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Consultant to city: Get downtown anchor store and more will come

By JONDI GUMZ

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SANTA CRUZ -- If Santa Cruz doesn't do something to attract an anchor downtown, the city runs the risk of losing coveted stores such as Apple to the proposed Scotts Valley town center or the Capitola Mall.

That's what city redevelopment director Bonnie Lipscomb told City Council members Tuesday night, presenting a report by Robert Gibbs, a national retail consultant, on how to regain up to \$237 million in retail sales.

Lipscomb calculated that increase in sales could create 943 jobs.

After two and a half hours of discussion, the council voted unanimously to accept the report, directing Lipscomb to pursue the short-term, medium-term and long-term measures Gibbs identified for the downtown, beach area, Westside and Eastside over the next five years.

The idea of exploring a pedestrian mall, suggested by residents rather than Gibbs, was nixed.

The cost for all the Gibbs' recommendations is about \$300,000, with about \$175,000 coming from redevelopment funds, and some items are already budgeted, Lipscomb said.

The most expensive item is security patrols downtown, with a price tag of \$90,000 a year.

Gibbs' report said Santa Cruz retailers are doing better than expected, given current conditions, yet are losing 85 percent of the potential sales

to stores outside the city.

"That's an issue for me," said Bill Tysseling of the Santa Cruz Chamber of Commerce, which has been working with Gibbs to improve sales for local

retailers. "We can have an extraordinary boon in Santa Cruz without the economy changing by capturing this loss."

Among the reasons for lost sales: Commuters.

Of the 136,000 county residents with jobs, 25 percent are commuting outside the county, most likely Silicon Valley, which has many of the national chains that have bypassed Santa Cruz

Michael Spadafora, owner of Java Junction, supported Gibbs' analysis that Santa Cruz could support more retail.

"Costco does 175 percent of projected sales," he said, adding that chain stores like Apple and Restoration Hardware would "bring more affluent people in town to go shopping."

Business owner Mark Mesiti-Miller, a city planning commissioner, cited Gibbs' expertise and encouraged the council to take his advice.

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Nina Simon, director of the Museum of Art and History downtown, noted museum visits are up 160 percent, offering her support to revitalize Abbott Square, which has some empty retail spaces.

Resident Reed Searle urged consideration of a pedestrian mall, which local property owner Doug Ley opposed.

"It is death to retail," Ley said, contending downtown would "become nothing more than a place to congregate."

Councilwoman Katherine Beiers wanted to look at the pedestrian mall concept but Councilwoman Lynn Robinson declined to amend her motion.

Mayor Ryan Coonerty and Vice Mayor Don Lane suggested looking at ways to make it easier to close Pacific Avenue to traffic for special events, and Robinson was amenable.

Lane asked about specific targets for a percentage of national stores vs. local stores, to which Lipscomb said the goal is to attract two national retailers downtown.

He said his priorities are "way-finding," which means improving signs to help newcomers find their way to the shopping areas, and connecting the beach to the downtown.

Currently that requires five turns and two river crossings, a challenge for first-time visitors.

Another priority for Lane is to find another national retailer for the Harvey West area. First, the Highway 1 and 9 intersection must be revamped, and that will be expensive; Caltrans is now charging for for time spent reviewing road projects.

"Costco is our single largest generator of sales tax," Lane said. "If we could find another ..."

Yet he does not want proliferation of chains, just a select few.

"What it takes is these key anchors," he said. "Our bias is we would maintain a predominance of locally owned retailers."

Coonerty said discussions are under way with two potential national retailers for downtown.

"The good news is people are calling," he said.

He asked how quickly way-finding signs could be put in place.

Lipscomb said nine companies responded to a request for sign proposals, with the next steps interviews and selection. Assuming the redevelopment funding dispute is resolved in January, the work could be done in six months to a year.

She said \$300,000 was budgeted for gateway signs and \$1.4 million in bonds were sold to pay for signs in shopping areas, including the wharf.

Councilwoman Hilary Bryant asked for a review of the parking deficiency fee, which affects retailers.

Councilman David Terrazas asked about plans



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for the Westside and Eastside shopping areas, which will involve banners, and wondered how the city can communicate its retail successes.

Councilman Tony Madrigal suggested Santa Cruz copy Santa Monica, which lights downtown trees with white Christmas lights year round, and pursue a Wi-Fi corridor downtown to appeal to shoppers with mobile devices.



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