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Project: Smart Growth

Rutland Wal-Mart and Pasadena Target: Bringing Big Boxes Stores Downtown

Rutland is a small town of approximately 17,000 people. Located in central western Vermont, close to the New York border, Rutland is a fairly typical Vermont town, nestled among the mountains and owing much to the tourism generated by foliage and skiing. In 1993, Wal-Mart introduced plans to open its first stores in Vermont, including one in Rutland.

As announcements of Wal-Marts often do, this led to an outpouring of concern among both citizens and members of the local and state government. Residents were concerned for both their local businesses and for their countryside; they had seen the detrimental effects of big-box stores such as Wal-Mart in other locations. The pending arrival of Wal-Mart was deemed so threatening, in fact, that it led to Vermont being placed on the list of the top 11 Most Endangered Places in America by the National Trust for Historic Preservation¹. Paul Bruhn, executive director of the Preservation Trust of Vermont described the threat as

...sprawl, undermining the sense of community... loss of locally owned businesses, loss of local and regional identity, and undermining the Vermont 'brand.'²

Whereas many towns in similar situations had previously fought to prevent Wal-Mart from opening at all, Rutland decided to take a different approach. In the fall of 1993, Bruhn and Vermont governor Howard Dean met with Wal-Mart officials to see what could be done to work with Wal-Mart rather than against them. During a forum

¹ Benfield et al, 55

² Bruhn

hosted by Vermont Public Radio, Bruhn emphasized that his group was not against Wal-Mart in general, but rather that they were against the effects of the sprawl that generally resulted when a store like Wal-Mart moved to the outskirts of a small town. He extended an invitation to Donald Shinkle, Wal-Mart's vice president for corporate affairs, to visit some of the towns that Wal-Mart was considering and to get a sense of the concerns of the local citizens and government. His invitation was accepted, and one month later this meeting took place.

As a result of this meeting, Vermont officials developed a better understanding of Wal-Mart's needs, and Wal-Mart agreed to break from their traditional methods in the development of a new store. They began looking into a former Kmart location at a shopping plaza in downtown Rutland, a building that had stood empty for many years. In the years since Kmart had left, the new owners of the plaza had engaged in a major renovation and had brought in new businesses, including Price Chopper and T.J. Maxx. Both stores were doing well, and the existing customer presence combined with the proof of successful downtown businesses both contributed to Wal-Mart's acceptance of the location. After some negotiations on parking, signage, and building appearance, Wal-Mart signed a long-term lease for the building, and in January of 1999, the downtown Rutland Wal-Mart opened.

Sadly, examples of other towns working with retailers to bring big-box stores downtown seem to be hard to come by. Another success story can be found, however, in Pasadena, California, where in 1992 the J. W. Robinson's department store closed its doors after over 30 years of doing business. Robinson's was a three story department store located on Colorado Boulevard, a main street in Pasadena, and the location of the annual Tournament of Roses parade. Facing the prospect of an empty building taking up a full city block, the City Manager's office contacted Target about the possibility of moving into this location. Target agreed to look into the site and found that it was suitable for their needs.

Before the deal could be completed, however, there were many issues related to the downtown opening that both Target and the city needed to address. Though Target was one of the few corporations that was willing to break from its usual "big-box" building model, it still had trouble departing from some of its standard practices. Simply

occupying a multi-story facility is out of the question in most instances, and this building was not only the first multi-story Target, it was also the first Target to be located in a downtown area³.

In this case, Target opted to use the lower two stories for merchandise and the third floor for office and training facilities. Adjustments to internal flow patterns had to be made, as shoppers in all previous Target stores needed not worry about traversing multiple floors while pushing shopping carts. These adjustments included the construction of a bank of four double sided elevators at a cost of \$250,000 each. These elevators allow customers to enter on one side, go up or down a level, and then proceed to exit on the other side of the elevator, avoiding cumbersome reversals and turns. In newer multi-story Targets, such as the one in Abington, PA, these elevators have been replaced with special escalators that can accommodate carts.

As part of the deal with the city of Pasadena, Target agreed to keep many of the existing first floor display windows. While traditional big-box design sees large ground level windows as a security risk and a waste of valuable internal shelf space, the city argued that attractive window displays are essential for creating a vibrant, pedestrian friendly downtown. As a compromise, a display of posters and photographs (though no merchandise) now fills these windows and is changed quarterly.⁴

In addition to internal changes, there were also many external changes that Target needed to accept, including the parking situation, signage and lighting. These all had to be adjusted to fit an urban environment, rather than the typical Target location adjacent to a highway. Parking in this instance turned out to be an easy choice; a three level garage already existed, and Target agreed that this was an adequate replacement for their usual large parking lot.

Signage began as a more controversial issue, with Target initially wanting to use their standard



³ Beaumont, 11

⁴ Beaumont, 13

8' by 45' sign. This sign, however, was designed to be seen by cars passing by on a highway at 70 miles per hour, not by cars passing at 30 miles per hour on the adjacent street. A compromise with the city was reached, and a 5' primary sign was installed along with various ground level signs that could be easily seen by both cars and pedestrians. Similarly, Target desired significantly more lighting than the city wished to allow. Target felt that it was a security issue, whereas the city felt that the requested lighting would overpower the neighborhood. Again, a compromise was reached where the lighting in the garage was kept as Target wished it, but the external building lighting was reduced so as not to overpower the neighborhood. These compromises helped to ease Target's concerns, while at the same time preserving the downtown appearance of the area.



Renovating an existing structure did result in increased costs for Target, around \$10 to \$15 more per square foot compared to building a new structure in their usual format. To help offset these costs, the city of Pasadena agreed to share a portion of the sales tax revenue that was generated by the store in its first ten years of operation. Under the terms of the agreement, the city would essentially share the tax revenue that was generated in excess of what the Robinson's department store had been producing in its final years of operation. In this way the city would continue to receive the revenue stream that it had been accustomed to with Robinson's, but Target would also receive assistance to help with the additional costs incurred by moving downtown.⁵

Many of the issues faced by both the corporations and the cities required negotiations and compromises on the part of both parties. However both sides knew that these issues would need to be resolved if the project was to continue. Both sides also clearly felt that a completed project was in their best interest, however, and in each case the two sides were able to come together to form an agreement.

⁵ Beaumont, 14

While the Rutland Wal-Mart and the Pasadena Target are both examples of big-box retailers and city governments working together, they do differ in a few ways. In the case of Rutland, Wal-Mart had announced their intentions to come to Vermont, and local officials decided to try to work with them primarily to avoid sprawl into the countryside. They were also concerned about the proposed size of the stores, feeling that they were far too big for the cities and towns where they were destined. In the case of Pasadena, however, the effort was initiated by the city, whose primary desire was to fill an empty building in their downtown. While this may have led to more flexibility on the part of the city, it appears that they stood their ground on the issues that they felt were important, choosing instead to use financial incentives to convince Target to move downtown.

Though the two projects grew from different needs, both cities faced similar challenges in working to locate big-box retailers in a downtown location. The biggest of these was simply to get the retailers to understand the different requirements for a downtown location versus an out of town location. While many of these needs seem obvious, the experiences of officials from Rutland and Pasadena demonstrate the power of the status quo, especially for a large corporation.

Using the lessons learned from these two examples, there are steps that communities, both large and small, can take to reduce the amount of sprawl that takes place around them. Zoning regulations can be used to restrict commercial development in areas that appear to be particularly susceptible to sprawl. Maximum size limits can be placed on new commercial construction, effectively blocking many big-box stores. Design standards can be created so that those stores that are developed must adhere to at least a minimum set of rules regarding the appearance of buildings and grounds. These could include pedestrian access, windows, landscaping, and general building appearance. Finally, communities can work to end subsidies that effectively promote sprawl and put small business at a disadvantage. These subsidies could be in the form of tax breaks, road improvements, water and sewer line extensions, and other business needs that are paid for by the government. Investing this money instead in local businesses can both revitalize the downtown areas and reduce the spread of sprawl at the edges of cities and towns.

Municipalities have essentially three options when big-box retailers come knocking. They can elect to do nothing, or, even worse, they can provide subsidies that make it easier for edge development to occur. They can fight the retailers, using the tools described above, along with the power of public opinion. Their third option is to work with the retailers to turn the project into something that will benefit the community. While which of these options to choose depends on the individual situation of the community, the goal is to begin to move away from the first and on to the second and third based on the needs and desires of the community.

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