

Costco Business Center



Business Development Committee

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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

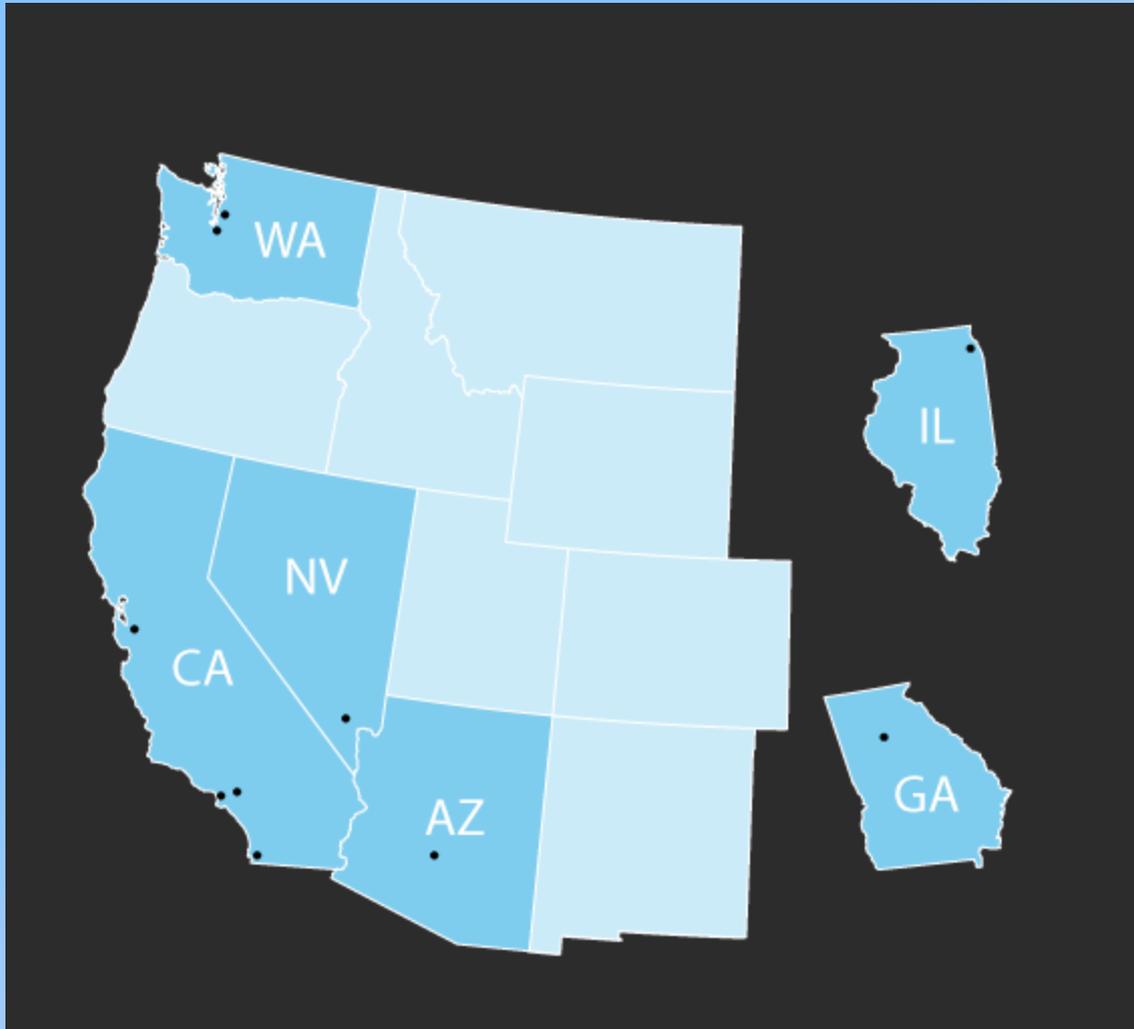
(70% of merchandise unique to Business Center)

Pallet and truckload pricing

Warehouse and delivery instant savings

Customers include offices, C-stores, restaurants and food service, churches and schools

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

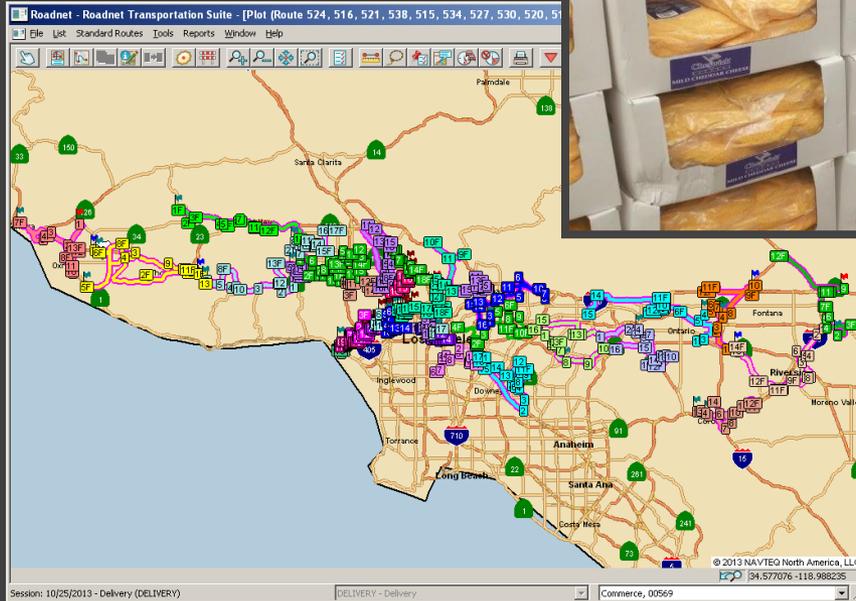
Products and Selection



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

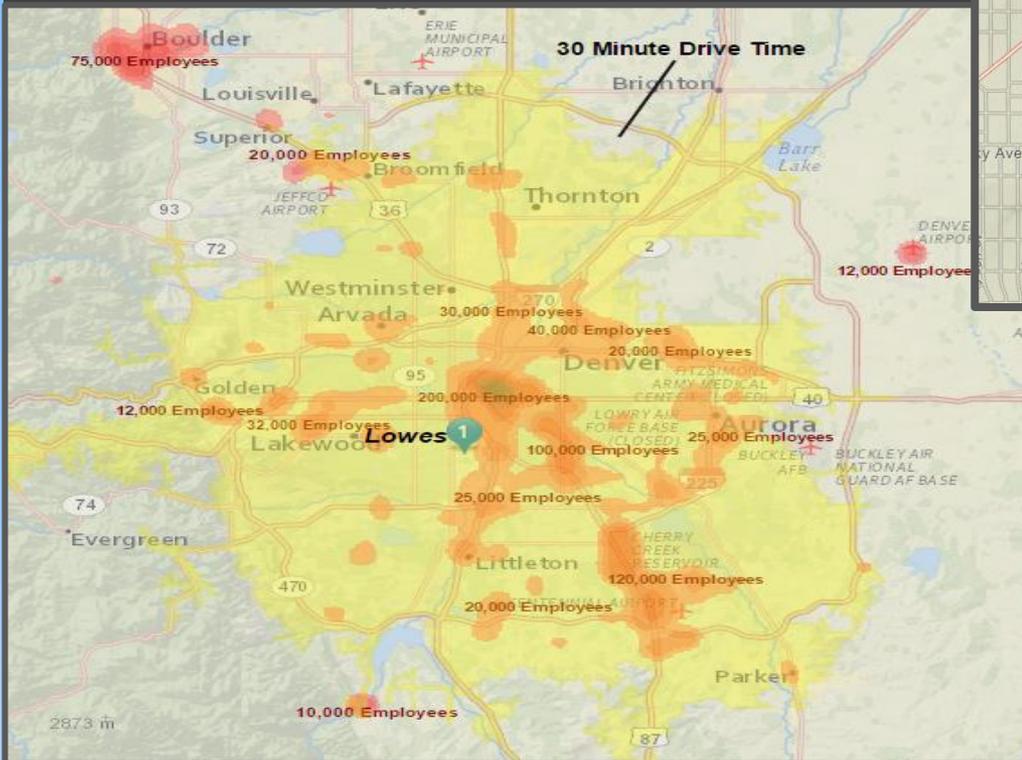
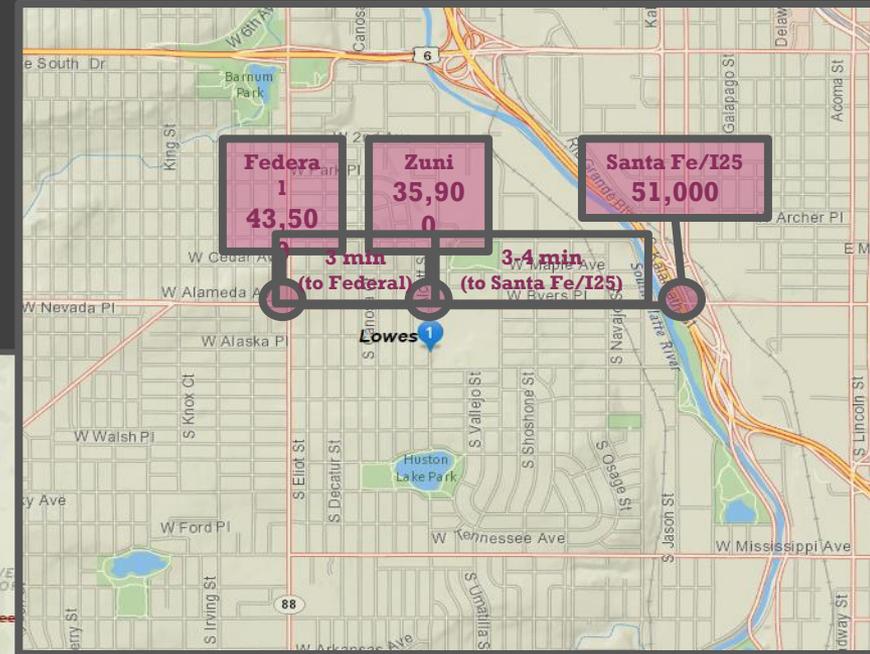
Site Overview



- **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