

Costco makes a PC pitch to Santa Cruz

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SANTA CRUZ — Touting himself as a product of the '60s, a politically correct entrepreneur and a culturally sensitive businessman, Costco founder and co-chairman Jeff Brotman made his pitch in Santa Cruz Thursday.

"Our objective is not to make profits off people's labor," he said during a lunchtime interview with the Sentinel.

"I think our cooperative culture fits well with this community," he told members of the Santa Cruz City Council several hours later.

At a late afternoon "Friends of Costco" forum organized by former mayors John Mahaney and

Don Lane, he described his company as "environmentally sensitive." And, at an evening meeting with the Santa Cruz Chamber of Commerce, Brotman told local merchants he wanted to "assess the culture and feeling of the local people."

During his visit, Brotman also met with about 60 Harvey West-area business owners, assuring them that traffic is a primary concern.

"When we come into a community, we attempt to get a sense of what people want," he said.

Felton resident Michael Gerson, who came as a skeptic to the "Friends of Costco" meeting, said the company hype seems to work.

"It seems to engender almost a tribal loyalty," he said.

Last month, Costco submitted plans to the city to open a warehouse store in the Harvey West Park area by this time next year. According to Brotman, Costco will:

- Employ about 120 people, who will be paid \$9 per hour plus benefits as starting salary;
- Donate about 1 percent of pre-tax revenues to local charities;
- Provide the city about \$500,000 a year in new sales taxes;
- Listen to residents and design the store accordingly.

Thursday, his reception was quite good.

"We've been trying to work on attracting someone like Costco for quite a while," said Councilwoman

Jane Yokoyama. "Hopefully a year from now, we'll be celebrating a ribbon cutting."

At the "Friends of Costco" meeting, Brotman was presented with a bouquet of flowers and treated to applause from the attendees, who munched on Costco bulk chocolates and thanked him for coming.

"As much as Santa Cruz has a reputation of being against projects, here we are a group of 40 or 50 people saying we support this," said former mayor Lane.

Brotman says Costco usually seeks subsidies from cities in small markets like Santa Cruz, but he said exactly what the firm might or might not need has not been determined.

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Dan Coyro/Sentinel

Costco co-chairman Jeff Brotman has a word with John Mahaney Thursday in Santa Cruz.

Costco

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At a special study session with the City Council, subsidies were not discussed, but Brotman reiterated that his primary concern about the Harvey West site is how it will affect traffic in the area.

Council members agreed this concern needs to be addressed, and also asked Brotman about Costco's hiring practices.

Brotman described a highly selective process, which includes following affirmative-action guidelines, administering drug tests, and conducting extensive interviews.

"After all this, you begin to weed out the masses of people," he said.

John Hartigan, who accompanied Brotman and coordinates Costco's real-estate selections, said the company has been looking for a location in Santa Cruz County for the past four years.

"It's very difficult to find a site with the size parameters, the desire of the community and the correct market," he said, adding that Watsonville was "too far removed" for serious consideration.

Brotman said Costco stores in Sand City, San Jose and Santa Clara sell more than \$30 million

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— *John Hartigan,
Costco official*

a year in merchandise to people from Santa Cruz County.

"That's a stunning number, and those are sales you are losing out of your community," he said.

Based in Kirkland, Wash., Costco is one of the fastest growing companies in the nation. It reported \$6.5 billion in net sales last year, and has just over 100 stores in the U.S. and Canada.

Toward the end of his day in Santa Cruz, Brotman said he was encouraged about his plans to open here.

"People have been very polite to me," he said. "They've been nice to me everywhere I went."