

Capitola commits \$1M for 41st Avenue improvements

Capitola Mall

Redevelopment funds contingent on Macerich investment

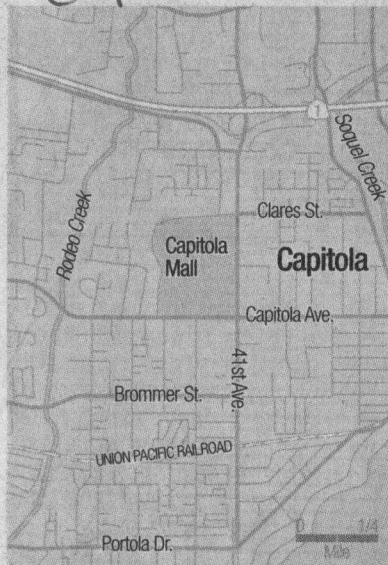
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By JONDI GUMZ

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'We're working with (Macerich) to develop a project budget. The project won't happen until 2016.'

DEREK JOHNSON, Capitola community development director



ANTHONY L. SOLIS/SENTINEL

CAPITOLA — The city of Capitola announced an agreement Friday with the owner of the Capitola Mall, committing \$1 million in future city redevelopment money for public improvements as part of a multimillion-dollar makeover of the aging shopping area on 41st Avenue.

The agreement with the Macerich Partnership was made public by Derek Johnson, the city's community development director.

He said the City Council, acting as the board of the Redevelopment Agency, approved the agreement unanimously after discussions

with Macerich that took a few weeks.

"It catalyzed Macerich to move forward with acquisition of the Kohl's building," Johnson said. "It's in escrow now."

Kohl's is one of the anchor stores at the mall. Its 75,000-square-foot building was put up for sale in January for an undisclosed price. Other parts of the mall not owned by Macerich include the empty Gottschalks space now owned by

Target and Sears.

Chuck Davis, vice president of development for Macerich, said, "We are very pleased to be a part of the strategy development for the 41st Avenue corridor improvements along with the city."

The city's investment is contingent on Macerich redeveloping the mall, which opened in 1977, expanded in 1989 and became a

SEE MALL ON A2

MALL

Continued from A1

magnet for county shoppers but has been losing market share. If the mall redevelopment does not occur, the city is not obligated to fund public improvements, according to Johnson.

Eighteen months ago, consultants from Applied Development Economics told the city that 41st Avenue needs to become less auto-centric and more pedestrian-friendly to draw shoppers. Annual sales of businesses on 41st Avenue

sagged 24 percent from \$487 million in 1999 to \$368 million in 2008.

Johnson did not have a specific dollar figure for the Macerich redevelopment but he expects it would take "millions" to put building pads for new stores along the 41st Avenue frontage, space currently occupied by landscaping and parking.

"We're working with them to develop a project budget," he said, noting, "The project won't happen until 2016."

Asked what the city envisions the new mall to look like, Johnson said, "People have used Santana Row as

an example, with a Capitola twist."

Designs will be discussed at a community meeting in July; a date has not been set. Any construction plans for the mall would require city review and approval.

The agreement calls for construction to be completed within three years of the city's adoption of a new general plan, with two one-year extensions. The general plan is expected to be completed in 2013.

At a community workshop March 19, residents voiced support for 41st Avenue frontage improvements, Johnson said.

The city money would be spent to widen sidewalks, plant street trees, improve bicycle access and assist with the reconstruction of the Metro bus stop at Capitola Mall. Whether the bus stop would be moved or redesigned has not been determined.

"We want to work with the transit district and Macerich to figure out the best location," Johnson said.

The \$1 million would come from uncommitted future redevelopment revenue, he said, noting the current redevelopment budget is \$2.3 million. These funds are not available for flood relief, he added.