

✓ ^{Cooper House} Good news on Cooper House

Cisco Systems signs tentative deal with developer

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SANTA CRUZ — Computer networking giant Cisco Systems has signed a preliminary agreement that means the Cooper House will be rebuilt in downtown Santa Cruz.

The company and Cooper House developer Jay Paul still have a "lot of hard negotiations" before the deal is finalized, said Cisco's Bill Bahn, who has been closely involved in negotiations with the city and Paul.

But, the "letter of intent" does say Cisco plans to lease the Cooper House, a linchpin of downtown that was demolished after the 1989 earthquake. The site remains a fenced lot.

"I feel very positive," said Bahn, adding the

agreement is "not a done deal. (It) says, 'this is what we'd like to do.' Now can we get it done. That's where the rubber meets the road."

Cisco has become rich and powerful by making the switches called "routers" that keep computer networks such as the Internet functioning. It had revenues of more than \$3 billion last year. Cisco moved into Santa Cruz when it bought TGV software in January. Cisco took over TGV's offices on Cooper Street, across the street from where the rebuilt Cooper House would be.

The letter of intent was greeted with sighs of relief at City Hall.

"It really is, as I understand it, a big piece, if not the entire missing piece, of letting Jay Paul

get his building up," said Mayor Mike Rotkin on Monday. "And, if I can be totally mercenary about it, the people who work in this (software) industry have discretionary income that will allow them to shop in restaurants and other stores in the downtown, which will help not only the Cooper House site, but the entire downtown in its recovery effort. That's why we're willing to subsidize it."

In a letter sent to Cisco last week, Rotkin told company officials, "we ... really want to see Cisco make Santa Cruz and Pacific Avenue its headquarters for the Santa Cruz County area."

Rotkin noted in his letter that the city's Redevelopment Agency had helped TGV Software

Please see COOPER — BACK PAGE



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The lot at Cooper Street and Pacific Avenue has been empty since the Cooper House was razed after the 1989 quake.

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Continued from Page A1

locate on Cooper Street by paying parking fees the company normally would be required to pay. The agency has spearheaded downtown reconstruction in the post-earthquake years.

Rotkin told Cisco that the city is willing to continue to pay these fees, which require payment by a business if enough on-site parking for employees is not available, and to provide paid and designated parking spaces in the city's public parking lots for Cisco employees.

Rotkin said the city already has earmarked \$1.2 million for the Cooper House project, which would pay for off-site improvements and parking-deficiency fees for 300 spaces.

The hang-up on the deal had been that Cisco was seeking a five-year lease, while Paul has sought

the longer term, telling the company that financing for the project will require a longtime commitment from a major tenant.

Bahn said Monday that Cisco is now willing to accept the seven-year lease. More crucial to the deal, he said, are financial considerations such as improvements and cost per square foot.

Rotkin noted that state redevelopment law would not allow the agency/city to waive or rebate personal or property taxes for Cisco to move into the Cooper House.

"We have reviewed the opportunities to provide you with some additional incentive, but feel constrained both by the agency's limited resources and how to provide direct assistance to Cisco, which would qualify under Redevelopment Law," Rotkin wrote to Bahn, adding, "there might be some opportunity" to help Paul with his costs.

"Cisco is committed to Santa

Cruz," Bahn said. "Where exactly we're going to end up will be determined in the next 45 days."

"We're getting close."

Paul, who has consistently declined comment about Cisco, bought the Cooper House 18 months before the Oct. 17, 1989, earthquake.

The city has already approved a five-story, 100,000-square-foot building for the corner of Pacific Avenue and Cooper Street.

Cisco presently occupies three sites in downtown Santa Cruz and office space in Scotts Valley.

Rotkin said that Cisco has a "choice of other places that would cost less. ... But downtown is very attractive to them."

A deal collapsed earlier this year to put Aptos software maker Fractal Design into a new Cooper House after Paul reportedly could not get financing for this project. Fractal is moving this month into a new site in Scotts Valley.