Ketchikan, AK

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Summary

Tucked against the mountains of Revillagigedo Island in the inside passage of Alaska’s southeast panhandle lies Ketchikan, Alaska’s fourth largest city. A regional hub of 14,000 people, Ketchikan enjoys spectacular scenery, mild weather, and a prime location on Alaska’s major marine highway. Each summer more than 600,000 visitors tumble off cruise ships to stroll around the downtown area or to set off on shore excursions into the surrounding hills and waterways (Ketchikan Visitors Bureau). These visitors bring with them the seasonal cycle of boom and bust, providing at once the life-blood of tourist dollars and one of the biggest challenges to urban design and planning.

One of Alaska’s oldest communities, Ketchikan has retained a large number of historic buildings in its downtown core. These buildings and the historic character of downtown has been preserved by borough planning codes and Historic Ketchikan, Inc., a non-profit organization that promotes preservation planning and heritage tourism. The dense downtown area consists of mixed use development with businesses and apartments lining the streets and sidewalks. With no setbacks or minimum lot size codes, buildings sit flush with the sidewalk and each other, forming continuous storefronts. This, along with the compact form of downtown, sidewalks with curbs, traffic lights, and crosswalks make Ketchikan pedestrian friendly.

In 2001, Wal-Mart opened a 64,000 square-foot store three miles from downtown. No special codes or design guidelines were in place at the time the store opened, and neither the city nor Ketchikan Gateway Borough had any real control over the size or form of the store. Since then, economic indicators have been mixed and parallel other small towns in which Wal-Mart has opened. Overall retail sales for 2001 were up from 2000, but sales for businesses that had been there more than a year declined. Several small businesses have closed since 2001, but ascertaining the cause of such closures, especially in an economic downturn, is difficult and often speculative.

Community Background
Location: Ketchikan Gateway Borough, AK
Economic Base: Fishing, Tourism, Timber
Governing/Planning Structure: Mayor/city council: Planning department under the borough
Ketchikaners take pride in the natural beauty of the surrounding land, the strong historic character and the modern conveniences, the small town feel, and even the rain (165 inches annually). The population of the city of Ketchikan is just shy of 8,000, but the figure for the borough, 14,000 is often given as the population of the community as a whole. Sandwiched between the mountains and the Tongass Narrows, Ketchikan is long and narrow, stretching out along the coast. Ketchikan is connected to the rest of Alaska and the lower 48 by air and water only, as there are no roads that extend more than a few miles outside of town.

The first port of call for cruise ships, commercial vessels, and state ferries (thus, Alaska’s “first city”), Ketchikan plays an important role as a regional hub. Its economy is very much driven by tourism and sport and commercial fishing. The cruise ship industry alone provides over $60 million in revenue for local businesses, $2.7 million in sales tax, $1.5 million in port fees, and supports over 500 full-time year-around jobs (North West Cruiseship Association).

More than 400 residents hold commercial fishing licenses and earnings from commercial fishing in 2000 neared $10 million (BeringSea.com). The commercial fishing industry is supported by several canneries and fish processing facilities. Ketchikan’s economy has shifted away from timber with the closing of the Ketchikan Pulp Corporation’s pulp mill in 1997, but smaller timber companies and a new veneer plant still contribute significantly to the economy.

Ketchikan’s economy has taken a number of hits in recent years with the closing of several significant industries in town, including the pulp mill. In a survey developed by the Alaska Municipal League and the Alaska Conference of Mayors, Ketchikan officials cited the closures of Ward Cove Packing, Ketchikan Pulp, EC Phillips, Gateway Forest Products, and SE Construction as indicators of a widening economic crisis (AML/Alaskan Conference of Mayors). A 188% increase in the number of cruise ship passengers since 1990 (42% since 1997) has buffered the effect of the closures, however (Ketchikan Visitors Bureau).
Planning in Ketchikan is overseen by the borough’s planning department, as the city has no planning department of its own. The city’s limited building codes are concerned primarily with fire and safety. The borough’s codes govern development both in and out of city limits and includes the central commercial district and the Ketchikan Creek historic district (See Appendix A).

In the central commercial district, the restrictions on design are minimal; aside from a twenty-foot minimum lot width there are no minimum lot sizes or setbacks. Residential uses are allowed in the district only on upper floors. Parking is assumed to be provided by public and commercial lots and additional off-street parking is not required for development.

The historic district has more extensive controls in the codes. In order to preserve and enhance the historic aesthetic, restrictions have been placed on use, materials and design. For example, no window may be wider than three feet, and buildings may be sided only in wood. There is a height restriction of two stories and numerous restrictions on signage. A certificate of approval is required for any alteration or demolition of structures in the historic district.
Positions and Actions on Large-store Retail

In 1998 Wal-Mart announced its plans to open a 64,000 square-foot store in a service district just north of city limits. The announcement prompted the city to quickly draft a petition to annex the property to capture the lost sales-tax revenue. This petition sparked a two-year debate that involved the city council, the borough, and residents of the city and the service area (Ketchikan City Council Minutes, various dates). The end result was the annexation of the area on January 1st, 2001, just in time for the opening of Wal-Mart in March. The decision by Wal-Mart to open outside of the city was based solely on land availability, as they had no objection to the annexation.

At the time Wal-Mart opened there were no codes, ordinances, or design restrictions governing large-store retail specifically. Nonetheless, Wal-Mart sponsored impact studies, such as a traffic study by the Portland, Oregon firm Kittelson & Associates, which predicted a seven-fold increase in traffic around the store, and a study of the socio-economic impacts of discount mass merchandising in Ketchikan by Reed Hansen and Associates. While I was unable to find the full results of the latter study at the time of this writing, the study was used by the Ketchikan city council as justification for annexation, claiming the revenue that would be lost if Wal-Mart opened outside of city limits would not be recoupable (Minutes, August 5, 1999).

The controversy around the opening of Wal-Mart was typical of similar communities around the country. Many residents were concerned about the arrival of large retail in their small city. Business owners especially were worried about what it would do to their business and livelihood. Concerns were raised about the wages that the store’s 100 jobs would pay, about the cost of living, traffic, taxes, and even corporate sponsorship of little league teams. Wal-Mart, in turn, claimed that the fears and accusations of being predatory or of competing unfairly were unfounded. Attached are two news articles that illustrate the issues (Appendices C, D).

Outcomes

Wal-Mart opened in Ketchikan in March of 2001 as a 64,000 square-foot stand-alone box store. Because they built on what after the annexation was the edge of town, the character and function of the downtown Central Commercial District were unaffected, yet the tax revenue was captured from potential markets.

With the opening of Wal-Mart, the borough council realized the need for codes that determined how shopping centers could be developed. The borough defined shopping centers as a store or stores offering frequently needed goods and services for retail sale with more than 50,000 square feet of gross floor space or that generated a certain number of automobile trips per day. A commercial district zone was created and codes developed to encourage consolidation of stores into shopping centers and discourage scattered development in outlying areas of the borough. While the codes do not specify design or site planning requirements, they do require the developer to present a number of studies and plans to the planning department in order to acquire a conditional use permit. These items include site plans, traffic and economic studies, and descriptions of any additional development the applicant intends or anticipates in conjunction with the proposed development. Finally, the codes state that “The commercial shopping center must be planned and developed as a unit. This requirement is not intended to preclude separate ownership of stores, but rather to achieve efficiencies of a compact development and joint use of parking, exits and entrances, and landscaped areas” (Ketchikan
Gateway Borough Codes, 60.10.080(N)). The applicable codes are attached as Appendix B.

Economic data since the opening is mixed, and as usual, inconclusive at best. According to an article in the Ketchikan Daily News on September 15, 2001, total retail sales in Ketchikan from April to June 2001 were more than double that of the same period of 2000 meaning an extra $6 million in retail sales. However, sales for businesses open in both 2000 and 2001 were down $1.2 million, meaning the extra revenue was from businesses that opened during the year. Apparently, Wal-Mart is capturing a substantial amount of sales that were previously being spent out of town and on the internet. A number of local and national businesses have closed since Wal-Mart opened its doors. The only mall in Ketchikan lost eight stores in the first nine months of 2001, including Bon Marche. A number of downtown business also closed, including the local five and dime, which just announced it would be closing its doors. All of these closures, however, correspond to a weakening economy and significant job loss in recent years. Small shops that sell upscale or specialty items or cater to cruise ship passengers with souvenirs and curios have been more resilient.

When Wal-Mart opened, it offered a number of modest grants, including $15,000 to local non-profits and a $5,000 community development grant to the city. Wal-Mart is currently a member of the Greater Ketchikan Chamber of Commerce. Bus service was expanded to the north to provide service to Wal-Mart, resulting in an overall fare increase.

Conclusion

Ketchikan’s dense, vibrant downtown has developed over time in somewhat of a regulation vacuum and has been encouraged by the lack of minimum lot size and setbacks. While direct cause-and-effect relationships are difficult to prove, it is likely that Wal-Mart contributed to the closure of some of the local businesses. The economy of the downtown core overall has been buoyed by a vigorous cruise industry.

The governments of both the borough and the city were unprepared when Wal-Mart announced its intention to build in the area, and both were left scrambling to put the necessary regulatory infrastructure in place. The city spent two years in a battle to annex the property, while the borough scurried to develop ordinances requiring economic and design studies for shopping centers. Since Wal-Mart has opened, the borough building codes have been amended to include zone regulations for shopping centers that require the developer to submit plans and studies on traffic and economic impacts.
References


Appendices

Appendix A: Ketchikan Gateway Borough Code, Ketchikan Creek Historic District

Appendix B: Ketchikan Gateway Borough Code, Commercial Shopping Centers


Appendix D: Juneau Empire, “Ketchikan’s Wal-Mart Battle”, January 26, 1999
Appendix A: Ketchikan Gateway Borough Code, Ketchikan Creek Historic District

Ketchikan Gateway Borough Code

60.10.075.

HD Zone, Creek Street Historic District Zone.

(A) Findings of fact: The borough assembly hereby finds that excessive uniformity, dissimilarity, inappropriateness, poor quality of design and dishonest expression of materials in the exterior appearance of buildings erected in any neighborhood adversely affects the desirability of the immediate area and neighboring areas for residential and business purposes or other uses and by so doing impairs the benefits of occupancy of existing property in such areas, impairs the stability and value of both improved and unimproved real property in such areas, prevents the most appropriate development of such areas, produces degeneration of property in such areas with attendant deterioration of conditions adversely affecting health, safety, comfort and a general welfare of the inhabitants thereof, and destroys a proper relationship between the taxable value of real property in such areas and the cost of municipal services provided therefor. It is the purpose of this section to prevent these and other harmful effects of such exterior appearances of buildings erected in the HD Zone and thus to promote and protect the health, safety, comfort and general welfare of the community, to promote the public convenience and prosperity, conserve the value of buildings, encourage the most appropriate use of land within the HD Zone, prevent overcrowding and stimulate systematic and aesthetic development of property within the HD Zone.

(B) Permitted uses:

(1) Principal uses:

(a) Retail business which reflects early twentieth century Alaskan business activities;

(b) Banks and professional offices containing not more than five (5) offices in any one (1) building;

(c) Theaters, bars and restaurants;

(d) Hotels containing not more than twelve (12) guest rooms;

(e) Private clubs, lodges, fraternal organizations and accessory and associated social halls;

(f) Museums and other public information facilities;

(g) Arts and crafts and studios or shops; and

(h) Private residences or apartments.

(2) Accessory uses: Accessory uses which are clearly incidental to the above-listed permitted uses which do not create a private or public nuisance, and are not
prohibited by common law, statutory law or provisions of this or any other section of the borough Code.

(C) **Prohibited uses:** Any use or structure not specifically listed above in paragraph (B) as a permitted use is prohibited.

(D) **Design standards:**

(1) **Height limitation:** In the HD Zone no person shall build a new structure of more than two (2) stories, plus attic space, nor shall any person remodel an existing structure to exceed two (2) stories plus attic.

(2) **Building construction:**

(a) In the HD Zone no person shall build or install a window to exceed a maximum sash width of three (3) feet in width.

(b) In the HD Zone no person shall build or install window trim and door trim of any material other than wood.

(c) In the HD Zone no person shall build or install doors of any material other than wood or wood and glass.

(d) In the HD Zone no person shall build or install exterior stairs and railings other than those constructed of wood.

(e) In the HD Zone no person shall install siding or trim on buildings or structures other than wood siding or trim; provided, however, that the administrative official may permit the installation of trim or siding other than wooden where such trim or siding is not exposed to view.

(f) In the HD Zone no person shall use other than timber piling where such piling is exposed to view; provided, however, that the administrative official may permit the use of structural support other than timber pilings where such structural support is not exposed to view.

(g) In the HD Zone concrete pads or rock footings are permitted.

(3) **Roofs:**

(a) In the HD Zone no person shall build or install a roof with less than a minimum pitch ratio of seven (7) to twelve (12) (7:12).

(b) In the HD Zone no person shall build or install a roof constructed of materials other than wood, asphalt or weathering metals such as, but not limited to, copper, tin or cor-ten.

(4) **Exterior signs:**
(a) In the HD Zone no person shall build, install, use, operate, maintain or keep a sign which is larger than six (6) square feet in area, overhanging any boardwalk.

(b) In the HD Zone no person shall build, install, use, operate, maintain or keep a surface-mounted sign which is larger than twenty-five (25) square feet in area.

(c) In the HD Zone no person shall build, install, use, operate, maintain or keep a sign overhanging the boardwalk with less than seven (7) feet minimum clearance.

(d) In the HD Zone no person shall illuminate any sign with other than incandescent or neon lighting.

(e) In the HD Zone no person shall build, install, use, operate, maintain or keep a sign or billboard without first having applied for and received a certificate of approval from the administrative official.

(f) In the HD Zone, no person shall build, install, use, operate, maintain, or keep a sign that is made from materials other than wood, steel, porcelain-enamelled steel, glass, stone, or a combination thereof.

5. **Flashing lights:** In the HD Zone no person shall build, install, use, operate, maintain or keep any flashing or colored lights, strobe lights, revolving lights or sequential lighting of any kind.

6. **Loudspeakers:** In the HD Zone no person shall build, install, use, operate, maintain or keep a loudspeaker which is audible outside a building or structure, and under no circumstances may any loudspeaker be used as outdoor advertising or outdoor entertainment or used in conjunction with any musical instrument, voice or similar outdoor entertainment.

7. **Setbacks:** No building walls shall be closer than five (5) feet.

E. **Construction, alteration, moving or demolition of buildings:**

1. In the HD Zone no person shall construct, alter, move or demolish a building or structure without having first duly applied for and received from the administrative official a certificate of approval.

2. In the HD Zone no person shall erect, alter, restore, move or demolish any exterior features of any building or structure, including walls, fences, light fixtures, steps, pavement, other fixtures, aboveground utility structures, or outdoor advertising signs without having first duly applied for and received from the administrative official a certificate of approval. For the purposes of this subsection, alteration of exterior features means and includes but is not limited to architectural style, general design, type and style of windows, doors, light fixtures, signs, and natural features such as trees and shrubbery.
The administrative official may issue a certificate of approval to move or demolish a building or structure in the HD Zone only upon one or more of the following conditions:

(a) The city building inspector or the state fire marshal has declared in writing that the building or structure is a hazard to public safety and health and that repairs are impossible;

(b) Such structure or building is a deterrent to a major improvement program which will be of substantial benefit to the community and which is consistent with the comprehensive plan;

(c) Retention of the building or structure would necessarily cause undue financial hardship to the owner; and

(d) Retention of such building or structure would not be in the best interests of the community as a whole.

In cases where the administrative official has duly granted a certificate of approval authorizing the moving or demolition of any building or structure, such certificate of approval shall not be effective until six (6) months after the date of issuance thereof; provided, however, in situations described in (a) above, the administrative official, after review of the recommendation of the architectural design review board, may set the effective date of the certificate of approval at less than six (6) months after the date of issuance.

**Minimum fire protection requirements:**

(1) *Sprinkler systems.* Automatic fire extinguishing systems shall be installed in accordance with the latest state adopted National Fire Protection Association standard, in all new buildings. Exterior sprinkler protection shall be installed on exterior sides of buildings when deemed necessary by the Ketchikan Fire Department or the state fire marshal.

(2) *Detection and alarms.* Products of combustion (other than heat) detectors and alarms shall be installed in each individual dwelling unit in Groups H and I occupancies. All other aspects of the Alaska Fire Safety Code such as, but not limited to, exits, exit lighting and signing, fire-resistant separations of hazard areas, and restaurant kitchen exhaust venting, shall be complied with.

(3) *Existing buildings.* Existing buildings may be permitted to continue in said district without meeting the requirements of paragraph (1) above, if, in the opinion of the Ketchikan Fire Department and the state sanitarian, the present occupancy is less hazardous than the occupancy occurring on September 22, 1973.

(4) *Change of occupancy.* Upon a change in the occupancy classification of these existing buildings, they may be made to comply with the requirements for new buildings when, in the discretion of the Ketchikan Fire Department or that of the state fire marshal, it is deemed necessary to protect the public safety.
(5) **New buildings and alterations.** The Ketchikan Fire Department and state fire marshall shall review all proposed new buildings or alterations to existing buildings, and may, at their discretion, increase fire protection requirements on any construction where more stringent measures are deemed necessary to insure adequate fire safety standards.

(G) **Administration and enforcement:** The administrative official shall administer and enforce this section and make the determinations authorized hereunder. The administrative official may request and shall thereupon receive the assistance and recommendations of the architectural design review board regarding any planning action on property within or abutting the HD district, including but not limited to proposed subdivision plats and vacations of streets or other public areas, and shall consider any such recommendations, together with the provisions of subsection (A) and other pertinent provisions of this section, in making the determinations authorized by this section and by Titles 55, 56, and 60, and in issuing and denying certificates of approval.

(H) **Application procedure:**

(1) Applications for a special zoning permit to construct, alter, move or demolish any building or structure in the HD zone shall be made to the zoning administrator in the department of planning and community development. Such application shall include official plans, elevations, sections, and site plans showing the proposed construction, alteration, move or demolition. Application fees for a special zoning permit shall be as provided for in section 5.59.015.

(2) After the filing of the application, the administrative official shall review the application, the plans, elevation, sections and site plans, and shall thereupon send to the owners of record of real property within the district, notice of the filing of the application. The notice shall state that the application, plans, elevation, sections and site plans will be available in the offices of the administrative official for examination by said owners and that said owners may within ten (10) days of the mailing of said notice submit to the administrative official, in writing, their concurrences, objections, suggestions and comments thereon. On the eleventh day after said mailing, the administrative official shall transmit said application, accompanying documents, concurrences, objections, suggestions and comments to the architectural design review board, together with his comments thereon.

(3) Within thirty (30) days after receiving the application and accompanying documents and the comments of the administrative official, the architectural design review board shall meet and discuss the application and accompanying documents and comments of the administrative official and shall then and there prepare for transmission to the administrative official their written comments and recommended disposition of the application. In making its recommendation, the architectural design review board shall be governed by the policy set forth above in subsection (A) of this section as well as other pertinent provisions of this section. If the architectural design review board fails to transmit its recommendations to the administrative official within forty (40) days after receiving the application from the administrative official, the board shall be deemed to have given its approval to the application and the administrative official shall within an additional five (5) days, according to the policy set forth above in subsection (A), and other pertinent provisions hereof, either approve the application in writing and issue a certificate of approval or deny the application.
Thereafter, the applicant, if the application is denied, may appeal to the planning commission, as hereinafter provided.

(I) **Appeals to the planning commission:**

1. The owner of the property, a municipal officer or any party with ownership or possessory interest in property located within the borough, may file with the planning commission an appeal specifying in detail his objections to the grant or denial of a certificate of approval by the administrative official. All such appeals shall be filed in writing with the clerk of the board of adjustment within fifteen (15) days of the date of the said grant or denial of certificate of approval.

2. All such appeals to the planning commission shall follow, to the extent applicable, the procedure as set forth in section 60.10.110 of this title.

(Ord. No. 137, §2, 9-22-73; Ord. No. 230, §§1—6, 10-4-76; Ord. No. 327, §2, 3-19-79; Ord. No. 353, §§1, 2, 1-7-80; Ord. No. 503, §§1, 2, 6-18-84; Ord. No. 671, §4, 12-5-88; Ord. No. 792, §§1, 2, 6-3-91; Ord. No. 849, §2, 4-20-92; Ord. No. 1224, §1, 8-19-02)
Appendix B: Ketchikan Gateway Borough Code, Commercial Shopping Centers

Ketchikan Gateway Borough Code
Article 60.10.080

(N) Commercial shopping centers. In all zones where commercial shopping centers are permitted as a conditional use, they may be permitted by the planning commission as conditional uses under the procedure specified in this section and section 60.10.110. The procedure for processing such a conditional use permit application shall be as set forth in 60.10.110 and shall include the procedures in this section.

(1) In addition to the required submittals in 60.10.110(E), the applicant must submit the following:

(a) A complete and detailed site plan of the proposed development, including a general description of the goods and services which the development would offer for sale;

(b) A description of any additional developments which the applicant intends to or reasonably anticipates in conjunction with or subsequent to the proposed development on the same or adjoining parcels;

(c) A traffic impact analysis and detailed transportation management plan which describes the projected traffic impact of the proposed project, including average daily and peak hour volumes, sight distances, street capacity, Transportation Research Board, Highway Capacity Manual (1994) (HCM) level of service, number and location of driveways and intersections, average and peak speeds, pedestrian movement, and traffic controls required to meet HCM service level “C” or better on affected streets.

(d) An estimate of the number and types of jobs to be created by the project;

(e) A detailed description of the project’s public service and utility requirements including water supply, sewage and solid waste disposal, electrical, cable, telephone and emergency services;

(f) A projection of local sales and property tax revenue the project is expected to generate assuming current tax structures and rates remain in effect.

(g) The developer shall also provide a report addressing the development’s anticipated impacts on the following:

1. Outstanding bonds and publicly financed projects;
2. The cost of public services and public revenue provided through taxes or other income.
(2) The proposed development must also satisfy the following development requirements:

(a) The commercial shopping center must be planned and developed as a unit. This requirement is not intended to preclude separate ownership of stores, but rather to achieve efficiencies of a compact development and joint use of parking, exits and entrances, and landscaped areas.

(b) The off-street parking requirements of this chapter must be met.
Wal-Mart Questions Need Answers

KETCHIKAN DAILY NEWS

The following editorial appeared in the Friday Ketchikan Daily News:

We support free enterprise, fair business practices and a well-informed public in conjunction with economic development. To that end, we encourage the Ketchikan Gateway Borough Assembly to commission a study on the effects of a large discount retailer such as Wal-Mart entering the Ketchikan market.

Wal-Mart, which has expressed interest in Ketchikan, supports a study. The community deserves a study; huge financial investments by businesses and individuals require it. Retail businesses certainly would like to look into a crystal ball to see what a Wal-Mart would mean to the community, but they aren't alone. Such a discount store likely will affect other businesses and our employees because one is dependent upon the other; it also will affect individuals and the quality of life here. It might be a good effect. It might be a bad effect. But until a study is done, the community, its businesses, its government, its people and Wal-Mart won't know. It's in all of our best interests to find out now.

What's been the record in other communities? Here's a sample of the questions being raised in the community in the past weeks. As consumers, we want to know:

What price will we pay for Wal-Mart's lower prices? Will Wal-Mart force the closure of other businesses? What will happen to prices if Wal-Mart's competitors close? Will Wal-Mart prices increase then? Will Wal-Mart's wages decline then? Will our spouses' employers lower wages because they make fewer dollars - dollars now spent at Wal-Mart?

As employees, we want to know:

What will be the starting wages for Wal-Mart employees? How many hours will we be permitted to work at Wal-Mart? Wal-Mart claims it will pay a competitive wage. Will it also permit us to work enough hours so we don't make less working for Wal-Mart than we do now? Wal-Mart says it has an affordable health benefits package. Affordable is relative. Will we be paid wages that allow us to have health coverage good enough for the whole family and still be able to afford to live without public assistance? If we get started on a retirement plan with Wal-Mart, will Wal-Mart be committed to the community to benefit from the good times and remain with the community and our families through the bad times? Will Wal-Mart contribute financially to our children's sports and other activities? Does Wal-Mart's name appear on baseball or basketball jerseys in little leagues or dribblers leagues in other communities? How will Wal-Mart affect the local government's contribution to our children's schools? The borough contributes annually to the school budget.
As business owners, we want to know:

Can we compete or is Wal-Mart large enough to lower its prices below ours no matter how low we go? Will we be able to pay a competitive wage if we survive Wal-Mart and must compete with Wal-Mart for employees? Or will we have fewer employees? Will a store like Wal-Mart keep shoppers at home and attract new shoppers to town, and will other businesses benefit as a result?

As Ketchikan residents represented and served by local government, we want to know:

Is it possible to keep a private business out of town? Does it and should it cost more to live in Ketchikan? Will Wal-Mart remove sales tax from within the city to the point it will require government to increase sales tax? Will Wal-Mart and its low prices affect property values and borough property taxes? How many businesses can Wal-Mart be expected to eliminate as competitors, if any? The community should be flattered that even after the city's largest employer closed, new business is interested in this market. It's in that business' best interest to get answers to a few questions. Can Wal-Mart realize enough financially in Ketchikan to offset its capital investment? Does Ketchikan have a large enough work force to meet Wal-Mart's hiring requirements? Will a discount retailer be able to discourage residents, who travel to shopping centers in part for fun and entertainment, from shopping out of town? Is Ketchikan open for business?

The study should include the entire southern Southeast region - Metlakatla, Wrangell and Prince of Wales Island. It also should compare the effects of Wal-Mart, the nation's largest retailer, coming in and Safeway, the third largest retailer, which might buy out Carrs at The Plaza.

Wal-Mart, no doubt, already has done its study. No business plans to start building a new store in a few months without one. But the study must be done independently. The Borough Assembly, which represents all of us, including Wal-Mart as a prospective community member, should commission it.

It should be done soon because time is money. No matter who is speaking - in favor or against a large discount retailer - that's what it's all about; money, which determines quality of life.
Smaller retailers backing proposed ordinance requiring social and economic study

By JAMES MacPHerson

THE JUNEAU EMPIRE

With its eclectic assortment of merchandise - from black lights to bicycles - Dan Johnson had no problem coming up with a name for his store in Ketchikan.

It's called, appropriately enough, Stuff.

The problem is Wal-Mart plans on moving to the First City and it will have even more stuff. A lot more.

And that has Johnson and other Ketchikan retailers shaking in their XtraTufs.

The colossal Arkansas-based retailer - the nation's largest - has earned a reputation of destroying smaller competitors through marketing leverage and rock-bottom pricing - something Johnson and his fellow merchants know all too well.

``I'd be crazy not to be worried about it,'' said Johnson of Wal-Mart's proposed entry into Ketchikan, the first in Southeast. The company has stores in Anchorage and Wasilla and one opening soon in Kodiak.

The 64,000-square-foot store - small by Wal-Mart standards - is tentatively scheduled to be built on property owned by Bothell, Wash., businessman Jim Bride on North Tongass Highway.

But the sale of the property is on hold pending action on a proposed ordinance requiring a social and economic study for the store. The Ketchikan Gateway Borough assembly will act on the ordinance in February.

Several businesses have formed a new group called the Ketchikan Community Values Committee, which is pushing the ordinance aimed at Wal-Mart.

Geoffrey Currall, Bride's attorney, said the proposed ordinance is unfairly singling out Wal-Mart and is ``jeopardizing'' the sale of the property.

``The message being sent out to prospective businesses is that they will have to pass a political litmus test," Currall said.

Bernie Lyshol, owner of Bernie's, an appliance store in town, said low prices will come at a cost to the community.

``There are ramifications to getting cheap cookies, underwear and pop,'' said Lyshol, who has been in business for 40 years.
Lyshol and most other retailers suspect several businesses will fold, and wages will fall dramatically, forcing people to default on home loans or move to a more affordable location. And that he says, will drive property taxes through the roof.

``For every 100 jobs they provide, we will lose 100 jobs, no question," Lyshol said. ``Ketchikan will still be here, but it will be a different town."

The Wal-Mart store in Ketchikan will provide about 100 jobs, company officials say. But retailers and the United Food & Commercial Workers Union say the wages will be far below what retailers are paying now.

The labor union bought a full-page ad in the Ketchikan Daily News, saying most of Wal-Mart's workers are low-paid, lack health insurance and have no guaranteed pension plan. Many Wal-Mart workers ``may qualify for public assistance," said the labor union's ad.

Union representatives could not be reached for comment about their claims.

Wal-Mart responded to the ad with a full-page ad of its own, countering the claims.

``More than 800,000 Americans choose to work for us everyday," said Wal-Mart spokeswoman Daphne Davis. ``Fortune magazine named Wal-Mart one of the 100 best companies."

Davis said the company would pay competitive wages, and offer health and retirement benefits in Ketchikan, just as it does everywhere else. Pricing will be similar to Seattle stores, she said.

Retailers' fears and union pressure happen nearly everywhere Wal-Mart wants to build a store, she said.

Wal-Mart's reputation for annihilating small businesses is unearned, said Davis, who was in Ketchikan earlier this month presenting the company's plans to the community.

Merchants can and do successfully co-exist with the giant retailer in all 50 states, and several foreign countries, she said.

``Not only do they survive, but thrive. We keep people shopping in town and attract new customers," she said. "To say that one retailer would replace all existing retailers is an incredibly wrong assumption."

``I love Wal-Mart, but I don't do all my shopping there," Davis said.

Davis said the company has no problems with the proposed economic and social study, as long as it's independent and objective. But she said it will slow down construction, which is slated to begin this spring and finish in about 18 months.

She points to a study done last year in Kodiak by Kenneth Stone, an Iowa State University economics professor who for nearly two decades has advised retailers on how to survive against mega-retailers.

Stone's study, commissioned by the Kodiak Chamber of Commerce, found that a Wal-Mart in town would cut retail prices up to 10 percent, and lower the overall cost of living by 2 percent. The study concluded Wal-Mart would grab up to 20 percent of the $100 million in annual sales in the island town.