

# CAPITOLA Advocate



Vol. 1 Issue 4

Essential News for Businesses, Investors and Residents

July August 2017

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Advocate

third generation

## Benjamin Ow

helps expand family  
ventures and his own



Benjamin Ow pictured with father George Ow Jr., talks about the future of retail, Capitola, recent developments, his own investment group and more.

# The Ow Family Brief

*By Benjamin Ow* My grandfather bought the undeveloped corner land parcel that is now King's Plaza, Capitola in 1962 in a few stages. He had been running small grocery stores in Monterey and was looking all over Central California for a few acres of land to build a supermarket. He had done his homework by reading and talking to knowledgeable business people about good retail locations. One thing he read was that the best location for a retail store was the first major corner off of a four clover leaf freeway. When he looked in Capitola and saw the corner of 41st Avenue and Capitola Road, it was a country corner surrounded by cow pastures, begonia nurseries and agricultural crops like strawberries and beans. People had egg factories and raised animals like goats, pigs and sheep. There wasn't much there, but he remembered the article and when he saw that the corner was available, "Eureka" went off in his head and he bought it. In my family's opinion, it is still the best corner in the entirety of Santa Cruz County for a retail center and the trophy property in our portfolio of properties.

*An overview of recent Ow Family Ventures by George Ow, Jr.*

Our business specialty is real estate and we are committed to investing in real estate projects in Watsonville and the Monterey Bay Region; we try and focus on projects where we can improve a property and add value.

The purchase of the 86,000 vacant square foot 130 Hangar Way Building, secured Fox Shox as a tenant. Fox Shox started with 100 employees and peaked at 600 employees

The purchase of the mostly empty 40,000 square foot 300 Westridge Drive building and brought Happy Tours from Scotts Valley to fill the building. Later, Happy Tours was replaced with Driscoll's and helped satisfy Driscoll's urgent expansion needs.

Directly involved with construction of the 49,000 square feet original FedEx Ground building at 165 Technology Drive and the 12,000 square foot expansion. (FedEx recently moved into the new 194,000sf building constructed by Ow Properties) and is expected will soon be buzzing with activity again, likely

*Con't on page 9*



**A young Benjamin Ow sits next to his legendary father George Ow, Jr. on the cover of the Good Times, year 1986. Benjamin leads a third generation of the Ow family real estate and business development which started with his grandfather's market on 41st Ave. and Capitola Rd.**

# The Village Beat



**The Zen Gallery Building, formerly the Craft Gallery building for years, closed escrow at \$3.15 million. The building features a mixed use of 4,678 sq. ft., on 2613.6 sq. ft. lot. The building is 125 years old, and has no off street parking.**

The last few months have been anything but dull in real estate and business ventures. On the top, the ZEN building on the corner of San Jose and Stockton closed escrow at \$3.15 million. The building has two commercial tenants on the ground floor and some 4 residential on the upper floor. There is no off street parking.

Not far away on 510 Oak St. a 3 bedroom bungalow style house sold off market for \$950K.

The 22 unit Cliff apartments, perched on the Depot Hill bluff on the corner of Grand and Cliff listed a few weeks ago for \$17,000,000. Rumor is there is a serious investor looking at a buy in. It was heard the complex was in escrow before the listing for \$22 million but the buyer

backed out. The property has been plagued with cliff erosion. The current owner spent upwards of \$500,000 reinforcing the foundation and building retaining structures.

On the retail side the Wine Tyme  
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## Capitola Advocate

*The Capitola Advocate is a publication specific to Capitola. The content is intended to provide and keep residents, business and property owners informed of decisions and developments in the City. Published the first week of each month.*

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# Benjamin Ow and family three generations of Santa Cruz County Development

*Benjamin Ow is a top executive of Ow Family Properties, a real estate development, property management, and asset management company based in the Monterey Bay region since the early 1960's. Benjamin Ow is also the founder and President of Ow Commercial, a boutique commercial real estate brokerage firm that specializes in investment sales for high net worth clients throughout the United States.*

*Ow Family Properties owns and self manages a diversified regional portfolio of quality commercial properties totaling almost 1.5M square feet. Since Benjamin took over co-leadership of the Ow Family businesses 10 years ago he has helped strategically increase Ow Family Properties' portfolio size while substantially strengthening the portfolio by adding high quality assets (such as the Santa Cruz Whole Foods and Rite Aid, Watsonville Ross, Salinas Save Mart Anchored Center, and Gilroy Mi Pueblo (anchored center)).*

*Benjamin also was the lead developer for the newly constructed 194,000 build to suit Watsonville FedEx facility along Highway 1 in Watsonville. Benjamin has helped implement modernized business practices for Ow Family Properties resulting in increased efficiency, improved production, increased net income, and helped contribute to increased occupancy levels throughout the portfolio; average occupancy levels throughout the entire Ow Family portfolio are currently over 97%.*

*Benjamin founded Ow Commercial after distinguishing himself as a top broker for major national commercial real estate brokerage firms Colliers International and Grubb & Ellis in Los Angeles.*

*Applying invaluable experience as a successful agent with two of the country's largest brokerage firms, Benjamin focused on offering clients a*

*more personalized experience and a higher level of service than is available at larger corporate firms.*

*Ow Commercial has successfully brokered nearly \$1B of transactions since its inception.*

*Benjamin graduated Cum Laude and Phi Beta Kappa from the College of Honors at the University of California at Los Angeles with a major in Economics and a specialization in Finance. He graduated with honors from the University of Southern California and successfully completed the Master of Real Estate and Development program.*

***Question: Retail appears to be going under historical changes. Online sales have and are taking their toll on brick and mortar stores. How have you been dealing with this at your shopping centers? Have any of your merchants felt this impact?***

The makeup of retail shopping centers has been changing over the past few decades and the speed of change has grown exponentially over the past decade, in great part due to the increasing role that the Internet and technology play in our lives. Online retailers such as Amazon make it ever more challenging for brick and mortar retailers to compete selling goods. Amazon was able to operate for many, many years, without making any profit and instead spending billions of dollars to be able to offer the lowest possible prices; most other retailers don't have the luxury of operating this way and therefore it is a challenge for both chain and especially "mom and pop" brick and mortar retailers to compete, especially when online retailers benefit from reduced overhead costs and often no sales tax. The result of online sale competition and consumers spending more money buying goods online is that there are fewer physical stores selling products and more spaces dedicated to services (shipping, massage, salons, tax advisors, tanning,



**Benjamin Ow addresses the opening of the FedEx facility at Manabe-Ow Business Park complex in Watsonville**

cryotherapy, gyms, etc.) and restaurants; types of uses that are not easily replicated online.

***Question: What advice would you give independent retail stores to survive in this new online environment?***

Competing strictly on pricing is an uphill battle, so it is important to offer your customers something that they cannot get by going online, such as superior service, knowledge, convenience, specialized products, immediacy, etc. A hot term in the commercial real estate industry right now is "experiential retail". Experiential retail is something that cannot be replicated online and instead is sought after by customers. It is offering customers an experience that adds value to whatever you are selling and keeps them coming back.

***Question: How would you profile the typical shoppers at Kings Plaza? Would they be different from Capitola Mall? Do you consider students from UCSC or Cabrillo a significant customer base for Kings Plaza?***

King's Plaza Shopping Center is a neighborhood/community shopping center that is anchored by daily needs tenants (Lucky's and Rite Aid), specialty stores (OSH, CineLux

Theatres, Palace Art & Supply, O'Reilly), restaurants, and service oriented tenants; the center caters to locals and tourists within relatively close proximity who come frequently to buy groceries, pick up prescriptions or home supplies, go to the movies, and eat at the restaurants. The property caters to residents and tourists in the immediate area as opposed to college students from any particular college. The Capitola mall (excluding Target), is less of a daily needs center and more of a destination retail center. As such, they draw from a slightly different customer base. We have many customers who visit King's Plaza Shopping Center daily or weekly, who have not been to the Capitola Mall for years.

***Question: Many eyes are on Capitola Mall. The multiple owners of the different sections seem to hinder their ability to make changes, case in point, the empty Marie Calendars building and Sears. The central section purchased last year by Merlone Geier has a number of vacancies. Sears automotive closed and Sears as a corporation may soon file bankruptcy. What do you see that would work at the Capitola Mall?***

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*. (What do you see that would work at the Capitola Mall)?*

The Capitola Mall is a large property that is complicated by multiple property ownerships and restrictive covenants that specify what types of uses can operate there and what property owner approvals may be required for certain types of uses (fitness centers, theatres, etc.). My understanding is that Home Goods, Petco, and TJ Maxx, have already committed to leasing a portion of the Sears space and are in the process of getting their entitlements. Redeveloping the central portion of the mall will require a lot of vision, capital, and patience by Merlone Geier due to the complexities involved with such a large scale and complex development. I am hopeful that they redevelop the mall in a manner that brings new types of businesses and uses to Capitola that are not already here. Focusing on new businesses and uses and redeveloping the mall in a manner that is consistent with community values should result in a successful project that is embraced locally and draws customers from throughout the region; this could be a great outcome.

***Question: Capitola Mall primary tenants tend to be national chain stores. Many of your tenants seem to be more local independent merchants or regional chains. Would this be the difference in low vacancy at your centers?***

My family and I are fortunate that King's Plaza has been essentially fully leased for many years in a row. We work hard to keep the property well maintained, curate a synergistic tenant mix, and offer a great value to our tenants, but much of the reason that King's Plaza has been full for so long is that King's Plaza is a daily needs center, on what I would consider the #1 retail corner in the entire county, with very high customer traffic that fuels the extraordinary success of most of our tenants. The visibility, accessibility, location, on-site property management, low NNN's, and demographics give King's Plaza (and our tenants) a competitive advantage over most any shopping center in the region. My family and I strive to keep a quality

tenant mix full of national, regional, and local tenants as we believe each type of tenant adds to the center and appeals to different customer bases.

***Question: Regarding a Retail Outlet Center. Do you think one would work or be appropriate for Santa Cruz County?***

I believe a number of developers have tried to develop retail outlet centers in Santa Cruz County in the past and have been unsuccessful. The major challenges that I see are demographics and access. We don't have a large enough population to support a decent size outlet center and Santa Cruz County is not easily accessible enough to attract a large customer base from out of the area.

***Question; Do you see regional shopping centers fading as an American institution or do you think there will be a revival of sorts? And if so, how?***

Regional centers are still alive and well, but the top centers are thriving, while the older/outdated centers are failing. Trying to find a parking space at Santana Row or Valley Fair on a weekend is no easy task because those centers appeal to so many customers. People still flock to these type of experiential retail destinations for shopping, restaurants, hotels, theatres, and overall atmosphere. With that being said, on a national scale, we are "over-retailed"; we have more retail space per capita than most other developed nations. With the rise of internet sales, we have more retail space, on a national level, than we probably need. That is why you see so many conversions of old and outdated malls into new property types and uses: into schools, housing, office campuses, etc. For supply constrained areas—meaning you cannot readily just build new centers endlessly, or at all-- such as coastal California, retail centers remain in demand and pretty successful overall. Even in very successful centers, there has still been an increase of service and restaurant uses because this has been an industry wide change. I think that top retail centers will remain successful retail and social hubs long into the future, but older malls in markets with no supply constraints



**CineLux Theatres at Kings Plaza, 41st Avenue in Capitola offer top movies in a new stylish remodeled group of cinemas. Spacious new seating provides comfort, great viewing, with ample leg room.**

will need to be repositioned in order to survive.

***Question: 41st Avenue is the financial engine for Capitola, bringing in massive annual sales tax revenues. There is much concern about buildings being rented to non-taxing entities like medical. What can the City of Capitola do, to encourage retail entities?***

This is more of a market wide phenomenon, that I mentioned earlier (as online retailers gain market share, physical retail spaces are being leased to more service oriented providers), than something that the City of Capitola can control. With that being said, the City of Capitola can encourage new retailers to enter the market by streamlining and expediting the permit process (use permit, building permit, sign permit, etc.) and loosening up parking requirements which often restrict restaurant uses from going into retail spaces that may otherwise be leased to businesses that don't generate as much sales tax revenue.

***Question: What can the City of Capitola do to help Kings Plaza grow and increase retail revenues?***

My family and I spent over a year working hand in hand with the City Planning Department to get a new

Master Sign Plan approved for King's Plaza Shopping Center. I am very pleased with the support we received from city staff (thank you to Katie Herlihy and Ryan Safty and the Planning Commissioners) and can't wait for the new monument signs along 41st Avenue, Capitola Avenue, and 38th Avenue to be installed. During the MSP process, city staff and the planning commissioners listened to the needs of our tenants and supported a new sign plan that we believe will help our tenants succeed. Our new signage will be attractive and modest in size, but will provide needed visibility for all of our tenants. In terms of things that the City can do to help King's Plaza continue to be successful moving forward, I would say that the most helpful thing would be for the City to streamline and expedite permit processes, especially related to approved uses in existing buildings, and to allow flexibility for uses, parking, etc., that will need to change over time to adapt to different needs of the community, driverless cars, overall market conditions,

***Question: Have you ever considered or discussed a drive through fast food restaurant for Kings Plaza?***

While there are countless national chains that would love to have a drive through fast food restaurant at King's Plaza, Cont page 7

# What will happen to Capitola Mall?

The glee that followed the sale of Capitola Mall to Merlone Geier, a real estate developer, is fading, and for good reason. There is no one standing in line to lease the growing number of vacancies. Sears Auto that moved out under the cover of darkness has left a area the size of an ice rink, on the south side. Sears itself, is in serious trouble and could close many more stores including Capitola by year's end. Macy's as a corporation is facing desperate times to the point where it will be changing its sales and merchandising to more of a rack, self serve discount store.

As one enters the Capitola Mall from the 41st Ave. side, things don't seem that bad. Starbucks to the left, Chili's to the right. But walk 50 feet and you come upon two non-national jewelry firms. Upon entering and glancing down the left wing, there appears to be a Hispanic style bridal gown store, and three large vacancies. Glance down the right wing and you will see the very large empty space, of the former store The Limited, located next to a Macy's entrance. All these would be considered prime retail locations. There was one more prime corner location next to Daniel's Jewelers that sat empty for months, but was just grabbed by Stern Travel accessories company, who moved from a less foot traffic area. Prior to selling the central property to Merlone Geier, the Macerich Corp.,

were going to develop it into a high end complex. This is not the style of new owners Merlone Geier who prevail in more of a blue collar tenant mode.

Much of the concern and loss is due to one word, Amazon. Online sales have and are making brick and mortar stores relics of the past, as chain store bankruptcies appear daily in financial reports.

Can the mall be turned around? Maybe a 50/50 chance. The new owners only own half the mall and are bound by a complex and paralyzing contract with seven other owners. An agreement of which requires a unanimous consensus by all parties to change anything. The former Marie Callender's building on the north side is under contract but negotiations have stalled due to the restrictive conditions.

What is even more disconcerting is that the mall lay out on Merlone Geier's own website does not reflect the real number of vacancies.

There is no quick and easy answer to turning around Capitola Mall. If it is turned into partial mixed use like housing, storage, or service center or functions, sales tax revenue will drop further leaving the City of Capitola with even less income that was always counted on. The mall is already about 40 percent less revenue generating than at its peak.

The trend of online sales is accelerating. *cont on page 11*

Capitola Mall's vacancies are increasing. This crisis is not unique to Capitola. Across the country malls are closing due to a number of reasons, the main one being Internet sales. Online sales are killing chain stores and even anchor stores like Sears, JC Penney, Kohls, and even Macys. The photos at right show Rue 21 (bankrupt), Pac Sun (bankrupt), Zuminez, The Limited (bankrupt), Aeropostale not shown (bankrupt). Most all these occurred this year.



# Granny units coming to Capitola. Make your house a duplex, detached or inside

The unthinkable has happened. Once strict Capitola building and use codes have been shaken to accommodate new socio/economic needs. Resulting from pressure by the State of California to create more affordable housing, Capitola, like Santa Cruz County and City will soon be adopting a policy to allow the building of granny units, or additional dwelling units (ADL) on your property. Capitola will also make it possible to add JDUs (inside or junior dwelling units) by taking a portion of your home and converting it to extra separate living space.

The new regulations would go into effect outside the coastal zone 30 days after City Council adoption. No changes would occur within the coastal zone until the coastal commission certifies the new zoning code, which will likely take 18+ months following local adoption. The Coastal zone area is 1,000 feet from the shoreline.

## What is an ADU

An ADU is a secondary dwelling unit with complete independent living facilities for one or more persons and generally takes the forms:

**Detached:** The unit is separated from the primary structure

**Attached:** The unit is attached to

the primary structure

**Repurposed Existing Space:** Space (e.g., master bedroom) within the primary residence is converted into an independent living unit

**Junior Accessory Dwelling Units:** Similar to repurposed space with various streamlining measures ADUs offer benefits that address common development barriers such as affordability and environmental quality. ADUs are an affordable type of home to construct in California because they do not require paying for land, major new infrastructure, structured parking, or elevators. ADUs are built with cost-effective one- or two-story wood frame construction, which is significantly less costly than homes in new multifamily infill buildings. ADUs can provide as much living space as the new apartments and condominiums being built in new infill buildings and serve very well for couples, small families, friends, young people, and seniors.

ADUs are a different form of housing that can help California meet its diverse housing needs. Young professionals and students desire to live in areas close to jobs, amenities, and schools. The problem with high-opportunity areas is that space is limited. There is a shortage of affordable units and



**Upon Council approval, Capitola will adopt a California State mandated program to allow building granny or ADU's (Accessory Dwelling Units) with very flexible conditions. The concept is to ease the housing shortage.**

the units that are available can be out of reach for many people. To address the needs of individuals or small families seeking living quarters in high opportunity areas, homeowners can construct an ADU on their lot or convert an underutilized part of their home like a garage to a junior ADU. This flexibility benefits not just people renting the space, but the homeowner as well, who can receive an extra monthly rent income.

ADUs give homeowners the flexibility to share independent living areas with family members and others, allowing seniors to age in place as they require more care and helping extended families to be near one another while maintaining privacy.

Relaxed regulations and the cost to build an ADU make it a very feasible affordable housing option. A UC Berkeley study noted that one unit of affordable housing in

the Bay Area costs about \$500,000 to develop whereas an ADU can range anywhere up to \$200,000 on the expensive end in high housing cost areas.

ADUs are a critical form of infill-development that can be affordable and offer important housing choices within existing neighborhoods. ADUs are a powerful type of housing unit because they allow for different uses, and serve different populations ranging from students and young professionals to young families, people with disabilities and senior citizens. By design, ADUs are more affordable and can provide additional income to homeowners. Local governments can encourage the development of ADUs and improve access to jobs, education and services for many Californians.

To learn more about Capitola's ADU program, visit [www.TheCapitolaAdvocate.com](http://www.TheCapitolaAdvocate.com)



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## Ow Concept

we have not seriously considered pursuing a drive through fast food restaurant due to a number of reasons. Thankfully, we are 100% leased with an excellent tenant mix, have many tenants that would like to lease space at King's Plaza if any of the current tenants leave, and I don't foresee the need for a drive-through restaurant at King's Plaza in the near future. If anything, we'd rather increase the density of development at King's Plaza in the future to provide customers with more great stores and businesses as opposed to dedicating more space to parking and drive through lanes.

**Question: One of Kings Plaza's anchor stores, Orchard Supply, has gone through some bumpy roads. Should they ever leave, do you feel confident you could lease that location within a short time? Would you favor a store like Lowes if it could fit?**

Lowe's bought OSH out of bankruptcy in 2013; therefore, Lowe's is OSH's parent company. OSH did go through some very hard times during the recession, but since OSH was purchased by Lowe's it is much stronger financially and strategically. Lowe's purchased OSH because it gave Lowe's access into very supply constrained markets where the larger 100,000sf Lowe's footprints couldn't fit. OSH recently reinvested millions of dollars into its space and completely transformed it into an open, airy, light-filled, modern space that offers an inviting and attractive atmosphere for its customers, coupled with OSH's top notch customer service. I don't think OSH will be leaving anytime in the near future, but if they did, I do have a number of tenants who have expressed interest in the space should OSH ever leave. Backfilling the OSH space would not be a problem given current market conditions, but OSH has been a great long time tenant (since 1972)

that we really like and with Lowe's backing, should hopefully be around for another 45+ years. Enter Text Here.

**Question: This intersection of Capitola Road and 41st Ave., seems to lack a Starbucks or Peets Coffee. Is that something we can look forward to in the near future?**

Starbucks seem to be everywhere, but since there is a Starbucks at 1955 41st Avenue, only .4 miles away, I would be somewhat surprised if they want to open another store at Capitola Road and 41st Avenue. I think there is a good chance that another popular coffee chain, such as Peets Coffee (or similar) will come to the intersection of Capitola and 41st Avenue at some point in the future. There have been a number of strong coffee companies looking for spaces in the area and it is just a matter of the right space becoming available for lease before one of them comes to this intersection.

**Question: You have Diversified Ow Properties into areas of industrial, commercial, R & D, and other entities beyond retail. How are these projects doing?**

My family and I are very fortunate to live, work, and do business in Santa Cruz County. Our market is extremely supply constrained, which helps us keep our properties full and thriving. At this point in time, all of our properties (retail, office, R&D, warehouse, etc.) are fully leased to hundreds of fantastic local, regional, and national tenants, except for the former FedEx Facility at 165 Technology in Watsonville, which FedEx moved out of when we built FedEx a brand new 194,000sf facility in Watsonville last year. The former FedEx Facility at 165 Technology in Watsonville is one of the premier distribution warehouses in the region and is the only building available of its type and size (62,000sf) in the area. We have a number of tenants that are pursuing the building now and I

expect to lease it up shortly. As such, thankfully, our portfolio of properties is doing as well as it ever has and we are fortunate to get to work with some of the area's most successful and innovative companies as our tenants. My goal is to continue to buy, reposition, and develop more properties (of all types) in the area moving forward.

**Q15: You have stated that Ow Properties has years of well established relation with FedEx. How did this come about? Is this part of a business plan to move towards and connect with the online sales market?**

Our relationship with FedEx Ground began in 2003/2004 because we sold a 6.3 acre parcel of land we owned in Watsonville to a preferred FedEx developer and then bought the finished building, leased to FedEx Ground, back from the developer after it was complete; that started our relationship with FedEx and we have been buying, selling, and developing FedEx Ground facilities ever since then. FedEx is a very successful company and strong tenant that has benefited directly from online sales and all of the associated shipping. Working with FedEx and having them as a tenant is a nice way to diversify our holdings and benefit from the increase in online sales.

**Question: The Borland International research Scotts Valley campus sold in auction for a fraction of what it was built for. At a sales price of \$12.5 million, this was about 1/10th of what it cost to build. Many people wondered why some local large investors like yourselves, or even tech investors did not make a move to acquire this. Is there more to this odd story than we know?**

Enterprise Technology Center (formerly Borland's headquarters) is a beautiful property that was specifically designed and built, at great expense, to be a single tenant office campus for Borland. However, there are not many, if

any, 400,000sf office tenants looking for space in the market. As such, the new owner would need to subdivide the building for multiple smaller tenants. Because the building was designed for a specific user, it requires a lot of time, energy, and resources to reposition the property for multiple, smaller tenants. Moreover, at the time the building was sold, only a small portion of it was leased, yet the operating expenses (property taxes, insurance, common area maintenance, utilities, etc.) at the building were running hundreds of thousands of dollars a month. The large carrying costs combined with the capital investment to reposition the building as a multi-tenant building prevented many local investors from pursuing the property. The \$12.5M purchase price is a great price for such a beautiful property, but an investor needs much more than just the purchase price to be able to buy the property, they need many more millions of dollars to do tenant improvements and have reserves to pay millions of dollars a year in operating expenses. With that being said, hindsight is always 20-20, and the buyer who purchased the property a few years ago had the vision, capital, and risk tolerance needed to make what has proven to be an excellent investment. Once they signed the 20 year lease with UCSC for 130,000sf, the investment became a home run.

**Question: Your large projects like the former Wrigley building, now the Campus Business Center, the Manabe-Ow Business Park in Watsonville, to name a few, have created much vitality and employment in the County. Do you have similar projects on the drawing board?**

Thank you for your kind words. My family and I are constantly working to improve and reposition existing properties as well as develop new properties in order to create new projects that enhance our community, whether that means generating new jobs,

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# Village values jump

*Cont from page 2*

was sold, and the new owner is the Cork and Fork. The Wine Tyme owners hit the lotto a couple years ago with the City that gave them a special “shared hours” condition which allowed them to add a patio, fire pit, additional seating, and live music among other things. This special favor no doubt immediately raised the value of their business,

and remains a controversial concept. Such favoritism can lead to much discord as similar businesses start to request similar favors.

The Carmel Company opened up shop on Capitola Avenue in the Anje location that was there for years. It is believed the rent is about \$3,700/month.

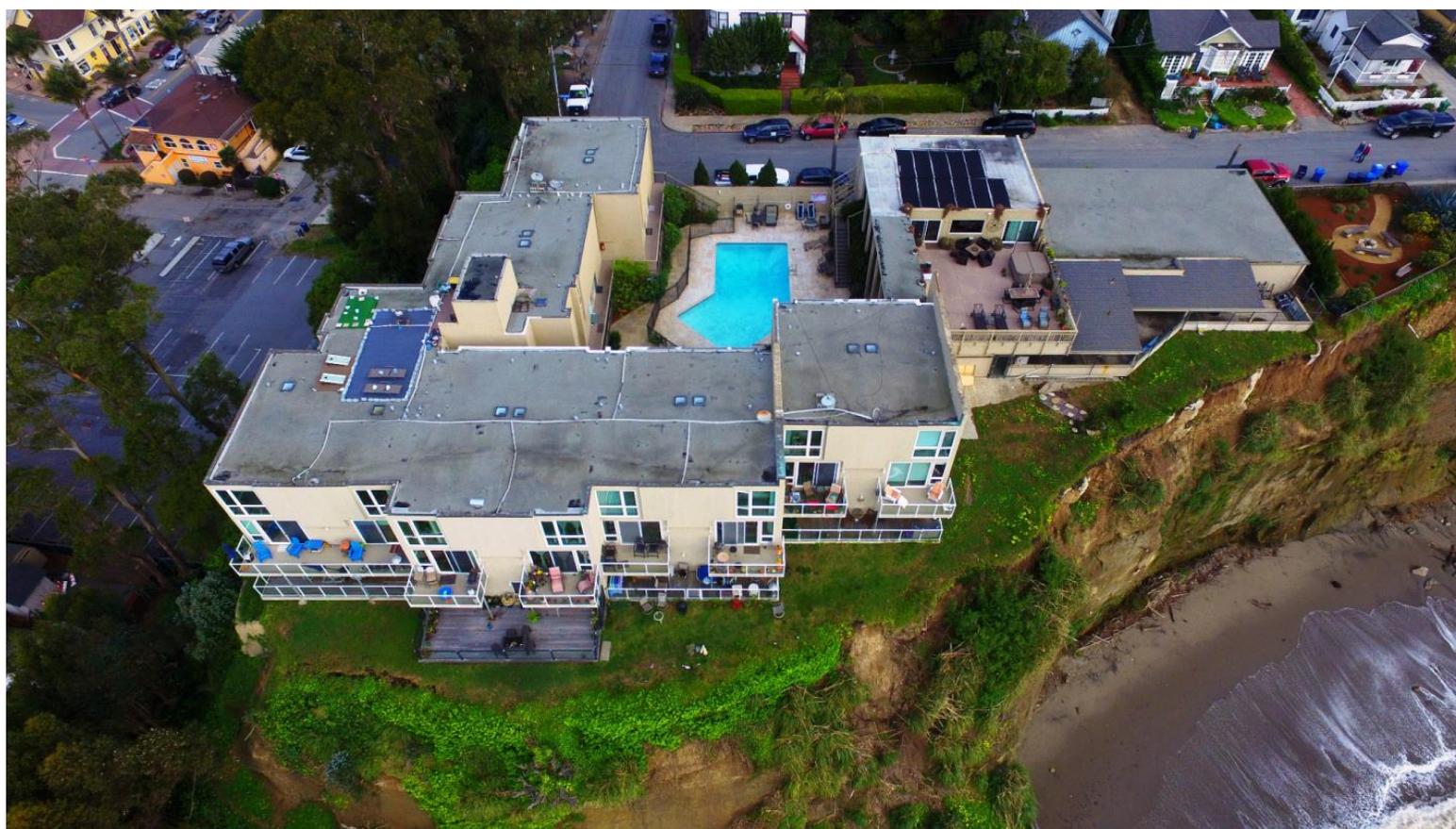


**510 Oak Drive, just a short block to the village, sold for \$950,000 outside the market.. The bungalow style featured 3 bedrooms, two baths. The structure is slightly over 1,000 sq. ft., on a 4,000 sq. ft. lot.**



**The Carmel Company, opened a shop on Capitola near Monterey Ave. The believed rent of \$3,700/month was an eye opener for downtown merchants and landlords. The former tenant Anje, a fashion store was in the location for some 20 years.**

**An incredible, definitely one of a kind apartment complex, overlooking Capitola and the Monterey Bay is now on the market for \$17,000,000. It boasts 22 rooms, covered car parking, a swimming pool and much more.**



# George Ow Jr.

*Cont from page 2*

with 100 to 200 workers.

We purchased the 30,000 square feet former Helig Meyers Furniture Store at 555 Main Street in downtown Watsonville, which was empty for years, at that time, and very shortly filled it up with an independent furniture store and a recreational retail use. The building is old and could be a mixed use site for retail on the ground floor and residential above in the near future. Note that the total jobs we helped bring to town in items 1-4 is about 900 to 1,000—but the number varies as the economy and companies shift.

We built a 194,000 square foot FedEx Ground regional hub on the 25 acres of Manabe-Ow Business Park land that we have owned for 12 years. This project was the culmination of over a decade of hard work, hand-in-hand with the City, and community stakeholders, to develop a land parcel with many challenges. The purchase of the adjacent 27.48 acre parcel of raw land, the largest parcel of the designated Manabe-Ow Business Park, from the Manabe-Jemison Family (MF Farming and are preparing this parcel for development by bringing in dirt to raise the elevation above the flood plain. We are talking to possible tenants and hope to have the site ready for development soon with the intention of bringing many more hundreds of quality jobs to the community.

The purchase of the 30,000 square feet Ross Clothing Store at the Outlook Shopping Center, 1455 Main Street.

COMMUNITY INVOLVEMENT. My father was an immigrant from China and thought that the United States was the best country in the world and the land of opportunity. He always said that we should repay our adopted country and the communities that support our

businesses. Here are some of the Watsonville projects we were involved in.

1. Cabrillo College. We believe in community colleges because that is where many of our family started college, including me, now the patriarch of our family. We supported the building of the Watsonville campus and have a classroom with our name on it. We also fund the Ow Family American Dream Scholarships and have given out over 1,000 scholarships, largely to Watsonville Latino students—because that is where we feel a great opportunity for success exists.

2. Watsonville Main Library. We funded the Farm Worker Exhibit on the second floor and contributed works of fine art for the walls. We also helped fund the creation of the Freedom Branch.

3. Digital NEST. The Digital NEST is bringing high tech support, equipment and education to Watsonville youth at the downtown Watsonville Cabrillo College Campus. We have helped with funding and business advice--including helping negotiate a win-win lease between Cabrillo College and Digital NEST. Our dream is that thousands of qualified young high tech workers will be trained/educated—and that the next Mark Zuckerberg or Steve Jobs or Marissa Mayer or Ursula Burns or Bill Gates will be a Digital Nest alumnus.

4. We made major contributions for the expansion of the YMCA/YWCA, Pajaro Valley History Project, Second Harvest Food Bank—and the purchase of thousands of acres of land, where Watsonville is the closest city, to be kept in green belt by the Santa Cruz Land Trust.

5. On The Same Page Community Reads. We were co-founders of a reading program that brought prominent Latino writers like: Victor Villasenor, Francisco



**In 2012, George Ow Jr. and wife Gail Michaelis-Ow - at the UCSC Founders Celebration received the Fiat Lux Award. Their gifting of many projects, including education and scholarships, have created many opportunities for others. in Santa Cruz County.**

Jimenez, Luis Valdez, Reyna Grande, Luis Rodriguez, Luis Urrea and others to speak to schools and general public—and where thousands of people read their books.

Fox Theater. We are working with the City of Watsonville, Watsonville Film Festival, Hank Garcia (theater owner) and others to reopen the Fox Theater. We did this for the Del Mar Theater in Santa Cruz 10 years ago and that theater is an economic, cultural and architectural magnet—an important part of the success of downtown Santa Cruz.

We took the virtually empty 385,000 square foot former Wrigley chewing gum factory and over the course of 10 years, adapted the building to include a vibrant community of businesses that includes world renowned Santa Cruz Bicycles; medical instrument developer and manufacturer, Duke Empirical; the United States Geological Survey; health drink developer and manufacturer, LifeAID Beverage Company, health food manufacturer and developer, Threshold; a number of artists and many other businesses. It is estimated that there are 400 workers in the building in different

We were part of a team that breathed life into the Del Mar Theater in downtown Santa Cruz. It is now a colorful cultural and business attraction that is an anchor attraction and is vital to making Pacific Avenue a vibrant economic and cultural area.

We recently revitalized our King's Plaza Shopping Center on 41st Avenue and our King's Village Shopping Center in Scotts Valley with state of the art theater improvements and expansions, plus new buildings and new murals.

Environment Achievements;

1. The new FedEx Project has enhanced the Watsonville Wetlands with additional slough land and water areas. The new building and parking areas are built in a way that retains water and recharges the water table. Over half a mile of new trails have been added to the Watsonville Wetlands Hiking Trail.

2. The remodel of the old Wrigley chewing gum factory, now called the University Business Park, was done in a way so that it is LEED Gold Certified. More recently, 1,000 solar panels were put on the roof and 1,000 more will soon be put over the parking lot.- end

Cont from page 7

# Benjamin Ow

helping to incubate and grow new companies, bringing an exciting new store or restaurant to the area, hosting a farmers market, facilitating a bike park, incorporating a park or trail system into our development, etc. Moving forward, we are focused on developing our 27 acre parcel next to the new FedEx we built in Watsonville. The 27 acres are primed for development and we are hopeful that we will be able to attract one large company or multiple smaller companies to the property to facilitate development in the near future. We are also interested in developing the raw land next to the OSH pickup station on 38th Avenue at some point in the future.

**Question: Of all the areas in the County, which one provides the most opportunity as you see it with the most favorable conditions?**

Are we talking about development opportunities? If so, then there are pros and cons to trying to develop property in any

submarket within Santa Cruz County. However, I think there is especially great opportunity for projects in Watsonville because of the combination of a quality workforce, slightly lower cost of real estate and living, and a relatively positive viewpoint on pro-job creation/economic development by the community, city staff, and city politicians. My family and I were encouraged to do business in Watsonville by Watsonville community leaders many years ago and we have been fortunate to work on many developments in Watsonville over the past 20 years that have resulted in the creation of well over 1,000 jobs for the city. The City of Santa Cruz has also been very good to work with at the former Wrigley Building, now University Business Park. My family, led by my brother William, has helped transform that building from a mostly empty warehouse into an ecofriendly (a large portion of the building is LEED certified Gold), thriving multi-tenant/multi-use project that is buzzing with customers, tenants, and dynamic businesses; in the process, many hundreds of quality jobs have been created and it has helped contribute to a concentration of economic development and community strengthening on the

far westside of Santa Cruz.

**Question: Do you feel the lack of a significant airport has hindered business development in the County? Would you favor expanding the Watsonville airport or have any other ideas for an airport?**

I think that Santa Cruz County is well served commercially by the San Jose and Monterey airports. I am not sure if expanding the Watsonville airport, on a commercial basis, would be viable or not, but I don't think that Santa Cruz County is materially negatively impacted by having commercial airports in San Jose and Monterey.

**Question: Your family and business have done much philanthropic work in Santa Cruz County. What are some of your preferred organizations to support?**

My family and I are blessed to live, work, and be a part of the Santa Cruz County community. We strive to be contributing members of the community and we support many organizations and projects in an effort to give back and make Santa Cruz County even greater. Some of the organizations that we support are:

Family Services Agency/Daisy

Capitola Police Officer's Association  
Community Bridges/Elderday Music at Sky Park/Kiwanis Club  
CASA  
Pajaro Valley Shelter Services (PVSS)  
Homeless Services Center  
Watsonville Community Read Project  
Watsonville Public Library  
Pajaro Valley Historical Society  
MAH  
Fiestas Patrias de Watsonville

**Question: Aside from the Ow family ventures, you decided to open your own company?**

"Yes. Along with helping to lead my family's business enterprises and manage my own investment properties, I have a separate commercial real estate brokerage company, Ow Commercial, which I established in 2008, to service third party clients. Ow Commercial focuses on commercial real estate sales, with a specialization of properties in the Santa Cruz County/Bay Area and net leased investment sales throughout the country. Most of my client requirements tend to be representing Buyers and Sellers of commercial properties in the \$1M to \$20M+ range and I am very fortunate to be able to be selective about the projects that I work on and the clients I work with. -end

## University Business Park, an Experience in Creativity

If one tried to describe the University Business Park in ten words or less they would have a hard time. This innovative Ow Property project is a place where Leonardo da Vinci would be at home, painting some masterpiece, jumping over to an invention lab, or possibly taking up martial arts.

The complex managed by William Ow Jr., is host to the Westside Farmers Market on Saturdays from 9am-1pm and First Fridays from 5 pm to 8pm.

The Wrigley Building is a vibrant community and is home to scores

of tenants including: The US Geological Survey - Marine Division, Santa Cruz Bicycles, UCSC, Threshold, Duke Empirical, Robert Blitzer Gallery, LifeAID, Tao San, Aerial Arts of Santa Cruz, Blix Bicycles, Boony Doon Vineyards, Sessions Apparel, Om Gallery Lighting, Pirelli Racing Tires, Gazelle Bicycles, Dog Day Guitar Straps, Emboline, Beyond Circuits, Open Invation, Dovetail Genomics, Vitaman Answer, Kaemmerling Photography, ART Cave, Barbara Bailey Porter, Michelle Tanner Giolvezan, and



more.

The Wrigley Building now generates and uses over 633Kmw of Solar power with EV Auto and Motorcycle chargers coming soon.

Located at 1801 Mission St. at Western Dr. between Swift and Natural Bridges.

Open hours and days are Monday thru Friday 8 AM to 6 PM.

# The Mall

Cont from page 5

The graph below tells the story of what is happening to retail stores and the on line retail explosion



# Library costs continue to Jump by over half million



It didn't take long. Less than two months after the library design and cost approval, the massive library project experienced its first cost adjustment. Architects Noll and Tam were awarded an increase on the project by \$535,000. The approval came on a May 11 Council vote with "ayes" being Michael Termini,

Jacques Bertrand, Stephanie Harlan, Kristin Petersen with one "nay" being Ed Bottorff who consistently emphasizes, that the money is not there. The design which has been criticized as resembling a car dealership or fast food establishment. We will have to watch the cost increases.

# Council goes out on a limb hugging free tree program

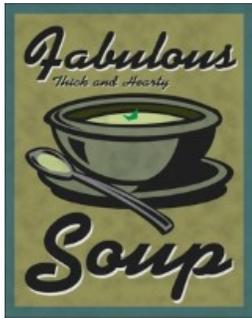
While some residents are still painting their lawns green, some are conserving every drop with new fixtures and/or increasing their recycled greywater use, the Capitola Council approved at their June 8 meeting, a 300-500 free tree program coordinated by the Arbor Day Foundation. And its only going to cost the City \$15,000 (tongue in cheek) Despite at least one public speaker at the Council meeting raising concerns over the drought, it was a unanimous vote by Mayor Harlan, Vice Mayor Mike Termini, Kristen Petersen, Jacques Bertrand and Ed Bottorff. Council members seemed to be unaware about the large amount of water just one tree could absorb from the ground.

The Council's decision came as a surprise to Soquel Water District who were made aware of the program after the Capitola Advocate called for an opinion. Director Ron Duncan responded, "Regarding the tree give away. My hope is that we can work with the City to make it an educational moment about trees that help beautify and enhance communities and our local water situation - including the value of water, conservation, and need for additional water supplies. In the big picture, we need additional water supplies to help restore the overdrafted groundwater basin, prevent further seawater intrusion, and to have water for future generations (including trees)."



Capitola Mall. The white area is the portion of the mall that Merlone Geier purchased. The grey areas are owned by other companies. Coordination and development ideas must be approved by all different owners which has hampered moving forward on any significant remodel project. In other words, the idea of adding residential for example would be very difficult if not impossible. On this layout, are areas in red indicating available space for lease. It does not show the number of vacancies which are actually about double the same as the available.

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