Cisco a key to Cooper House rebuilding

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Computer giant seems committed to downtown

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SANTA CRUZ — Computer networking giant Cisco Systems could be the missing brick needed to get the long-delayed Cooper House rebuilt in downtown Santa Cruz.

Cisco earlier this year bought TGV Software, whose main headquarters are across the street from the fenced lot where the historic Cooper House was demolished after the 1989 earthquake.

But the company has said it needs more room, and the Cooper House has been high on its list, since Cisco officials have said they like downtown Santa Cruz. An earlier deal featuring another high-tech company as the prime tenant collapsed earlier this year.

So far, however, no deal has been struck and Cisco remains officially non-committal about any move.

"The Cooper House is ready to go. All they need to do is sign a lease," said Santa Cruz Redevelopment chief Ceil Cirillo. "We think that is a site that is waiting to happen for them. It's in position to move forward immediately."

Cisco has looked at several sites in Santa Cruz, and "one of the sites is Cooper House," said Cisco spokesman Adam Stein. But the company has not made any

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CISCO SYSTEMS has been one of the hottest companies in Silicon Valley in the 1990s, posting revenues of more than $3 billion in the last year on its sale of products that allow computer networks to function.

Now, the company is in Santa Cruz and is looking to grow, with many of these jobs in Santa Cruz County, where the company says it is committed to stay. Cisco's purchase of TGV Software of Santa Cruz in January was part of a strategy that Cisco hopes will position it as the major player in the explosive Internet hardware and software market.

Cisco's plans and strategy are the subject today of a special Sentinel Business report beginning on **PAGE D1**, along with a profile of the rapidly growing company itself and its deals with the city of San Jose and takeover of another networking giant, Stratacom Inc.

ALSO: a report on the new corporate phenomenon of the "intranet," which Cisco uses to keep its complex operations running and which Cisco products make possible.

Cisco Systems

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firm commitments to anybody, Stein said, as it evaluates how fast it will grow and by how much.

Cisco has enough room for the short-term because it's located in three sites in downtown Santa Cruz and office space in Scotts Valley.

"I don't think we've decided yet," says Christine Hemrick, vice president of marketing for Cisco's Internet Business Unit, which includes the former TGV in Santa Cruz. "We're looking for enough space to give us some breathing room."

Cisco, with its revenues of $3 billion in the past year, is the kind of company to which lenders would be drawn. A tenant like Cisco — in a small market like Santa Cruz — would make a major rebuilding project like the Cooper House feasible.

The building's bottom floor would house retail businesses. However, the upper four floors of office space with 80,000 square feet of office space are the key to obtaining financing.

Jay Paul, owner/developer of the Cooper House site, would not comment on any aspect of the negotiations, including the potential length of any lease. Typically, banks want to see a long-term agreement before they release money for a project. But in the volatile high-tech industry, a year is a long time.

Earlier this year a deal to put Aptos software maker Fractal Design in the upper floors of the building collapsed, after Paul reportedly could not get financing to start the project. Fractal, which recently acquired a rival Silicon Valley graphics software firm, is expanding. The company grew tired of waiting and is heading to Scotts Valley.

Paul, who has developed shopping centers in Santa Clara County and owns the Pajaro Hills Shopping Center in Watsonville, bought the Cooper House 18 months before the Oct. 17, 1989, earthquake.

From the time he announced his plans for the rebuilt Cooper House in 1994, Paul was talking to TGV about occupying the upper floors of the project. The city has already approved a five-story, 100,000 square foot building at the corner of Pacific Avenue and Cooper Street.

Cirillo, the city's redevelopment chief, said that if Cisco does not become the prime tenant in a new Cooper House the city still hopes the company stays downtown.

"We've always known that TGV as it was and as it became part of the Cisco organization was a growing business here in Santa Cruz," Cirillo said. "We feel a strong comittment to keeping them here in Santa Cruz."

She said Cisco is "extremely important to the downtown economy — it's just another example of how Santa Cruz is emerging as Silicon Beach."