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Barstow Factory Merchants outlet center remembered as a 'boomer'

Last-minute wheelin', dealin' changed site, leaving some winners and some losers

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BARSTOW — More than twenty-five years ago, this city of 23,000 people was chasing the same elusive economic development boost that it seeks today.

Former Mayor Mal Wessel remembers it well. He had just picked up the mayor's gavel when a retail gold mine oasis sprung up along Interstate 15 at Lenwood Road.

"It was a monster," Wessel said of the Factory Merchants Outlet Plaza.

"In those days, there was no factory merchants anywhere. So people from Lancaster, San Bernardino, and so on, they drove up to this mall because it was the only outlet center of its kind in this whole area of the country. There was none in Cabazon, there was none in L.A., there was none anywhere.

"It was a boomer," he said. "And it meant a lot to Barstow. A lot. Not only the outlet center, but what went with it. The hamburger places, the fast food, so on. They all kept going. They all did extremely well."

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And according to Wessel, the Holiday Inn Express and other motels soon followed. Today, most of Factory Merchants outlet site stands empty. A newer outlet mall with 40 storefronts that sprung up in the mid-1990s and is now owned by Craig Realty Group is located on the opposite side of Lenwood Road.

The newer outlet center is apparently still considered very lucrative, because it was purchased from Tanger Outlets for \$106.7 million recently and the company says it may build a 40,000- to 50,000-square-foot expansion in the near future.

In a 2012 California Retail Survey, Barstow was ranked 12th with \$1.3 million in retail sales per outlet. Barstow was one of 23 local markets in the top 50 to average an excess of \$1 million, while the normal average was \$503,417 based on data from 2010.

But it all may not have happened if it were not for some last-minute "wheelin and dealin." There were definitely some winners and losers. Wessel said there may have been some politics going on behind the scenes, but he wasn't aware of it.

Two well-known Barstow developers and a former city official did share some of their memories on the decision making that went over the original outlet called Factory Merchants Barstow.

Dan Plies has been involved in land developing in Barstow for more than 50 years.

In 1985, Plies said he lined up four or five projects to be built on land he owned on the opposite side of the freeway from where the present outlet center now sits.

"I got the first 150 tenants to come out here. I got my builder to come out here from Pigeon Forge, Tennessee, and lo and behold, this whole thing walked over here (Factory Merchants site) to the cronies' property," Plies said.

"This one is 90 percent vacant today," he said referring to the Factory Merchants center that is located on the opposite side of Lenwood Road from the newer center.

"It's poorly built and on the wrong side of the freeway. The cardinal rule of development on outlets is they need to be on the going home side of the freeway."

Plies also claims he lost five years of work and over \$1 million of expenses to promote Barstow on the East Coast to do exactly what was done in Cabazon.

Another Barstow developer, Michael Lewis, says he doesn't dispute Plies' claim. He had a close relationship with Johnny Walker, the builder of Factory Merchants.

"He (Plies) got Johnny to come out here and Johnny was the one who developed the outlet thing on the East Coast. And he's the one who really got this started. He was the big guy. And outlets were totally different from when they came out to Barstow. They were totally different from outlets now."

But Lewis recalls something went wrong with the deal between Plies and Walker. Lewis remembers a city councilman coming to his parents' house worried Barstow was going to lose the outlet development. Lewis' family and three other families owned property on the opposite side of the freeway.

"Literally, in a week's time, Johnny's lawyers sat down with all the owners," Lewis said. "And we made a deal and here it is."

And for a period of time, the outlet center thrived, according to Lewis and former city Economic Development Director Jeannett Hayhurst.

"If you are going down the freeway, especially, if you are coming from San Bernardino this way, all you saw was a parking lot full of cars," Hayhurst said. "You saw all the brand names listed on the buildings and then you saw people everywhere."

Lewis remembers traffic being a nightmare.

"Because now, the next closest one was Cabazon. As far as outlets in California, there was Cabazon and Barstow. That was it," he said. "Now we have traffic nightmare. Lenwood road bridge couldn't handle the weight, so it had to be replaced."

Controversy developed over a new interchange and intersection design. Plies says he spent seven years helping the city get a new interchange built.

"Seven years went through seven designs. Seven different scenarios, and we came up with one we all agreed on, the City Council agreed on. At least they told me," Plies said.

But high stakes were held by many different landowners. Plies owned land straight ahead of Lenwood Road. There was Factory Merchants on the left and Tanger on the right.

"At the last minute, the City Council changed the design," Plies said. He argues that the design took a bias turn, instead of straight ahead. "This is a horrendous problem now," he said.

Lewis and Hayhurst remember the debate over designs as well.

"We went through nine months of arguing," Lewis said. "It got so bad they had to move one of the meetings to the community center. Jeannette Hayhurst and I counted 145 lawyers in the room. There was just so much arguing. There were seven or nine options for the bridge. Everybody was testifying why this one was better than that one. So Dan (Plies) lost that argument too."

Hayhurst said she believes it was the most expensive meeting ever held in Barstow.

"Everybody was an engineer or a lawyer, or a government person. And they were being paid consultant fees by the hour. That room was packed. One hundred plus people in there," Hayhurst said. "I thought we never would come with an alternative."

She remembers it was alternative No. 7 that was eventually chosen, which split the difference between the other options.

Brad Merrell, the city's community development director during that time, said the seventh option was approved to satisfy the property that was north of Del Taco.

"As to the chosen option seven, I believe it is working, but I don't think Caltrans would approve the configuration with today's highway standards," Merrell said.

Factory merchants thrived for several years. But it also changed ownership a couple times.

"They were truly outlets. It was seconds. It was merchants they couldn't sell. The reason Barstow worked was because the main brand guys, Ralph Lauren, Polo, they had to be X miles away from the nearest shopping centers," Lewis said.

"I remember sitting in a hot tub in Wyoming when we were vacationing and people were talking about the Barstow outlet mall back in the '90s," Hayhurst said. "Back then they were real picky about how close you were to other stores. You couldn't be in L.A. where you would compete with Macy's, Nordstroms, Skechers or Banana Republic.

"You had to be so many miles away from civilization. We were on a major highway and we were away from civilization. So we got to have them."

Wessel, Lewis and Hayhurst all believe the outlet center ended up on the right side of the freeway.

"We kept all the auto traffic, the pedestrian traffic and all the shopping on the east side of the freeway," Hayhurst said. Several truck stops were built on the west side.

"Mixing trucks and cars is an accident waiting to happen," she said.

"People are not looking for anything going home. They are not," Wessel said. "They are trying to get home. They are not looking to stop and buy a bunch of stuff."

Plies did sell 44 acres of his land to Tanger for the newer outlet center.

"Tanger wanted to be on my cheapest land, so I put them here on a 100-year flood plain," Plies said.

"Tanger came in after, and they will tell you, that Tanger is a parasite mall," Hayhurst said. "They are never the first mall. They are always the second mall. They come in where an outlet center is already built."

Today, only a few stores that are located on the outside of the old Factory Merchants center remain open. The large parking lot and the other outlet centers situated around it has the appearance of a ghost town.

Lewis blames the downfall partly to the facade that was built around the center, which hid the parking lot and shoppers from being seen from the freeway.

"As soon as the income started to decline, New Plan (Excel Realty Trust Inc.) wanted to dump the dog. They killed their own selves," Lewis said. "They really didn't understand the whole outlet center concept. It's a different animal. They dumped it and sold it to the current owners, who know nothing about retail at all."

Wessel recalls an effort to lure a buyer from China to boost Factory Merchants.

"I tell you, it would have been a dinger," he said.

But that didn't happen.

"It just went to hell quick, too," Wessell said.

The near future appears to be bright for the Outlets at Barstow. Craig Realty Group replaced all the signage in January.

"Everybody will tell you an outlet mall will live 10 years," Hayhurst said. "Most of them by 10 years, they get their investment back, then move on. This one has been around a long time."

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