

Staff of Life to move, expand

RECESSION HELPED OWNERS REACH DEAL TO BUY EMPTY CAR DEALERSHIP



DAN COYRO/SENTINEL

Richard Josephson and Gary Bascou are moving Staff of Life across the street to the former Pacific Coast auto dealership. The present location has 26 parking spaces while the new location will have 150.

Bus.
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- 1 Shopper's Corner
622 Soquel Ave.
- 2 Whole Foods
911 Soquel Ave.
- 3 Safeway
117 Morrissey Blvd.
- 4 Staff of Life (old)
1305 Water St.
- 5 Staff of Life (new)
1266 Soquel Ave.

MAXWELL HENDERSON/SENTINEL GRAPHIC

SANTA CRUZ — The owners of Staff of Life natural foods market have bought the empty Pacific Coast car dealership a block away, with plans to open a larger store a year from now.

The deal, which closed last week, means the locally owned market, operating in a cramped location at 1305 Water St., can expand by 5,000 square feet at 1266 Soquel Ave. and more than quadruple the parking spaces.

Supermarkets have resorted to supersizing to curry favor with local grocery shoppers. In the last three years alone, they've seen their choices expand to include a huge new Safeway on 41st Avenue in Soquel and one almost as big on the Santa Cruz Westside, expansion of the Westside New Leaf Market and remodel of the one downtown and two new Whole Foods Markets.

Staff of Life, owned by Richard Josephson and Gary Bascou, remained small by comparison but has built a loyal



DAN COYRO/SENTINEL

The present Staff of Life store is 16,000 square feet under three roofs. The new store will occupy 21,000 square feet.

following over 40 years.

"It's a testimony to how well our customers like us," said Bascou, noting the existing 16,000-square-foot location has only 26 parking spaces compared to 150 at the new site.

Josephson guaranteed the new market will "retain the original's mellow, down-home, local charm, and not be cookie-cutter in any way." He also promised "some major new wrinkles not seen in the industry."

Over the years, he said, the

OLD VS. NEW

EXISTING LOCATION: 16,000 square feet, 26 parking spaces
NEW LOCATION: 21,000 square feet, 150 parking spaces

GROCERY

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store had "hodgepodged" into two buildings, one with organic produce, bulk foods, meats, seafood and a deli, and the other for health and beauty products, so the new location will mean greater efficiency.

Joe Appenrodt, who represented seller Brian Meikle, declined to reveal the selling price but the last asking price was \$5.365 million for the Soquel location. Longtime Eastsiders remember when Safeway opened at 1266 Soquel Ave. in 1951.

Staff of Life faced an old non-compete clause attached to the property when Safeway moved after 20 years to Morrissey Boulevard. Josephson decided to go ahead after getting opinions from four attorneys including one representing the city of Santa Cruz.

"It's a calculated risk," he said. "Hopefully they would want to work out a deal with our landlord to take over our property. Since we're neighbors, let's be friends."

Safeway has upgraded other stores locally, including a \$28 million Westside expansion, but not the Eastside location next to Staff of Life.

Susan Houghton, Safeway's director of public affairs, said she didn't think the chain would object to Staff of Life taking over the former Safeway spot.

"If it allows us to expand, I think it would be a win-win," she said, noting that a Safeway expansion depends on whether an agreement can be reached with the property owner.

Bonnie Lipscomb, the city's director of economic development and redevelopment, called the Staff of Life purchase "a great move and an appropriate adaptive reuse of the vacant site."

The city supports an Eastside Safeway expansion, she added.

The downturn shuttered not only Pacific Coast, but also the Harley-Davidson motorcycle dealership on the Eastside. Santa Cruz Subaru moved to Capitola, leaving another empty storefront.

"It's almost a blight area," Bascou said. "Half my friends think I'm nuts."

The popping of the real estate bubble is what made the deal possible for Josephson and Bascou.

Their agent, Tom Stelling, said the car dealership property appraised at \$8 million at the height of the market two years ago.

Another group pursuing the property for more than a year had plans to build condos or apartments, then backed out. Real estate prices fell, and the federal government reduced fees for small business loans to stimulate the economy. Interest rates are in the low

5 percent range for Small Business Administration loans.

"Wells Fargo and the SBA came through like champs," Josephson said.

Bascou, who admits to being "over 65" and "no spring chicken," welcomed the opportunity to give Staff of Life "its own little spot in the universe," one that is not rented.

"We both want to leave something positive for the community and not have out-of-town competition take over the territory," he said, referring to Whole Foods, the Texas-based organic grocery giant that opened down the street a few months ago.

John Sutti, who has designed hundreds of independent grocery stores over three decades, will create the new Staff of Life.

"I love their store the way it is now," said Sutti, 72. "It hasn't gone upscale. It's authentic."