. He said Thursday his store may return as a tenant depending on what Jack Bariteau and Charles "Chop" Keenan, the new owners, put together on the corner lot and possibly other nearby properties.

"I hope we will be a major player in it (the project)," Levy said.

Gottschalks bought the property, and the department store which occupied the corner until it was destroyed in the Oct. 17 earthquake, in 1988. That deal also included satellite stores in Scotts Valley and Rio del Mar and a building site at the Capitola Mall. Gottschalks is expected to open that mall store next month.

Levy said the sale of the downtown property will be good for the rebuilding of downtown Santa Cruz since he believes a large-scale project is needed for the Pacific Avenue-Cooper Street area. "It will take a developer to put that together," said Levy. "I don't see it happening on an individual basis."

Neither Bariteau nor Keenan were available for comment Thursday.

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Store property sold

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Mayor Mardi Wormhoudt greeted the news enthusiastically. "We should view this as a real sign of health for the downtown," she said. "It's a very substantial investment by a company with a good track record of putting retail projects together. It shows they have confidence in Santa Cruz."

Wormhoudt said she met with Bariteau and Keenan earlier this month and they outlined a proposal for a combination of retail and office space. "They had not settled on an exact concept and seemed open as to that mix," Wormhoudt said.

Economic consultants have said that the future of downtown Santa

Cruz would hinge on the city being able to persuade Gottschalks and Ford's — or two other department stores in their place — to rebuild.

"Obviously in the best of circumstances, you'd hope to have two department stores. That seems to be the current retailing wisdom. But we all know of successful downtowns, such as Los Gatos, without department store and unsuccessful downtowns with department stores," she said.

Wormhoudt says she will continue to try to help Ford's return downtown. That store at Pacific and Cathcart Street also was destroyed in the quake. "We are very interested in having them relocate," she said.