

Business

Costco ready to start building

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SANTA CRUZ — Costco Wholesale Corp., now known as Price/Costco, could open its store in Harvey West Park by midsummer.

The company has closed its deal on 10.6 acres in Harvey West Park and is expected to begin grading the site next week.

The warehouse membership store company has a city building permit and could be open by midsummer, city officials said. Members pay \$25 a year to shop at the store, which features a variety of

goods from food to tires, clothes, paper products and electronics.

Price/Costco paid \$6,135,000 for the land along Sylvania Avenue at Harvey West Boulevard, according to records filed with the county Friday. Price/Costco bought the land from Red Tree Properties, a limited partnership of the Ley family, former owners of Santa Cruz Lumber, and some of the company's former employees. Listing price was \$6.46 million when the deal was announced in November 1992. The sale was contingent on obtaining city approvals and a building permit.

The project sailed through the

Santa Cruz planning process, despite protests from some merchants who feared being undercut by the low-price wholesale retailer.

When Costco Chairman Jeff Brotman announced the plans 14 months ago he predicted a Spring 1994 opening. Costco merged with the Price Co. last year. The combined operation based in both San Diego and Kirkland, Wash., has more than 200 stores and sales of more than \$16 billion a year.

The company's application generated the unlikely alliance of former mayors John Mahaney and Don Lane as "Friends of Costco" lobbying for approval. The City

Council unanimously approved the project last November.

The 122,500-square-foot store could be an economic boon for the city and county. The land was assessed at about \$403,000. The \$6.1 million sale would mean a 15-fold increase in property taxes to about \$61,000.

Sales are estimated to be \$60 million a year, which would generate more than \$400,000 in sales taxes to the city alone. Some of Price/Costco's sales will be to other retailers so sales tax would not be collected.

The company's representatives have estimated hiring 150 people to staff the store.