

Challenging Wal-Mart in California:

**An Investigation of Wal-Mart's
Proposed Supercenter Expansion and the
Emergence of Big Box Ordinances as a
Tool for Resistance**

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Executive Summary

This report will seek to discuss the expansion of Wal-Mart and its impact on communities at the local, national and international level. A history of the Wal-Mart Company will be given in Section III, followed by a snapshot of the “Wal-Mart Way,” including the company’s policies and business practices in Section IV. In Section V, the positive and negative impacts associated with big box development and superstores will be developed in detail. An analysis of the impacts of big box retailers will be followed in Section VI by an in-depth look at the expansion of Wal-Mart Supercenters throughout the State of California. This section will also focus on the growing opposition to Wal-Mart, stemming from local communities as well as municipal governments. Section VII will discuss potential methods for mitigating and eliminating the negative impacts associated with big box development and Supercenter stores.

Introduction

Wal-Mart is the world’s biggest company and the nation’s largest employer. In 2002, it grossed \$245 billion and employed roughly 1.2 million people nationwide. Last year, 82 percent of all households made at least one purchase at Wal-Mart. Simply put, “Wal-Mart’s marketplace clout is hard to overstate. In household staples such as toothpaste, shampoo, and paper towels, the company commands about 30% of the U.S. market, and analysts predict that its share of many such goods could hit 50% before decade’s end.”¹ The company’s immense size gives it a power which has never before been seen and cannot be ignored. Every week, Wal-Mart is visited by 138 million

shoppers, generating millions of dollars in revenue, which the company uses as evidence that the American people value low prices over almost anything.

Wal-Mart developments represent the worst of urban sprawl, consuming acres of land to build its Supercenters, which carry everything from eyeglasses to bananas, and from clothing to toys—a large proportion of which are made in sweatshops overseas where laborers work for pennies a day and live in tiny squatter shacks. The company's history of labor practices sets it apart from many of its competitors. It is openly anti-union and a champion in low wages. Wal-Mart's average wages keep many of its associates living below the federal poverty line, while its substandard health benefits create an ever-increasing proportion of Americans who are uninsured and forced to apply for government assistance or rely on public health facilities for their primary health care. The company's substandard wages and benefits continue to multiply a low-paid and uninsured workforce, thereby increasing the burden on taxpayers as well as the state and federal governments.

The company's rapid expansion makes it a huge threat to cities and businesses everywhere. Wal-Mart opens a new store every 42 hours, undermining the character of small town America and urban centers, including Los Angeles and Baltimore.² The company's most recent expansion plans include the completion of forty new Supercenters, ranging in size from 175,000 square feet to 236,000 feet, in the State of California.

In theory, Wal-Mart is an unstoppable power. It has more money than any City government or grassroots organization could imagine. Yet, across the nation, communities are fighting back. The City of Inglewood, California was the site of a rare

victory in which community members, activists and faith leaders united to vote down a Wal-Mart sponsored initiative, which would have allowed the company to build its mammoth Supercenter without any environmental review, traffic studies, or input from city officials or the community. Furthermore, municipal government in cities ranging from Homer, Alaska to Peachtree, Georgia have implemented big box ordinances regulating the development of large-scale retail stores. In the State of California, the battle is only beginning to heat up; Wal-Mart runs into opposition everywhere it tries to build. Though its wealth and its size make it a strong opponent, the reality of the negative impacts being created by Wal-Mart could give every community enough ammunition to say no to the “Wal-Mart Way”.

Wal-Mart Stores Inc.: A History

Sam Walton opened the first Wal-Mart Discount Store on July 2, 1962. It was the same year that Kmart, Woolco, and Target started their business operations.³ The Wal-Mart chain grew rapidly, from one store in 1962, to 276 stores nationwide and \$1.2 billion in sales in 1980.⁴ As the world’s largest company, it today operates over 3,400 domestic stores and 4,840 stores worldwide.⁵

Wal-Mart now operates four different types of stores, including the original Wal-Mart Discount Store, the Supercenter, the Neighborhood Market, and Sam’s Club. Over the years it has made a name for itself selling inexpensively priced merchandise. The American public associates Wal-Mart with its yellow smiley face mascot and low prices, offering everything from photo processing to eyeglasses.⁶

Wal-Mart’s current economic boom is due mostly to its 1,400 Supercenters nationwide, which now deliver almost two-thirds of the sales of Wal-Mart’s operating

segment.⁷ The Wal-Mart Supercenter is patterned after the European hypermarket, and though Wal-Mart was not the first company to experiment with the Supercenter in the United States, it now controls 79 percent of the market.⁸ The average Supercenter is about 190,000 square feet, and needs roughly 20 to 30 acres. Some stores are substantially larger. The Supercenter project proposed for Inglewood, California promised to consume 60 acres of land, or the equivalent of 17 football fields.⁹ Supercenters offer a full-service grocery in addition to general merchandise, and often include a hair and nail salon, a portrait studio, an automotive department, and a McDonald's Restaurant.

Wal-Mart has begun testing a smaller Supercenter at just under 100,000 square feet in response to ordinances that some cities have passed, which restrict the size of big box stores.¹⁰ Wal-Mart also has plans to expand many of its Discount Stores into Supercenters. Approximately 140 of the new Supercenters which Wal-Mart has proposed, will relocate or expand existing Wal-Mart discount stores.¹¹

Sam's Club is a warehouse store, similar to Costco, which charges an annual membership fee to all customers. According to the Wal-Mart Website, it "is a \$31 billion company, and the country's largest membership warehouse club operating..." Sam's Club has more than 530 stores in the United States alone.¹² The Neighborhood Market is the company's smallest store, ranging from about 42,000 square feet to 55,000 square feet.¹³ These markets are "meant for fill-in-trips by supercenter customers and therefore [are] typically located nearby."¹⁴ According to Burt Flickinger III, managing director at New York-based Strategic Resource Group, Wal-Mart will roll out its Neighborhood Markets on a national scale in 2005.¹⁵

In the state of California, Wal-Mart currently operates 131 Discount Stores, 30 Sam's Clubs and six distribution centers, though that number could already be outdated given that the company opens a new store every two business days.¹⁶ It recently opened its first Supercenter in La Quinta, near Palm Springs, and has plans to build 39 more throughout the state over the next two to four years.

The Wal-Mart Culture

In building Wal-Mart from a tiny nickel and dime store to an international power, Sam Walton has created a culture—the Wal-Mart Culture. To begin with, the company refers to its workers as “associates,” a title which it asserts gives them the respect they deserve. The company is also known for its Saturday morning meeting, in which executives, managers and associates gather together at seven-thirty in the morning to talk about business. Every Saturday morning meeting begins with the Wal-Mart cheer:

“Give Me a W!
Give Me an A!
Give Me an L!
Give Me a Squiggly!
(Here, everybody sort of does the twist.)
Give Me an M!
Give Me an A!
Give Me an R!
Give Me a T!
What’s that spell?
Wal-Mart!
What’s that spell?
Wal-Mart!
Who’s number one?
THE CUSTOMER!”

The Wal-Mart cheer certainly sets it apart from other large retailers.¹⁷ But, the Wal-Mart Culture goes well beyond special titles, early morning meetings and enthusiastic cheers, it

is a way of doing business where the customer is considered number one and the focus of business revolves around an incessant push to continuously lower prices. In addition to benefiting the customer, Wal-Mart's way of doing business has made the Walton family extremely wealthy. Heirs to Sam Walton are now five of the richest people in the world. In 2001, S. Robson Walton was ranked the wealthiest person on the planet by London's "Rich List 2001."¹⁸ And last year, the CEO of Wal-Mart, H. Lee Scott took home \$18 million in total annual compensation.¹⁹ Sam Walton would never admit that Wal-Mart is one of these high-flying companies where the CEO is "just looting from the top,"²⁰ though recent evidence suggests that Wal-Mart epitomizes this business model.

Wal-Mart's Size and Expansion

Wal-Mart is now the world's largest company, with over 4,840 stores worldwide. In 2002, it grossed \$245 billion in sales and employed over one million people in ten countries around the world. According to Business Week, Wal-Mart "will double its revenues over the next five years and top \$600 billion in 2011"²¹ if it maintains its current growth rate of fifteen percent, which is, of course, Wal-Mart's intention. The retailing behemoth opens a new store every 42 hours.²²

Wal-Mart is three times the size of the No. 2 retailer, Frances Carrefour,²³ and does more business than Target, Sears, Kmart, J.C. Penney, Safeway and Kroger combined.²⁴ In a three-month span, it sells what Home Depot, the second largest retailer in the U.S., sells in a year.²⁵ Additionally, it controls a huge share of the business done by almost every major U.S. consumer products company. For instance, sales at Wal-Mart account for 28% of Dial's total sales, 24% of Del Monte Foods', 23% of Clorox', and 23% of Revlon's.²⁶ Put another way, "if Dial lost that one account, it would have to

double its sales to its next nine customers just to stay even.”²⁷ There is now a very real and immense pressure on companies to maintain a favorable business relationship with Wal-Mart.

Since the construction of the first Wal-Mart on July 2, 1962, the company has grown rapidly. The first store was built in Rogers, Arkansas, not far from Bentonville, Arkansas, where the company’s headquarters still remain. From there, the company expanded outward to other parts of the South and Midwest, and eventually to all fifty states. Sam Walton, the company’s founder, initially targeted small, rural towns of less than 10,000 people because his wife, Helen Robson Walton, refused to live anywhere bigger. After building the first Wal-Mart, Walton saw potential in expanding in a market that remained untouched by other discounters—who were targeting larger cities. As the discounting business thrived, Walton expanded his operation from one store in 1962 to fifty-one stores just ten years later. By 1980, the chain had grown to 276 stores nationwide and \$1.2 billion in sales.²⁸ But Wal-Mart’s expansionist ideals did not stop there. Walton and his compatriots were determined to grow the company in every corner of the country, and that is just what they did.

A Snapshot of the “Wal-Mart Way”

Wal-Mart’s size and international reach makes it an incredible power. Its business ethos, which is to incessantly lower prices, has increased the push to move U.S. based factories overseas where labor costs are cheaper. Additionally, suppliers are becoming increasingly dependent on Wal-Mart, as it is now the world’s largest company.

Wal-Mart is also the nation's biggest employer. A fact that is important considering the company's labor policies, low wages, substandard benefits, and anti-union stance. Wal-Mart also has a history of poor treatment toward its workers, including forcing its employees to work unpaid overtime, locking them in overnight and systematically discriminating against female employees. Here is a Snapshot of the "Wal-Mart Way".

International Operations

In 1991, Wal-Mart began extending its tentacles across international boundaries. Its first target: Mexico. Today it "operates more than 625 units in 31 [Mexican] states with annual sales of US\$10.1 billion."²⁹ Wal-Mart's share in Mexico constitutes 50 percent of the grocery sales for the entire country.³⁰ As Wal-Mart continues to extend its market share, officials in Mexico, including the Mexican Federal Competition Commission, are becoming increasingly wary. The Commission fears that Wal-Mart is "using its market share to pressure its suppliers to lower their prices," consequently allowing them to gain unfair advantage over other companies. They have begun to look into the possibility of regulating Wal-Mart. The company's market share in combination with its incessant push to reduce prices is driving down wages in Mexico. Wal-Mart's competitors are encouraged to follow suit.³¹

After its initial "success" in Mexico, Wal-Mart moved into Puerto Rico, Canada, Argentina, Brazil, and China. It now has over 1,300 units in nine countries. The most recent countries to be added to Wal-Mart's list are Germany, South Korea the United Kingdom, and Japan, which is one of the most difficult markets to break into.³² Wal-Mart holds a 37.8 percent stake in Seiyu, a leading Japanese retailer, which "operates over 400

supermarkets in Japan and employs 30,000 associates.”³³ In Canada, where it is now the country’s largest retailer, Wal-Mart has more than 200 discount stores and employs more than 52,000 workers. After dominating North America, Wal-Mart’s expansion continued.

Overseas, Wal-Mart quickly gains market share by buying up ailing supermarket and other retail chain stores rather than selecting a few locations and building one store at a time. Wal-Mart goes into each country with a big bang. It bought 122 struggling Woolco stores as its first steps into the Canadian market. In Germany, Wal-Mart purchased the 21-unit Wertkauf chain as a means of laying down roots in the country. And in the UK, it took over Asda, Britain’s food and clothing superstore.³⁴

As Wal-Mart encounters growing opposition to its massive U.S. expansion into more urban areas, international markets will become increasingly important for the company.³⁵ By taking over existing supermarkets rather than opening new stores, Wal-Mart avoids the opposition that it faces in the United States.³⁶

Wal-Mart’s international presence and incredible size makes it not only the World’s largest retailer, but the world’s most powerful company as well. Its “decisions influence wages and working conditions across a wide swath of the world economy, from the shopping centers of Las Vegas to the factories of Honduras and South Asia.”³⁷ Wal-Mart has the ability to cut manufacturing costs and slash prices, putting immense pressure on other large companies to do the same. The result is an international race to the bottom. The number of companies trying to produce more for less is constantly on the rise. Prices to consumers continue to fall, but the real and social costs to the working class in this country and abroad are only increasing.

In communities around the world, workers feel the burden of Wal-Mart's cutthroat business practices and incessant push to lower the cost of production. Workers in a factory in Shenzhen, China, which produces fans for Wal-Mart, earn 25 cents an hour.³⁸ In Honduras, factory workers put in long hours and take home just \$35 a week.³⁹ One source claimed that laborers in China who work in factories where goods for Wal-Mart are produced make only 13 cents an hour and live in seven by seven foot squatter shacks. Workers are also expected to pay for their own medical treatment and are fired if they are too ill to work. Since health and safety codes are not enforced, laborers are forced to work in terrible conditions.⁴⁰ In 1992, Wal-Mart passed a Code of Conduct, which, in theory, created "a framework guiding Wal-Mart away from contractors that abuse," underpay and exploit workers, but there is little evidence to suggest that the company has taken any real steps to enforce this code.⁴¹ Wal-Mart inspects its own factories overseas, and calls ahead of time to notify the factory managers when it plans to inspect. Any abuses taking place in the factories are easily hidden, a fact Wal-Mart is well aware of. Additionally, upon investigation in sweatshops in the developing world, the National Labor Committee found that not one worker had ever seen or heard of the Wal-Mart Code of Conduct.⁴²

Wal-Mart continues to push manufacturers to cut costs so it can provide its customers with low prices, everyday. In Bangladesh, factory owners say that Wal-Mart "has asked them to cut their prices as much as 50 percent in recent years."⁴³ For manufacturers, that means lowering wages even more and forcing laborers to work longer hours. If manufacturers do not comply, Wal-Mart simply has to go elsewhere, a move which is easily made by the world's largest retailer.

U.S. Manufactures Forced to Move Factories Overseas

Within the U.S., many companies are impacted by Wal-Mart's relentless drive to lower its cost of production. It is constantly applying pressure "to its suppliers in the name of bringing [consumers] 'everyday low prices'." ⁴⁴ As a result, many of Wal-Mart's 21,000 suppliers have closed U.S. plants and moved overseas. Thousands of U.S. jobs have been lost, and the trend is only accelerating under Wal-Mart's constant pressure to cut costs. In 1985, Wal-Mart started a campaign to purchase goods made in America with the goal of creating U.S. based jobs and combating the national deficit. The campaign created a lot of positive attention for the retailer, and, according to Sam Walton, it "saved or created almost 100,000 American manufacturing jobs." ⁴⁵ Bill Quinn expounds on the company's campaign:

"In 1992, Wal-Mart was engaged in a heavy-duty, red-white-and-blue marketing campaign called "Buy American." Patriotic, sentimental TV commercials carried the message of an armada of Wal-Mart stores stuffed to the rafters with goods made in the USA. American flags, red, white, and blue bunting, and signs trumpeting "Made in the USA" wooed shoppers in every store with the same patriotic message: Wal-Mart buys U.S.-made goods; buy at Wal-Mart." ⁴⁶

However, Wal-Mart's "Buy American" campaign was not everything the company made it out to be. According to Forbes magazine, "Wal-Mart's Chinese Imports coming through just one port (Long Beach) totaled 22,000 containers in 1992." ⁴⁷

Today, Wal-Mart has completely abandoned its "Buy American" campaign. Instead of searching for ways to create and maintain U.S. manufacturing jobs, or pretending that this is a priority for the company, Wal-Mart is leading the charge to move jobs overseas. Its primary focus is to cut production costs and lower costs to consumers:

"The retailer has a clear policy for suppliers on basic products that don't change, the price Wal-Mart will pay, and will charge shoppers, must drop year after year. But what almost no one outside the world of Wal-Mart and its 21,000 suppliers

knows is the high cost of those low prices. Wal-Mart has the power to squeeze profit-killing concessions from vendors. To survive in the face of its pricing demands, makers of everything from bras to bicycles to blue jeans have had to lay off employees and close U.S. plants in favor of outsourcing products from overseas.”⁴⁸

Wal-Mart’s business ethos is a threat to working people everywhere.

Growing Dependence on Wal-Mart

Anywhere the Bentonville colossus can shave a penny off the cost, it will. Vlasic learned that lesson the hard way. It allowed Wal-Mart to sell a gallon jar of pickles for only \$2.97, “a price so low that Vlasic and Wal-Mart were only making a penny or two on a jar.”⁴⁹ At other stores, a much smaller jar of pickles was being sold for the same price, but Wal-Mart fell in love with the abundance of the gallon jar and the savings it created for customers, and so did consumers. In some 3,000 stores around the country, tons of 80-gallon jars of Vlasic pickles were being sold each week: “That’s 240,000 gallons of pickles, just in gallon jars, just at Wal-Mart, every week.”⁵⁰ Shoppers who used to buy the smaller jars of pickles at competing supermarkets were purchasing the gallon jar at Wal-Mart instead. Vlasic’s profits dropped by more than 25 percent. Eventually, “Wal-Mart let Vlasic up for air,” but not before damage had been done.⁵¹ Wal-Mart’s ability to squeeze Vlasic to the point where it was losing money displays the extent to which companies will go to maintain a favorable business relationship with the Wal-Mart

Additionally, entire nations rely on the business they do with Wal-Mart. Last year, the company bought \$12 billion worth of Chinese goods. That number “represented 10% of all U.S. imports from China.”⁵² The Commerce Minister of Bangladesh, Amir Khasru Mahmud Chowdhury, told the Los Angeles Times that Wal-Mart was the

country's biggest customer. At the same time, "officials in the southern port of Chittagong are speeding up efforts to reduce paperwork and modernize facilities," including the installation of several giant cranes, so that ships coming in and out of the port to pick up goods will have a shorter turnaround time, and Wal-Mart will have a higher profit margin.⁵³ Not only has Wal-Mart's influence reached the international scene, the company's presence determines the choices made by entire nations.

Wages and Healthcare in the United States

The wages and health benefits at Wal-Mart are substandard. The company's average wages are often not high enough to sustain an individual, let alone an entire family. The average Wal-Mart Associate makes less than nine dollars an hour, though it is difficult to determine actual wages of Wal-Mart employees because "Wal-Mart does not publicly discuss wages. Court records in a discrimination lawsuit put average Wal-Mart pay for hourly workers at \$8.23 in 2001."⁵⁴ At \$8.23 an hour, a Wal-Mart associate would take home around \$13,861 in a year. In 2001, the federal poverty line for a family of three was \$14,630.⁵⁵ In short, many employees working full-time at Wal-Mart earn less than the amount of money which the federal government considers the minimum in which one can survive. Additionally, many workers at Wal-Mart do not receive forty hours per week, making it impossible to survive on just one job.

Wal-Mart contends that its wages are competitive in any community it serves. A spokeswoman for the company explains, "Otherwise we could not get the talent we need to run our business."⁵⁶ Compared to many of its competitors, including Costco and unionized grocery stores, however, Wal-Mart's wages are substantially lower.

Wal-Mart claims that it provides good health benefits to its customers, but the reality is quite the opposite. Most Wal-Mart employees cannot afford the health plan that Wal-Mart offers. In fact, only 38 percent of employees participate in the company's health plan because of high premium payments and large deductibles.⁵⁷ As a result, many employees must rely on health care benefits from their spouses' health care plan, or the state or federal government to cover their healthcare needs.⁵⁸ Wal-Mart's health plan covers only catastrophic problems, including cancer treatments and organ transplants that could financially ruin an employee. And while the company points to the fact that it "covers medical bills that exceed \$100,000 each on at least 800 employees a year," consider the roughly 1.1 million Wal-Mart workers who need routine care such as flu shots, eye exams, chiropractic services, and child vaccinations that Wal-Mart does not cover.⁵⁹ The company "does offer health insurance with a monthly premium as low as \$26 per month for an individual plan. But under that coverage, the worker pays up to \$1,000 per year before the plan starts paying for part of any medical charges,"⁶⁰ or roughly around 15 percent of the employees annual income. It is clear that Wal-Mart workers, earning less than \$9 an hour, would not be able to afford the health plan, which Wal-Mart provides.

The story of Jennifer McLaughlin, a Wal-Mart associate who has been employed by the company for three years, is a common one among Wal-Mart employees. McLaughlin now earns \$16,800 a year or about \$550 every two weeks. Wal-Mart's health plan would extract \$85 from each paycheck, leaving her with less than \$1,000 per month to pay rent, put food on the table, and to cover any expenses that should arise for herself and her one-year-old son. As a result, McLaughlin chooses not to purchase Wal-

Mart's health plan. She relies on Medicaid to cover her son, but has no coverage whatsoever for herself.⁶¹ Without health insurance, McLaughlin's only options for healthcare are to pay out of pocket, which seems unlikely considering the gap between her meager salary and the high cost of healthcare, or to seek treatment in the emergency room, where the cost of medical services are absorbed by the hospital as well as taxpayers. McLaughlin's story is not an anomaly. At Wal-Mart, it is the norm.

In the fall of 2003, the California legislature signed SB2 into law. The bill "would extend health coverage to up to a million now-uninsured Californians, and provide security to the millions more that now get coverage through their employer."⁶² SB2 would guarantee basic health benefits to employees in the state of California that work for a company employing 50 or more workers by mandating companies of this size to either buy coverage for those workers directly or to pay into a statewide buying pool that would work to get employers the lowest possible rates. Under SB2, employers with 200 or more workers would also be required to provide family coverage for its workers. This bill would significantly impact large companies, such as Wal-Mart. Not surprisingly, Wal-Mart has joined forces with McDonald's and Macy's to repeal SB2, by placing the measure on the 2004 ballot and allowing the voters to decide whether it stays or goes.⁶³

Unions

Of Wal-Mart's 3,499 domestic stores, including Wal-Mart Supercenters, Sam's Clubs, and Neighborhood Markets, not one single store is unionized, though its not for lack of trying. The company is known for its anti-union stance and union busting tactics. The company will go to any length to keep unions out. In February of 2000, a dozen meat cutters in the Jacksonville, Texas area voted for representation by United Food and

Commercial Workers (UFCW) Local 540. It was the first victory for any union in a Wal-Mart. However, “by July of that year, the company had abruptly replaced fresh meat with pre-packaged products in all of its stores, neatly eliminating the need for skilled meat cutters and rendering the election moot.”⁶⁴ After three years of legal battles, a National Labor Relations Board judge ordered Wal-Mart to restore the meat department and to bargain with the union over the effects of any change to case-ready meat sales. It is a huge victory for the union, but it will most certainly encourage Wal-Mart to focus more carefully on its anti-union policies.

In order to remain union-free, Wal-Mart is very aware of any and all organizing that takes place within its stores:

“It is much more difficult for unions to organize large groups of employees than smaller groups. As a result, unions are increasingly adopting a strategy to organize individual departments separate from the rest of the facility. In order to convince the National Labor Relations Board (NLRB) that a particular department should be deemed to be a separate bargaining unit: the union must show that the department operates separate and distinct from the rest of the facility. For example, unions have attempted to organize TLE units and Meat Departments in some stores and the Maintenance Department in a Distribution Center.”⁶⁵

In order to reduce its vulnerability to separate bargaining units review, Wal-Mart created a list of items around which management in each store should focus. These items include posting all jobs in a central area, enforcing a storewide dress code, providing one breakroom for all employees, having management tour all departments daily, and posting schedules in a central area.⁶⁶ The company also identified three different levels of union activity, of which management at each store must be aware. Level 1 refers to “union activity meant to harm Wal-Mart, take away business and/or create bad will with the community.” Level 2 suggests “union activity meant to spark the Associate’s interest in union representation.” And Level 3 is any “active organizing effort.”⁶⁷

Wal-Mart managers are expected to report any organizing activities to supervisors via a union hotline. Labor experts are called in from Bentonville to undo any damage that has been done. Wal-Mart's "union-busters" hold mandatory employee meetings and show anti-union videos to deter any organizing, which has occurred among employees. The company will not admit that its policy is anti-union, it merely explains "that only an unhappy associate would be interested in joining a union" and that it wants to do everything it can to provide its associates with what they want and need.⁶⁸ Sam Walton pioneered this Wal-Mart way of thinking about unions:

"Anytime the employees at a company say they need a union, it's because management has done a lousy job of managing and working with people...take care of your people, treat them well, involve them, and you won't spend all your time and money hiring labor lawyers to fight the unions."⁶⁹

Wal-Mart goes to extreme measures to keep its workforce from joining a union, which of course is a necessity for a company whose livelihood hinges on continuously decreasing overhead costs. The company could not continue in its current form if it had to pay its workers a living wage.

Unofficial Store Policy

Wal-Mart's poor treatment of its workers has a long and ugly past. In addition to using aggressive anti-union tactics to keep workers from organizing, Wal-Mart has been taken to court for forcing its employees to work overtime without pay, locking workers in overnight, and systematically discriminating against female employees. There are currently more than forty "lawsuits pending against Wal-Mart, which accuse the company of pressuring or forcing employees to work unpaid hours off the clock."⁷⁰ Wal-Mart provides incentives for managers to lower overhead costs. The most effective way

of bringing down costs is to decrease the employee payroll. As a result, managers regularly under-staff their stores and “force employees to work off-the-clock and through lunch and rest breaks,” without pay.⁷¹ A federal jury recently ruled that Wal-Mart “will have to compensate more than 80 current and former employees in Oregon after forcing them to work unpaid overtime.”⁷²

Wal-Mart has also been charged with locking workers inside the building overnight. In response to these allegations, a spokeswoman for the company explained that “only about 10 percent of [Wal-Mart] stores do not allow associates to come and go at will.” However, there have been a number of recent instances in which Wal-Mart employees needed to leave and were unable to because there was no one on site with a key to let them out.⁷³ Most recently, Michael Rodriguez was struck by an electronic cart, which was carrying stacks of merchandise. His ankle was smashed, but he had no way to leave the building and get to the hospital. Rodriguez had to wait an hour before a manager came with a key to let him out. Interestingly enough, Wal-Mart’s policy is that there will be a manager with a key on the premises at all times, though evidence shows this is not the case.

In other instances, associates who become ill have been forced to remain at work overnight because management refused to drive to the store at night to let them out. Furthermore, associates finishing shifts in the middle of the night were forced to remain inside the building until 6:00am, when management came with a key. In Savannah, Georgia, an overnight stocker collapsed and died before paramedics could get into the store. The employees inside could not open the fire door or the front door and there was no manager with a key.⁷⁴ Company spokesmen have countered that in the event of an

emergency, employees always have the option of leaving through the fire door. While in theory this seems like the most reasonable thing to do, the reality of the situation is more complex. Wal-Mart employees have been warned repeatedly by management not to open the fire doors unless the store is going up in flames. In one instance, management lied to the night crew, “telling them the fire doors could not be physically opened by workers and that the doors would open automatically when the fire alarm was triggered,” leaving them without virtually no way to leave the building.⁷⁵

Wal-Mart claims that its policy of locking workers in overnight protects them. However, recent examples display that this policy quite often achieves the opposite.

History of Discrimination

In addition to the three-dozen lawsuits that have been filed against Wal-Mart alleging that the company forces its workers to put in hours off the clock, “a nationwide class-action gender discrimination suit was filed in federal court in San Francisco” on behalf of 700,000 current and former female Wal-Mart employees.⁷⁶ The lawsuit charged Wal-Mart with repeatedly passing up its female employees for promotions and denying them equal job assignments.⁷⁷

A study, done by William T. Bielby, a sociology professor at the University of California at Santa Barbara, found that women make up 89.5 percent on Wal-Mart’s cashiers, 79 percent of department heads, 37.6 percent of its assistant store managers, but only 15.5 percent of management.⁷⁸ This information is especially interesting considering that hourly jobs at Wal-Mart pay subsistence wages while the average managerial position pays about \$50,000.

Another study done in 2003 by Richard Drogin, an emeritus statistics professor at California State University at Hayward, found that female hourly employees at Wal-Mart who work full-time and at least 45 weeks a year, made about \$1,150 less per year than male employees who held a similar position.⁷⁹ On average, male management trainees, made more than female management trainees. Most startling, however, was the difference in pay at the senior vice president level, where the average male executive earns \$419,435, and the four women who have been promoted to that level make an average of \$279,772, a difference of \$139,663 a year.⁸⁰

The “Wal-Mart Way”

Some might categorize Wal-Mart’s business model as producing more for less, but the truth lays one step further. This giant corporation produces the most it possibly can for the least amount. It does not think twice about how its decisions will affect the outside world. Wal-Mart’s focus is on saving a dollar, a dollar at any cost: “We want to be the shopping choice always for our customers. We will always aggressively price our products and compete in the market we are in.”⁸¹ Sam Walton explains, “It has always been our heritage—our obsession—that we would be more productive and more efficient than our competition.”⁸² The result of this business perspective is having substantial negative impacts on communities and community members throughout the country and abroad.

Impacts of Big Box Development and Superstores

Numerous studies, including the *Final Report on Research for Big Box Retail / Superstore Ordinance*, which was prepared for the Los Angeles Community Development Department, a similar report done for the state of Maryland, titled *Managing Maryland's Growth*, and *Supercenters and the Transformation of the Bay Area Grocery Industry: Issues, Trends and Impacts*, which was completed by the Bay Area Economic Forum, have shown that big box retail stores have the potential to both positively and negatively impact local communities. City officials and community groups have sought to weigh those impacts and to decide whether and how to mitigate the negative aspects of big box development. This has been done in part by forcing large companies to be accountable to the residents they say they desire to serve, and in some cases by regulating Supercenters, which have the potential to harm development, disrupt traffic patterns, and depress wages. Across the country, both city and county governments have chosen to restrict the development of big box retailers, which combine general merchandise and a full-service grocery, because of the potential negative impacts. In addition to increased traffic congestion, which is one of the main concerns of local governments who have already taken steps to regulate big box stores, superstores threaten locally owned businesses and higher-paying jobs at unionized grocery stores, which also provide health benefits and pension plans. Additionally, it is common for big box retail stores to vacate and relocate after a short time, thus initiating or propelling a process of blight in a certain area, which can be detrimental to other development projects in the vicinity. Potential negative environmental impacts and increased noise from traffic are also concerns.

On the other hand, superstores, and specifically Wal-Mart Supercenters offer low prices and some sources argue generate sales revenue that is used to fund city services, which are lacking. The Los Angeles Economic Development Corporation found that low prices at Wal-Mart could also create increased buying power for low-income residents, which would in turn create more jobs throughout southern California.

Here is a summary of the issues, including the positive and negative impacts associated with big box development and superstores.

1. Price, Wages and Benefits

“Cheap products mean cheap labor. Cheap labor means cheap life, which means the abuse of human rights.”

-Human-rights activist Harry Wu

Low prices impact consumers in both positive and negative ways, therefore it is important to consider both sides of the price issue when discussing Wal-Mart and its everyday low prices.

Prices at Wal-Mart are an estimated 15 percent lower than at other, similar big box stores.⁸³ Individuals on a fixed income, including senior citizens and single mothers, benefit significantly from these low prices. Furthermore, superstores allow residents to do all of their shopping in one location, which is a big help for individuals who not only have a fixed income, but a fixed time schedule as well.

Wal-Mart’s business model has been to continually reduce costs and lower prices to consumers from the outset. The company achieves its low prices “through enormous economies of scale, efficiency, and what the company calls ‘conscientious expense control’ in every aspect of its business.”⁸⁴ As a result, it is able to offer the same goods at lower prices than its competitors. Furthermore, “cost control has been focused on

improving productivity, most notably through the adoption of automated self-check out stations and by switching to less labor intensive business practices.”⁸⁵ Wal-Mart also saves money by skimping on advertising costs. The company assumes that its reputation and low prices are adequate means of attracting shoppers to the front door.

According to a report done by the Los Angeles Economic Development Corporation, which was commissioned and paid for by Wal-Mart, low prices at Wal-Mart could impact the prices at other big box retailers and grocery stores, which would be an additional benefit to consumers. The study estimates that “shoppers at food stores comprising 65 percent of the market will enjoy some price relief as the major grocery chains lower prices in response to increased competition.”⁸⁶ However, the study does not provide insight into how increased competition will affect wages as major grocery chains are forced to cut costs in response to Wal-Mart’s expansion. The *Final Report on Research for Big Box Retail / Superstore Ordinance* highlights a different scenario.

The low prices at Wal-Mart have a spillover effect. They translate into low wages. Average wages at Wal-Mart are estimated to be between \$7.50 and \$8.50 an hour,⁸⁷ putting many associates below the federal poverty line. Additionally, the wages at Wal-Mart are much lower than at unionized grocery stores. When benefits are included, “the combined difference indicates Wal-Mart is lower in a range from \$7.97 to \$9.26 an hour. Total annual pay, including wages and benefits for grocery workers was \$37,960 versus Wal-Mart’s range from \$21,373 to \$18,702.”⁸⁸

In addition to low wages, Wal-Mart offers substandard health benefits that are often too costly for the company’s employees to purchase. Many workers take home less than \$1,000 per month, and yet Wal-Mart expects its associates to pay as much as \$6,400

out-of-pocket for health care, or about 45 percent of the workers full-time salary, before seeing a single benefit from the company's health plan.⁸⁹ Those eligible for the company's plan are full-time employees who have worked for the company for at least six months. Part-time employees must wait two years before they become eligible for the company's health plan.⁹⁰

Wal-Mart considers an associate working 34 hours per week to be full-time, but employs many people at less than full-time to keep costs down.⁹¹ The average on-the-clock work week for Wal-Mart employees is 32 hours. In short, Wal-Mart does little to provide its employees with affordable health benefits. Instead, the company tries to shift costs to workers, other employers, taxpayers and the state and federal government. In 1999, employees at Wal-Mart paid 36 percent of their health costs. "In 2001, the employee burden rose to 42 percent."⁹² Compared to other large firms, Wal-Mart's health plan is far more limited. On average, large-firm employees pay 16 percent of the premium for health insurance.⁹³

Cheap prices create a workforce that must rely on government assistance to subsist. A substantial proportion of Wal-Mart's workforce qualifies for some type of government assistance. The Good Jobs First Website states that the children of Wal-Mart workers in Georgia enroll in PeachCare (the state's low-cost health insurance for low-income children) at such a high rate that they outnumber the enrollees at the next-highest private sector employer by 14 to 1.⁹⁴ Recall the example of Wal-Mart employee Jennifer McLaughlin whose one-year-old son qualifies for Medicaid, while she is forced to go without health insurance at all. Wal-Mart's lack of affordable benefits shifts the burden of healthcare onto taxpayers and the state and federal governments.

Wal-Mart's substandard health benefits incur fiscal costs on other large companies, the state and federal government and the general public, who are forced to cover the costs of the uninsured. The Institute of Medicine estimates:

\$65 billion to \$130 billion is lost every year in wages and benefits because of the uninsured, but if insurance was provided to the estimated 46 million Americans who do not have it, it would cost \$39 billion-\$69 billion a year.⁹⁵

In addition, a report done by the Labor Center at the University of California at Berkeley found that in the state of California alone, taxpayers subsidized \$20.5 million worth of medical care for Wal-Mart Stores Inc.⁹⁶ Often times, the uninsured utilize emergency services for their primary care, whose costs are borne by taxpayers: "Lack of health care benefits of many big box and superstore employees can result in a greater public financial burden as workers utilize hospital emergency rooms for a major component of their health care, or fail to seek proper medical care" initially.⁹⁷ According to a report done by the San Diego Taxpayers Association (SDCTA), a nonprofit, non-partisan organization, "an influx of big-box stores in San Diego would result in an annual decline in wages and benefits between \$105 million and \$205 million, and an increase of \$9 million in public health costs."⁹⁸

Moreover, the low prices, which Wal-Mart advertises might not last. Wal-Mart and other big box stores have been known to participate in predatory pricing. The *Final Report on Research for Big Box Retail / Superstore Ordinance* states, "A newly opened big box retailer may artificially price its merchandise well below the competition for an initial period of time, say six months, while providing an initially large store staff to serve customers."⁹⁹ Because the prices are so low that even the large retailer cannot sustain

itself for an extended period of time, it will eventually raise its prices. This usually occurs after many of its competitors have been driven out of business, leaving the community with few options of where to shop.

The low prices at Wal-Mart may benefit consumers, but they carry a hefty price. In looking at the potential impacts associated with Wal-Mart stores, it is necessary to discuss low prices from every vantage point. That which is seemingly positive on the surface can be detrimental in multiple ways. Low prices depress wages and shift the cost of healthcare onto taxpayers, and the state and federal government, therefore having a negative effect on the overall health and stability of a community.

2. Impact on other businesses

“The expansion of large-scale retailers such as Wal-Mart, Home Depot and Circuit City have continued to reduce the number of competitors [and] tenants...in shopping centers throughout the United States”

-Managing Maryland's Growth

Large retail chains such as Wal-Mart, Target, and Home Depot have a major advantage over their smaller town competitors. These large companies can cut prices and offer a wide variety of goods at a substantially lower price. As long as they have existed, large retail stores have had a huge advantage over small mom and pop shops. In 1902, Sears ran an advertisement in its catalog titled “Our Compliments to the Merchant.” It read, “If a certain article in our catalog is quoted at \$1.00 and your hardware merchant asks you \$1.50 for the same article, we wish to say on behalf of your hardware dealer that this difference of 50 cents does not represent an excessive profit he is charging you.” This is due to the fact that local merchants cannot order goods in large quantities as Sears can. The advertisement clearly displayed the difference between small businesses and retail

chains—chain stores will always be able to provide goods at a lower cost due to their ability to buy in large quantity.¹⁰⁰ In terms of price and variety, smaller companies cannot compete. A recent study done by Los Angeles Economic Development Corporation echoes this point, “Wal-Mart Supercenters have a substantial cost advantage relative to traditional supermarkets, based on careful supply chain and inventory management, volume discounts, and lower labor costs.”¹⁰¹

With the opening of a Wal-Mart or other superstore, small town competitors are at risk. “The expansion of large-scale retailers such as Wal-Mart, Home Depot and Circuit City have continued to reduce the number of competitors/tenants (i.e., retailers both small and large) in shopping centers throughout the United States.”¹⁰² Small, locally owned businesses cannot compete with either the prices or variety offered by the big box retailer, nor can they compete with the hours the store remains open.

Additionally, “Superstores may cause substantial disruption to revitalization and planning efforts [in a given city]...by driving out existing grocery stores that often anchor the neighborhood shopping centers that are the focus of commercial activity in these communities.”¹⁰³ According to the *Final Report on Research for Big Box Retail / Superstore Ordinance*, superstores “can reduce consumer choice because of their tendency to cannibalize competing retail businesses.”¹⁰⁴ After the construction of a big box retailer and the consequent reduction of other local businesses, residents no longer have the option to shop at a variety of locations for the goods and services they need; they can only shop at Wal-Mart, as it becomes the only remaining option. Rather than increasing consumer choice, Wal-Mart has the potential to decrease the options available to a given community.

A Mississippi State University Extension study completed in 2001 found a substantial decrease in sales at food stores, building material stores, and miscellaneous retail stores in Mississippi counties where a Supercenter opened. Additionally, a study done in Iowa from 1983 to 1993 found “huge shifts in sales to large towns and mass-merchandise stores like Wal-Mart, with the total number of businesses lost in small towns over the decade reaching 7,326”.¹⁰⁵ In Tappahannock, Virginia, the addition of a Supercenter had substantial negative impacts on the local businesses:

“Since Wal-Mart came to our area there have been approximately twenty-eight to thirty businesses that have closed. They talk about drawing people to Tappahannock. They draw people to the Wal-Mart parking lot. They park their cars. They go in the store. They buy everything in Wal-Mart that they used to buy from these five, six places here in town... They walk back out. They get in the car and leave. Tappahannock doesn't see a red cent of their money, Wal-Mart does.”¹⁰⁶

In 1980, a Wal-Mart moved to the outskirts of Hearne, Texas. As a result, “virtually all the stores on Main Street closed, and Wal-Mart became the main game in town.”¹⁰⁷ Ten years later, after most of the City's businesses had been displaced, Wal-Mart announced that it was closing the store because it was losing money. In reality, Wal-Mart closed the store because it “opened some much larger stores in nearby cities that enabled it to close its lesser dollar-volume outlets.”¹⁰⁸ In any case, the intrusion of Wal-Mart had multiple negative impacts on the City of Hearne.

Wal-Mart's low grocery prices have the potential to displace competitors in the grocery industry. In fact, Wal-Mart prices its groceries so low it actually loses money. The company expects to make up those losses by selling an increased number of goods in other departments throughout the store—“a Wal-Mart comes in and uses the grocery

items as loss leaders to get the people to come in.”¹⁰⁹ This strategy could be detrimental to the food retail business, which cannot lower prices to the point where it is losing money as it has no way to make up those losses. Supermarkets operate on a very tight margin. Food retail stores, which sell primarily food products, and which cannot lower prices to the extent that they are no longer profiting, will be hard pressed to compete with Wal-Mart. Due to its ability to price food products lower than the competition, Wal-Mart’s expansion could have significant impacts on the food retail industry. According to Retail Forward, a global management and consulting firm, “for every one Supercenter that will open, two supermarkets will close. Since 1992, the supermarket industry has experienced a net loss of 13,500 stores.”

Any time Wal-Mart has the ability to wipe out its competitors completely, consumers end up on the losing end. The eradication of small, locally owned businesses and supermarkets, and ultimately of competition within the retail business will lead to a decline in the quality of goods and an eventual increase in price.

Furthermore, Wal-Mart’s ability to put other merchants out of business could create a blighting effect. As small stores close, buildings will become empty. The author of *Managing Maryland’s Growth* refers to the combined effect of the loss of small-scale, locally owned businesses and increased number of abandoned buildings the “double impact” of big box development. Vacant buildings decrease property values and can be a detriment to the local economy.

3. Jobs

“Even modest savings quickly reach astonishing levels when aggregated across such an enormous market.”

-LAEDC

Every time Wal-Mart wants to build a new store, it promises jobs. The company promises to provide 442 new jobs in Palm Springs, CA where it just received approval to build a Supercenter.¹¹⁰ In Gilroy, CA, which is the proposed site of another superstore, the company claims that it will create 240 new jobs.¹¹¹ Unfortunately, Wal-Mart does not create jobs, it re-allocates jobs. For every two jobs created at Wal-Mart, three jobs are lost. Furthermore, “the three jobs that are lost are good union jobs with health benefits and competitive wages. The two jobs created are low paying and offer no benefits.”¹¹²

Some big box supporters claim that Wal-Mart, due to its low prices has the potential to boost the economy, create jobs and wealth, and increase the standard of living in a community. The Los Angeles Economic Development Corporation study found that the construction of Supercenters in Los Angeles would have several potential positive impacts on the city and surrounding area. The report’s estimates are based on the assumption that Wal-Mart would capture, at most, 20 percent of the market in southern California.

The report asserts that lower prices at Wal-Mart would result in increased spending elsewhere, and as a result, the creation of more jobs: “Wal-Mart’s presence in Los Angeles will effectively increase real household spending. Thus, if a family that now buys \$100 worth of groceries per week instead spends \$80 for the same items, the family has gained \$20 in buying power.”¹¹³ The report continues by saying, “Individual households shopping in the city of Los Angeles would thus be able to redirect an average of \$524 per year in spending”.¹¹⁴ This “redirected spending” could potentially create thousands of jobs throughout southern California. The authors of the report estimate that

“lower prices, following the introduction of Wal-Mart Supercenters to the city of Los Angeles would generate new spending sufficient to create 6,500 full-time equivalent jobs,” and 17,300 full-time equivalent jobs in Los Angeles County.¹¹⁵ These jobs would be created through the redirection of spending to other items, including housing, savings, health, entertainment, and transportation. Additionally, the report estimates that savings to consumers in Imperial, Los Angeles, Orange, San Bernardino, San Diego and Ventura Counties would be at least \$3.76 billion annually, and would create 36,400 jobs in these seven counties, as a result, though the report does not clarify how many Supercenters would need to be built in order to secure this outcome. The report also states that the addition of Supercenters to southern California would reduce jobs in the grocery sector, but that at least seven jobs would be added for every one lost due to redirected spending by consumers who save by shopping at Wal-Mart.¹¹⁶

The Director of Policy Consulting for the LAEDC, Gregory Freeman, told the Los Angeles Times that the jobs estimate in the report was based on economic modeling used by the U.S. Commerce Department. He also said that he could not predict what kind of jobs would be lost or gained.

The report done by the LAEDC has been questioned by some economists. Patrick Burns, a senior researcher at Economic Roundtable in Los Angeles, a nonprofit organization that studies jobs and the local economy asserted this position:

"Among the working-poor families of Los Angeles, what would be gained from a small amount saved on household food costs if wages are declining and other costs, such as healthcare, keep rising? It seems like an empty proposition. In our research, we've found that L.A. County already suffers from an overabundance of low-wage jobs with few, if any, benefits, not to mention a disproportionate share of the nation's 'under the table' jobs."

Not only would the addition of Wal-Mart Supercenters create more low-paying jobs, it would eliminate higher-paying jobs in the unionized grocery industry that also provide health benefits. This could occur in one of two ways: either by forcing some of the large grocery chains out of business, or by driving them to cut costs in order to compete with Wal-Mart's exceptionally low prices.

Three of the states largest grocery chains, Ralphs, Vons, and Albertsons, have already attempted to cut health benefits for some 70,000 employees throughout Southern California. Workers were on strike for 138 days, after Vons, a subsidiary of Safeway, attempted to cut health benefits for its employees by 50 percent. In response, workers and union members of the United Food and Commercial Workers Union decided to strike. Ralphs and Albertsons subsequently locked out workers, disallowing them from working and forcing them to live for months without a steady paycheck. An article in the *Contra Costa Times* writes, "California grocers are clearly shifting the costs in reaction to Wal-Mart," which has plans to build forty new Supercenters in California over the next three to five years.¹¹⁷

In the coming months, northern California will witness a similar turn of events. Union contracts at the major grocery chains come up for re-negotiation in September and the unions have already started to prepare for an intense fight. It is expected that Safeway will lead the charge for reduced benefits and lower wages in northern California as it did in southern California. The unions will stand in solidarity until they secure their benefits and wages.¹¹⁸

The grocery industry provides thousands of higher-paying jobs with affordable health benefits and pension plans, which are threatened by Wal-Mart's expansion plans.

Current union employees at Alberston's, Ralphs, and Vons in southern California earn an average of \$11 more per hour (when factoring in health benefits), than do their peers at Wal-Mart.¹¹⁹ The loss of these jobs is a threat to the middle class way of life. With the addition of every new Wal-Mart Supercenter this nation's union jobs become more at risk.

4. Municipal Revenues

“Retail is absolutely dependent upon the condition of the local economy. It cannot grow any greater than the amount of disposable income within the economy. It will decline if the flow of money into an area is reduced. It does not create wealth but absorbs wealth. A vibrant, dynamic retail sector is not the cause of a strong, local economy, but the result of it.”

-William H. Fruth

Wal-Mart claims that its Supercenters have the potential to substantially increase sales revenue. The company claimed that the new Gilroy Supercenter would generate a 30 percent increase in sales revenue for the city.¹²⁰ And in Palm Springs, an impact report, which was prepared for the city by Natelson Co. estimated that a new Supercenter would create an estimated \$640,000 a year in sales taxes.¹²¹ Local governments which must rely on sales tax to fund their city services are easily swayed by the potential revenue advertised by large companies such as Wal-Mart. In Inglewood, Wal-Mart wooed the “support of African American leaders with a sprinkling of cash.”¹²² In many cities where funding is lacking, Wal-Mart has been given the green light for construction due to its promises of increased sales revenue. But Wal-Mart's claim that it creates sales revenue is not necessarily true.

The Final Report on Research for Big Box Retail / Superstore Ordinance

highlights a different scenario. The report asserts that the construction of a big box retailer in a specific area will not necessarily increase municipal revenues. In fact, superstores may actually decrease sales revenues. The report states, “the trade area may actually decrease due to the efficiency and pricing of large store formats.”¹²³

Wal-Mart and other big box retailers claim that they have the potential to increase sales revenues by increasing sales, and as a consequence raise municipal revenues, which is beneficial to the city. The ability of large retailers to increase sales revenues, however, is questionable. For one thing, the low prices at stores like Wal-Mart mean that consumers will spend less money for the same amount of goods they previously bought at another store, which will result in lower sales revenues, not more. Furthermore, Wal-Mart’s potential to displace locally owned shops could further result in lower sales revenues for the city. Secondly, Supercenters devote at least 30 percent of their shelf space to non-taxable items, which do not generate sales revenue. In short, it is likely that sales revenues will not be increased by the construction of a Supercenter, but such revenues could actually decrease. The combination of these factors, including lower prices at superstores and the reduction of property values from the closure of local retailers, can lead to the overall reduction in municipal revenues for the city.¹²⁴

If the assumption that Supercenters increased total sales revenue were correct, banning Wal-Mart could be potentially harmful to a city’s municipal revenues. This is a threat, which large retailers such as Wal-Mart use as a mechanism for acquiring the necessary approvals to build. The LAEDC presents a scenario in which Wal-Mart is

forced to build its Supercenters outside city limits due to an ordinance passed by the City Council:

“The implications of a Los Angeles ringed by Wal-Mart Supercenters are clear. First, many residents of the City of Los Angeles will travel outside the city to shop. Consumers who live in the City of Los Angeles already spend tens of millions of dollars each year at traditional Wal-Mart discount stores located within the county but outside the city’s political boundaries. The lure of inexpensive groceries—with potential savings of up to 20 percent compared to the large supermarket chains—available just outside the city limits would accelerate this trend. We expect that even more city residents would shop outside the city than do today.”¹²⁵

This scenario is exaggerated. A Los Angeles ringed by Wal-Mart’s sucking the revenue out of the City is not a huge threat. Furthermore, low-income residents who would most benefit by the low prices offered at Wal-Mart may not have access to the store whether it is built inside or outside the city limits if they rely solely on public transportation to get around. In Los Angeles, “76 percent of riders on MTA buses have no access to a car and depend on buses to reach jobs, schools, and health care, and meet other daily needs.”¹²⁶ Big box developments are generally not transit-oriented or pedestrian friendly (See the point 5 “Traffic Congestion for more information.) Thus, this type of store primarily serves a population of people who have access to a car. Consider the following example: “When Wal-Mart opened its first superstore in the UK, it was on the outskirts of Bristol, with a parking lot to fit 1,000 cars. As only four buses a day go to the store, the majority of people are forced to drive.”¹²⁷ This scenario demonstrates the way in which Wal-Mart Supercenters are constructed and highlights how such stores are inaccessible to residents who do not have access to a car.

In considering Supercenters, which also include full-service grocery stores, the idea of a Los Angeles ringed by Wal-Marts is even more ludicrous. It is unlikely that that

individuals relying on public transportation will travel long distances on a bus to buy groceries, even if prices are lower. They will most likely buy groceries at a location closer to home, which is accessible by public transportation or within walking distance. In fact, the addition of Wal-Mart Supercenters could actually decrease the options of low-income residents by driving out local food retail stores, which are unable to compete with the company's low prices forcing community members to travel longer distances for groceries.

Since there is a great likelihood that the addition of a Supercenter could actually decrease sales revenue and because it has the potential to impose greater costs on the city in other forms, such as increased traffic and pollution as well as the health care system, a Los Angeles without a single Wal-Mart Supercenter is probably the economically sound decision. The construction of a store, even one that offers low prices everyday, does not increase the amount of wealth in a community, but absorbs it. It is not the presence of a particular retailer or group of retailers, which govern the amount of retail sales generated in any particular area, but the consumers' income.¹²⁸ Therefore the construction of a superstore will not generate increased spending, but that amount of money will "merely be redistributed from wherever consumers had been spending to the new store."¹²⁹

5. Traffic Congestion

"Superstores have unique potential to profoundly disrupt land use patterns because they offer discount retail and full-service grocery under one roof."
- "Rodino Report"

The construction of big box stores raise questions of increased traffic congestion and associated land use problems. Traffic generation studies show that superstores cause

a greater number of car trips on a daily and weekly basis than competing grocery stores and warehouse stores, such as Sam's Club and Costco because they house both groceries and a wide range of general merchandise under one roof. "The appeal of Supercenters, for both Wal-Mart and the consumer, is that they allow shoppers to combine trips and do all of their purchasing in one location."¹³⁰ According to a report titled *Aesthetics, Community, Character and the Law*, which was cited in *Managing Maryland's Growth*, "a 110,000 square foot shopping center can generate as many as 946 car trips per hour and 9,710 trips per day."¹³¹ After the construction of a Wal-Mart at the Dobbin Center in Columbia, Maryland the community experienced substantial increases in traffic congestion. As described by the President of a smaller retail store Party! Party! Party!, located in the same center, "Traffic jams now regularly occur at the center's entrance."¹³²

Due to a proliferation of big box stores in Redding, traffic congestion has become unbearable. The city is defined by "thick rivers of traffic" and "warehouse-scale architecture," a result of the City's decision to increase the amount of retail, without considering its long-term implications.¹³³ Most recently, the City Council approved construction of yet another big box store, a Wal-Mart Supercenter, which will significantly increase the city's traffic problem in that location.

In addition to regular car trips by shoppers, "big box retailers generate far more truck trips due to higher sales volumes and merchandise turnover."¹³⁴ The potential for increased truck traffic in specific areas of Alameda County was one of the main reasons that the county introduced a big box ordinance prohibiting the construction of retail stores greater than 100,000 square feet that also sell groceries. The addition of a Supercenter in the County's unincorporated areas, including San Lorenzo and Ashland, would make

truck traffic unbearable because both communities are very dense. Residents' complaints of the traffic problem largely influenced the County's decision to pursue a big box ordinance. Furthermore, Alameda county officials had witnessed a substantial increase in car traffic at a recently opened Wal-Mart Discount Store within its jurisdictions. Wal-Mart refused to cooperate with county officials to mitigate the traffic congestion, which was a direct result of the store. County officials believed that the addition of a Supercenter would create a similar set of problems.¹³⁵

Moreover, big box stores are not pedestrian-friendly, nor are they conducive to the use of public transportation. Big box retailers undermine efforts to create pedestrian oriented communities by building expansive parking lots, which almost exclusively support auto-borne shoppers only and by "de-malling," which is the process in which retail storefronts are reversed, or turned inside out, towards parking.¹³⁶ This trend in retail operations shows that big box stores have little desire to promote alternative forms of transportation, which could reduce the negative effects associated with big box construction. Additionally, expansive parking lots, which are associated with big box retail stores, also increase amounts of polluted runoff.¹³⁷

Supporters of Wal-Mart assert that one-stop shopping decreases traffic because consumers are not forced to drive to multiple locations to complete their shopping. However, since superstores are neither pedestrian friendly nor are they transit-oriented, they induce the use of cars, thereby increasing traffic on the road. The majority of shoppers arrive by car. Because each Wal-Mart draws customers from a 70-mile radius, the traffic created is substantial. Superstores, which sell groceries in addition to general merchandise, require that customers visit the store more frequently. In the areas around

the Supercenter traffic increases are substantial. Conversely, shopping located in an urban core downtown or at another shopping center, which is anchored by a grocery store, is generally more accessible by public transportation. Furthermore, people shopping in these locations have the option of driving to the location, parking, and then walking to several stores in the area to complete their shopping. The company's argument that one-stop shopping at Wal-Mart Supercenters decreases traffic may not be valid.

Moreover, increased traffic and noise pollution that are created by big box development have the potential to decrease the property values “of nearby homes purchased by people who reasonably assumed that the area would remain peaceful and attractive.”¹³⁸

Superstores, or establishments that combine retail and a full-service grocery under one roof, increase the amount of traffic on the road to a larger extent than other big box developments. Additionally, traffic congestion can negatively impact the overall livability, decrease the property value of nearby homes, and undermine efforts to create transit-oriented and pedestrian friendly development.

6. Livability

“The strong, image-making design of a big-box development can be detrimental to a community's sense of place...”

-Managing Maryland's Growth

In addition to issues of increased traffic congestion, pollution and noise, the construction of big box stores have the potential to negatively impact a community's sense of place. By definition, big box stores are “large, windowless, rectangular single-story buildings,” which detract from the character of a community.¹³⁹ Sprawling,

blacktop parking lots further detract from the overall integrity and character of a community. Simply put, big box stores are “unique to no place, be it a rural town or an urban neighborhood.”¹⁴⁰

Additionally, “big box retailers often seek industrial sites on the fringe of residential areas to obtain the large acreage and low land prices needed to make their development feasible.”¹⁴¹ This practice induces sprawl and results in the clear-cutting of huge open areas prior to construction. The loss of trees and open space, which are associated with the construction of large chain stores, have a distinct negative impact on the community. Furthermore, building on the outskirts of town creates a divide between the attractive, downtown center and the sprawling chain stores at the edge of town. The downtown center will almost certainly suffer due to low prices offered on the outskirts of town, which will eventually undermine a town’s more attractive shopping centers. In this way, big box stores threaten the character and vitality of a particular community or neighborhood.

The rapid expansion of large-scale retailers such as Wal-Mart, Home Depot, Target, and Circuit City have created an increasingly homogenous retail sector. Every city begins to look the same. One drives thirty miles in every direction and all he or she sees are looming retail centers: a Wal-Mart, a Home Depot, maybe a Barnes & Noble and some filler stores. Our communities are at stake. It is that simple.

7. Underrepresented Communities

“There are many parts of Los Angeles that are underserved by retail. The need is acute in the grocery sector and those communities stand to gain the most if Wal-Mart were to enter the market and offer low prices.”

-LAEDC

The existence of under-retailed and underrepresented communities is a real and substantive issue requiring the attention of city officials and developers. There are several low-income and minority communities within southern California, which are underrepresented and underserved both in retail and the grocery industry. One study, entitled “The Urban Grocery Store Gap,” found that for every 7,795 people in metropolitan Los Angeles there is one full-service grocery store.¹⁴² In contrast, “the ratio for the urban core low-income communities was less than half that figure, with one grocery store per 16,571 people.”¹⁴³ There is a strong correlation between race and poverty and the number of supermarkets in a community. The higher the concentration of whites in a community, the greater the number of supermarkets, “while high concentrations of African Americans and Latinos tend to result in access to fewer supermarkets.” Similarly, “the higher the concentration of poverty within a community, the fewer the supermarkets.”¹⁴⁴

Prices tend to be higher in the inner city, and the quality of food substantially lower, where competition is scarce. A study done by the USDA, which “found that prices in much smaller stores are at least 10% higher than price at large supermarkets,” mainly because they do not have the revenue base to keep their prices low, displays the price difference for middle class and low-income communities.¹⁴⁵ Access to health alternatives is also an issue. In low-income communities, shoppers “enter the store to be faced with either junk food or alcohol.”¹⁴⁶

Inner-city communities are also underrepresented when it comes to retail. The U.S. Department of Housing and Urban Development found:

“Despite their huge buying power, many of America’s inner-city communities are ‘under-retailed,’ with sales that fall significantly short of residents’ retail purchasing power. The total shortfall was \$8.7 billion last year for 48 inner-city areas in which HUD found a retail gap.”

Lack of options for residents living in the inner-city is a real problem, which must be addressed.

Low-income communities in Los Angeles County could benefit from the addition of a Supercenter, which provides a full-service grocery in addition to general merchandise, if Wal-Mart maintained its low prices and offered quality food choices and healthy alternatives. If, however, Wal-Mart participated in predatory pricing, in which it initially priced its goods at a price so low it was actually losing money, it could actually decrease food options by driving out local businesses as well as supermarkets.¹⁴⁷ The *Final Report on Research for Big Box Retail / Superstore Ordinance* states:

“a highly aggressive and successful campaign of expansion by one or a small number of superstores can result in such market dominance that the effect is that of market monopoly. While the big box retailers and superstores pursue their expansion plans touting expanded consumer choice, their very success may in fact limit consumer choice.”¹⁴⁸

The *Final Report on Research for Big Box Retail / Superstore Ordinance* also suggests that a big box store, which is “filling a void created by the departure of another store can have beneficial impacts, specifically in low-income communities that are under-retailed.¹⁴⁹ A Wal-Mart store was opened at the Baldwin Hills Mall, which had been sitting vacant since it was abandoned by Kmart after the company was forced to rearrange under the Bankruptcy Code. This positively impacted the community.¹⁵⁰

Wal-Mart supporters argue that the company “has demonstrated a willingness to enter communities that other businesses appear uninterested in serving.”¹⁵¹ However, it is

not necessarily the company's desire to serve such communities that prompts its decision to propose construction of a new store, but the potential to obtain available development sites at an affordable price. Wal-Mart also selects locations that serve a vast area, thereby making each store it operates more profitable.¹⁵² For instance, the Wal-Mart Supercenter to be built in Gilroy is expected to serve residents in San Jose as well as nearby Hollister and Morgan Hill, making it a desirable location for Wal-Mart.¹⁵³ Gilroy is an ideal location for the Supercenter for several other reasons as well. The City already has a substantial amount of big box retail stores and a growth-friendly City Council, which makes it an easy target. It's also a mainly working class community, with just over a majority of the population being Latino, though that is not the core reason why the retailing behemoth has worked so hard to get its approvals in Gilroy.¹⁵⁴ The company's business ethos revolves around making a profit. The situation is no different in Gilroy.

Wal-Mart's desire to build a Supercenter in Inglewood is another prime example. Certainly, a lot of the push and pull in the community regarding the company's proposal revolves around its potential to create jobs and provide low prices. Inglewood is a predominantly African American and Latino city, with a need for jobs. Thus, Wal-Mart centered its campaign in this particular city on its potential to create jobs and offer affordable goods to a community in need. Some of the City's residents were won over by that argument. Through personal experience while phonebanking with the Coalition for a Better Inglewood, a community group which was formed in response to Wal-Mart's expansion plans in Inglewood, a resident asserted that the addition of a Wal-Mart Supercenter would create much needed jobs for the community. Steve Harvey, the host of a morning show in Los Angeles, which draws a primarily African American audience,

echoed this point on the morning the vote was to take place in Inglewood, saying that he was aware of the negative impacts of Wal-Mart, but that the residents of Inglewood needed jobs.

In general, Wal-Mart attempts to gain support from the black community by saturating “black-themed TV shows on cable and network stations with” ads displaying “smiling, cheerful black shoppers praising Wal-Mart for selling top-quality goods at bargain-basement prices and for being a leader in revitalizing shamefully underserved black communities.”¹⁵⁵ In Inglewood, Wal-Mart used the city’s demographics to its advantage. It purveyed an image that it wanted to serve an underrepresented community. The Los Angeles Alliance for a New Economy (LAANE), a non-profit organization, which led efforts to keep Wal-Mart out of Inglewood, asserts that the City of Inglewood is not severely under-retailed and that it does not have a substantial grocery gap.¹⁵⁶ Therefore, according to this argument, although the city may need more jobs, it may not need more grocery and retail stores. And, since Wal-Mart does not create jobs, but displaces jobs, and re-allocates jobs, Wal-Mart would not be positively serving this community by building a Supercenter.

In order to obtain approval for the store in Inglewood, Wal-Mart bypassed the City Council, which openly opposed the construction of a Supercenter and went straight to the voters. It forced a special election on April 6, 2004 by placing a 75-page referendum on the ballot. If it had been approved, Measure 4A would have allowed Wal-Mart to build its Supercenter without any environmental review, traffic studies, or input from the City Council or community. In a precedent-setting victory, the voters of Inglewood voted against the Wal-Mart measure.

The length of the referendum alone shows that Wal-Mart did not want community members to have full access to the information about which they were voting. Like most ballot initiatives, its legal jargon made it nearly impossible to decode. These actions do not support the claim that Wal-Mart is eager to serve underrepresented communities, but show that this company will continuously search for sites where it can build without too much expense.

Although some low-income neighborhoods suffer due to lack of retail and food stores, the addition of a Wal-Mart Supercenter could actually decrease food and retail options in the community by driving out other businesses through a practice of predatory pricing. However, if a retailer is entering a space, which was previously vacated by another large-scale retailer, it can have positive impacts on the community. Furthermore, the company's actions in Inglewood, CA and Gilroy, CA display that it is not necessarily Wal-Mart's willingness to serve low-income communities that has caused it to enter those communities, but a desire to build in a location in which it will profit.

8. "Going Dark"

"It looks like a big box—flat roofs, windowless walls, asphalt perimeters—and smells like a rotten economy. It sounds like a retail graveyard—no clanking carts, bustling checkstands or blue-light specials—and feels like an albatross to any economic developer. It is a dark store—and it is out of business on a street near you."

-Kary Hsiao

Superstores and other big box retailers have a tendency to "go dark" or vacate a specific location, while maintaining the lease for the property, thereby preventing other retailers from coming into the area. This process, which is commonly practiced by big box retailers, decreases property values in the area, negatively impacts small business,

which depend on traffic generated by the large retailer, and creates a blight effect, which further decreases property values and negatively impacts all development in the area. Furthermore, this process “facilitates a pattern of superstores locating in a community, engaging in predatory pricing that drives out competitors, consolidating their operations by shutting down stores once competition is eliminated, and then tying up the massive parcels they have assembled through long-term leases that prevent the reestablishment of rival retailers and the recycling of scarce industrial and commercial land.”¹⁵⁷

The increase in retail stores “going dark” is a result of increased expansion by large-scale chains:

“That bigger-is-better trend keeps evolving—to the point that the big boxes of yesteryear are too small for today. So Wal-Mart, Home Depot and Target, to name a few, are building mammoth stores that boast up to 225,000 square feet. Many of those 35,000- to 60,000-square-foot buildings now sit vacant...”¹⁵⁸

Vacant retail stores are a problem all over the country. In Utah, “the Salt Lake Valley has more than 20 of these vacant giants.”¹⁵⁹ In traveling to the Midwest one invariably sees a host of empty retail stores near to newly opened Wal-Mart Supercenters. In addition to Wal-Mart’s ability to drive smaller, local shops out of business, the company has a practice of opening Supercenters and closing existing Discount Stores in the same city. One could reasonably expect that for every proposed Wal-Mart Supercenter in California that is to be built near an existing Wal-Mart Store, at least half of those stores will be closed shortly after the Supercenter has been completed. In Gilroy, where a Wal-Mart Discount Store already exists, the company is in the process of building a Supercenter. Not surprisingly, Wal-Mart plans to close its existing store after the completion of its new and improved model opens.¹⁶⁰ A similar situation exists in Red Bluff. Although Red

Bluff already has a Wal-Mart, the City Council approved the construction of a Supercenter of more than 212,000 feet. The proposed store will be relocated from the east side of Mill Street to the west side, where the existing store is now located. Eventually, it will sit empty.¹⁶¹ The Supercenter now in construction in Hemet and the Supercenter, which has been proposed for the City of Selma, will replace two existing Discount Stores. In the end, Gilroy, Red Bluff, Hemet and Selma will have just one Wal-Mart, but they will have to deal with the negative effects of having such a large store “go dark.”

A View of California: Wal-Mart’s Expansion and Community Opposition

Wal-Mart has proposed the construction of 40 new Supercenters over the next five years throughout the state of California. It has already opened one Supercenter in La Quinta, near Palm Springs, and has broken ground on several others across the state. Wal-Mart is scheduled to open stores in Gilroy, Red Bluff, Bakersfield, Redding, and Palm Springs, with plans for numerous other cities throughout the state of California.

Although Wal-Mart offers low prices and claims to provide jobs and increased sales revenue, many communities have launched campaigns to keep the retailing juggernaut out. The main mechanism of defense: big box ordinances, which restrict the size of big box retailers as well as the type of goods sold within the store. The Cities of Oakland, Martinez, Turlock, and Agoura Hills, in addition to Alameda and Contra Costa Counties, have passed ordinances banning stores larger than about 100,000 square feet that devote more than 5 to 10 percent of shelf space to grocery items or other non-taxable

items. Other communities, including Los Angeles, San Diego, Sonoma, Mt. Shasta and Oakdale are looking at the possibility of implementing similar ordinances.

The main concerns of each community reflect a variety of issues associated with big box development. These concerns include:

1. Increased traffic congestion, pollution, and noise.
2. The loss of local merchants and unionized grocery stores.
3. The addition of low-paying jobs, which offer substandard health benefits at the expense of higher-paying jobs, which provide substantial health benefits and support a middle-class way of life.
4. Potential decrease in sales revenue, coupled with an increase in “external” costs i.e., the cost of healthcare, thereby placing a strain on public funding sources.
5. Overall livability issues, including the disappearance of walkable communities and the diminishment of transit-oriented development.

The negative impacts associated with big box development, and more specifically with Supercenters have prompted union groups, community activists, local citizens, and municipal governments to examine the development, which is taking place in their communities to a heightened degree.

Wal-Mart is expanding or has plans to expand in the following communities:

La Quinta

The first Wal-Mart Supercenter in California opened in La Quinta on March 3, 2004. The store is a whopping “225,000 square feet and is expected to generate some 7,875 daily vehicle trips along Highway 111.”¹⁶²

Hemet

The City of Hemet is the site of yet another Wal-Mart Supercenter. The company plans to open a 224,168 square foot store, at the corner of Stetson and Sanderson Avenues, and vacate its existing Discount Store of 128,000 square feet.¹⁶³

Stockton

One of the next Wal-Mart Supercenters to open in California is located in the City of Stockton. Construction on East Hammer Lane is already in progress. The 220,000 square foot Supercenter is expected to open for business in December of 2004. Stockton already has an existing Wal-Mart Discount Store. Plans for that store have not yet been announced.¹⁶⁴

Bakersfield

Two Wal-Mart Supercenters were approved by the City Council in February 2003. The projects were first approved by the Planning Commission after their approval was recommended by the Planning Department. The Planning Commission's decision was appealed by the Bakersfield Citizens for Local Control, but the City Council denied the appeal and approved both projects. Since then, the Citizens for Local Control filed a lawsuit, which is currently being litigated.

The possibility of a big box ordinance was referred to a City Council committee, but an ordinance was never introduced.¹⁶⁵

West Sacramento

Wal-Mart has been approved to build a store at Riverpoint, an 85-acre parcel on Reed Avenue, just off Interstate 80 in West Sacramento. The store will be part of 700,000 square foot shopping center. City Council refused to consider a big box ordinance, which was proposed by Councilman Mark Montemayor. The ordinance "would have barred 'big box' retailers like Wal-Mart if they were larger than 130,000 square feet, had more than 5,000 linear shelf space for groceries, and garnered at least 5 percent or 10 percent of their total sales from groceries."¹⁶⁶ One of Sacramento's largest employers is Raley's, a unionized grocery chain, which employs 7,340 workers.¹⁶⁷ Councilmember Montemayor

proposed the ordinance due to his concern that the addition of “extremely large retailers,” primarily Wal-Mart Supercenters would harm local retailers.¹⁶⁸ Councilmember Bill Kristoff recused himself because he “is working as a union lobbyist in labor’s effort to block Wal-Mart Supercenters in the region.”¹⁶⁹

The City Council has directed its staff members to draw up design guidelines for all future retail development in West Sacramento. Wal-Mart has yet to decide if the proposed store will be a Supercenter.¹⁷⁰

Gilroy

On March 15, the City Council voted 5-2 to approve a proposed Wal-Mart Supercenter.¹⁷¹ The new Supercenter will loom over 220,000 square feet.¹⁷² The city already supports a Wal-Mart Discount Store.¹⁷³ Still, the company has plans to build a Supercenter, not far from the existing store, at the intersection of highways 101 and 152. This location, which is at the southern tip of San Jose will service other communities besides Gilroy, including San Jose, Hollister and Morgan Hill.¹⁷⁴ Wal-Mart plans to vacate its existing store after the Supercenter is completed.¹⁷⁵

There is a wide range of organizations, which oppose Wal-Mart. The major grocery chains, including Safeway and Albertsons, labor unions, and small business owners are very concerned about the impact Wal-Mart will have on wages, health benefits and locally owned businesses. Community and environmental groups, as well as “people who like the small town feel of Gilroy” are concerned with sprawl, traffic congestion, and the overall livability of the City.¹⁷⁶ Those in favor of a new Supercenter: people who want really cheap groceries and City Councilmembers Craig Gartman and

Bob Dillon who are eager to obtain the 240 jobs and 30 percent increase in sales revenue, which the project promises to create.¹⁷⁷

Redding

In January of 2003, Wal-Mart applied for a permit in order to expand an existing store of 106,000 square feet into a Supercenter of approximately 220,000 square feet. The project, which is located in a “Regional Commercial” District “met or exceeded all zoning and environmental requirements for the site.”¹⁷⁸ Redding’s zoning restrictions allow big box stores to be built only in “Regional Commercial” zones. In other areas, which are zoned for retail, big box stores are limited to 60,000 or 75,000 square feet, depending on their location.¹⁷⁹ The City Council approved the expansion project in November of 2003. A Mitigated Negative Declaration was prepared for the expansion project and mitigation measures were identified for potential traffic, air quality and noise impacts.

Since the approval, William Kopper, an attorney representing the United Food and Commercial Workers Union “filed a lawsuit against Wal-Mart and the City of Redding concerning the environmental issues.” The court proceedings are scheduled to take place in the summer of 2004.¹⁸⁰

Palm Springs

Wal-Mart has plans to expand in Palm Springs. In March 2004, the Planning Commission approved a request for a conditional use permit for a 275,000 square foot retail complex, which would spread out over 31 acres. The complex, which will be anchored by Wal-Mart, will be built at the intersection of Ramon and Crossley Roads. City officials in nearby Cathedral City worry about the increased traffic congestion from

the superstore, since Ramon Road passes through both Palm Springs and Cathedral City. The city's mayor, George Stettler contends that the new store will impact Cathedral City more than Palm Springs. The draft environmental impact report produced for the city of Palm Springs found that the center "could generate an additional 10,000 new or "primary" car trips daily in the area."¹⁸¹ Cathedral City, however, does not have an official vote regarding the project. An impact report, which was prepared for the city by Natelson Co. estimated that the project would create 442 jobs and generate an estimated \$640,000 a year in sales taxes.¹⁸²

Anderson

Wal-Mart has faced citizens' group opponents over its proposal to build a Supercenter in Anderson. A legal battle halted construction of the store, which was previously approved by City Council.

Selma

Wal-Mart has proposed plans to build a Supercenter in Selma just south of the City's existing Wal-Mart Discount Store.¹⁸³ The Environmental Impact Report was out for review until April 10. It was scheduled to go before the City's Planning Commission shortly thereafter.

Lemoore

A Wal-Mart Discount Store with a capacity for a future expansion is in the application process in Lemoore.¹⁸⁴ Wal-Mart submitted an application to locate a Supercenter "due west of Highway 41 off Bush Street. The project is undergoing an Environmental Impact Report, which will include the study of possible economic blight affects of the project. As in most cities, support for the project is mixed evenly between

the opposition and the supporters...”¹⁸⁵ A local “anti-Wal-Mart” group has been holding community meetings.

Lodi

The Lodi City Council recently approved design standards for big box stores without any size limitations. Some Lodi residents brought concerns to the council about the potential for big box stores to damage existing businesses and proposed possible size limitations on large-scale retailers. On April 7, 2004, the City Council will consider whether to let voters decide the issue in the November 2 election. That date, however, could be too late to block the construction of a Wal-Mart Supercenter, which has already been proposed. Lodi already has a Wal-Mart Discount Store, but the company wants to build a larger one, which includes a full-service grocery in addition to general merchandise. The Community Development office is currently reviewing the company’s proposal.¹⁸⁶

Woodland

Wal-Mart wants to turn an existing store in Woodland into a Supercenter.¹⁸⁷ The City’s Planning Department is trying to decide if the store’s conditional-use permit allows Wal-Mart’s type of grocery operation.¹⁸⁸

Tracy

Wal-Mart is planning to expand one of its existing stores, located within Tracy’s Regional Shopping District just north of the I-205 freeway into a Supercenter. In addition to a Wal-Mart, the area includes Costco, Home Depot, and surrounding retail shops, “as well as the regional shopping mall for the South San Joaquin County and Eastern Contra Costa County residents.”¹⁸⁹

The expansion of Wal-Mart is in the works. The City's planning department is currently putting together an Environmental Impact Report (EIR) as well as an economic analysis for the proposed expansion, which should be completed in late summer of 2004. There is little community opposition to the project and has been no talk of implementing a big box ordinance similar to those passed in other cities in the bay area. Tracy's Economic Development Analyst, Linda Maurer explains, "The City's position is simple—we don't discriminate and we try to be fair to all business in Tracy. If they are zoned for the use and they meet with the architectural and planning standards, the City doesn't prohibit the expansion."¹⁹⁰

So far, the City of Tracy claims that it has not experienced negative impacts, from its big box stores. The City's retail growth has been robust over the past several years and has continually been "ranked as of California's fastest growing retail markets, most recently averaging 16.5 percent growth over the past five years."¹⁹¹ According to numerous reports, including one done by the Bay Area Economic Forum titled *Supercenters and the Transformation of the Bay Area Grocery Industry: Issues, Trends, and Impacts*, the addition of superstores could drastically change the City's retail sector, and not for the better. Maurer contends that neighborhood shopping centers, because of their proximity to housing, "will still be the day to day draw for most residents in Tracy. These stores are doing very well right now (from a taxable sales perspective)."¹⁹² The longer term implications of such a development will probably not be felt until at least six months after the completion of the Supercenter.

Red Bluff

In Red Bluff, Wal-Mart has submitted a planning application to the city for the construction of a Supercenter. Like Gilroy, Red Bluff already has a Wal-Mart. And, as in Gilroy, Wal-Mart plans to vacate its existing store and build one more than double the size. The current store, located at Luther Road and Mill Street, is 102,777 square feet. The proposed Supercenter would be an incredible 212,000 square feet and would be relocated from the east side of Mill Street to the west side. If Red Bluff approves the store it “could eventually be one of four such stores in a 75-mile radius that includes Redding, Anderson and Chico locations.”¹⁹³

At a town hall meeting in December, residents voiced concerns that a Wal-Mart would mean the death of local business. One resident asserted that “the Chamber of Commerce will have one member, which will be Wal-Mart. Everybody else will be out of business.”¹⁹⁴ There were also questions about the City’s need for another grocery store, since it already has six. Another resident, Gary Ramsey, suggested the possibility of instituting an ordinance limiting the size of big box stores.¹⁹⁵

Accordingly, Wal-Mart is trying to quell fears that might snowball into another big box ordinance. The manager of the current Wal-Mart is claiming that Wal-Mart would not be harmful in its approach.¹⁹⁶ Though, perhaps, too many people are now aware of Wal-Mart’s cutthroat business practices to believe that Wal-Mart would be anything but ruthless in its approach.

Fresno

In Fresno, Wal-Mart's plans to build a Supercenter at Kings Canyon have been met with substantial community opposition.¹⁹⁷

Chico

Wal-Mart Stores Inc. has proposed the expansion of an existing Discount Store in Chico. The City's Planning Commission heard the proposal on February 19, 2004. At that time, the commission voted to require an Environmental Impacts Report (EIR) to be completed by Wal-Mart. Initially, Wal-Mart appealed the Planning Commission's decision, but has since hired a consultant to carry out the report. According to Chico's Planning Department, the main focus of the EIR will be to assess "traffic and whether there will be any foreseeable blight" as a result of the superstore. Since Chico already has two non-union grocery stores, Winco and Foodmax, which compete with the current Wal-Mart, the City's main concerns are not centered on the impacts of increased competition, but the potential traffic and environmental impacts. Whether the community is for or against a Wal-Mart Supercenter is hard to say. The City contends that the population is pretty evenly "split down ideological lines."¹⁹⁸

Hanford

A Wal-Mart Supercenter has been proposed for the City of Hanford. The project is currently in the planning stages. A City report, which was created by the Planning Department Staff was looked at by the City Attorney and then put out for publication on April 7, 2004. A public hearing was held on April 13, 2004. The Planning Commission presented the project to the community and heard feedback. A public meeting, organized by the local anti-Supercenter group Hanford NOW (No on Wal-Mart Supercenter), was held in March to discuss the potential impacts of a Supercenter. Presentations given by

three local businesses and a consumer were followed by a question and answer period. Over two hundred community members were in attendance.¹⁹⁹

Hanford already has a Wal-Mart, which is now in escrow. There have been no official statements or decisions made regarding the future of that store.²⁰⁰

These communities battled Wal-Mart at the ballot box:

Inglewood

The City of Inglewood is the site of yet another fight over the construction of a Wal-Mart Supercenter that was to be part of a shopping center the size of 17 football fields.²⁰¹ However, Wal-Mart's plans were upended when a community group known as the Coalition for a Better Inglewood defeated the world's largest retailer on April 6, 2004.

The proposed Supercenter project would have included a Sam's Club and would have been located at the Homestretch at Hollywood Park, located at 90th and Prairie Avenue.²⁰²

In October of 2002, the City of Inglewood passed a big box ordinance, prohibiting the construction of stores larger than 155,000 square feet, which devote more than 20,000 square feet to non-taxable items. Shortly thereafter, Wal-Mart submitted 9,256 signatures collected from Inglewood residents asking the City Council to repeal the ordinance.²⁰³ Additionally, Wal-Mart threatened to sue the city for unfairly targeting them in the ordinance. As a result, the city's ordinance was repealed.²⁰⁴

Wal-Mart also sponsored an initiative, Measure 4A, in response to the city's decision to prohibit Supercenters that would have commanded the city to approve the proposed Wal-Mart Supercenter without environmental review, "traffic studies, public

hearings or input from municipal officials, who until now had the final say.”²⁰⁵

According to a City Council analysis, the initiative authorized the entire project without any action from the city.²⁰⁶ On April 6, 2004, Inglewood residents voted on the 75-page referendum, (which did not appear on the ballot in full), with 7,000 of the City’s residents voting against and 4,500 people voting in favor of the proposed construction.²⁰⁷ The Coalition for a Better Inglewood, working with one-tenth the budget of its opponent, led an extensive campaign to educate voters on the impacts of the measure. Wal-Mart spent over one million dollars to convince residents to vote yes on Measure 4A, paying its signature gatherers more than it pays its “associates”.²⁰⁸ The victory in Inglewood will serve as an example for communities across the country that Wal-Mart can be defeated.

San Marcos

In August, the City of San Marcos, located in northern San Diego County, approved construction of a new Wal-Mart. The issue was put on the ballot, and in March San Marcos residents voted “to overturn a City Council-approved change in zoning rules that would have allowed a second Wal-Mart to be built in the fast-growing city.”²⁰⁹ Wal-Mart wanted to build a new store on Rancho Santa Fe Road. Residents contended that the addition of a store at that location would have made traffic unbearable. Randy Walotn, a member of the local anti-superstore group Save San Marcos Dot Org, asserted that Rancho Santa Fe Road “is one of the most congested roads in the county.”²¹⁰

San Marcos’ population has nearly doubled in the last fifteen years, from 39,000 in 1990 to over 63,000 today. Between 1990 and 2000, it was the county’s fastest-growing city as well as one of the fastest-growing cities in the country. Its retail sector has been growing almost as quickly. In the last year alone, the city has added a Wal-Mart

Discount Store, a Smart & Final, a Fry's Electronics and a Lowe's. Kohl's, Best Buy and Staples are expected to build stores in the next year.²¹¹ Residents finally said enough to the rapid expansion. 60.4 percent voted no on Proposition G.²¹²

Prior to the election, Wal-Mart attorneys challenged the legality of the referendum petition, arguing that many of the signatures, which led to San Marcos' vote should have been thrown out because they were collected from nonresidents. In December of 2002, Superior Court Judge Janis Sammartino ruled "that the political process should proceed before a decision about the validity of the referendum."²¹³ It is yet to be seen whether Wal-Mart will choose to revive the lawsuit.

Calexico

In the small California border town of Calexico, Wal-Mart spent \$140,000 to defeat a referendum that would have banned Supercenters from being built.²¹⁴ The city's existing zoning ordinance prohibited superstores of greater than 150,000 square feet that devote more than 7.5 percent of shelf space to non-taxable items.²¹⁵ The ordinance is no longer in effect. However, Wal-Mart has not built Supercenter in Calexico. The city has one Wal-Mart Discount store, and another Discount Store ten miles to the north in El Centro.²¹⁶

Contra Costa County

Last June, the Contra Costa County Board of Supervisors passed an ordinance restricting large-scale retail businesses from opening in the unincorporated areas of the County. The ordinance banned stores larger than 90,000 square feet from devoting more than 5% of their total space to the sale of non-taxable merchandise like groceries. Wal-Mart funded the collection of enough valid signatures to qualify for a referendum to

overturn this ban. The election was held on March 2, 2004 and the county's ordinance was overturned by the voters 54 to 46 percent.

The title language for Measure L was as follows: Shall the Large-Scale Retail Businesses Ordinance, Contra Costa County Ordinance No. 2003-18, be adopted? A YES vote will preserve the ordinance. The voters did not adopt the ordinance.²¹⁷

The following counties in California have implemented big box ordinances:

Tuolumne County

Tuolumne County passed an ordinance in January 2004, which prohibits the construction of big box stores larger than 60,000 square feet in unincorporated areas of the county. For stores larger than 25,000 square feet the developer must acquire a conditional use permit. The ordinance was introduced in response to the community's concerns that large-scale retail stores would damage the existing small town feel and character of the community.²¹⁸ Residents overwhelmingly supported the County's decision to regulate big box stores.²¹⁹

Alameda County

On January 8, 2004, Alameda County Supervisors unanimously approved an ordinance banning some big-box stores in unincorporated areas. Alameda County Supervisor Alice Lai-Bitker introduced the ordinance, which took effect on February 9, 2004. The ordinance prohibits stores larger than 100,000 square feet that devote more than 10 percent of floor space to groceries and other non-taxable items. It was the County Board of Supervisors intention "to limit the negative impacts of large-scale retail stores on traffic circulation, land use patterns, and the economic and social health of the

neighborhood commercial areas by prohibiting large retail stores” greater than 100,000 square feet, which include a full-service grocery.²²⁰

Wal-Mart has since taken legal action against the county, alleging that the “ordinance is defective both on policy and legal grounds” because it targets just one store²²¹ and that the county did not go through proper channels to enact such an ordinance.²²² County officials argued that the ordinance could easily cover Target or Sears Supercenters and promised to stand behind their decision. However, on March 30, 2004, the Alameda County Board of Supervisors voted unanimously to repeal the ordinance. Alameda County Counsel, Richard Winnie, told the board it had the right to approve the ordinance, “but that referring the matter to county planners could provide a ‘simpler, less costly and faster way of resolving this issue’ than fighting Wal-Mart in court.²²³ If the planning commission requests the adoption of the ordinance, it will be re-introduced by the County Board of Supervisors at a later date.²²⁴

These cities have passed or are considering the possibility of implementing big box ordinances, which prohibit the construction of retail stores of a certain size, which sell groceries in addition to general merchandise:

Oakland

In October 2003, the City of Oakland passed an ordinance banning “Large-Scale Combined Retail and Grocery Sales Commercial” stores, “whose total sales floor exceeds 100,000 square feet and which devote more than 10% of sales floor area to the sale of non-taxable merchandise.”²²⁵ The ordinance applies to most commercial zones and requires a conditional use permit for a limited number of commercial and manufacturing zones and does not affect smaller big-box grocery stores, wholesale stores such as Costco

and Sam's Club, or large retailers that do not sell groceries. Council President Ignacio De La Fuente sponsored the Oakland measure with Councilmember Jane Brunner.

On April 8, 2003, acting on the basis that there was an urgent threat to safety, the City Council passed a 45-day moratorium, which allowed the Council to change a zoning ordinance within the City and prohibit the construction of any new, large-scale retail stores during that 45-day period. On September 3, 2002 the ordinance went to the Community and Economic Development Committee and was shortly thereafter approved. The big box ordinance, which restricts stores of greater than 100,000 square feet that also sell groceries, was subsequently implemented on November 4, 2003. This ordinance "was very narrowly tailored" to only impact superstores. The City Council tempered with the idea of regulating all big box stores, which could potentially harm small, locally owned businesses and decrease the City's overall livability. But due to the City's lack of retail stores and supermarkets, this did not become part of the implemented policy. Currently, many Oakland residents are forced to shop outside the area. In turn, the City Council loses out on potential sales revenue. Still, the City Council did not feel that superstores would be a positive addition to the City of Oakland. Acting on its knowledge that "the establishment of large-scale combined retail and grocery stores in Oakland would have negative impacts on existing neighborhood-serving commercial areas by re-directing business to large retail centers; and on traffic and air quality by increasing the number of vehicle miles traveled," the City Council voted to implement the ordinance.²²⁶

There are a few specifics about Oakland that make this city an interesting case study. For one thing, the city has a conditional use permit, which was passed years ago, and runs with no end and allows for the construction of big box stores in certain areas of

the city. The conditional use permit supersedes the big box ordinance, meaning that in locations where a conditional use permit existed previous to the big box ordinance, which was passed in November of 2003, big box retail stores of any size that include a full-service grocery can still be built. One particular example is the site, which was vacated by Kmart. This location is covered by a conditional use permit and therefore could be used for a Supercenter in the future. Although Wal-Mart was looking at the property, it did not build a Supercenter in that location solely because the owners of the property decided to lease it to Home Depot rather than Wal-Mart. If the site became vacant at a later date Wal-Mart could potentially open a Supercenter. Due to the preexisting conditional use permit, Oakland's big box ordinance does not entirely protect it from the potential negative impacts it was seeking to eradicate in passing the ordinance. However, the ordinance does cut down drastically on the number of potential locations where Supercenters can be built within the city limits.

In another interesting twist, a Wal-Mart is currently being built at the Port of Oakland. This is another area, which is not covered by the big box ordinance passed by the City Council and where Wal-Mart could potentially build a Supercenter. Initial plans for the Wal-Mart going in at the Port did not include a full-service grocery. As a preventive measure, the City Council negotiated a deal with the Port of Oakland to put in a deed restriction that says Wal-Mart can never expand its operations to include a grocery store.²²⁷

Wal-Mart has not challenged Oakland's big Box ordinance.

Martinez

In 2002, the City of Martinez amended its current zoning laws to restrict “retail stores of greater than 90,000 square feet from having no greater than 5% of the sales floor devoted to non-taxable items.”²²⁸ The city’s ordinance cites several reasons for the zoning change, including the city’s goal of “protecting neighborhoods from traffic intrusion, and encouraging pedestrian travel, in addition to other goals and policies for easing residents’ frustration with traffic congestion.”²²⁹ Martinez also maintains that the city has enough retail without the addition of a Supercenter. The ordinance states, “Martinez residents are adequately served by the existing mix of retail stores...”²³⁰ The city already has a 120,000-square-foot store, which Wal-Mart was hoping to expand into a Supercenter.²³¹ There has been no move by Wal-Mart to place a referendum on the ballot nor has the company filed a lawsuit against the City.

Turlock

On January 13, 2004 Turlock’s City Council voted unanimously to implement a big box ordinance prohibiting stores larger than 100,000 square feet that stock more than 5 percent of non-taxable items. Wal-Mart subsequently filed a lawsuit against the city for blocking its plan to put a 225,000 square foot Supercenter on Fulkerth Road. The suit contends that the zoning restriction “interferes with Wal-Mart Stores Inc.’s constitutional rights to conduct interstate commerce and to equal protection under the law.”²³² The lawsuit also asked judges to suspend the ban while cases are heard. In response to the lawsuit filed by Wal-Mart, the City’s Mayor, Curt Andre said that the city will “vigorously defend” the ordinance.²³³ The lawsuit is still in court.

Agoura Hills

Agoura Hills residents implemented an ordinance in 2001, prohibiting big box stores of more than 60,000 square feet from being built within the city. The city is a fairly small town of 24,000 people and is predominantly upper class. Residents did not want big buildings like Wal-Mart and Home Depot to be constructed in the City because it would detract from the overall character of the community. Most residents do their shopping in nearby Westlake, and are content to continue traveling that short distance for their shopping needs.

Los Angeles

The City of Los Angeles is currently trying to implement a big box ordinance, which would restrict stores of greater than 100,000 square feet from devoting more than 10 percent of shelf space to non-taxable items. The ordinance, however, will not prohibit the construction of superstores in all areas of the city, but will restrict the development of such stores inside and near any of the city's economic assistance zones, including redevelopment project areas and enterprise zones. Economic assistance zones include areas of the city, which the local government has determined are in need of revitalization and in which the City has heavily invested. The ordinance seeks to preserve the investments of the City by protecting already established development projects in those areas.²³⁴ Large superstores could negatively impact the investments of the City by depressing wages, putting local shops out of business, and by creating blight in areas where the City Council is trying to do the opposite.

The ordinance has been drafted and will be presented to the Planning Commission in mid-April. A public hearing will follow. It is expected to appear in front of the City Council for a vote in June.²³⁵

San Diego

The City of San Diego is considering the implementation of a big box ordinance, which would prohibit stores that exceed 130,000 sq. ft., stock more than 30,000 items and receive more than 10 percent of gross sales from groceries and other non-taxable items. The City Council has scheduled a workshop for May 13 in order to further discuss all aspects of the big box ordinance. The Council will not vote on the ordinance until June 10.²³⁶

Oakdale

The Oakdale City Council has directed staff to prepare a big box ordinance for their review. Nothing official has been decided. Oakdale is a city of 17,000, which serves an actual immediate developed community of about 25,000. While the city is not necessarily the potential location of a superstore, the City Council believes it “should be proactive and disclose the City’s position, rather than react if a big box store was proposed.”²³⁷

Oakdale is located “on the major east-west state highway serving the Central Sierra’s, including the northern entrance to Yosemite National Park and a trans-Sierra highway.”²³⁸ The city derives a good portion of its sales revenue from the tourist commercial trade. Its large retailers include three auto dealers, three typical supermarket neighborhood centers and a Kmart. Most of the city’s residents shop locally for day-to-day goods, and travel to Modest for specialized shopping.

The community’s main “concern about any ‘big box’ retailer is centered around the size and scale issues, affecting the ‘small town’ quality of life, smart growth, and significant impacts to local traffic/neighborhood attributes.”²³⁹

Salinas

The City of Salinas is currently writing a staff report titled “Large Scale Combined Retail and Grocery Store Big Box Establishments,” which will be used to determine whether or not the City wants to pursue or draft a big box ordinance in the future.²⁴⁰

Sacramento

Sacramento passed an ordinance several years ago, which requires “any building over 40,000 square feet to get a special permit” to build.²⁴¹ Currently, the City of Sacramento is considering a big box ordinance, which would make zoning restrictions stronger.²⁴² The Sacramento ordinance would ban stores larger than 100,000 square feet that devote between 5 percent and 10 percent of shelf space to nontaxable sales items.²⁴³ Councilwoman Sandy Sheedy will introduce the ordinance in April due to her concern that “superstores and their smaller competitors can create blight when they fail, leaving empty storefronts.”²⁴⁴ Sheedy began considering the ordinance in 2003, when Wal-Mart informally discussed plans to build a store in Del Paso Heights, which would have taken out part of a baseball field.²⁴⁵

Wal-Mart has not made a formal proposal to build a Supercenter in Sacramento.

Sonora

The City of Sonora is considering a big box ordinance, but they are in the very beginning stages of this process. The issue will be discussed further at the next Planning Commission meeting in mid-April.

Atwater

The City of Atwater is considering the implementation of a big box ordinance restricting the size of large-scale combined grocery and retail stores.

Mt. Shasta

The city of Mt. Shasta has a population of less than 4,000 people. According to the Planning Department, Mt. Shasta is not big enough to even be considered by Wal-Mart. However, the city is in the beginning stages of implementing an ordinance, which could regulate the size of big box stores. A committee has been created to look at the possibility of creating such an ordinance.²⁴⁶

Policy Recommendations

Taking into consideration the potential negative impacts, which Wal-Mart Supercenters create, new policies are needed in order to mitigate or eliminate such impacts.

1. Community Benefits Assessment

Currently, all development projects in the State of California are required to undergo environmental review. The California Environmental Quality Act was created “to develop and maintain a high-quality environment now and in the future.” Its specific goals include identifying the significant environmental effects of a proposed project, avoiding such effects, where feasible, and mitigating those environmental effects, where feasible.²⁴⁷

In addition to the environmental review process, city governments should establish a Community Impact Report, which would assess the anticipated impact on the

local community. The report should “be used to develop recommendations at the beginning of the process to address community needs identified in the report.”²⁴⁸ This would give community members access to information regarding the potential impacts of a development project, including increased traffic, the loss or creation of jobs, and the destruction of open space before the project has been moved out of the proposal phase. It would also allow the community to participate in the process and give feedback regarding the development.

A Community Impact Report would outline both the positive and negative impacts of a proposed Wal-Mart Supercenter or Discount Store, thereby enabling community members to decide whether it would benefit or detriment the community to approve its construction.

2. Community Benefits Agreement

A second step in increasing the benefit to the community is to create a Community Benefits Agreement, which is a signed agreement between a developer, community groups and the city containing a set of recommendations from the community that will be incorporated into the construction of a development project. The Community Benefits Assessment would “attach standards to development projects that improve the quality of life for residents in the area.”²⁴⁹

Community groups worked with the developers of the Staples Center Project in the City of Los Angeles to create a Community Benefits Agreement. The Agreement entailed numerous benefits to the community. Of the new jobs created, 70 percent paid a living wage and included health benefits. Additionally, 20 percent of the new housing units created were reserved for families earning \$40,000 or less. It also stipulated that the

developers of the project would allocate \$1 million dollars for the creation or improvement of park and recreation facilities.

The Community Benefits Agreement should be actively pursued by city governments in order to ensure that city development projects are beneficial to the community and so that large corporations do not have the ability to push projects through, which have no potential community benefit. A Community Benefits Agreement would create a venue to discuss and implement important benefits for the community and would highlight issues of importance to the community that a developer might not consider or feel compelled to raise.

3. Public Subsidies and Quality Jobs

The fastest growing sector of the economy is in retail, which generally pays low wages and often does not provide health benefits. Large-scale retail chains, including Wal-Mart are no different. The wages at Wal-Mart are significantly lower than those offered at the major grocery chains in the State of California, by an estimated \$10 to \$11, when benefits are included.²⁵⁰ Low wages translate into an increased burden on an already stressed taxpayer system. Many full and part-time workers at Wal-Mart do not earn enough to live above the federal poverty line. As a result, they apply for government assistance. Additionally, the uninsured are forced to utilize public health facilities, thereby putting an even greater strain on the health system and causing health care rates to rise.

City governments should heavily weigh the impacts of companies that do not provide for their employees either in terms of wages or health benefits. Municipal governments should work to attract companies that do the opposite—that create higher-

paying jobs and offer affordable benefits. Moreover, government officials should work to maintain jobs that provide benefits and higher wages, specifically in the grocery industry, which is a highly unionized sector of the economy where cashiers can earn up to \$17.90 an hour.

Public investments by the city should yield quality jobs and community benefits. Subsidies and tax breaks should not be given to companies that do not pay a living wage, and that do not provide adequate health coverage or childcare. Although evidence shows that Wal-Mart Supercenters can have an overall negative impact on communities, municipal governments continue to subsidize the company in the hope that it will create a greater return in the form of sales revenue. Consider the following example:

- When a Supercenter was being constructed in Prescott, Arizona in 2002, the city government gave Wal-Mart tax incentives as well as development subsidies in the form of new roadways and utility hookups.²⁵¹

Subsidies should not be given to development projects, which have the potential to displace jobs, depress wages, induce sprawl and substantially increase traffic congestion.

4. Land Use and Sprawl

Big box development induces sprawl as large-scale retailers look for large plots of land at the outskirts of town, which are both affordable and available. As a result, individuals are forced to drive further distances to shop, thereby increasing the amount of traffic on the road, and more specifically, traffic congestion in the adjacent areas. The Progressive Los Angeles Network Agenda asserts, “sprawling development hurts the environment, siphons resources and good jobs out of the central city, and creates stressful commutes.”²⁵² Wal-Mart Supercenters, at an average of 190,000 square feet, have an

even greater potential to increase sprawl and consume open space. Each Supercenter uses about 20 to 30 acres of land.

Mandating size limits for big box development can be one way of lessening the potential for sprawl and preserving open space. As part of their general plan, city governments should maintain a policy of smart growth. (See point 7. “General Plan and Zoning Ordinances,” for further details).

5. Public Transportation and Accessibility

In general, large-scale retail stores are not easily accessible by public transportation or by foot. This is in part due to the fact that big box stores generally locate on the outskirts of town, making them difficult to get to via public transportation. Expansive parking lots and the process of “de-malling,” in which retail storefronts are reversed, or turned inside out towards parking,²⁵³ create a notion that such stores should only be accessed by car, and make it difficult for individuals traveling by any other method of transportation to access the store. As a result, the majority of shoppers at Wal-Mart arrive by car. Here is one example:

- When Wal-Mart opened its first Supercenter in the United Kingdom, it was located on the outskirts of Bristol, with a parking lot big enough to fit 1,000 cars. As only four buses a day service the area, the majority of people are forced to drive.²⁵⁴

Cities should not allow big box retailers to continue to construct mammoth stores on the outskirts of town with little regard for the environment. Furthermore, municipal governments should closely examine the city’s zoning code in order to promote smart growth that will enable residents to drive shorter distances from home to work as well as to fulfill their shopping needs.

Large-scale retailers already in operation should institute the use of free shuttles to increase accessibility to community members. A recent study titled “Supermarket Shuttle Programs: A Feasibility Study for Supermarkets Located in Low-Income, Transit Dependent, Urban Neighborhoods in California,” found that inner-city supermarkets can improve their profit margins and the health of the communities they serve by offering shoppers free transportation. The study highlighted two successful shuttle programs currently operating in the City of Los Angeles, including “Numero Uno Market, a small chain of supermarkets serving inner-city Los Angeles neighborhoods, that maintains its own fleet of vans to give customers a free ride home with their groceries; and three Ralphs supermarkets, also in the Los Angeles area, that contract with a shuttle company to offer the same service.”²⁵⁵

City governments also have the responsibility of providing for its residents a public transportation system that is both accessible and affordable. The City of Canton in Georgia offers its citizens a free city wide shuttle transportation service, which operates Monday through Saturday between the hours of 9:00 am and 4:00 pm. The shuttle service has three routes, as well as an extra route, which only runs on Saturdays.²⁵⁶

6. Impacts Without Borders

Since the impacts created by a Wal-Mart Supercenter are not confined to the city limits of a given community, the governments of cities which border one another should work together to attract businesses that pay a living wage and offer affordable health benefits, as well as to mitigate the impacts created by any big box development. Additionally, all impact reports, which are prepared for the city should research the impacts of neighboring cities, within a 25-mile radius of the development site. An impact

report detailing the impacts within a 25-mile radius of the store's proposed location would more accurately display the overall impacts associated with the proposed big box development.

Consider the following example:

- The proposed expansion of a Wal-Mart Supercenter in Palm Springs, California has the potential to increase traffic congestion in the neighboring community of Cathedral City, perhaps to a greater extent than in Palm Springs. However, the impact report, which was done for the project does not consider the full impacts on Cathedral City, but discusses the impacts to only three intersections out of many more that will be affected by the Supercenter project. Officials in Cathedral City are concerned about the proposed Supercenter, but have no official vote regarding the project.²⁵⁷

Additionally, neighboring cities should work to pursue cooperative arrangements regarding their economic development and land use policies. This will work to decrease the likelihood that efforts by cities to attract development projects, which are both accountable and sustainable, will be undermined by contradictory efforts in neighboring cities. The New Rules Project states:

“Many corporate retailers are large enough to have an economic impact beyond municipal borders. Many communities have difficulty rejecting unwanted retail development for fear that the development will simply locate in an adjacent town. The community will forgo the tax revenue and its local businesses may suffer anyway, as retail sales ‘leak’ to the adjacent town.”²⁵⁸

As a result, the cooperation of neighboring cities is a crucial component of any city's ability to keep out large retailers, which have the potential to negatively impact the community.

Cities, which have implemented big box ordinances restricting the construction of stores that also sell groceries and are larger than approximately 100,000 square feet should also work with nearby cities to ensure that the ordinance is effective. The *Final*

Report for Big Box Ordinance / Superstore Ordinance prepared for the City of Los Angeles echoes this point. The report reads, “The City of Los Angeles should pursue cooperative arrangements with cities and County areas on or in close proximity of the incentive zone borders to adopt similar ordinances regulating big box retailers and superstores.”²⁵⁹

7. General Plan and Zoning Ordinances

Cities can protect themselves from unwanted development by creating a general plan, or official city “policy regarding its future character and quality of physical development,”²⁶⁰ which focuses on smart growth and, which specifies that all development projects will hinder on their benefit to the community. The City of Pasadena Website states:

“California law requires each city and county to adopt a comprehensive, long-term, internally consistent general plan. The law requires that, at a minimum, the general plan identify issues and provide policies for seven broad areas, called ‘elements’: land use, circulation, housing, open space, conservation, noise and safety. The law permits other issues to be addressed, either within the required elements or as additional ones. The law requires that day-to-day decisions of a city follow logically from and be consistent with the General Plan. General plans provide the overall framework for translating broad community values and expectations into specific strategies for managing growth and enhancing the quality of life.”²⁶¹

The General Plan should include principles of smart growth, which would:

1. Mix Land Uses
2. Take Advantage of Compact Building Design
3. Create a Range of Housing Opportunities and Choices
4. Create Walkable Neighborhoods
5. Foster Distinctive, Attractive Communities with a Strong Sense of Place
6. Preserve Open Space, Farmland, Natural Beauty, and Critical Environmental Areas
7. Strengthen and Direct Development Towards Existing Communities
8. Provide a Variety of Transportation Choices

9. Make Development Decisions Predictable, Fair, and Cost Effective
10. Encourage Community and Stakeholder Collaboration in Development Decisions²⁶²

Furthermore, the implementation of an ordinance, which would prohibit the size of big box developments that sell groceries in addition to general merchandise, such as those passed in Oakland and Martinez, California are effective tools in maintaining the principles of smart growth. Cities should continue to adopt such ordinances in order to minimize the proliferation of big box development, which create a slew of negative impacts for local communities. Superstores, which have the broadest range of negative impacts, are the focus of most of the ordinances that have been passed in California thus far.

8. Re-leasing Requirements

Superstores and other big box retailers have a tendency to “go dark” or vacate a specific location, while maintaining the lease for the property, thereby preventing other retailers from coming into the area. This process “facilitates a pattern of superstores locating in a community, engaging in predatory pricing that drives out competitors, consolidating their operations by shutting down stores once competition is eliminated, and then tying up the massive parcels they have assembled through long-term leases that prevent the reestablishment of rival retailers and the recycling of scarce industrial and commercial land.”²⁶³

Cities should disallow this practice by including re-leasing requirements in the city’s zoning restrictions. The requirements would mandate that a retailer who vacates its space during the terms of its lease would:

1. Turn over the rights to re-lease or sell the store to another user of the owner's own choosing
2. Vacate the space while continuing to be responsible for all other terms of the lease, including rent payments and common area charges that may apply²⁶⁴

Re-leasing requirements would cut down on the potential for big box stores to open and then close within a relatively short amount of time, or at the very least would decrease the negative impacts that occur when a large store “goes dark” and maintains the lease, thereby preventing another retail outlet from entering the same space.

Wal-Mart has closed hundreds of Discount Stores throughout the United States after building a new Supercenter just down the road, or across the street. In Gilroy, Red Bluff, Hemet, and Selma, California, the company plans to close existing Discount Stores after the completion of four new Supercenters. The addition of re-leasing requirements would prevent this from occurring to such a great extent.

9. Summary of Recommendations

In order to mitigate the negative impacts associated with big box development, and more specifically, with superstores, city governments should consider the points outlined above. Municipal governments should implement a Community Impact Report, which would highlight both the positive and negative impacts created by a particular development project and work to create a Community Benefits Agreement between the developer, the community and the city to give community members an opportunity to voice concerns and participate in the development process.

The creation of quality jobs should be considered a priority by city governments. Furthermore, subsidies and tax breaks should not be given to companies that do not pay a living wage or provide health care and childcare.

Smart growth principles should be utilized to decrease sprawl and the reliance on automobiles. Additionally, free public shuttles provided at the expense of retail and grocery stores are an important means of making food and retail stores more accessible to individuals in underrepresented communities who do not own a car. The principles of smart growth should also be included in a city's general plan so as to protect it from unwanted development.

Moreover, the city governments of neighboring cities should pursue cooperative arrangements regarding their economic development and land use policies. Cities, which have implemented or are pursuing big box ordinances, should work with adjacent cities to decrease the potential for a big box retailer to simply build at the edge of town and bestow negative impacts on the city regardless of its policies on big box stores. This is an important component regarding the effectiveness of any big box ordinance, which seeks to preserve the well being of the community.

Lastly, re-leasing requirements should be implemented into city zoning restrictions. This would require big box retailers who vacate a space during the terms of its lease to turn over the rights to re-lease the store, while continuing to pay rent on the building until another retailer enters the space. The implementation of re-leasing requirements would cut down on the potential for large retail stores to "go dark" and remain dark for an extended period of time.

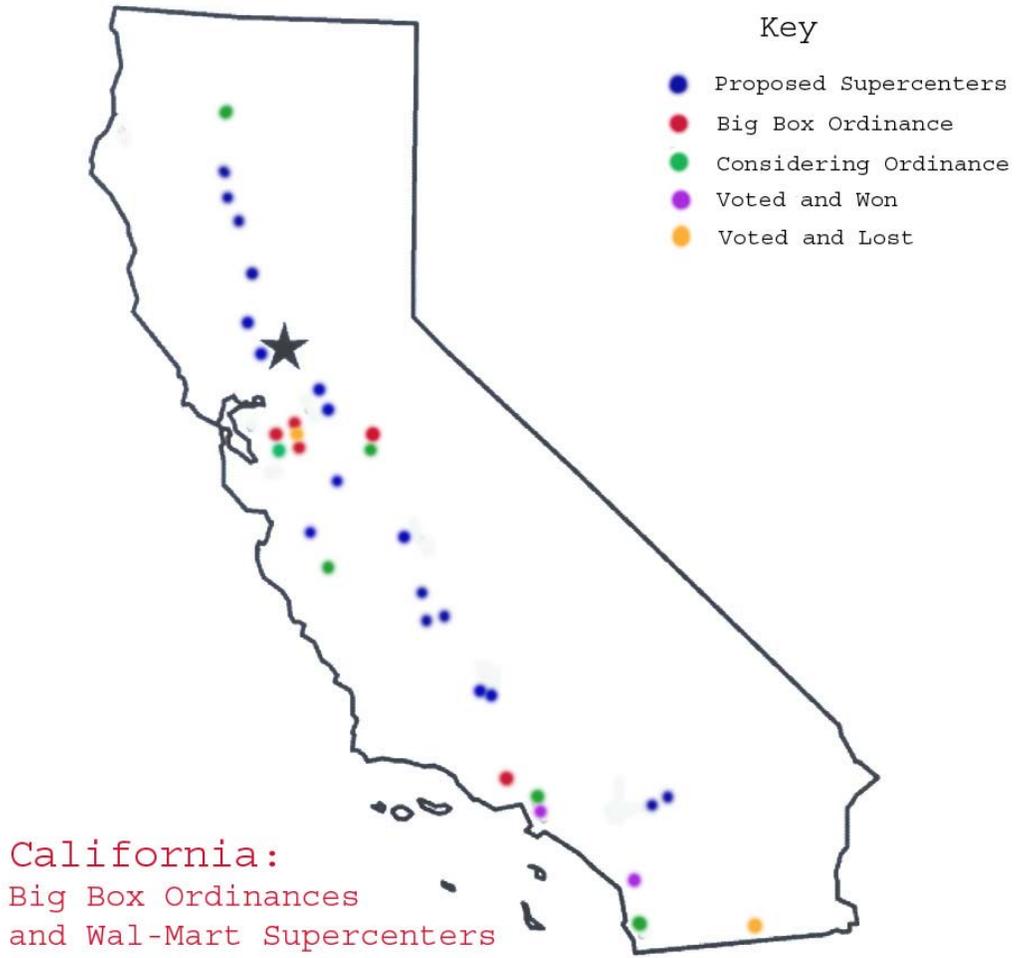
Conclusion

The impacts associated with Wal-Mart Supercenters have been discussed here in detail, and while at first glance Wal-Mart seems to have some redeeming qualities, a

closer investigation presents contrary evidence. Wal-Mart's low wages and inadequate health coverage places a burden on taxpayers, as well as the state and federal governments. The company's questionable treatment of workers and incessant push to lower overhead costs combined with the magnitude of its size makes it a threat to workers, businesses and communities everywhere. Taken as a whole, the negative impacts created by Wal-Mart are not easily mitigated, especially considering the fact that the company has little desire or willingness to take responsibility for the negative externalities, which it continues to produce.

Nevertheless, the emergence of big box ordinances in California displays a growing awareness by local jurisdictions regarding the negative impacts associated with Wal-Mart, and creates an increased potential for communities to effectively resist the company's plans to carpet the nation with sprawling Supercenters. For those who understand the full extent of what Wal-Mart brings to the neighborhood, big box ordinances can be a successful tool to challenge Supercenters, both in California and throughout the country.

Appendix



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