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More Stores Closing in the Rheem Center

By Sophie Braccini



Photo Wendy Scheck

On September 20th Blockbuster will close its Rheem Center store and transfer most of its employees to its Lafayette location. Frank Chao has finally gave back the keys for Fudge Alley to Kimco Realty Corporation, owner of the Rheem Shopping Center. Is it just the bad economy or is there a problem at this Center?

Randy Hargrove, from Corporate Communications at Blockbuster, indicated that the traffic pattern at the Rheem Center had changed over the past two years, with many stores closing. Their lease is up on September 23, and the company was not able to negotiate a new agreement with the Center's management. They hope that most of their customers will go to Lafayette to get their movies or order by mail or online.

This is not great news for the Moraga's sales tax revenue income. Moraga Town Manager Michael Segrest is concerned about the situation; he has been engaged in discussions with Kimco since his arrival in Moraga, trying to gage their intentions and determine what the town can do to help the dynamic. "I have been talking to Kimco and encourage them to fill the vacant spaces," said Segrest,

"they mentioned that the center they had bought needed repairs and updates, and that they would like to see improvement in the signage policy of the town." According to Larry Tessler, Vice-President of the Moraga Chamber of Commerce and member of the Revenue Enhancement Committee, Moraga used to sustain its two vibrant shopping centers, even with a smaller population than exists today. "What happened is that Walnut Creek and Lafayette came alive commercially," says Tessler, "those two cities have developed their commercial potential. They are better positioned geographically than Moraga is to attract the nearby population. As a result, business in Moraga has beendrawn away from the town."

The owner of the Moraga Center, Joan Bruzzone, has her own explanation for the town's economic difficulties. "The only thing that can help two shopping centers is for there to be more 'roofs', as the saying goes," says Bruzzone, adding that the difficulty and the time spent trying to get approval for any new building sites, plus the constraint of all the rules, regulations, plus impact fees, are daunting. The Moraga Center does not have the same high numbers of empty spaces as Rheem, but it faces difficulties as well. "We are a small family business," says Bruzzone, "that has always believed that we are in this together. If they are doing well, that reflects happily on us as well, if they are doing poorly, we feel their pain, and suffer also."

Segrest and Tessler agree that synergy is one of the elements that make a shopping center successful. "I do not know what Kimco's strategy is. They are one of the larger professional shopping center owners in the country. They make their own business decisions," said Tessler, "Kimco can see like everyone else that the center is emptying. They know that retail stores thrive when critically massed, that they feed off each other."

"If businesses fail or leave it means that they are not making enough business in Moraga," added Segrest, "and we go back to the same equation that tells us that 75% of what Moragans buy is spent out of town." Segrest believes that the Specific Plan that the town will adopt will be a good framework for Moraga business to develop. The Revenue Enhancement Committee is working on the issue, with a sub-committee chaired by Tessler on economic development. The meetings are public and held at the Hacienda de las Flores, the first and third Monday of the month until December when a final report will be submitted to the town.

Reach the reporter at: sophie@lamorindaweekly.com

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