

Costco Business



Business Development Committee
Jeff Romine, Denver Office of Economic
Development
December 2, 2015

Denver Retail Strategy

*Denver Retail Conditions and Opportunity Study
(2013)*

- **Unique, new to market (first or only location)**
- **General merchandise, mass merchandiser**
- **Underserved markets**
 - Alameda area**
 - Business services (B2B)**

Costco Business Center

Complement to, and extends, Costco's customer service

and market

Open to all Costco members

Walk in or delivery service (~30% of total business)

Open at 7am, closed on Sundays

Expanded selection of business products

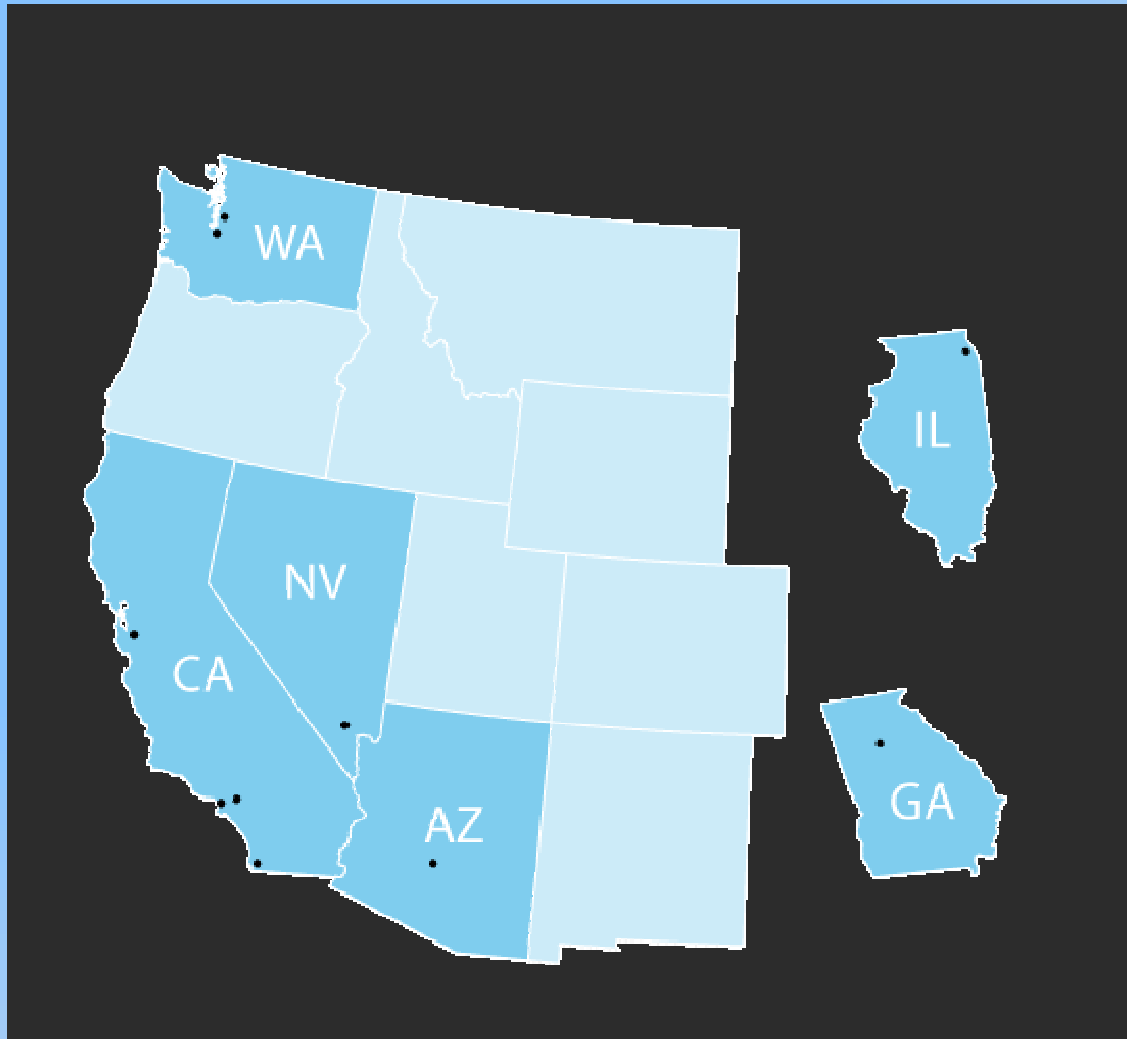
(70% of merchandise unique to Business Center)

Pallet and truckload pricing

Warehouse and delivery instant savings

Customers include offices, C-stores, restaurants

Business Center locations



	Opening Date
WASHINGTON	
• Lynnwood	1996
• Fife	2003
CALIFORNIA	
• Hayward	1997
• Hawthorne	2009
• Commerce	2009
• San Diego	2010
ARIZONA	
• Phoenix	2001
NEVADA	
• Las Vegas	2009
GEORGIA	
• Morrow, GA	2012
ILLINOIS	
• Bedford Park	2015

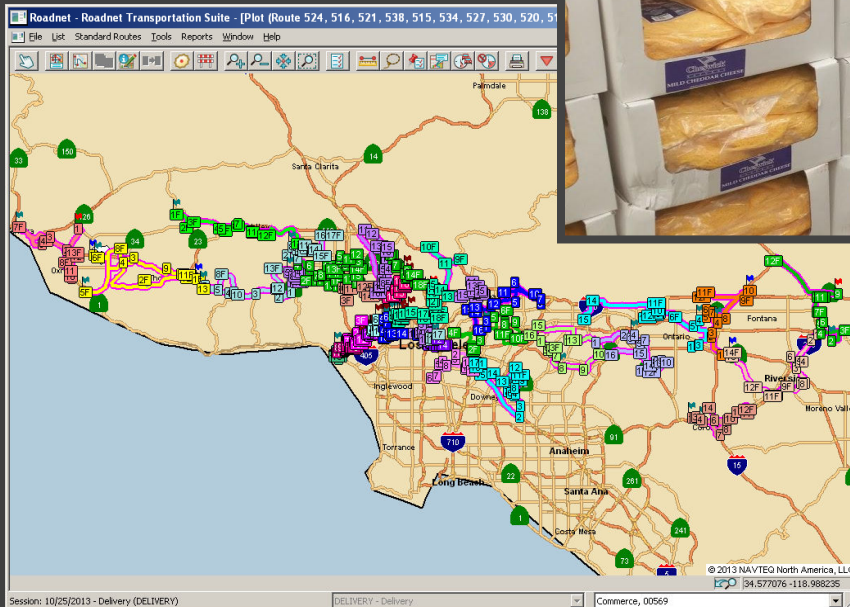
Products and Selection



Delivery Service



- ▶ ~30% total sales are delivered
- ▶ Estimated 1,500 orders delivered each week
 - ▶ Average delivery order is \$460
 - ▶ Average delivery area is 30-50 mile radius
- ▶ 91% orders made online





Site Determination

Alameda Square

Former Lowe's Home Center Site

Located on south side of Alameda, west of I-25 and Santa Fe Existing building and parking
Anchor building has been vacant

Required some improvements/rehab

Second truck docks

Significantly increased mechanical for cooler rooms

Existing TIF in place

Expires in October 2016

Used for site improvements

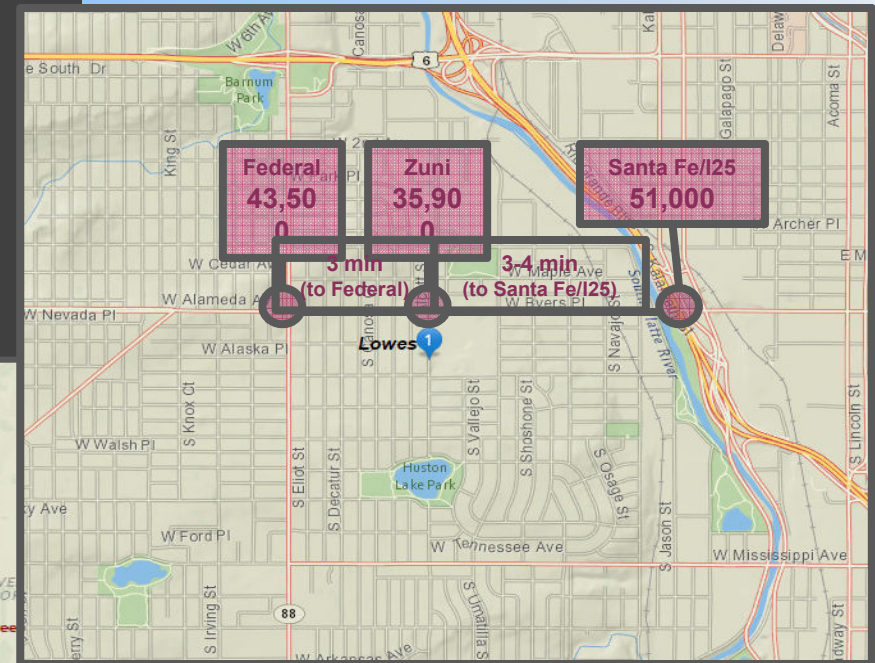
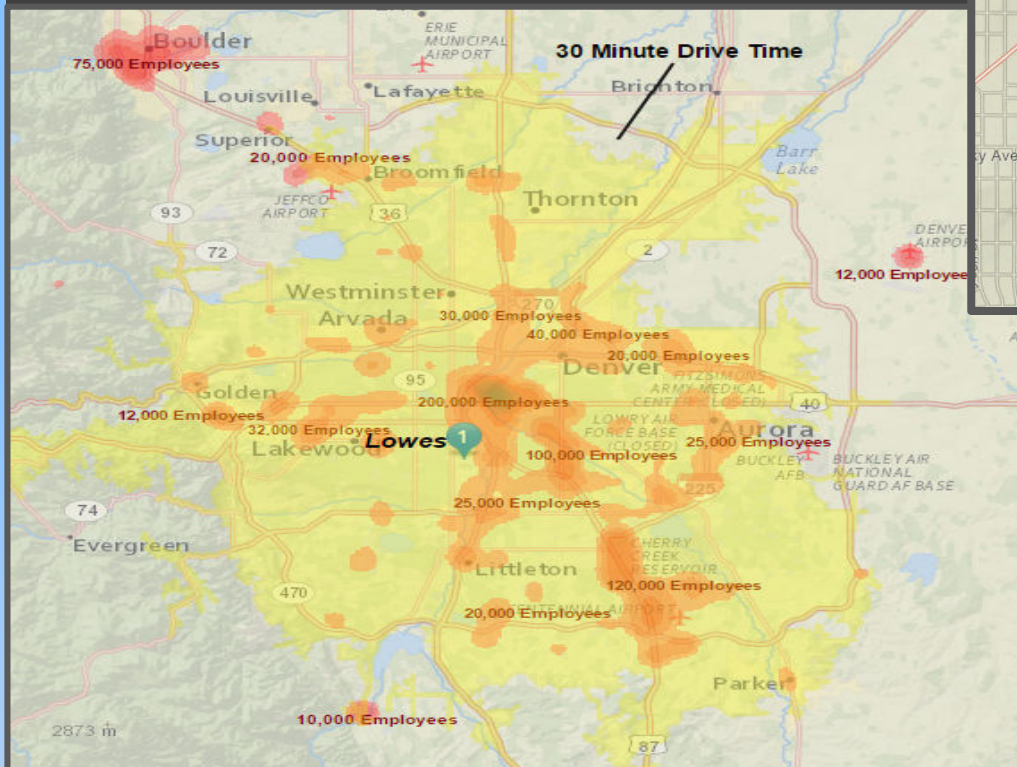
Site Overview



- 12.5 acres
- Site is near I-25, Santa Fe Drive, and 6th Avenue
- Existing structure is 118,465 sq. ft.
- Near south side location (5.3 miles to downtown and 13 miles to DTC)
- City strongly interested in similar, adaptive use
- Simplistic permitting
- Easy access (right turn) to highway and major arterials

Time to major roads

- ▶ Santa Fe 3 minutes
- ▶ 1-25 4 minutes
- ▶ Federal 3 minutes



Development Timeline

Final pre-development and permitting

Development Services has been working with them for five months

Anticipated permits to be approved this month

Purchase will be completed and improvements undertaken

Incentive contract approval in December

Store opening (April 2016)

BUSINESS INCENTIVES

- A direct business incentive paid Costco to offset development costs and other front end expenses
- Performance metric is payment of Denver Sales/Use tax, generated by local sales
 - 50% of sales /use tax collected, capped at a maximum of \$2.0M
 - Begins after TIF rolls off (November 2016)
- Business Property Tax Credit (General Fund portion) for equipment and fixtures
 - for four years

PERMITTING

- Project consultation meeting at the pre-determination of site
- Timely plan review and permitting

WORKFORCE SERVICES

- Assistance in marketing positions
- Assistance in candidate qualification and selection review

Outcomes

150+ total new jobs

Store opening with about 100 employees, and grow to 150

Wage levels \$15-25/hour with benefits; entry wages are \$12/hour

Area residents (cashiers, drivers, order fillers)

Reuse of existing vacant facility

Additional capital investment

Only store in metro Denver

Supports small businesses

Store sales estimated to be \$130-150M *(Year 3)*

Fiscal benefit as much as \$5.5M annually

Denver portion in excess of \$2.0M annually



Thank you