

Costco

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the year ended Aug. 30, a 25 percent increase over the previous year. It had a net profit of \$113.3 million for the year, a 34 percent increase.

Costco will have 100 stores in the U.S. and Canada by the end of the year, including one in Mountain View scheduled to open next month.

The Santa Cruz store, if approved, is set for a spring 1994 opening "at the latest," Brotman said.

The deal is contingent upon the satisfactory completion of city permits. Costco representatives met with city officials about two weeks ago about various planning issues, Brotman said, and were encouraged by the response.

ic, particularly at the intersection of Highway 9 and Highway 1, will be a major issue, as well as at the intersections of Highway 9 with Harvey West Boulevard and Coral Street, said Brotman and Councilwoman Beiers.

"We certainly want to seriously look at it," said Beiers, who sat in on the earlier meeting. "It is clear traffic will be the main impact."

Beiers said she thought the project would fit well in the area.

The project will require a general plan change from light industrial to commercial, said Santa Cruz Principal Planner Ken Thomas. The city has already approved a proposal by current owners Red Tree Properties for a 110,000-square-foot light-industrial business park, Thomas said. "We won't be starting from square one," he said.

Rick Santee, who owns Central Home Supply on Highway 9 across from Harvey West Drive, said he welcomed Costco. "Great, bring on two of them. The town needs the revenue."

Dan Ehrler, Chamber of Commerce president and chief executive, said he expects reactions will be mixed from local businesses. "Some will be very concerned," he said. But overall, Ehrler said, he expects a Costco to "be a very posi-

tive addition to the community.

"It will service people who now go over the hill," he said.

In a statement, Costco said the building will be designed "in anticipation of the community's concerns regarding design and aesthetics."

Red Tree Properties is a limited partnership of the Ley family, former owners of Santa Cruz Lumber and some of the company's former employees. The agreed upon price is not known, but the listing price was \$14 a square foot or \$6.46 million, according to listing agent Bill Spence of Blickman Turkus. The land had been on the market for about a year, Spence said. It was originally listed at \$5.5 million.

Brotman said he didn't know the price and wouldn't tell it if he did.

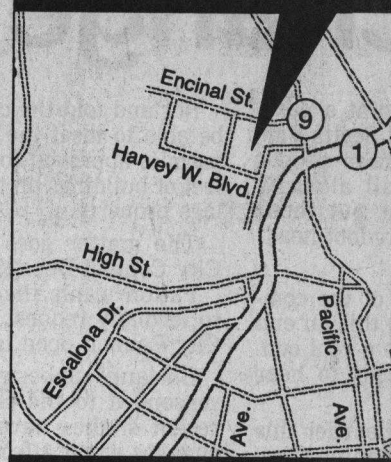
Real estate sources estimated a price in the \$4.3 million to \$4.5 million range, but cautioned that in a deal of that size many factors are involved that affect the final price.

Costco typically asks for concessions from city governments in sales tax reimbursements and development-fee reductions.

Costco is getting tax refunds in Sand City where it was sought as a key anchor tenant for the Sand Dollar shopping center. City Manager Dick Goblirsch said the city agreed to take the first \$250,000 in sales taxes and reimburse the rest until \$1.7 million is paid in exchange for development costs.

The city also spent about \$1.5 million in off-site improvements to bring the retailer to town, building

Proposed Costco site



one street and rebuilding another, he said. Total off-site costs were \$2.5 million, including \$1 million paid by the developer.

Costco to buy SC site

GUY LASNIER
Sentinel business editor

SANTA CRUZ — Costco Warehouse Corp. has signed an agreement buy 10.6 acres in the Harvey West Park area to build a warehouse store.

Kirkland, Wash.-based Costco wants to build a 115,000- to 120,000-square-foot store on what is currently bare land between Coral Street, Harvey West Boulevard and Sylvania Avenue.

Santa Cruz County "is a large market not adequately served with warehouse clubs," said Jeff Brotman, Costco's co-founder and chairman. "Our feeling was it made a lot of sense in the market," he said Monday in a telephone interview.

City Councilwoman Katherine Beiers said she foresees "a real good possibility" the city would approve the project.

A Costco would bring the city both jobs and revenue from sales taxes. Costco estimates it would create 150 new jobs. As a high-volume retail dealer, it would be expected to pump hundreds of thousands of sales-tax dollars into the city's general fund at a time when retail sales have declined.

Costco in Sand City does more than \$50 million a year in business, based on estimated sales-tax revenues to the Monterey County city. Local jurisdictions keep 1 percent of sales from the state sales tax.

Costco specializes in retail sales of goods in wholesale quantities and at wholesale prices. Shoppers must pay a \$30 annual membership fee. Local Costco members currently travel to stores in Sand City, Santa Clara and San Jose.

"It means every 2½ or three weeks it will save us two hours," said Joe Hall, the city's assistant redevelopment director and Costco member.

"Basically we'll get dollars that are leaving the county," he said.

Costco is one of the fastest growing companies in the nation. It reported \$6.5 billion in net sales for

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