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Thinking Outside “The Box”

Wal-Mart critics have a point, but Salinas needs the business.

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By Dennis Donohue

The Salinas City Council recently passed a so-called big box ordinance. I respect my colleagues on the council and from time to time we disagree on critical issues. This is one of these times. The City Council and public had a healthy and spirited dialogue. I just see this one differently than the majority of my colleagues.

I share many of the same concerns many had regarding traffic, wages and competitive issues that prompted the ordinance. I simply do not believe an ordinance was the best approach; broader public input and a council-led compromise good would have been better.

SALINAS' BEST INTERESTS ARE SERVED BY MANAGING THE ODDS IN OUR FAVOR.

There was a clear signal from the major industry in the Salinas Valley that ag viewed Wal-Mart as an important, valued customer. And ag, not retail, is the major driver of the local economy. The Chamber of Commerce sent a clear message of opposition to the proposed ordinance, as did a number of independent businesses in the Harden Ranch area that stated they rely on a major anchor tenant to stimulate retail foot traffic. The clear majority of e-mails and calls I received indicated support.

Salinas' tax base is too low. One of the things we need to accomplish in coming years is reversing the significant leakage of retail sales dollars that are not spent in our community. Most of our future development projects promote city-centered growth, additional independent and specialty retail. The goal is a healthy mix.

The continuing loss of retail dollars to outlying areas indicates that the regional segment of Salinas retail will benefit from additional strong anchor tenants. The regional shopping experience is based on foot traffic, variety and multiple choices.

Toward that end, it's critical that Salinas not lose any business recruiting or remodeling when the whole American retail scene is in flux. Major retail chains will be conserving capital for the next one to three years and will likely only invest for the most compelling of reasons; under the circumstances, the “hold out for better” retail development is not realistic.

Current economic realities and top-line retail trends suggest one key tax base expansion strategy is to support your existing business base. Retailers such as Target and K-Mart already have a similar format as Wal-Mart is proposing, which includes a grocery element. Sears is now evaluating new formats with non-taxable elements. We have potentially deprived four major retailers who currently have a Salinas presence of a chance to update their business strategies.

In a worst-case scenario, Salinas may experience the loss of existing retailers who rely on a strong anchor tenant to drive foot traffic. Major retailers tend to make decisions in a cluster fashion. Should a power center with a big box anchor open nearby, existing Salinas retailers could well follow.

I am an optimist by nature. I do not say that the worst will inevitably happen. I know we will continue to work hard to achieve our goals. But I do believe that Salinas' best interests are served by managing the odds in our favor.

I also believe real change can be accomplished through new alliances and working with companies like Wal-Mart. There's no question that the very real and legitimate concerns labor and communities have expressed are causing Wal-Mart to revisit many past practices. At this juncture, I believe the best approaches are ones such as former President Bill Clinton is pursuing. His Clinton Foundation is working with Wal-Mart on the climate change issue through a “Green Purchasing” pool.

I believe Salinas could have negotiated some positive social investments and addressed traffic-mitigation issues. Wal-Mart is a major supporter of the First Tee golf program, a significant local youth program that has a character curriculum component that we need to expand to other sports such as youth soccer.

It's highly likely they would feature produce from smaller local growers. Wal-Mart has a clear national track record of promoting “homegrown” items that could have benefited local organic growers or organizations like ALBA.

Retail mitigation strategies might include supporting a retail incubator concept or perhaps national distribution for local entrepreneurs such as Katie Struve and her swimwear products.

There is no question that the labor movement has a proud tradition and the Salinas Valley has been at the center of many positive developments. Two notable examples include Fresh Express and D'Arrigo Bros. signing contracts with the UFW. The Valley has had a history of conflict leading to reconciliation. Obviously there is more progress to be made. But I would have preferred that Salinas lead the way once again and show how two seemingly disparate points of view can be reconciled. I hope we still can. I think that's who we really are.

DENNIS DONOHUE is the mayor of Salinas.

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