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June 30, 2006

Roger Gellenbeck, AICP
City of Tumwater Responsible Official
Development Services Department
555 Israel Road SW
Tumwater, WA 98501

Re: Comments on Tumwater Retail Store Supplemental Draft EIS

Dear Mr. Gellenbeck:

I am writing on behalf of Tumwater Livable Community and the United Food and Commercial Workers Union Local No. 367 to submit comments on the Tumwater Retail Store Supplemental Draft EIS (SEIS). This letter addresses a number of issues regarding the SEIS, including its analysis of economic impacts, tree and vegetation impacts, community policy impacts, transportation impacts, water resources impacts, wetland impacts, open space issues, and alternatives to the proposal.

Simply put, the SEIS does not contain an adequate discussion of the probable significant environmental consequences of the City of Tumwater's decision. In addition, the alternatives analysis is lacking in that it does not consider reasonable and appropriate alternatives to this proposal. Proper disclosure and analysis must be prepared so that the decisionmakers truly understand the real impacts that this Wal-Mart will have. The SEIS must also admit that this project will not generate an increase in tax revenue for the City of Tumwater (contrary to what the current SEIS reports), rather the Wal-Mart will instead cause a fiscal loss for the City. I think that when the decisionmakers see the true impacts that this Wal-Mart will have on Tumwater, they will recognize that there are valid grounds for additional mitigation if not outright denial pursuant to SEPA.

A. State Environmental Policy Act Requirements

Before embarking on an explanation of the legal flaws in the SEIS, I think it is useful to recount the legal framework within which we find ourselves. It is upon these fundamental propositions of law that I rely on to demonstrate to you that the SEIS is flawed in its analysis.

As I am sure you are aware, the purpose of SEPA is “to provide consideration of environmental factors at the earliest possible stage to allow decisions to be based on complete disclosure of environmental consequences.”¹ King County v. Boundary Review Board, 122 Wn.2d 648, 664 (1993). The Supreme Court has stated that SEPA is “an attempt by the people to shape their future environment by deliberation, not default.” Stempel v. Department of Water Resources, 82 Wn.2d 109, 118 (1973). The Supreme Court has noted that the failure to conduct environmental review:

... may begin a process of government action which can “snowball” and acquire virtually unstoppable administrative inertia. [Citation omitted.] Even if adverse environmental effects are discovered later, the inertia generated by the initial government decisions (made without environmental impact statements) may carry the project forward regardless. When the government decisions may have such snowballing effect, decision makers need to be apprised of the environmental consequences before the project picks up momentum, not after.

Id. at 664.

In preparing an EIS, the responsible official is required to collect information reasonably sufficient to evaluate the environmental impact of a proposal. WAC 197-11-080. An EIS also “shall be supported by the necessary environmental analysis.” WAC 197-11-400.

The WACs describe the purpose of an EIS:

Purpose of EIS.

- (1) The primary purpose of an environmental impact statement is to ensure that SEPA’s policies are an integral part of the ongoing programs and actions of state and local government.
- (2) An EIS shall provide impartial discussion of significant environmental impacts and shall inform decisionmakers and the public of reasonable alternatives, including mitigation measures, that would avoid or minimize adverse impacts or enhance environmental quality.

¹ The Legislature recognizes that each person has fundamental and inalienable rights to a healthful environment and enacted this law to protect those rights. RCW 43.21C.020.

(3) Environmental impact statements shall be concise, clear, and to the point, and shall be supported by the necessary environmental analysis ...

(4) The EIS process enables government agencies and interested citizens to review and comment on proposed government actions, including government approvals of private projects and their environmental effects. This process is intended to assist the agencies and applicants to improve their plans and decisions, and to encourage the resolution of potential concerns or problems prior to issuing a final statement. An environmental impact statement is more than a disclosure document. It shall be used by agency officials in conjunction with other relevant materials and considerations to plan actions and make decisions.

WAC 197-11-400. The Court of Appeals has noted the importance of the EIS:

At the outset, it is apparent that the very heart of the procedural requirements of SEPA is the necessity for preparation of an Environmental Impact Statement. RCW 43.21C.030(2)(c). . . . an Environmental Impact Statement is particularly important because it documents the extent to which the particular agency has complied with other procedural and substantive provisions of SEPA; it reflects the administrative record; and it is the basis upon which the responsible agency and officials can make the balancing judgment mandated by SEPA between benefits to be gained by the proposed “major action” and its impacts upon the environment.

Juanita Bay Valley Community Association v. City of Kirkland, 9 Wn. App. 59, 68 (1973).

Moreover, the “point of an EIS is to not evaluate agency decisions after they are made, but rather to provide environmental information to assist with *making* those decisions.” King County v. Boundary Review Board, 122 Wn.2d at 666 (emphasis in original).

In addition, SEPA requires that the evaluation of impacts be based on adequate information. See WAC 197-11-030(2)(c) (“agencies shall to the fullest extent possible: . . . prepare environmental documents that are concise, clear, and to the point, and are supported by evidence that the necessary environmental analyses have been made”); WAC 197-11-400(3) (same). Indeed, when important

information is missing, SEPA requires an agency to obtain information related to significant impacts essential to a reasoned choice among alternatives:

- (1) If information on significant adverse impacts essential to a reasoned choice among alternatives is not known, and the cost to obtain it are not exorbitant, agencies **shall** obtain and include the information in their environmental documents.

WAC 197-11-080(1) (emphasis supplied). In Washington, “shall” is given mandatory meaning. Parkland Light & Water Co. v. Tacoma-Pierce County Board of Health, 151 Wn.2d 428, 437 (2004).

B. Economic Impacts

The analysis of economic impacts of the Wal-Mart proposal in the SEIS is fundamentally flawed and some of the conclusions are made based on deliberate omissions. Dr. Philip King, the Former Chair of the Economics Department at San Francisco State University, reviewed the economic analysis in the SEIS and his conclusions are attached hereto in the Economic Analysis of a Proposed Wal-Mart Supercenter in Tumwater, Washington. (Also attached is Dr. King’s Curriculum Vitae). Dr. King, who has over ten years of experience in preparing fiscal impact studies for state and local governments, concludes that the SEIS analysis is fatally flawed and biased in favor of the project. This is not a circumstance of dueling experts, rather Dr. King points out significant omissions which bias and prejudice the analysis and lead to incorrect conclusions. As Dr. King demonstrates, this project will not generate an increase in tax revenue for the City of Tumwater (contrary to what the current SEIS reports); rather, the Wal-Mart will instead cause a fiscal loss for the City.

1-14
(See P. 13
of Dr. King's
Report)

C. Trees and Vegetation

The SEIS discussion regarding trees and vegetation impacts is seriously flawed in many different ways. In general, the SEIS leaves a false impression that this proposal is consistent with the Tree and Vegetation Protection Ordinance and that the impacts regarding tree removal are not of great concern. To the contrary, the removal of these trees quite clearly violates the Tree Ordinance and will, without question, have very significant impacts that must and can be avoided.

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The Tumwater Municipal Code places enormous importance on retaining trees in the City. The City has adopted a Tree and Vegetation Protection Ordinance that sets forth limits on, among other things, the removal and/or destruction of trees caused by new development. Ch 16.08 TMC. The purpose of the Tree and Vegetation Protection Ordinance is:

...

B. To preserve and enhance the city's physical and aesthetic character by preventing indiscriminate removal or destruction of trees and ground cover, and by encouraging development that incorporates existing trees and ground cover into site development practices;

C. To retain trees and vegetation for their positive environmental effects including, but not limited to the protection of wildlife habitat;

...

E. To prevent erosion and reducing [sic] the risk of landslides;

F. To protect environmentally sensitive areas;

G. To minimize surface water runoff and diversion. To reduce siltation and other pollution entering city storm sewer systems, other utility improvements, and the city's rivers, streams, and lakes;

H. To retain trees and ground cover to assist in abatement of noise, to provide wind breaks, and for improvement of air quality;

I. To promote building and site planning practices that are consistent with the city's natural topographical, soil, and vegetation features and to reduce landscaping costs for new development by utilizing existing trees and ground cover to help fulfill landscaping requirements; . . .

K. To promote conservation of energy;

L. To educate the public regarding urban forestry;

M. To implement objectives of the State Environmental Policy Act and Growth Management Act; and

N. To implement and further the city's Comprehensive Plan and other related ordinances.

TMC 16.08.020. Among other requirements, when land clearing is performed in conjunction with a specific development proposal, not less than twenty percent of the trees or not less than twelve

trees per acre (whichever is greater) shall be retained. TMC 16.08.070(R). This standard may be waived or modified only if strict compliance would make reasonable use of the property impracticable. The Code states that in determining which trees shall be given the highest priority for retention, certain criteria must be used. Id.

The tree retention requirement in TMC 16.08.070 requires that Wal-Mart retain 258 trees on the site. Wal-Mart has requested a waiver from this requirement so that it can retain only 54 trees. But Wal-Mart quite obviously does not meet the standard for a waiver -- just by looking at the site, it is more than obvious that strict compliance with the code requirement does not make reasonable use of the property impracticable. An aerial photo that was used to show existing land uses, Figure 3.5-1 in the SEIS, shows on its face that strict compliance with the tree retention requirements would clearly allow reasonable use of the property. There are large areas on the site that have no trees and there is clearly room to build while retaining 258 of the 434 trees on the site. It is frankly inconceivable that the City considers the standard required -- that strict compliance would make reasonable use of the property impractical -- to be met. Providing a waiver without any respect for or adherence to the standard set out for a waiver flies in the face of the purposes of the Tree and Vegetation Protection Ordinance.

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The SEIS virtually ignores this issue. The SEIS, almost in passing, just once mentions that the clearing of the majority of existing trees on the site requires a waiver from the Code. SEIS at 3.3-2. The description of the tree retention issue in the summary of the project on page 2-10 of the SEIS does not even mention that the project is obtaining a waiver from the Code requirement, but rather leaves the impression that because the proponent is replacing trees removed at a 3:1 replacement ratio it has satisfied the requirements of Chapter 16.08.

18

Nowhere does the SEIS analyze whether this proposal meets the standard for such a waiver. Nowhere is there any indication of how many acres of the site could be developed while still abiding by the tree retention requirements in TMC 16.08.070. That must be explicitly included in the discussion. Frankly, if the SEIS was entirely unbiased, it would reflect that reasonable use of the property is obviously possible while still adhering to the tree retention requirement.

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When addressing "key environmental issues to be resolved," the SEIS states:

Trees and Vegetation -- clearing of the majority of vegetation and trees on the site is proposed; the applicant proposes to mitigate the impacts of clearing and comply with the applicable provisions of the Tumwater Municipal Code (TMC 16.08) through a waiver allowing a combination of tree retention, new planting on-site and/or a contribution to the City's Tree Fund Program. Decision makers will need to determine whether the proposed mitigation measures

(combination of retention, planting, and/or contribution) adequately address the impacts of tree clearing.

This is a prime example of how the SEIS side steps the real issue before the decision makers. The primary issue before the decisionmakers is whether Wal-Mart meets the legal requirement of TMC 16.08.070(R). The SEIS must include discussion and analysis of this issue. The question of whether the mitigation is appropriate is presented only if the waiver is legally allowed in the first place.

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In its provision regarding substantive authority, the City designated and adopted, among other things, the tree protection ordinance, as a basis for the City's exercise of authority to deny a permit on the basis of SEPA. TMC 16.04.150. The failure of Wal-Mart to abide by the tree retention requirement provides a basis for the City to deny a permit for approval of this proposal because approving the proposal would result in probable significant adverse environmental impacts that are avoidable easily by a more flexible developer. There are reasonable mitigation measures capable of being accomplished, i.e., abiding by the code and that is sufficient to mitigate the impact. See TMC 16.04.150.

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It is especially egregious that the SEIS lists the retention of 54 trees as "mitigation." Wal-Mart is legally required to retain 258 trees on the site. It can hardly be said that retaining only a small fraction of what is legally required can be considered "mitigation."

22

Not only has the waiver issue been ignored, the SEIS provides absolutely no discussion whatsoever of the probable significant adverse impacts of removing 389 of the existing 434 trees from the site. Removal of these trees will significantly and adversely affect the city's physical and aesthetic character and the wildlife habitat provided by those existing trees. It will cause erosion and increase the risk of landslides. It will adversely impact these environmentally sensitive areas and cause an increase of surface water runoff and diversion, as well as siltation and other pollution entering water resources. It will remove important existing abatement of noise, wind damage, and will adversely impact air quality. Removal of these trees also undermines energy conservation efforts. It is also quite clearly inconsistent with the goals and purposes of the relevant City Comprehensive Plans.

23

The SEIS and the studies accompanying are completely inadequate with respect to analyzing these impacts. There is no consideration whatsoever anywhere of the environmental impact of removal of the existing trees. There is no indication of where the existing trees are located, whether they are covering the site, or whether they are just in one part of the site. There is no drawing or representation of the property showing the type and size of existing trees anywhere in the SEIS. The site reconnaissance report prepared by Talasaea Consultants and the SEIS both vaguely list the types of trees on the site and simply state that "about half the site is forested."

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The Washington Forestry Consultants, Inc. letter is no more than a simple count of trees. Nowhere does the one page letter explain what WFC considered to be “unhealthy” or why certain trees were deemed “unhealthy” and others were deemed healthy. Trees that are dead or dying can serve environmental benefits as well as “healthy” trees. The relevant provisions of the Tree and Vegetation Protection Ordinance do not distinguish between “healthy” or “unhealthy” trees. The code contains no definition of what an “unhealthy” tree is.

25

Neither the SEIS, nor the studies, mentioned at all, much less analyzed, the criteria set out in TMC 16.08.070(R) that must be considered when determining which tree shall be given highest priority for retention. Everything in this section of the SEIS is vague and the level of detail clearly called for by the City of Tumwater Code is simply non-existent.

26

Under the no action alternative, the SEIS states that “any future development on the site would likely result in a similar potential for impacts to trees and vegetation as described for the proposed action.” SEIS at 3.3-5. This is not true. There are numerous potential commercial developments that could be built on this site that would not result in similar potential for impacts. This project proposes that 85 percent of the site (or 18.4 acres) be converted to impervious surfaces such as building roofs, parking lots, driveways, and sidewalks. It is easy to envision a commercial use of the site that would not require this enormous landscape change.

27

D. Relationship to Existing Plans and Policies

There can be little question that the proposed Wal-Mart is inconsistent with the vision that the community created for the City of Tumwater, particularly the Littlerock Road Subarea. The SEIS concludes incorrectly that the proposal is consistent with that vision. Looking closely at the plans and considering the unanimous statements of those involved in planning future growth for this area, that simply cannot be supported.

28

The City of Tumwater Comprehensive Plan’s stated intent for this area is to create a mixed use area with a ‘village’ atmosphere. The Comprehensive Plan states that the subarea would be “transit oriented, pedestrian friendly, safe, provide affordable housing, and result in a well designed community center.” This echoes what the members of the community have repeatedly stated as their desire: to have livability, pedestrian friendly settings, park-like atmosphere and smaller businesses.

29

The Littlerock Road Subarea Plan (1997) provides a specific description of how the subarea should be developed over the ensuing twenty years. The Plan provides for mixed use zoning which would include a mix of commercial, residential and public uses in a pedestrian friendly environment which supports full time use of facilities and businesses. The Subarea Plan “strongly” recommends that developments in the general commercial areas be subject to the design guidelines, landscaping requirements, and dedication of open space areas described in the plan for mixed use areas. The plan

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indicates that the general commercial area should also be created as places that are desirable for many different types of activities and invite people to come and stay in the area.

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cont.

The development of the Littlerock Road Subarea Plan incorporated a significant amount of public involvement throughout the process and a series of stakeholder interviews were conducted as a means of identifying the community's goals for the Littlerock Road Subarea Plan. There was a general consensus among the community members who developed the Plan on what makes Tumwater a good place to live and work. Common responses included characteristics typical of small towns: quiet, rural character, small town feeling, family oriented, not a lot of traffic or crime, and good schools. There was a concern about potential urban sprawl. Some people who had recently located in Tumwater said that they chose Tumwater over Olympia or Lacey because it had retained its rural character. Those people were concerned that Tumwater will lose these qualities as it develops. When asked what mixed use and village character meant to them, those involved in preparing the Littlerock Road Subarea Plan described a vision that is quite the opposite of a Wal-Mart.

31

Two visioning workshops were held and participants were asked to rate images of Tumwater and other locations on a 5-point scale: *highly inappropriate*, *inappropriate*, *neutral*, *appropriate*, and *highly appropriate*. The results were tabulated and 17 images were selected that seemed to epitomize the opinions of the participants. The survey included an image of a Wal-Mart. The report states: "A high percentage of respondents (69%) found this image of a Wal-Mart store to be *inappropriate*. The written responses seemed to indicate that the large sign and the stark feeling of the building were the reasons for the low score. A typical response was 'don't like building, too loud.' Another respondent simply said: 'Please -- no.'" Littlerock Road Subarea Plan, Appendix B-8. The SEIS does not even mention this.

32

The SEIS incorrectly concludes that the project would be consistent with the direction and guidance of the Subarea Plan and the City of Tumwater Comprehensive Plan. A Wal-Mart is the polar opposite of a quiet, liveable, "village" atmosphere with a park-like setting. This proposal does not conform to the vision presented in either the City of Tumwater Comprehensive Plan or the Littlerock Road Subarea Plan. Wal-Mart is big-box retail -- it is not pedestrian friendly, it is not conducive to a well designed community center. The focus of the building is an enormous concrete parking lot for an enormous amount of cars with a huge box building that is built on low budget. The proposal calls for modifications to the Code for removal of trees and significant additions of parking spaces.

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The plans and policies of the City certainly do indicate a desire for commercial retail in the area, but Dr. King's report shows that there is a need for other types of retail in Tumwater, not more big box retail. Ironically, a Wal-Mart is exactly what this area does not need since these retail categories are already overflowing.

34

The SEIS analyzes some of the specific goals in the Tumwater Land Use Plan portion of the City's Comprehensive Plan and concludes that this project meets those goals. To the contrary, in many respects, this project is clearly inconsistent with those goals. For example, one goal in the plan is to "reduce impacts from flooding; encourage efficient stormwater management; and ensure that the groundwater of Tumwater is protected and preserved." Here, we have a project that proposes to remove an enormous amount of large healthy trees from a site and replace that with 85% coverage of impervious surface on an enormous amount of land. There has been little attempt to change this plan in a way that would reduce impacts from flooding; encourage efficient stormwater management; or ensure that the groundwater of Tumwater is protected and preserved with this project.

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Similarly, Goal 10 of the Comprehensive Plan is to ensure that commercial development have an urban park quality and that they be low profile. This project is proposing to introduce a stark, bold, high-profile, big-box, concrete development that certainly cannot be described as having urban park quality or low profile.

36

The Land Use Designation Goals for the General Commercial zoned areas in Tumwater include the minimization of undesirable impacts that commercial uses may have on the residential neighborhoods which they serve. This gets to the heart of what you are hearing time and time again from the residents in the established neighborhoods in the area, including Gold Creek and Glenwood. Wal-Mart takes the idea of an urban village and turns it on its head by changing the town from a small town feeling to a new tone and environment of concrete, big-box, unattractive sprawl. The subdivisions are beautiful and rural, with huge trees and curving roads. Wal-Mart will change the character of this area and the character of these neighborhoods. The proposal is inconsistent with the Land Use Designation Goals and it is inconsistent with the intent of the GC zone as stated in TMC 18.22.010.

37

Throughout the Chapter in the SEIS concerning the relationship of the project to existing plans and policies, the SEIS repeatedly leaves the impression that the proposed project is consistent with the plan of development in the Littlerock Road Subarea and would not affect the livability of residential areas to the south and to the northwest across Littlerock Road. In addition, it gives the impression that there are pedestrian friendly aspects to the Wal-Mart. These points are simply incorrect for the reasons described above.

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It could not be more clear that the proposal is inconsistent with the community's plans and goals for their area. That should be disclosed in the SEIS so that the decisionmakers are aware that this is a clear step away from what their own community has planned for.

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E. Transportation

The analysis of transportation impacts in the EIS omits or leaves vague certain important issues related to traffic impacts. Mr. Ross Tilghman, a transportation planner with over 20 years of experience, reviewed the traffic analysis in the SEIS and provides brief highlights of these important issues in his attached letter to me dated June 30, 2006 (also attached is Mr. Tilghman's Curriculum Vitae). In general, the SEIS must acknowledge that there is a very limited street network in the vicinity of the project site and this proposal projects the introduction of a very significant increase in traffic. For that reason, it is particularly important to be sure that we have a sensitivity analysis - there is not a lot of room to breath on traffic out there. Attention must be paid to all aspects of the analysis to be certain that the significant impacts that will be caused by this project will indeed be mitigated or at least adequately disclosed.

40-47
(See
Tilghman
Group
Letter)

F. Water Resources

The SEIS does not contain an adequate discussion about, analysis of or mitigation of impacts of the proposal to water resources, both surface water and groundwater. The SEIS simply concludes that the City requirements will be met without any supporting analysis to back that up.

Infiltration is certainly the preferred (and required) method of stormwater control (over detention), but great care must be made in this particular area to make sure it is engineered properly. One immediate concern is that the SEIS does not analyze the extent that high groundwater levels may affect infiltration rates. The data collected in February of 2006 (Appendix E.2) shows a maximum groundwater level of approximately 168 to 169 feet. This would put it less than 3 feet from the bottom of the proposed infiltration system. There is no indication in the materials that any design modifications have been made. A mounding analysis must be prepared to understand the dynamics of this system and ensure the proper design to protect the water resources.

48

In addition, in its comments on the Littlerock Road Subarea Plan, The Thurston County Department of Water and Waste Management explained that recent wet seasons had produced area flooding associated with the southerly most portion of the Subarea Plan. These concerns are echoed in many comments that have been repeated by many others regarding flooding in the area. The County agency explained that any proposal to dispose of improved runoff via infiltration is likely to add to the current flooding condition.

49

The SEIS mentions that the project site is located in the City's Aquifer Protection Overlay Zone District, which is intended to conserve and protect the underground water and aquifers underneath the City. SEIS at 3.2-2. There are numerous drinking wells near the site that may be impacted by

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pollution into the groundwater caused by this project - far more than the SEIS discloses. The SEIS does not contain adequate analysis to demonstrate that the proposal will in fact protect the groundwater, aquifers and drinking wells. The SEIS simply concludes that groundwater flow is away from the wells. That does not necessarily solve the problem and it also does not appear to be accurate according to other reports in the file.

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cont.

The Tumwater Code requires that Wal-Mart design its development in a manner that prevents chemical and biological contaminants from entering underground waters and aquifers which are now, or in the future, likely to be used as a potable water source. TMC 16.24.020 and TMC 18.39. Wal-Mart is notorious for repeated violations of national water quality standards at other stores caused by products left in the parking lots leaching into rivers, streams or other water sources. An unbiased SEIS would provide discussion of this issue with an analysis and plan to prevent such events at this location.

51

G. Open Space

For commercial short plats of ten acres or more, the minimum usable open space park area shall be 5% of the total site. TMC 17.12.210. For the purpose of calculation of the open space park requirement, the open space park area shall be separate and distinct from required yards, setbacks and landscaped areas, but may include areas of native vegetation that are allowed to fulfill the landscaping requirements of TMC 18.47. I saw nothing about this in the SEIS and cannot discern from the site plan what portion of property Wal-Mart considers is open space/park area that meets this requirement.

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H. Wetlands

The conclusion that there is no wetland on the site despite the Thurston County data showing that there is an approximately 1,800 square foot wetland on the site should be verified by the City per 16.28.080.

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I. Alternatives Analysis

SEPA has specific requirements regarding the alternatives analysis required in an EIS. Reasonable alternatives shall include actions that could feasibly attain or approximate a proposal's objectives, but at a lower environmental cost or decreased level of environmental degradation. WAC 197-11-440.

(c) This section of the EIS shall: . . .

(vii) Discuss the benefits and disadvantages of reserving for some future time the implementation of the proposal, as compared with possible approval at this time. The agency perspective shall be that each generation is, in effect, a trustee of the environment for succeeding generations. Particular attention should be given to the possibility of foreclosing future options by implementing the proposal.

Id. The SEIS analyzed only one alternative to the proposal and that alternative envisioned the exact same footprint and what appears to be generally identical to the existing proposal with some minor changes. While the alternative would indeed have slightly less environmental impact, it is not a reasonable alternative considering the requirements of the Tumwater Municipal Code. For example, the alternatives analysis should have included a proposal that meets the tree retention requirement rather than blindly accepting the boilerplate footprint that Wal-Mart demands. The alternatives analysis should have included a proposal that more clearly meets the comprehensive plan goals, the design guidelines and other requirements.

54

Wal-Mart has a formula in its design and construction and that should not hold the City hostage. There are numerous examples of Wal-Marts throughout the nation that include significant modifications to their boilerplate formula that were made in response to local regulations or local demands. Wal-Mart can build a parking lot with pervious material or it can break up the parking lot to retain more trees on the site. The City should not bend its rules to make this project happen, but should instead enforce its rules to either deny the project outright or significantly mitigate it to be consistent with the laws and policies that your community has put in place.

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Roger Gellenbeck
June 30, 2006
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J. Conclusion

Thank you for your consideration of my comments on the SEIS. We look forward to the continuing process of review.

Very truly yours,

BRICKLIN NEWMAN DOLD, LLP

s/ Claudia M. Newman

Claudia M. Newman

CMN:psc

cc: Chris Carlson, City of Tumwater

GL\Gellenbeck Roger-062906

Economic Analysis of a
Proposed Wal-Mart Supercenter in
Tumwater, Washington

Prepared by:

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Former Chair, Economics Department, San Francisco State University

June 30, 2006

EXECUTIVE SUMMARY

- The EIS is incomplete and inaccurate in a way which seriously prejudices the decision making process required by SEPA.
- The EIS claims that Tumwater has a retail shortage of 10%, but it fails to point out that Tumwater has a substantial retail surplus in the key areas of grocery and general merchandise retail—precisely the area where Wal-Mart will compete.
- It is standard practice in these types of reports to analyze retail by type including leakages and surpluses by retail category. This EIS *does not* include this type of analysis. The data necessary for such an analysis was readily available from the same source (*Claritas*) that was used for other data in the EIS. One can only conclude that the omission was deliberate, since including this data would not support the EIS's conclusion, that the Supercenter would not displace retail.
- It is also standard practice to define a trade area beyond the City limits. For example, in the case of grocery sales, where the EIS also fails to provide an adequate analysis, it is clear that grocery stores in Tumwater already serve a large trade area extending well beyond Tumwater. Indeed, *two-thirds of grocery retail in Tumwater goes outside the City*. This EIS fails to provide a proper analysis of the trade area for any type of retail, and in the critical area of grocery retail, where a Wal-Mart Supercenter will compete, it is clear that the EIS's omission biases the conclusion.
- Correcting for the EIS's omission leads one to conclude, particularly with a new Supercenter in Lacey, that the proposed Wal-Mart will displace existing grocery sales in Tumwater.
- Based on our detailed analysis of grocery retail, which the EIS should have provided, this report concludes that the Mega Foods and Albertson's grocery stores will close. Similar store closing have already occurred in Washington State after the opening of a Supercenter.
- This report also concludes that the Southgate shopping center will significantly deteriorate and its anchor ACE hardware store will close.
- The fiscal impact report contained in the EIS is irresponsible and inaccurate. It assumes that *none* of the new retail created by the Supercenter will displace current retail. The EIS's conclusion makes no sense given Tumwater's substantial surplus in general merchandise and grocery sales, which the EIS blatantly overlooks. Correcting this omission, we estimate that the costs to the City will likely outweigh the revenues generated.
- The EIS's other wage projections, post-Supercenter, are *also* based on their erroneous conclusion that new sales will be generated.

- The EIS fails to account for the **loss** in wages that will occur when workers are laid off at the existing Albertsons, Mega Foods and other stores. Wal-Mart is well known for paying significantly lower wages than most retailers. In particular, Albertson's and Mega Foods are union stores with wages and benefits roughly double Wal-Mart's. **Thus for every employee displaced by the Wal-Mart, the wages and benefits generated in the City of Tumwater will fall by half.**
- It is clear that the City of Tumwater could use new retail in some other categories. The City should be looking into the development of smaller retail to fill in these areas. Filling in this type of retail would, in fact, generate the increase in sales taxes and jobs that the EIS falsely and dishonestly claims for the Supercenter. This report recommends that the City reject this EIS and perform a detailed analysis of the types of retail the City really needs.
- Experts can disagree on any analysis, especially one which involves the future. However the EIS's errors go *well beyond* differences of opinion. The EIS ignores salient factors which are relevant and germane to the analysis and this oversight substantially and significantly prejudices their conclusions and renders their EIS inadequate.
- The author is not opposed to competition or to Big Box stores. However, the citizens of Tumwater deserve a fair and unbiased analysis of the relevant impacts so that they can make a reasoned decision. The EIS does not provide such an analysis and does not meet the requirements of SEPA or of sound economic analysis.
- Urban decay and physical deterioration is an environmental impact which must be addressed, along with the faulty fiscal analysis. While Tumwater is currently healthy, the store closings stemming from this proposal, which significantly increases retail space in the City, will lead to urban decay and physical deterioration.

INTRODUCTION

We have been asked by Claudia Newman, of Bricklin Newman Dold, to review and comment on the Environmental Impact Statement (EIS) prepared for the proposed 207,751 sq. ft. Wal-Mart Supercenter in Tumwater, WA. In particular, we have examined the economic analysis provided by Gardner Johnson, which is part of the EIS.

According to the State Environmental Policy Act (SEPA), an EIS must identify environmental impacts and mitigate these impacts where possible. Further, Tumwater requires a comprehensive fiscal analysis of these types of projects. The fiscal analysis in Gardner Johnson's report and the EIS is fundamentally flawed in a way which seriously and significantly biases the conclusion in favor of the construction of a Wal-Mart. Thus, the EIS fails to provide accurate information to the City of Tumwater and other authorities and this failure is significant prejudicial to the decision making process.

It is my professional opinion that the EIS, in particular the economic and fiscal Analysis prepared by Gardner Johnson, is incomplete and inaccurate. Further, the omissions in the report are prejudicial and lead to conclusions which heavily favor the construction of a Wal-Mart. Given the detail presented in the report on retail sales and the specific choice by Gardner Johnson to leave out one key piece of data from *Claritas* (the source they use), we suspect that the omission was deliberate, since it contradicts the assertions made in the rest of the report. This omission alone is sufficient to render all of the main conclusions of Gardner Johnson's report **significantly** inaccurate and incomplete such that the current report should be rejected.

This report corrects several of Gardner Johnson's oversights and adds new data where the EIS failed to provide sufficient data for a full analysis. This report demonstrates that the creation of the Supercenter will generate over-capacity in both grocery and general merchandise retail categories. Consequently, the proposed project will close other local businesses, leading to physical deterioration and physical decay conditions, adversely affecting public safety and orderly development of the city. This physical deterioration, sometimes referred to as "urban decay", can impair the physical and social environment, create conditions that foster and exacerbate crime and poverty, and create an environment, which is not conducive to economic development.

Our report also indicates that the project will not generate the tax revenues that the EIS claims, but instead will likely cost the City money. Thus, the EIS fails to meet the legal obligation to provide a complete and proper economic and fiscal analysis.

Evidence Upon Which This Report is Based.

Dr. King visited Tumwater in June, 2006. The visit included the following:

- An examination of the proposed site;
- An examination of retail space near the proposed center;
- An examination of retail in Tumwater area, including Olympia;

- An examination of competing supermarkets as well as other related retail stores in the City of Tumwater including interviews with local managers;

Dr. King took several photographs of the proposed site and of the shopping areas near the proposed site.

In addition, we examined the following materials:

- The Draft EIS, in particular the Economic Analysis (prepared by Applied Development Economics, hereafter referred to as ADE);
- The Littlerock Road Subarea Plan and Supplemental EIS;
- Various other data from the U.S. Census, the City of Tumwater, data and analysis from Claritas, and other public documents.

IMPACTS TO EXISTING RETAILERS AND POTENTIAL URBAN DECAY

The Grocery Market in Tumwater

Dr. King visited all of the major Supermarkets in Tumwater and estimated the total square footage and sales and interviewed managers to assess these variables as well. This data was not provided in the EIS, but it is *essential* for a proper analysis of the grocery market in Tumwater.

Table 1 below presents this report’s analysis of grocery sales in Tumwater. The EIS provides no estimate of sales at individual stores and *incorrectly* states that total grocery sales are approximately \$15 million, when in fact *taxable* grocery sales are \$15 million, implying total grocery sales are on the order of \$60 million. (Approximately 25% of grocery sales, e.g., carbonated beverages, paper products, are taxable.) Without this type of data, it is impossible to provide a meaningful analysis of the grocery market.

Table 1: Supermarkets in Tumwater with Estimated Sales

| Grocery Store | Square ft.(000) | Sales/sq. ft. | % National Avg sales sq. ft. | Sales/wk. (000) | Annual Sales (000) |
|--------------------|-----------------|---------------|------------------------------|-----------------|--------------------|
| Mega Foods | 30 | \$ 520 | 130% | \$ 300 | \$ 15,600 |
| Fred Meyer Grocery | 40 | \$ 390 | 97% | \$ 300 | \$ 15,600 |
| Albertson's | 55 | \$ 165 | 41% | \$ 175 | \$ 9,100 |
| Safeway | 50 | \$ 416 | 104% | \$ 400 | \$ 20,800 |
| Subtotal | 175 | \$ 349 | 87% | \$ 1,175 | \$ 61,100 |
| Costco Grocery | 40 | \$ 800 | 200% | \$ 800 | \$ 41,600 |
| Total/Avg. | 215 | \$ 478 | 119% | \$ 1,975 | \$ 102,700 |

Tumwater has a number of significant supermarkets including Mega Foods, Albertson's, Safeway and Fred Meyer grocery. Currently sales are healthy at all of these stores except for the Albertsons, which has sales per square ft. 41% of the national average (just over \$400 per sq. ft.).

Impact of opening a Wal-Mart Supercenter

Table 2 amends Table 1 to include our estimate of grocery sales at the new Wal-Mart Supercenter. In October 2003, the *Progressive Grocer*, which serves as the primary trade magazine for the grocery industry, estimated the average Supercenter had annual sales of Supermarket Type Merchandise of \$44.5 million.¹ These sales are greater than the combined sales of the Fred Meyer, Mega Foods and Albertson's. The proposed Supercenter will devote approximately 60,000 square feet of space to grocery sales.

Table 2: The Effect of a Supercenter on Grocery Sales in Tumwater

| Grocery Store | Square ft.(000) | Sales/sq. ft. | % National Avg sales sq. ft. | Sales/wk. (000) | Annual Sales (000) |
|----------------------------|-----------------|---------------|------------------------------|-----------------|--------------------|
| Mega Foods | 30 | \$ 520 | 130% | \$ 300 | \$ 15,600 |
| Fred Meyer Grocery | 40 | \$ 390 | 97% | \$ 300 | \$ 15,600 |
| Albertson's | 55 | \$ 165 | 41% | \$ 175 | \$ 9,100 |
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| Subtotal | 175 | \$ 349 | 87% | \$ 1,175 | \$ 61,100 |
| Costco Grocery | 40 | \$ 800 | 200% | \$ 800 | \$ 41,600 |
| Total/Avg. | 215 | \$ 478 | 119% | \$ 1,975 | \$ 102,700 |
| Super Wal-Mart Grocery | 60 | \$ 742 | 185% | 856 | \$ 44,500 |
| Total/Avg. | 275 | \$ 535 | 133% | 2,831 | \$ 147,200 |
| EIS Est. Food Expenditures | | | | | \$ 28,581 |

Demand for Grocery Retail in Tumwater

Table 3 briefly presents the grocery retail market in another way—examining the supply of groceries in Tumwater versus the demand. Our estimate of retail grocery demand is taken from the EIS—Gardner Johnson's report, p. 6, Figure 4. As one can clearly see, Tumwater grocery retail is already far larger than the demand. **These estimates indicate that over two-thirds of current grocery sales in Tumwater already go to people who live outside the City.** The difference is made up by people shopping for groceries in Tumwater who live outside the City. There is nothing unusual about this circumstance, except that **one should not claim that the Wal-Mart Supercenter will create new grocery sales when Tumwater already serves a much wider regional market, as the data clearly shows.** Further, the EIS should have analyzed a larger trade area, as is standard practice in these types of analyses, and incorporated the potential impact of the current Supercenter in Lacey as well as other stores.

¹ Progressive Grocer, "Wal-Mart vs the World," October 15, 2003

Table 3: Grocery Sales in Tumwater vs. Local Demand

| Item | Expenditure | Surplus Sales | % Supply/Demand |
|-------------------------------------|-------------|---------------|-----------------|
| Total Grocery Sales before Wal-Mart | \$ 102,700 | \$ 74,119 | 359% |
| Total Grocery Sales after Wal-Mart | \$ 147,200 | \$ 118,619 | 515% |
| EIS Est. Food Expenditures | \$ 28,581 | | |

Store Closings in Tumwater

As a result, it is clear that after the Supercenter is built there will be a substantial excess supply of grocery retail in Tumwater and the addition of the Supercenter cannot be made up by merely reducing sales at other stores without closing some grocery stores. **It is our professional opinion, based upon an analysis of this data, site visits, and interviews with store managers, that the Albertsons and the Mega Foods stores will both close and that sales at other stores will be depressed.** The Albertson’s serves as an anchor store and hence the entire center it anchors is also at risk.

The manager of the Mega Foods store also predicted his store would close after the Supercenter opened. Both of these stores are very close to the proposed site and both compete directly with Wal-Mart. **The EIS provides no analysis for their assertion that grocery stores will not be effected in the City of Tumwater, post Supercenter.** With the arrival of a Supercenter it is unrealistic to assume that the new Supercenter will substantially increase grocery sales outside of Tumwater since these areas are already being served now. Instead, one should expect that shoppers who would have purchased groceries elsewhere in Tumwater will switch to the Supercenter.

Other towns in Washington State have already observed this pattern, so these predictions are hardly dire or lacking in empirical validity. **After the opening of Supercenters near Centralia, Lacey and Chehalis, several large independent supermarkets closed.**

Other Retail Sales in Tumwater

The EIS also presents an analysis of other retail in Tumwater. The EIS presents many detailed graphs and charts referring to retail sales data in Tumwater. However, the key calculation in Figure 6 (p. 7) only examines total retail—it is not broken down by category despite the fact that numerous other charts and graphs provide this detail, which is easily available. One can only conclude that the results were not consistent with the conclusion of the EIS.

Table 4 presents the data which the EIS should have presented. This type of analysis is standard and is provided in virtually all similar types of reports. Why has this EIS left this crucial data out?

Table 4: Retail Sales in Tumwater vs. Demand²

| Retail Category | Total Spending (Tumwater) | % Total (Tumwater) | Avg. Nationwide % Spending | Leakage/ Excess % Retail (Tumwater) | Est. Difference from National Avg. |
|----------------------------|---------------------------|--------------------|----------------------------|-------------------------------------|------------------------------------|
| Motor Vehicle | \$ 12,965,492 | 5.2% | 23.2% | -18.0% | \$ (45,239,832) |
| Furniture | \$ 4,032,765 | 1.6% | 2.7% | -1.1% | \$ (2,741,130) |
| Electronics/ Appliances | \$ 3,076,219 | 1.2% | 2.5% | -1.3% | \$ (3,195,906) |
| Building Materials | \$ 19,082,215 | 7.6% | 9.1% | -1.5% | \$ (3,748,322) |
| Food/Beverage | \$ 62,300,160 | 24.8% | 13.5% | 11.3% | \$ 28,430,683 |
| Health/Personal | \$ 1,961,324 | 0.8% | 5.5% | -4.7% | \$ (11,837,352) |
| Gasoline | \$ 4,072,920 | 1.6% | 6.4% | -4.8% | \$ (11,983,721) |
| Clothing | \$ 1,688,604 | 0.7% | 4.7% | -4.0% | \$ (10,102,992) |
| Sporting goods | \$ 3,977,652 | 1.6% | 2.1% | -0.5% | \$ (1,290,933) |
| General Merchandise | \$ 102,244,082 | 40.8% | 12.9% | 27.9% | \$ 69,879,915 |
| Misc | \$ 4,674,166 | 1.9% | 2.6% | -0.7% | \$ (1,723,402) |
| Nonstore Retailers | \$ 1,304,863 | 0.5% | 5.0% | -4.5% | \$ (11,239,388) |
| Food Services and Drinking | \$ 29,504,555 | 11.8% | 9.8% | 2.0% | \$ 4,917,823 |
| Total | \$ 250,885,017 | 100.0% | 100.0% | 0.0% | |

The critical data in Table 4 is in the last two columns, which compare the percentage of sales by retail category in Tumwater compared to the national average. Numbers in parentheses are negative. **As one can see, Tumwater has a substantial surplus of sales in two crucial categories—grocery retail and general merchandise. Unfortunately this is precisely the two key categories where the Supercenter will exacerbate the current surplus.**

Further, we do not believe that the closed Mega Foods or the Albertson’s stores will provide good opportunities for retenancing in the retail areas where Tumwater does have needs. Many of these categories (e.g., clothing) involve smaller specialty retail, which would not be attracted by a closed 30-60 thousand square foot supermarket. Many of these stores might be attracted to the planned Olde Towne Plaza shopping center being built elsewhere. Similarly, gas stations and auto parts would be inappropriate and perhaps undesirable to Tumwater residents. It is possible that a furniture store could be placed in one site, but most national chains prefer to design their own site and there is only sufficient demand for 9000 square feet of furniture space, not the 85,000 square feet of retail that the close Albertson’s and Mega Foods would create. Similarly, there is some need for new pharmacy retail, but moving to a closed store is not an attractive option for most major national pharmacy stores.

Other Retail in Danger

We have also identified one other center, which is currently marginal and likely to close: the Southgate shopping center, anchored by an ACE hardware store is already marginal and will likely close. Although ACE competes more directly with Home Depot, the

² Source: Market Statistics, a division of Claritas Inc., Arlington, VA, The Survey of Buying Power Data Service, 2004.

manager of the center indicated that its sales have already been hurt and even a relatively small reduction in sales, (15-20%) would put the ACE hardware store out of business. With the anchor store closed, many of the smaller stores would see substantially diminished traffic and the stores would close or the character of the center would deteriorate further, creating urban decay and physical deterioration.

Urban Decay and Physical deterioration

This pattern has been observed in many other cities. Numerous studies of the impacts of retail superstore development have been conducted. The Shils Report (Edward B. Shils, *Measuring the Economic and Sociological Impact of the Mega-Retail Discount Chains on Small Enterprise in Urban, Suburban and Rural Communities*, The Wharton School, University of Pennsylvania, 1997) cites predatory pricing and **overall economic decline among the possible impacts**. Kenneth E. Stone studied superstore development in a large sample of Iowa cities and found that the location of a superstore can have delayed impacts on the viability of commerce in the surrounding area (a loss of 7,326 businesses in small Iowa towns between 1983 and 1993).

Two studies of Supercenters in California conducted by Ph.D. economists also concluded that Supercenters are, at best, a mixed blessing. One study, conducted for the Orange County Business Council by professors at UC Irvine and UCLA,³ concluded that:

- The economic loss due to lower wages and benefits paid by Wal-Mart would create a negative economic impact on southern California equal to \$2.8 billion per year.
- “The fiscal impacts of a facility are often seen as clear-cut, but they are not, particularly when a big box retailer expands into food sales. This threatens to lower the taxable sales per square feet for a land use that is already riddled with inefficiencies and great risks should market conditions become unfavorable” (p.93).

Another similar study of San Diego County⁴ also came up with similar conclusions, including the following:

- “Wages and benefits can be expected to decline in San Diego County by \$105 million to \$221 million annually” (p. i).
- “Lost pension and retirement benefits will impact the region negatively by an additional \$80-170 million per year” (p. i).
- Taking into account multiplier effects, this loss could amount to \$440 million a year (p. i).

³ “The Impact of Big Box Grocers on Southern California: Jobs, Wages and Municipal Finance,” by Marlon Boarnet and Randall Crane, prepared for the Orange County Business Council, September 1999.

⁴ “The Potential Economic and Fiscal Impact of Supercenters in San Diego,” by Rea and Parker Research, prepared for the San Diego Taxpayers Association.

- “Fiscal benefits, in the form of sales and property taxes, are frequently less than originally expected and are not likely to cover the costs of traffic, police, fire protection, among others. **Ultimately the net cost of these public services for Supercenters could exceed \$700,000 per year**” (p. ii).

The report also concludes that a number of other negative results may result from poor land use planning and the closing down of other businesses; we will discuss these issues later in this report.

Urban Decay and Physical Deterioration in Tumwater

For all of the reasons stated above, **we believe there is a serious and significant possibility that the commercial space created by this proposed plan would create urban decay in the downtown as well as in other areas in the City of Tumwater and lead to a less healthy business climate in the City.**

Urban decay in urban areas can include several possible adverse impacts on the quality of life in the local community. This includes visible symptoms of physical deterioration, capital stock and buildings in impaired condition, and involves aspects of “broken window” theory—that run-down, abandoned buildings signal lack of public policy concern and invite vandalism, loitering, graffiti, high crime rates, and arson for profit. They signal hopelessness for nearby residents who may lose faith in local government. Such sites also pose significant policing problems and fire protection issues. They could become sites for dangerous rodent infestation and avoidable public health issues. The outward manifestations and visual evidence of urban environmental urban decay and physical deterioration, but are not limited to, such markers as:

- Plywood boarded doors and windows;
- Parked trucks and long term unauthorized use of property and parking lot;
- Extensive gang graffiti and offensive words painted on the buildings;
- Dumping of refuse on site;
- Overturned dumpsters;
- Broken parking barriers;
- Broken glass, litter of liquor or beer bottles;
- Dead trees and shrubbery together with weeds;
- Unsightly and permanent “For Lease” signs;
- Homeless encampments on the property or doorways; and
- Lack of building maintenance, paint peeling, or property enclosed in an unsightly chain-link fence.
- Closed Stores.

Existing Urban Decay in the City of Tumwater

Tumwater is currently healthy except for the Southgate center discussed above and several older strip malls scattered throughout the City. However, the proposed Supercenter represents a substantial increase in current retail square footage, approximately equal to 20% of all current retail in the City. The City of Tumwater is projected to grow slowly over the next five years, so growth in population will not help the City escape from the problem. Instead, Tumwater's current healthy retail will experience a decline in some centers and stores identified in this report.

Fiscal Impact to the City of Tumwater

The EIS estimates the fiscal impact of the proposed Supercenter. However, this fiscal analysis is deeply flawed since it assumes that none of the new retail created by the Supercenter will displace current retail. This assumption is clearly absurd. Our analysis also indicates that Tumwater already supplies substantially more retail sales in the key areas of general merchandise and grocery that the Supercenter will compete in.

It is this report's professional opinion that the EIS's fiscal impact report is irresponsible and inaccurate. The conclusion is blatantly biased to favor construction of the Supercenter. Even if the City decides to proceed, it deserves an honest accounting, so that it can make proper plans.

Table 5: Direct City Revenue and Cost Impacts of Proposed Center

| Category | EIS Estimate | Likely Scenario |
|-----------------------------|--------------|-----------------|
| Property Tax | \$ 47,190 | \$ 14,157 |
| Sales and Use Tax | \$ 545,236 | \$ 27,262 |
| Business and Occupation Tax | \$ 87,395 | \$ 26,219 |
| Total | \$ 679,821 | \$ 67,637 |
| EIS estimated Costs | \$ 71,250 | \$ 71,250 |
| Revenue - Costs | \$ 608,571 | \$ (3,613) |

Table 5 presents the most likely scenario of the Direct City Revenue and Cost Impacts of Proposed Center along with the EIS estimates. The EIS fails to account for the sales displacement that will clearly occur. In particular, the report estimates that \$545,236 will be generated in Sales and Use tax, but if the Supercenter displaces current sales, this estimate is inaccurate. We estimate that at least 90% of Supercenter sales will be displaced, particularly with a Supercenter in nearby Lacey. Assuming that 95% of sales are displaced, only \$27,262 in increased sales will be generated. Correcting for the EIS's flaws, one concludes that the City will gain no significant revenue advantage. Indeed, the most likely scenario leads to a slight loss for the City of Tumwater. Also, please keep in mind that the EIS reports that the expenditures on Public Works may be substantially higher than the \$41,250 figure it uses. Indeed, the study of San Diego cited above indicated that a Supercenter substantially increased costs to public agencies.

Similarly all of the other wage projections post-Supercenter are based on the erroneous conclusion that new sales will be generated by the Supercenter. In addition, the EIS fails to account for the **loss in wages** that will occur when workers are laid off at the existing Albertsons, Mega Foods and other stores. Wal-Mart is well known for paying significantly lower wages than most retailers.⁵ In particular, Albertson's and Mega Foods are union stores with wages and benefits roughly double Wal-Mart's. **Thus for every employee displaced by the Wal-Mart, the wages and benefits generated in the City of Tumwater will fall by half.** Please also keep in mind that Safeway and Fred Meyer stores will also experience some loss in sales, and hence will have to lay off workers, though we do not anticipate the stores will close.

A consequence of our analysis is that the Supercenter will generate no significant increase in tax revenue for the City, while simultaneously producing lower wages and significant social costs.

⁵ See Boarnet, Marlon, Randal Crane, Daniel Chatman and Michael Manvill (2004). *Supercenters and the Transformation of the Bay Area Grocery Industry: Issues, Trends, and Impacts*, Bay Area Economic Forum, Bay Area Economic Forum, A Partnership of the Association of Bay Area Governments (ABAG) and the Bay Area Council, R. Sean Randolph, Project Supervisor. Prepared by the Public Economics Group, January, pp. 1-104. Accessed at www.bayeconfor.org

CONCLUSION

- The EIS is incomplete and inaccurate in a way which seriously prejudices the decision making process required by SEPA. 1
- The EIS claims that Tumwater has a retail shortage of 10%, but it fails to point out that Tumwater has a substantial retail surplus in the key areas of grocery and general merchandise retail—precisely the area where Wal-Mart will compete. 2
- It is standard practice in these types of reports to analyze retail by type including leakages and surpluses by retail category. This EIS *does not* include this type of analysis. The data necessary for such an analysis was readily available from the same source (*Claritas*) that was used for other data in the EIS. One can only conclude that the omission was deliberate, since including this data would not support the EIS’s conclusion, that the Supercenter would not displace retail. 3
- It is also standard practice to define a trade area beyond the City limits. For example, in the case of grocery sales, where the EIS also fails to provide an adequate analysis, it is clear that grocery stores in Tumwater already serve a large trade area extending well beyond Tumwater. Indeed, *two-thirds of grocery retail in Tumwater goes outside the City*. This EIS fails to provide a proper analysis of the trade area for any type of retail, and in the critical area of grocery retail, where a Wal-Mart Supercenter will compete, it is clear that the EIS’s omission biases the conclusion. 4
- Correcting for the EIS’s omission leads one to conclude, particularly with a new Supercenter in Lacey, that the proposed Wal-Mart will displace existing grocery sales in Tumwater. 5
- Based on our detailed analysis of grocery retail, which the EIS should have provided, this report concludes that the Mega Foods and Albertson’s grocery stores will close. Similar store closing have already occurred in Washington State after the opening of a Supercenter. 6
- This report also concludes that the Southgate shopping center will significantly deteriorate and its anchor ACE hardware store will close. 7
- The fiscal impact report contained in the EIS is irresponsible and inaccurate. It assumes that *none* of the new retail created by the Supercenter will displace current retail. The EIS’s conclusion makes no sense given Tumwater’s substantial surplus in general merchandise and grocery sales, which the EIS blatantly overlooks. Correcting this omission, we estimate that the costs to the City will likely outweigh the revenues generated. 8
- The EIS’s other wage projections, post-Supercenter, are *also* based on their erroneous conclusion that new sales will be generated. 9
- The EIS fails to account for the **loss** in wages that will occur when workers are laid off at the existing Albertsons, Mega Foods and other stores. Wal-Mart is well 10

known for paying significantly lower wages than most retailers. In particular, Albertson's and Mega Foods are union stores with wages and benefits roughly double Wal-Mart's. **Thus for every employee displaced by the Wal-Mart, the wages and benefits generated in the City of Tumwater will fall by half.**

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cont.

- It is clear that the City of Tumwater could use new retail in some other categories. The City should be looking into the development of smaller retail to fill in these areas. Filling in this type of retail would, in fact, generate the increase in sales taxes and jobs that the EIS falsely and dishonestly claims for the Supercenter. This report recommends that the City reject this EIS and perform a detailed analysis of the types of retail the City really needs.
- Experts can disagree on any analysis, especially one which involves the future. However the EIS's errors go *well beyond* differences of opinion. The EIS ignores salient factors which are relevant and germane to the analysis and this oversight substantially and significantly prejudices their conclusions and renders their EIS inadequate.
- The author is not opposed to competition or to Big Box stores. However, the citizens of Tumwater deserve a fair and unbiased analysis of the relevant impacts so that they can make a reasoned decision. The EIS does not provide such an analysis and does not meet the requirements of SEPA or of sound economic analysis.
- Urban decay and physical deterioration is an environmental impact which must be addressed, along with the faulty fiscal analysis. While Tumwater is currently healthy, the store closings stemming from this proposal, which significantly increases retail space in the City, will lead to urban decay and physical deterioration.

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Qualifications

Dr. Philip King is Associate Professor and former Chair of the Department of Economics at San Francisco State University. He received his Ph.D. in Economics from Cornell and has published numerous articles in scholarly journals and edits a book on Economic Policy for McGraw-Hill. His major fields are Applied Microeconomics and Economic Development. He has conducted over a dozen studies of local economic conditions as a consultant to the State of California and for various city governments in the State including two major Fiscal Economic Impact Reports covering the State of California and six local economic impact reports for City governments in California. He prepared a report on *San Francisco's Economic Growth 1995-2000: The Fiscal Health of the City and Implications for the Future,* for the San Francisco Committee on Jobs Summer 2001, available at <http://online.sfsu.edu/~pgking/newpage22.htm>. This report was widely cited in the San Francisco press including front-page articles by the *Chronicle* and *Examiner*. He consulted for the City Council of Davis California on the impact of planned conference site development.

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- 9/93-present **ASSOCIATE PROFESSOR** **SAN FRANCISCO STATE UNIVERSITY**
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- Books:** *International Economics and International Economic Policy*, 4th Edition, McGraw-Hill, 2004.
 International Economics and International Economic Policy, 3rd Edition, McGraw-Hill, 2000.
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"The Multinational Corporation: Pro and Con," in *International Economics and International Economic Policy*, McGraw-Hill, 1990.

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"Adverse Selection and Competitive Health Care," presented at the *American Economic Association Meetings*, New Orleans, December 1986.

June 30, 2006

Claudia Newman
Bricklin Newman Dold
1001 Fourth Ave. Suite 3303
Seattle, Washington 98154

Dear Claudia:

I have reviewed the transportation portions of the Tumwater Retail Store Supplemental Draft EIS and offer the following comments:

1. Pipeline projects have been identified by name only. No description of the projects by land use, size, number of units, or location is provided. Nor is information provided concerning the source of trip generation and distribution for these projects. The sources and assumptions should be identified and described. 40
2. Approximately 38% of project traffic is assigned to Tyee Drive. In fact, according to Figure 7, Tyee Drive would carry more project traffic to and from the north than Littlerock Rd. However, Tyee Drive was not identified in the inventory of streets nor was any information provided about its functional classification, cross-section or other attributes. The rationale for this assignment should be discussed in light of the road's character. 41
3. Trip distribution is based on an earlier study for Home Depot. Now that the Home Depot store is open, what is the actual distribution? What is the distribution at the Costco driveways? The counts of existing traffic shown on Figure 3.9-1 indicate a higher proportion to and from the south than was assumed in the SDEIS. 42
4. Project traffic causes a substantial decline in level of service at Littlerock Rd/Israel Rd., dropping from LOS B to D in 2007. This result suggests that, even after completing the planned Littlerock Rd improvements, very little additional capacity will remain within the City's level of service standards once project traffic is added. This location should be tested for its sensitivity to small changes in volume. For example, should a higher proportion of project traffic travel to and from the south, will this intersection still meet City LOS standards? I note also that even with the proposed mitigation at intersections on Trosper Rd., little reserve capacity will remain for the future within the City's standards. At Trosper Rd/Littlerock Rd., the proposed mitigation, while reducing queuing, actually increases delay. 43
5. In discussing the Tumwater Middle School, the study states that the Middle School's peak traffic does "not overlap with the peak hours of the proposed retail project." According to the Institute of Transportation Engineers, *Trip Generation 7th edition*, a discount superstore's peak hour occurs variously between noon and 3:00 p.m. Middle school ends at 2:30 p.m. according to the Tumwater School District. The SDEIS does not address operating conditions during the overlap of project traffic with school traffic. 44

6. Pedestrian safety of proposed site plan -- the orientation of parking aisles in the lot south of Kingswood Drive conflicts with the needs of pedestrians to reach the crossing since the aisles run perpendicular to the crossing. Additional discussion of the conditions created by the proposed layout in which pedestrians would have to walk between parking spaces is warranted. 45
7. The proposed pedestrian crossing of Kingswood Drive would be used most during high demand periods when the extra spaces in the remote parking area south of Kingswood Drive will be needed. Pedestrian demand will peak precisely when site-generated traffic peaks. The analysis should assess the appropriateness of the proposed mid-block crossing compared to other crossing options. 46
8. Pedestrian safety of the Alternate site plan – the analysis should consider the pedestrian demand and crossing conditions between the Middle School and the project site with the relocated Kingswood/Littlerock intersection. 47

Please contact me if you have any questions about these comments. I appreciate the opportunity to assist you.

Sincerely,

Ross Tilghman
Director



ROSS TILGHMAN

Ross Tilghman heads up the Tilghman Group, a division of Leora Consulting Group LLC, providing transportation-related real estate planning services. He brings over 20 years of urban planning experience, including serving as executive director of a downtown business improvement district. Mr. Tilghman previously served with TDA Inc. where he was vice-president, and operated TDA's Illinois office for ten years. He provides transportation-related revenue projections, market studies, planning and development strategies to government, not-for-profit, and private sector clients facing real estate development challenges. His projects typically involve recreation areas, academic and institutional campus planning, downtown revitalization, historic district redevelopment, mixed-use projects, special event access, and parking.

Examples of his work include:

Master Planning for downtown revitalization, redevelopment districts, recreation projects and mixed-use projects, in Maryland, Indiana, Illinois, Iowa, Wisconsin, Missouri, Pennsylvania, Colorado, California, Florida, Hawaii, Minnesota, Louisiana, Texas, and Washington. Plans were prepared for state capitol campuses in Iowa, Minnesota and Washington. Services included forecasts of traffic volumes, transit use, parking demand and shared parking potential, development of transportation management programs to reduce single-occupant vehicle use, and overall access and circulation strategies.

Parking and Circulation Plan Development. In Sioux City, Iowa a variety of on-street parking layouts and street classifications were developed based on adjacent land uses and pedestrian needs, as well as regional circulation requirements. A parking and access strategy was created to guide redevelopment in downtown St. Louis. Municipal parking revenue projections were prepared for Tacoma, Washington in support of a bond issue for new convention center parking and parking system improvements.

Transit Market and Feasibility Analysis. Analysis of Bus Rapid Transit markets in Los Angeles has documented the attraction of new riders and identified their demographic characteristics. Feasibility studies projected ridership potential for light-rail in key commuting corridors in Los Angeles, for passenger-only ferry service in Seattle, and for a downtown shuttle in Juneau, Alaska. Shuttle operations, management and vehicle types were surveyed nationally for application to a Denver, Colorado retail district. Also in Denver, ridership was estimated for light rail feeder services in the Tech Center area and potential routes were evaluated based on strict cost criteria. Other market assessments include identifying the appropriate size of new parking garages in Seattle, Washington and the effectiveness of a proposed peripheral parking program for downtown Savannah, Georgia.

Park and Zoo Planning has been provided for San Diego's Balboa Park where a new Land Use, Circulation and Parking Plan guides future development of this major urban park with over 12 million visitors per year. As a first step in implementation, a parking management plan has been completed. At Seoul Grand Park Zoo in Seoul, South Korea, external access, parking and internal circulation requirements were detailed for a new Master Plan.

Environmental Impact Analysis of major office, retail, industrial and residential developments in California, Washington, Oregon, Hawaii and Illinois. Rural, suburban and central-city sites were evaluated for traffic, transit and parking impacts. Phased development, cumulative impacts of adjacent development, zoning, impact fees and compliance with local traffic codes were assessed.

Historic Preservation Planning. Alternative street designs and transit layouts, traffic analyses, parking studies and parking development strategies were provided in support of preserving historic properties in Tennessee, Michigan, Washington, Wisconsin, Louisiana and Illinois. These ranged from site-specific master plans to area-wide transportation strategies to protect historic resources, including historic districts and civil war battlefields. Heritage tourism plans were also developed in Mississippi and Virginia.

Recreation and Special Event transportation development including travel forecasts and management plans for stadiums, arenas, convention centers, resort hotels, ski resorts, a professional tournament golf course, and riverboat and dockside casinos located throughout the U.S. Chief among these was an access and parking plan to retrofit Joe Robbie Stadium in Miami.

Professional Activities

Mr. Tilghman has made presentations and served on resource panels for numerous organizations, including:

- ◆ ULI Advisory Services Panel assignments in Springfield, Virginia; Sacramento, California; Port St. Lucie, Florida; Ft. Lauderdale Beach, Florida; Carson, California; and St. Louis, Missouri
- ◆ Stadium Transportation Survey Findings, included in “Developing Sports, Convention, and Performing Arts Centers”, 3rd ed., Washington, D.C., ULI, 2001
- ◆ *Design Guidelines for Main Street*, National Town Meeting, Indianapolis, 2001
- ◆ Ohio Design Assistance Team, Community Design Charrettes, multiple assignments in Dayton, Springboro and Canal Winchester, Ohio 2000-2001
- ◆ *Anticipating Future Transportation Needs*, Mayor’s Institute on City Design, Cincinnati, 1999
- ◆ *Community Character and Road Design Standards*, Illinois Statewide Preservation Conference, Elgin, Illinois, 1998
- ◆ *Downtown Parking*, Illinois Main Street Conference, Alton, Illinois, 1997
- ◆ *Balancing People and Traffic: Making Better Streets*, Mayor’s Institute on City Design, St. Louis, 1997
- ◆ *New Urbanism and the New Urban Traffic*, Congress for the New Urbanism IV, Charleston, South Carolina, 1996
- ◆ *Dealing with Traffic in Resort Communities*, Sprawl Alliance, Petoskey, Michigan, 1996
- ◆ *Traffic and Parking in Five Easy Steps*, Co-author, ULI Seminar -- Developing Sports and Convention Facilities, Atlanta, 1996
- ◆ *Preservation and The Parking Problem*, Illinois Statewide Preservation Conference, Rock Island, Illinois, 1995
- ◆ *Rethinking the Role of the Automobile in City Design*, Mayor’s Institute on City Design, St. Louis, 1995
- ◆ Riverboat Gambling Resource Team, Historic Landmarks Foundation of Indiana, Madison, Jeffersonville, and New Albany, Indiana, 1993
- ◆ Stone City Preservation Resource Team, Canal Corridor Association, Joliet, Illinois, 1993
- ◆ AIA Regional/Urban Design Assistance Team (R/UDAT), San Angelo, Texas, 1992

Mr. Tilghman served three years as Executive Director of the Galesburg Downtown Council, a business improvement district and Main Street program in Galesburg, Illinois. He oversaw downtown maintenance, facade improvements, parking, and upper story redevelopment efforts in concert with Main Street redevelopment principles. He successfully authored a TEA-21 Enhancement grant application for a \$1.9 million streetscape reconstruction completed in 2002.

Education

B.A., History, Washington University, St. Louis, Missouri

M.A., Geography, University of Washington, Seattle

Continuing Education: Highway Capacity Workshop, Northwestern University, 1995

Membership

Urban Land Institute

ULI Community Development Council – Blue Flight