

A post-earthquake economy

Businesses expect two-year recovery

By LANE WALLACE
STAFF WRITER

HALF of Watsonville's central downtown stores have been demolished and business is down at many of the remaining ones, but there's a spirit of optimism among merchants.

"If Ford's can come back with something nice, we could end up with something better" than the pre-earthquake downtown, said Don Henrichsen, of the family-owned John's Shoe Store at 456 Main St.

Henrichsen said he anticipates a two-year recovery period, with sales initially dropping by 20 percent and gradually building back to normal.

"We anticipate staying in business" at the present location, he said.

Henrichsen's attitude is echoed by other downtown merchants. They're prepared for less business than before the earthquake, yet are confident — with some reservations — that the downtown will make a comeback.

There are plans in the works for short- and long-term solutions, although there has been some criticism that redevelopment isn't going quickly enough.

The Watsonville Chamber of Commerce is working on getting between seven and 10 modular buildings to house downtown businesses temporarily and a developer is proposing a project to rebuild the west side of the 300 and 400 blocks of Main Street.

Charlene Shaffer, executive director of the Watsonville Chamber of Commerce, said she expects to get the modulars for the downtown by Dec. 10 and will have no trouble filling them.

Scott Taylor, of Taylor's Office Supply, at 440 Main St., said, "We're going to stay here. We're not getting walk-in traffic, but the majority of our business is delivery," which hasn't dropped off.

"What they need is a mall-type development" to replace what's been torn down, Taylor said.

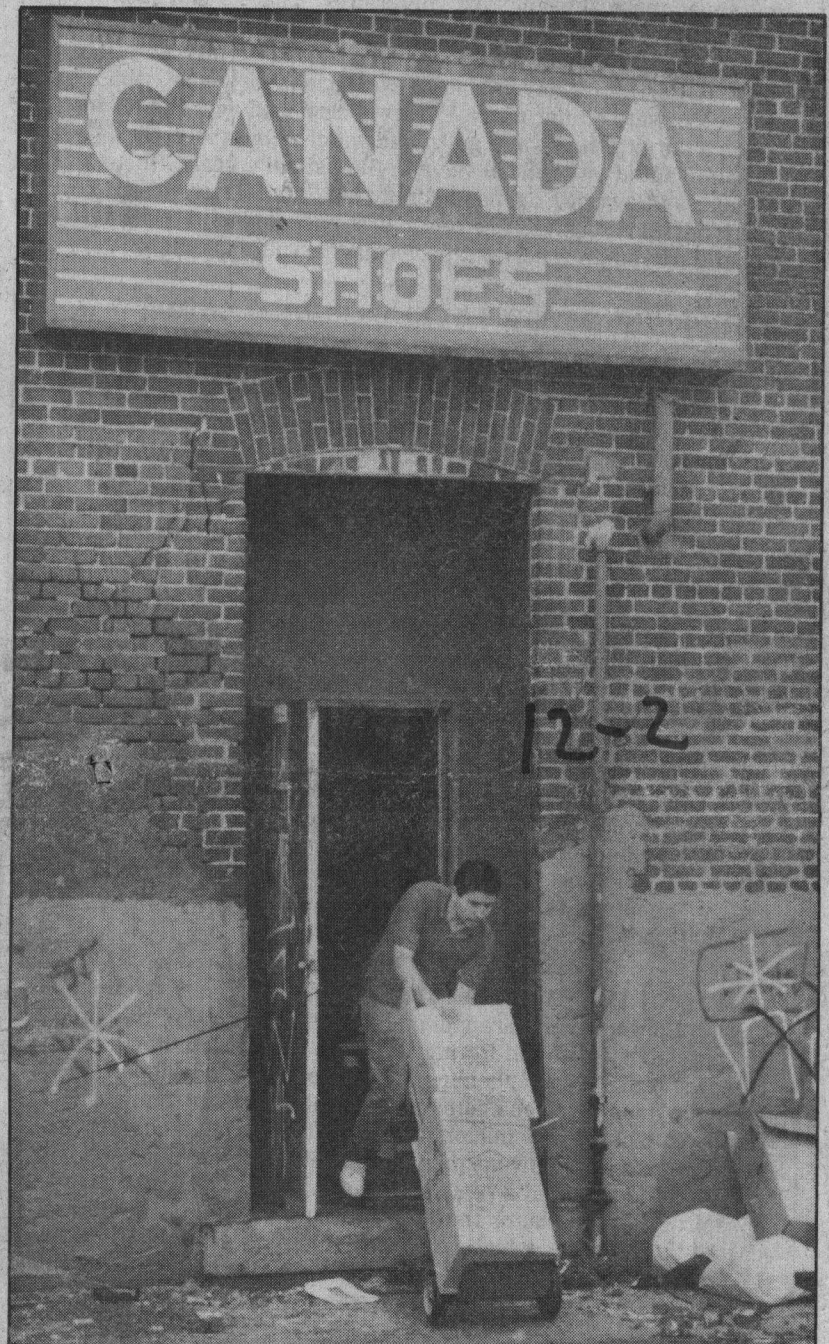
City Manager John Radin hasn't received sales-tax figures for the post-earthquake period yet, but he knows they'll definitely be down for the fourth quarter.

The city was anticipating taxable sales of \$380 million for the fiscal year. Radin and Terry Stigall, the city's finance director, are anticipating a drop of 25 percent for the two months after the earthquake and 10 percent to 15 percent for the fiscal year ending June 30. The lost revenue will have an impact on the city government, too. (See related story on page 9.)

There will be a "trickle-down effect" from the lost revenue and lost jobs in the downtown and throughout the city, Radin said. Every lost job means less money spent at businesses around the area.

There were 1,400 jobs in downtown before the earthquake. No figures were available from the city, the Chamber of Commerce or the state Employment Develop-

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Kurt Ellison

A worker carts inventory out of Canada Shoes on Watsonville's Main Street before the building was torn down.

Weekend report

FUTURE

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ment Department on the number of people now working in the downtown.

The number of unemployment claims at the Watsonville office of the state Employment Development Department is up 17 percent from this time last year. Tad Kimoto, manager of the office, said some of the increase can be linked to the quake, but said it's difficult to draw conclusions from the numbers because they vary from week to week.

Recovery tied to Ford's

When people talk about the full recovery of downtown, they tie it to "when Ford's rebuilds."

Ford's, the four-story department store that had to be demolished, was the largest employer in downtown, with 295 people, including those in the corporate offices and the separately owned stores inside Ford's, such as shoes, appliances, jewelry and the beauty shop.

Hal Hyde, Ford's senior vice president, acknowledged that downtown sales will be off for a while, but he preferred to emphasize what's still there.

"Longs is open. John's Shoe Store is open," Hyde said, rattling off a dozen more stores that remain open. Ford's is out of the downtown, but will soon be opening in the old Dick Bruhn clothing store building on Rodriguez Street, Hyde said.

Ford's has also opened stores in the Crossroads shopping center and Westridge Business park at the north end of town; the Westridge site will close in January.

Hyde said the staff has been reduced by about 110 since the quake; the staff will be increased slightly when the Bruhn site opens.

Ford's is planning to rebuild at its old location, a job that will take at least until 1991, Hyde said.

'It hurts'

Loren Frans, the one-man staff of Appliance Parts and Equipment Distributors, at 426 Main St., stood outside his shop one afternoon last week because there was nobody coming in to do business.

The shop, a branch of the Santa Cruz store of APED, has been in business six months. Although business is off now, Frans said the company was off to a good start before the earthquake and plans to stay "as long as Watsonville doesn't dry up and die," something he doesn't expect to happen.

As Frans talked, another downtown merchant, Ernestine Rodriguez, walked by.

Rodriguez' shop, Ernie's Lady Faire, was demolished after the quake. After being closed for a month, Rodriguez was able to find a small, temporary spot inside Lydia's, a children's clothing store at 463 Main St. She said she's hoping to get one of the temporary

modular buildings scheduled to go in downtown, which would be larger than her spot in Lydia's.

The earthquake meant a month of "zero income," Rodriguez said.

"It hurts," she said.

Rodriguez emphasized the importance of shopping locally to keep dollars in the community, a point made time and again by people in the business community since the quake.

The Watsonville Chamber of Commerce has a campaign called "Santa Claus IS Coming to Town," to emphasize local shopping, and the state Department of Commerce has allocated \$150,000 for a "Shop Santa Cruz County" campaign. Chambers and business associations throughout the county are putting on similar promotions.

The Watsonville Chamber of Commerce is also working on raising money to help businesses damaged by the quake. The Chamber has already raised \$12,000 and is setting a \$500,000 goal; the next step is soliciting corporate donations.

Mark Birns', a clothing and sporting goods store, didn't lose any business because of the earthquake damage — he wasn't ready to open. Birns was finishing the remodeling of the old Pajaro Valley Bakery building in the 500 block of Main Street when the quake hit.

There are now three shops doing business in the building — Birns' own Sporting Life, Felix's Record Store and Gonzales Jewelers. The latter two came from now-demolished buildings in the 300 block of Main Street.

Birns said rebuilding of downtown will be for the best in the long run. The downtown economy was slipping before the quake, he said.

One of the tenants in Birns' new building is Felix's Record Shop, which had been in a now-demolished part of the 300 block of Main Street. Felix Sanchez, owner of the shop, said his business "was beginning to go pretty good" in the old location. The new spot is a little nicer, said Sanchez, who figures it may take his old customers a little while to find his new spot.

Sanchez's old landlord, Stewart Kett, is cautiously optimistic about the downtown's recovery. He believes it can be done only if the rents are kept low on the new commercial buildings.

Kett owned the Stoesser Building, which included the Family Bargain Center. He also owns the East Lake Village Shopping Center.

Kett foresees "businesses for the average guy in America," rather than fancy, expensive buildings and businesses.

Not just in downtown

The earthquake's economic impact is not limited to the downtown. Doug Kaplan, co-owner of Watsonville Square shopping center, said some businesses in his center have been hurt by the quake, but others have been getting extra business.

Recovery of the downtown will help the business community throughout the city, Kaplan said.

"Watsonville is a very small town," Kaplan said. "The downtown and the north end are similarly affected."

John Fry, a partner in CDM Corporation, is proposing a coordinated development of the west side of the 300 and 400 blocks, which would include a new Ford's, a parking garage, retail and office space, and upper-floor residences geared for single people.

The new buildings would rent for \$1 to \$1.15 a square foot, well above the current 40- to 65-cents a foot average for old downtown buildings.

Merchants would have to offset the higher costs by settling for less square footage, Fry said. "They'll have to do business more efficiently," he said, by keeping a minimum of storage space. Fry is dealing with the property owners and said he hopes to get a decision from them in the next two to three weeks.

Increased borrowing

Steve Hertel is in a business that's essential to downtown redevelopment: banking. Hertel, president of Pajaro Valley Bank, anticipates a demand for loans, and he expects the bank will often be able to make the loans.

While some businesses are waiting to reopen downtown, others have found other locations in the city. The Chamber of Commerce has counted 10 businesses that have moved from the downtown since the quake.

Among those leaving the downtown, at least for now, is the Kane-Hall-Palmtag insurance and real estate agency, which has downtown roots going back to 1917.

The company has temporary quarters at 30 E. Fifth St. and soon will be moving to East Lake Village.

"Our long range goal is to buy property in the downtown" and build there, said John Kane, a partner in the company.

The rebuilding of downtown will take leadership from the business community, Kane said.

Mixed feelings

Dr. Jeff Solinas, who moved his practice to Mariposa Street after his old office in the 400 block of Main Street was red-tagged, said he has mixed feelings about the move.

He said he's had some patients who preferred his old location, but has had more people mention they like his new spot better.

"I'm in a pretty fortunate position that I have a pretty loyal following," he said.

Solinas said "downtown was a good place for me," and would consider moving back in several years when the area is rebuilt.

He said he hasn't seen a "coordinated enough effort" for rebuilding yet. But when the downtown does come back, "I'd like to see something good. I'd like to be a part of that."