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Always! This rendered elevation depicts the proposed megastore in Southwest Santa Rosa.

Whither Wal-Mart?

Will 'big-box' store be good or bad for southwest Santa Rosa?

By Patricia Lynn Henley

Henry Ford sought to pay his workers enough so they could buy the cars they produced. Sam Walton sought to pay his workers so little that they could afford to shop nowhere else.

--Economics professor John Miller, *Dollars & Sense* magazine, January-February 2006 issue

Wal-Mart, the world's largest retailer, with more than 5,700 stores and upwards of 1.7 million employees, is casting its hungry corporate eye on Stony Point Plaza in southwest Santa Rosa's Roseland neighborhood. Always in the mood for expansion, the megachain wants to replace two long-vacant storefronts with a 106,000-square-foot superstore that would be open 24 hours a day, seven days a week. Avid supporters of the proposal paint a rosy picture of more than 250 new jobs, low-price shopping and general economic renewal for a struggling section of Santa Rosa. Opponents foresee a more grim future of low wages and few benefits for employees who will need public assistance to survive, as well as cut-throat competition creating bust rather than boom times for nearby small businesses.

Uncertainty breeds questions, the foremost being: When is welcoming a new Wal-Mart to town a good thing?

Perhaps even just a decade ago, there might have been a choice of local or regional retailers waiting to fill empty shopping center spaces like Stony Point, says Stephanie Dyer, an assistant professor at Sonoma State University who specializes in consumer, business and economic history. But over the past 30 years, the high-volume, so-called big-box discount stores such as Wal-Mart have squeezed out less massive players who had traditionally relied on customer service and community support rather than extremely cheap wholesale prices for products sold in immense quantities.

"Smaller firms can't compete, and firms that pay living wages can't compete when everything is about price and volume," Dyer says. "It's a vicious cycle. I don't fault working-class people for shopping at Wal-Mart. But the more we have a service economy that pays low wages, the more people are going to have to rely on volume discounters like Wal-Mart, because that's all they can afford."

The City of Santa Rosa recently completed a draft environmental impact report (EIR) for the Wal-Mart proposal; a revised EIR is expected to be presented to the city's planning commission sometime this summer, with a final decision on the project possibly coming this fall.

"Ideally, you would hope that the community would have some kind of leverage to demand things like a living wage," Dyer says. "But a corporation the size of Wal-Mart doesn't have to meet the demand of one local community; they can just bypass the community and go on to another. In that sense, it is a very difficult situation facing the people of Santa Rosa."

Certainly, no one thinks things should stay as they are at the Stony Point Plaza, located at the corner of Stony Point and Sebastopol roads, just south of Highway 12. There's a general air of abandonment within the large cement-block walls that once housed Home Base, which closed in 2001, and the adjoining Rite Aid, which shut its doors in 2003. The huge Food Maxx in one corner of the L-shaped center still attracts consumer traffic, especially on the weekends.

There are also a number of smaller shops, including Vietnamese and Mexican restaurants, a cafe featuring Greek gyros, a clothing store where

most of the clientele speaks Spanish, a travel agency with signs in Spanish, a video store, a Rent-a-Center, a Payless Shoe Source, a check-cashing shop, an insurance agency with bilingual English-Spanish posters, a laundromat, a dry cleaner and a beauty salon, as well as a few empty storefronts. But the largest sites, considered the "anchors" of the shopping center, are filled with a whole lot of nothing. No merchandise. No jobs. No customers.

Although the buildings appear to be connected to the Food Maxx, they are structurally separate. If its proposal is approved, Wal-Mart wants to demolish the empty stores and construct a 101,048-square-foot building on that same footprint. There would be a 4,900-square-foot retail garden center between the new building and the Food Maxx. The resulting Wal-Mart would sell dry goods but not groceries, so it would not be in direct competition with Food Maxx.

As founder and coordinator of the South and West Business Association, Terry Hilton thinks Wal-Mart will bring a rising economic tide that will float all boats. "The biggest reason that I support them is that Wal-Mart is going to be a magnet for southwest Santa Rosa, and we need more magnets," he says. "There are businesses that are moving into southwest Santa Rosa now because Wal-Mart will bring so many more people into the area."

Hilton doesn't believe assertions that Wal-Mart hurts small businesses. "People make it sound like they come into an area and rape and pillage the economy. They don't do that. Look at the Wal-Mart in Rohnert Park, and look at all the thriving businesses around there."

Among other benefits, Hilton notes, Wal-Mart buys from small suppliers, including two local firms that are members of the South and West Business Association.

And the taxes generated by Wal-Mart won't hurt the area, either, Hilton says. "Here comes a player who is going to pay half a million dollars or more in sales taxes to the city. The dollar value of Santa Rosa's sales taxes is just going to pump up the southwest part of the city like you won't believe. They will have the wherewithal that we need to get things done: community centers, libraries, swimming pools, trails, parks."

Hilton also has personal reasons for his passionate support of Wal-Mart. Several years ago, his late fiancée, Gloria Machado, was battling cancer. She wanted to work but, emaciated and having lost her hair, she had trouble finding a job. "Wal-Mart hired her and let her work around her

chemotherapy schedule," Hilton recalls. "Talk about enhancing someone's self-esteem. It made her feel like somebody. They didn't bat an eye if she couldn't make it because her chemo session ran overtime." Machado lost her battle against cancer, but her six months working at the Wal-Mart in Rohnert Park let her "die with a little dignity," Hilton says.

Wal-Mart always supports its community, Hilton adds, with everything from cash donations to putting flyers for local events into customers' bags. The Windsor store did that for the chamber of commerce's nonprofit trade show, with amazingly positive results. "We got so many people to attend, it was fantastic," Hilton says. "Other places wouldn't do that."

Opponents of Wal-Mart, Hilton contends, are just being snobs. Low income does not mean low class, and people need a place to find bargains. "Socioeconomic prejudice is hard to define, but it is there," he says. "You're going to deny low-income people an opportunity to save money? That's not acceptable."

Ben Boyce of the Sonoma County Living Wage Coalition and the Accountable Development Coalition laughs when he's asked if opposition to the current Wal-Mart proposal is rooted in class or social prejudice. "That's an attempt to play on liberal guilt," he responds, adding that it simply isn't true; even low-income people think a job should pay enough to support the worker.

"The issue we have with Wal-Mart is that it represents probably the largest [purveyor] of the new economy--those low-wage, low-benefit employers that are helping to drive down living standards in the United States. Wal-Mart is consistently at the bottom of the pay and benefit scale, even within a low-wage industry. Its mantra is 'always lower prices,' but that means always lower wages and benefits."

Support from the local business community would diminish rapidly, Boyce adds, if small store owners had a more accurate picture of the impact of a Wal-Mart. "Studies in the past have shown that Wal-Mart has been the neutron bomb of businesses. When they come into an area, in five years numerous small businesses around them have disappeared."

The problem is not with Wal-Mart itself, Boyce says, but with its business model, which drives down both prices and wages while deflecting a lot of the company's costs onto the public sector. A study by the University of California Center for Labor Research and Education found that 75 percent of the 44,000 Wal-Mart workers in California in 2004 earned less than

\$10 an hour, and less than half received health benefits.

"The average Wal-Mart costs the community at least \$420,000 a year in subsidized medical and housing," Boyce says. "Our objection to Wal-Mart is that it represents a pernicious business model. It is a relentless engine that drives down living standards. They get goods produced at near slave wages in Southeast Asia, sold by workers earning peasant wages in the United States."

A better business model, Boyce said, is that of Costco, which pays its employees an average of \$17 an hour and provides health insurance and other benefits to a majority of its workforce. Costco also has a significantly lower employee turnover than Wal-Mart.

"Wal-Mart is sort of the poster child for this low-road business model that is downgrading the living standard in the United States. I would point out, in all fairness, that Wal-Mart is not the only bad apple. They are just the largest and most visible."

While it is obvious that Wal-Mart will bring Santa Rosa a huge chunk of sales tax revenue, Boyce says other costs need to be taken into consideration. "Will these be living-wage jobs that will sustain a family, or are these going to be McJobs, junk jobs that basically condemn people to being part of the working poor and having to use welfare and other subsidies to supplement their income?" he asks.

Jayanthi Ramen has worked at the Wal-Mart in Rohnert Park for almost nine years. "I like the people I work with, and I've never had a problem with it. I like my job, that's all I can say. I do have ups and down, any job does, but I like it." Ramen works three or four hours a day, about two to three days a week. She lives with her husband, their 15-year-old son, her father-in-law and her mother-in-law, so her main focus is on caring for her family. "Especially for women like me who have families, they definitely help me out with my hours," she says. "They work with me and help me out."

Wal-Mart was Ramen's first job outside her home. She started as a cashier and is now a support manager. She says she does have medical insurance. Ramen's supervisors are encouraging her to consider becoming an assistant manager, but that would mean more hours and more responsibility. She's thinking about it but she's not sure she's ready to make that commitment. Her family still comes first.

Ramen works a second job a couple hours a week at the Taco Bell in

Stony Point Plaza, which is near her home. She's thought about asking for a transfer if the Wal-Mart gets built in Stony Point, but she likes her co-workers at the Rohnert Park store and feels she is treated well there. "I don't know how other people feel [about Wal-Mart]. For my opinion, they give a lot of people jobs. A lot of people get an opportunity to work."

But is having a job, just any job, enough? And is that the best possible use for the property in Stony Point Plaza? Michael Allen of the North Bay Labor Council points out that when Safeway built a new store at Steele Lane and Mendocino Avenue, the city of Santa Rosa required the company to set aside land for a 28-unit apartment complex catering to mid- and low-income households. The city's general plan doesn't have the same mixed-use requirement for Stony Point Plaza, but that doesn't mean it couldn't be added. However, it's important to tone down the rhetoric and study the situation carefully, Allen says.

"I think that Wal-Mart believes in its business model while a lot of us believe it's a race to the bottom. If people put on their thinking caps, it's hard to believe that Wal-Mart could be the highest and best use for this property. It's possible that putting in affordable housing and mixed-use retail could act as an incubator for small businesses in the area. And maybe Wal-Mart could be part of that. Maybe it's not an all-or-nothing proposition. Maybe they're not exclusive uses."

Wal-Mart has become shorthand for bad business practices, and some people oppose it just on principle, Allen says.

"I don't want to demonize Wal-Mart. I don't want to stop Wal-Mart. I want them to change their business practices so they would be acceptable in any community. Any time you start demonizing the other side, it makes it easier for them to demonize you. Everything goes up in heat."

Allen says he's aware that Wal-Mart is ramping up its efforts to improve its public image. "I'm really interested in how much they are changing their business practices versus giving the appearance of changing their business practices. Some of it is separating the myth from fact, which is hard."

Kevin Loscotoff, Wal-Mart's director of public affairs for Northern California, has a number of facts at his fingertips. There is the fact that the Rohnert Park Wal-Mart contributed \$50,000 to local organizations in

2005, while the Windsor store raised and gave away more than \$48,000. There is also the fact that the average hourly wage for Bay Area Wal-Mart stores is now \$11.08. (Loscotoff admits that he doesn't know exactly what the starting wage would be for the proposed new store.) It is a fact that when a new Wal-Mart opened last year in Oakland, there were 11,000 applicants for its 400 jobs; a new store in Fremont received 8,000 applications. And, according to Loscotoff, it's a fact that the new Stony Point Wal-Mart will bring quality jobs complete with health benefits.

Furthermore, he avers, if the project is approved, Wal-Mart will be investing between \$10 million to \$15 million in Santa Rosa, and bringing between 250 and 350 jobs with competitive pay as well as benefits-- health, medical, 401K for retirement--to the area.

Loscotoff adds that 76 percent of Wal-Mart store managers started out in hourly positions. "These aren't only hourly positions. There are opportunities to grow into careers. That's something we're very proud of."

Asked about the charge that Wal-Mart employees have to depend on the community for medical services and other supplemental support, Loscotoff says that the company "absolutely" offers its employees health insurance and other benefits. He adds that a survey showed that "7 percent of associates joining Wal-Mart are on Medicaid and only 3 percent remain on Medicaid after working at Wal-Mart for two years. It certainly shows the positive influence that our healthcare offerings provide."

And, Loscotoff says, the Stony Point Plaza Wal-Mart will bring more consumers to the area, helping business of all sizes, including the local companies who are Wal-Mart's suppliers.

"Not only can you drive by the Rohnert Park store or anywhere and see a number of local businesses thriving with a Wal-Mart in town, but you must also recognize that small and medium businesses are suppliers to Wal-Mart," he reminds. "In California alone, we spend more than \$19 billion on merchandise and services from more than 3,800 suppliers."

But the discount giant continues to draw heat throughout the nation. In January, the state of Maryland approved what is commonly referred to as the "Wal-Mart bill," requiring any corporation with 10,000 or more employees to set aside at least 8 percent of its payroll to provide healthcare or pay an equivalent amount to the state for those services. Only four Maryland employers have that many employees, and all but

Wal-Mart already meet the requirement. With other states considering similar legislation, Wal-Mart quickly unveiled a plan to expand the health insurance coverage it provides its workers.

In Mississippi, where Hurricane Katrina destroyed several Wal-Mart superstores, smart-growth advocates are suggesting replacing them with "Wal-Mart Villages" where apartments, condominiums and town houses would surround the stores. Streets and sidewalks would allow easy pedestrian access and parking would be hidden behind the buildings. Wal-Mart has announced it will rebuild, but hasn't approved a specific plan.

Robert Greenwald's 2005 documentary *Wal-Mart: The High Cost of Low Prices* attacked the retail giant for paying poor wages, offering inadequate health benefits, overworking its employees through unpaid overtime and fighting workers' efforts to unionize; filmmaker Ron Gallaway countered with a pro-company film, *Why Wal-Mart Works and Why That Drives Some People Crazy*. There's a long list of books and articles that are both for and against Wal-Mart and its business model. And there are a number of websites chronicling the megaretailer's missteps, as well as a company-sponsored website covering the same information from Wal-Mart's perspective.

In Santa Rosa, owners of the small businesses already located in Stony Point Plaza are concerned about parking and traffic if a large Wal-Mart is built. The draft EIR says that repainting the parking lot will double the number of spaces to 828 spaces, but that is incorrect, says Neil Soskin, vice president of leasing for Weingarten Realty Investors, which owns the shopping center. In reality, the Wal-Mart changes will only add about a dozen new parking spots. And traffic was a strong concern of those commenting on the draft EIR. A detailed solution for both these issues will be included in the final report.

Some store rents have already gone up in anticipation of Wal-Mart's arrival. "Rents for space are driven by supply and demand for the market," explains Soskin. "There will be more tenants interested in the shopping center with Wal-Mart coming. If you're a small retailer, it's nice to be near someone who spends as much money as they do on advertising and who brings in a lot of people."

The nonprofit Southwest Community Health Center is literally just a block from the proposed Wal-Mart site. Naomi Fuchs, the health center's CEO, is neither for nor against the project; she simply would like more specifics about Wal-Mart's benefits for its employees, especially the

availability and affordability of health insurance. "Sonoma County has a serious problem with uninsured people and a lack of resources for uninsured people. I want to encourage [Wal-Mart] to provide adequate health benefits, but I don't know what they are so far." If Wal-Mart employees do not have reasonable access to health insurance, it seems likely they might seek free treatment at the nearby medical center. "We are already at capacity. They need to help people get insurance, not add to the problem."

That's why controlled-growth advocates Ben Boyce and Michael Allen want the city to require more in-depth reports on the impact on small business and community services, such as the health center.

"I hear Wal-Mart saying they are getting people off welfare, but that's not what past studies have shown," Allen says. "I do know that Wal-Mart is trying to answer some of the criticism, and I know that they recently changed their health policies."

He adds that before a final decision is made, the review process should cover much more than just physical or environmental impacts. "Many municipalities say if you want to do business in our community, pay for these studies so we understand all the impacts. It doesn't make much sense to say we're only going to study traffic and noise but not look at how it's going to affect the infrastructure and local government. If they want to do business here, we want to understand all the costs. We owe it not only to that area of the city but to any area where a major project might be going in."

On a recent weekday afternoon, southwest Santa Rosa resident Anita Ireland hauled a basket of her clean clothes out of the Stony Point Plaza laundromat and loaded them into her aging automobile. Looking around the half-empty parking lot, where small pieces of unidentifiable debris skittered in the wind, Ireland says that it doesn't matter to her whether the Wal-Mart project is approved or not. While this prototypical Wal-Mart consumer thinks it might be nice to have one closer to her home, she really doesn't care whether the Stony Point store gets approved or not. "I kinda sorta want Wal-Mart here, and I kinda sorta don't," she shrugs. "If it comes, it comes."

New College of California sponsors an evening discussion on the Wal-Mart-ization of Sonoma County on Thursday, March 16, at 7pm. 99 Sixth St., Santa Rosa. \$5 donation. 707.568.2605.
