

CITRUS COUNTY COUNCIL

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www.citruscountycouncil.org

“Working together to preserve quality of life in Citrus County”

June 18, 2010

Patrick Howard
Florida Small Cities CDBG
Department of Community Affairs
2555 Shumard Oak Blvd.
Tallahassee, FL 32399

IN RE: Community Development Block Grant Application
Citrus County FFY2008 – Economic Development
Walmart Store # 1029-06, Homosassa FL

Dear Mr. Howard:

This letter is written to express our organization’s objections regarding Citrus County’s application for a \$750,000 Community Development Block Grant to facilitate the building of yet another Wal-Mart Super Center in our county.

The Citrus County Council is a 30-year consortium of homeowner, civic and environmental groups (www.citruscountycouncil.org) committed to better government and quality of life in Citrus County. Although we support our county’s interest in pursuing the development of jobs for our 6,900+ unemployed (12.9% per April 2010 US Bureau of Labor Statistics), our opposition is to the application of those funds as presented in this proposal. The idea that Wal-Mart needs a \$750,000 inducement to build yet another store in our county, or that 22 FTE new jobs will do anything meaningful to improve our unemployment statistics, appear to be inaccurate.

We contend that Citrus County is more than adequately served by existing Wal-Mart. Several Wal-Marts already serve our market area:

- In Citrus County: on the west side in Homosassa Springs, and in the Central Ridge area, on SR 44.
- A 3rd Wal-Mart is planned for CR486 and CR491.
- To the north, Dunnellon, and Ocala (3).
- To the south, Brooksville, and Springhill (2).

This saturation poses several problems: the dominance of a single discount general merchandise purveyor locks out other possible retailers, thereby limiting the variety of merchandise and eliminating price-point competition that other retailers would offer. The citizen/consumer is the loser when there is virtually no significant retail competition.

The second problem single store saturation poses is documented in the many studies done in the last decade on the effects of Wal-Mart on local community

economy. The overwhelming conclusion that it is the independent storeowners as well as the community as a whole who suffer. One such study, "The effects of Wal-Mart on Local Labor Markets" (by David Neumark (Uof C-Irvine), et al., 2007), analyzed national data and found that, for every new store Wal-Mart opened averaging 360 workers, county level retail employment was reduced by 150 jobs! That's 1.4 jobs lost for every 1 job at Wal-Mart! The study also found that a new Wal-Mart reduces county-wide retail payroll by an average of \$1.2 million. Mr. Howard, Citrus County, with 12.9% unemployment, can't afford that!

The current Homosassa Wal-Mart exists in an anchor-like relationship with its retail neighbors. The surrounding stores draw on the traffic Wal-Mart creates, and the department store likewise benefits symbiotically from their customer base. We fear that the removal of the current store could seriously erode the viability of the local businesses, causing more downsizing and layoff of employees and the complete closing of stores. The county already has many empty storefronts. It doesn't need more.

Related to this issue is the fact that the proposed new Wal-Mart will be a "Super Center," and will therefore offer an even wider selection of consumer goods – including groceries – than the current Wal-Mart it is replacing 3 miles north. The factual reality of what is offered in a supercenter is in direct contradiction to the county's application statement that "*Wal-Mart will sell basic goods, but will only have a limited supply of specialty items. We expect additional retail development in the area to sell specialty retail items not carried by Wal-Mart.*" Since the corporate website (<http://walmartstores.com/aboutus/7606.aspx>) touts that "*most Supercenters also have many specialty shops such as:*

- * *Vision center*
- * *Tire & Lube Express*
- * *Brand-name restaurants*
- * *Portrait studio and one-hour photo center*
- * *Pharmacy*
- * *Health clinic*
- * *Employment Agency*
- * *Hair salon*
- * *Bank*"

It is difficult to imagine what possible specialty retail vendors would consider opening "in the area".

Indeed, despite the optimistic promises of spin-off development, this grant money's usage will be Public Aid for the biggest and wealthiest retailer in the world. Wal-Mart continues to dominate Fortune 500's listing. In 1995 through 1998, it was ranked #4. In 1999, it reached the #3 slot. In 2000 it reached the #2 ranking, and has not fallen below that mark since. It indeed has held the position of being the #1 corporation for six of the last ten years. Wal-Mart has committed to invest \$15,690,000 in their store/site construction. That amount includes part of the cost of the waterline extension (\$70,000) and a turn lane (\$350,000). In the total scope of this project, \$750,000 is less than 5% of their budget! Why do they need it?

Furthermore, "**22 new jobs**" in sales and stock openings with starting wages at \$7.65/hour, **represents 3/10th of 1% of our county's 6,900+ unemployed.** Although Florida's Department of Community Affairs may think that investing \$34,000 per hire of our taxpayer dollars in unskilled and semi-skilled minimum-wage-paying jobs with a corporation that is not

only exceptionally well-financed on its own, but is also widely cited for its unfair employment practices, questionable workers' compensation policies, and lack of medical benefit coverage. These policies and practices result in a class of 'working poor' forced onto local, state and federal programs to pay for medical treatment, food stamps, and lost wages. Citrus County cannot afford to be beneficent to such a corporate "neighbor".

Lastly, we also note that the submitted application is only able to score 94.69 points out of a possible 250 points – 38% - in the category of "Community Wide Need". That score appears to substantiate our contention that gifting Wal-Mart does not satisfy a need in our community.

The Council believes that other opportunities exist in the local, independent business community that would be better-served with this grant money. Using it, however, in the proposed manner, does nothing to develop the economic base of Citrus County nor aid the many low to moderate income residents the CDBG-ED program is targeted to assist. This represents a lose-lose for the people of Citrus County, and an inconsequential "win" for the richest, largest retailer in the world.

Yours truly,

Theodora C. Rusnak, President
Citrus County Council