Summary

In 1994 Soldotna faced a decline in population and a faltering economy. Their economy relied on the price of oil and the fish harvest, both of which had proven to be unreliable. When Fred Meyer approached Soldotna they welcomed the company.

When the City approached the corporation, Fred Meyer was unwilling to compromise on the design for the new store. Without any codes in place, the City had no recourse other than to accept the vision of the company or see Fred Meyer go down the road to Kenai.

As a result Soldotna has grown, enjoying a population rebound, a strong tax base, and a constant flow of consumers from the surrounding areas to bolster their economy. Forty-eight percent of the 2000 city budget stemmed from Fred Meyer sales tax revenues. These revenues provide for services and limit the tax burden on residents.

The negatives of growth are also apparent. Some people feel Soldotna is now dependent on Fred Meyer for jobs and revenues. Others feel Soldotna looks like “Anywhere, USA.” Traffic is increasingly congested, especially with the increasing popularity of camping in the Fred Meyer parking lot.

Overall, though, residents approve of Fred Meyer. The convenience, low prices, jobs, and tax revenue are worth the tradeoffs. They are still proud of the scenic beauty surrounding their town and accept the changes that come with growth.

Community Background

Location: 140 miles from Anchorage at the junction of the Sterling Highway and the Kenai Spur. Soldotna is 10 miles from Kenai and 78 miles from Homer.

Size: 4200 people

Economic Base: Soldotna is the retail hub and administrative headquarters for the Kenai Borough. However, because many residents work outside the city in oil, gas, mining, and commercial fishing these industries have an effect on the economy even though they are not major employers. Within Soldotna the top three employers are the school district, City and Borough government and Fred Meyer. Retail and service industries employ the most workers within the City. The close proximity to many recreational activities also feeds a large tourism industry. (Soldotna Chamber of Commerce 2003)

Governing and Planning Structure: Soldotna is the location of the Kenai Borough headquarters. The Borough provides some overall planning and governance but Soldotna also
has a local governing body with more extensive ordinances, tax structure and zoning. Soldotna’s government structure is similar to Homer’s. The City Council consists of the mayor and six council members. The Planning Commission is appointed by the city council and consists of six commissioners. The planning and zoning commission recommends new codes and ordinances to the city council who vote to adopt them or not (City of Soldotna 1997).

**New town or existing:** Soldotna is a bit of both. It is a young town, incorporated in 1967.

Soldotna is similar to Homer in location as they share the Kenai Peninsula and are located along the Sterling Highway, south of Anchorage. Due to their close proximity, these two towns share similarities in the way of life common on the Peninsula. They are also of a similar size and are visited by a large number of tourists in the summer months.

Soldotna is different in many ways however. Soldotna is not only the Borough headquarters, but also the retail hub of the Peninsula. Many people come to Soldotna from the local area, including numerous residents of Homer, to shop. Soldotna is a highway-oriented town with no definite downtown area but a commercial district that stretches along the highway.

Soldotna’s population peaked in 1986, but a fall in international oil prices and a failing fishing industry led to declines until 1990. The arrival of Fred Meyer in 1994 furthered the transition to a retail-based economy. Economic growth, as well as population, has rebounded.

The cost of living is somewhat less than in Homer but still above national averages. The average home price was $160,075 in 2000 (Spence 2002).

**Position and Actions on Large Store Retail**

According to Anna Johnson, administrative assistant to the Soldotna Planning Department, the city welcomed Fred Meyer when the company first considered coming to town in 1994. They looked forward to the benefits of jobs, locally available consumer goods, and affordable prices. Local residents did not voice significant concerns over traffic, design, or community character (Johnson 2003).

When Fred Meyer approached Soldotna, there were no codes limiting the design, size or configuration of the building. According to Anna Johnson of the Planning Department, the City and residents welcomed the idea of a new Fred Meyer. A few residents requested that the city draft design standards to mitigate the aesthetic impact. However, due to staff and time limitations, and limited public interest, design standards were not written into code. No new resolutions or codes were put in place to limit Fred Meyer (Johnson 2003). By April of 1994, a 158,000 square foot Fred Meyer was built along the Sterling Highway. As there has been no formally defined business district or downtown, commercial businesses have lined up along this Sterling Highway corridor.

In the absence of a true downtown or business district the sprawl has been slowly spreading out in Soldotna. Perhaps a result of never having had a downtown, the residents interviewed did not raise concerns that the character of Soldotna has changed much. General comments about the negative effects of growth like traffic and lack of parking were common. Residents still see the beauty of the river and mountains beyond the town as shining through the business district that stretches along the highway.

In general, Anna Johnson feels that residents wanted Fred Meyer to come to Soldotna because there were “no jobs here” (Johnson 2003). However, according to Constance Beaumont of the National Trust for Historic Preservation, large retail stores generally displace jobs rather than
creating a new source of employment because smaller local retail stores go out of business when a large store comes to town (Beaumont 1997).

As can be expected, some small business owners were upset, but in the opinion of Johnson and Justine Polzin, the Director of the Chamber of Commerce, these business owners were able to adapt by becoming specialty stores or niche markets (Johnson 2003 and Polzin 2003). However, one group was particularly upset, Justine Polzin says. RV campground owners were alarmed because Fred Meyer allows RV drivers to use their site for no charge (Polzin 2003). The Anchorage Daily News reported on this statewide phenomenon of “big box camping” in which people travel from large retail store to large retail store, using these facilities in lieu of paying at full service RV camp sites.

According to Leila Kimbrell, other small business owners were also upset by the arrival of Fred Meyer. Leila Kimbrell’s family sold their Radio Shack store shortly after the large retailer came in, fearing that they would not be able to compete. She states that her grandmother believed that the company would send “spies into our store to find out what we sold and for how much so they could under-sell us.” Her grandmother refuses to shop at Fred Meyer but Kimbrell admits that the convenience of one-stop shopping is nice. In fact, she took a job there the summer she graduated from high school and says that it does bring in a needed source of employment (Kimbrell 2003).

The Director of the Chamber of Commerce, Justine Polzin, views Fred Meyer as a good corporate neighbor. However, they have been uncooperative with the city in more than one instance. According to Anna Johnson in the Planning Department, the City wanted Fred Meyer
to come to build in Soldotna but the company was unwilling to compromise with the City on design, “They said it is our way or no way. They refused to budge” (Johnson 2003).

More recently issues have arisen over the common practice of camping in the Fred Meyer parking lot. There is an existing City ordinance limiting camping in parking lots. Fred Meyer does not enforce limits to camping in their lot. The parking lot has become a popular camping spot for RVs. BBQs, folding chairs, and picnic tables pop up in the summer. This has encroached on parking availability for non-RV driving shoppers. The City is trying to work with Fred Meyer to encourage compliance and thus far they have not cooperated. A last resort will be to fine the company. The City would like them to post signs stating no parking is allowed between the hours of 11pm and 7am. They would also be willing to have the police enforce the rule but not without Fred Meyer’s invitation to do so (Johnson 2003).

Outcomes

The Fred Meyer is a large box-shaped building with a square footage of 158,000. A gas station was recently added to the complex and a Taco Bell shares the lot. The building is set back off the highway with a large parking lot out front and to the side with landscaping of grass and trees at the borders of the parking lot.

The building is just off of Sterling Highway. Anna Johnson from city planning sees this as a positive because there is adequate capacity for the traffic (Johnson 2003). Traffic does not seem to be an issue of concern in the planning department, yet the mayor comments that the store “greatly added to traffic” (James 2003).

Resident Leila Kimbrell says that Soldotna is not the town it used to be (Kimbrell 2003). However, Anna Johnson in the Planning Department is quick to point out that times were tough in the late eighties and early nineties. Jobs were hard to find and the population was declining. The Arrival of Fred Meyer helped Soldotna become a town with a growing economy (Johnson 2003).

Much of the local identity still stems from the surrounding natural beauty of the Peninsula. Soldotna residents are proud of their town. The consequences of retail growth are highlighted in comments about RVs and traffic but few complain about the change in character of the retail areas.

No specific facts on the success or failure of local businesses were available; but all interviewees admit that small businesses were lost to Fred Meyer and Kmart in Kenai. Thirty retail spaces sit empty in Soldotna and Kenai. Most of these vacancies are in Kenai, harder hit by the large retail boom in neighboring Soldotna (Garner 2002). Other small businesses have scaled back or specialized in products not offered by Fred Meyer. Kmart has now left Kenai as a result of national cutbacks in that corporation. Despite the ill effects on local business, the City and the Chamber of Commerce see Fred Meyer as a good corporate neighbor and the company donates money to local causes (Johnson 2003 and Polzin 2003).
Grocery surveys from the University of Alaska indicate that Soldotna prices remain higher than in Anchorage. Chamber Director Polzin believes they are lower in Soldotna than prior to Fred Meyer’s arrival but she is concerned that with the departure of Kmart in Kenai, prices will begin to creep up without a source of competition.

Fred Meyer contributes 1 million in sales tax revenue per year to the City of Soldotna. This is 48% of Soldotna’s budget (Spence 2002). Planning assistant Anna Johnson states “we needed the tax base revenue” (Johnson 2003). The Fred Meyer made many amenities possible such as the ability to haul snow from 17 miles of roads, as well as keeping fees and taxes lower for residents. After the opening of Fred Meyer in 1994 sales tax revenues rose more than 20% and continue to rise at a rate of about 5% per year. Soldotna now has more local visitors from outside the city and Alaskan tourists who spill over to visit other stores and restaurants.

However, Soldotna resident Kimbrell points out that her town is now dependant on Fred Meyer for these revenues. Their departure would have a tremendous fall out (Kimbrell 2003).

The neighboring town of Kenai has seen the darker side of large retail. Currently, there are 10 abandoned buildings in Kenai, and 11 new commercial spaces that sit empty (Garner 2002). The Kmart closed as a result of a national corporate strategy to scale back. The close has left an empty big box in the town. Robert Martin, a commercial leasing agent in Kenai says, “The Kenai Mall has been decimated by your box stores." He continues, “Over the last few years, there has been a shift in buying patterns. The heart of the retail industry is moving toward Soldotna” (Garner 2002). Sprawl has not been a concern of the City of Soldotna but retail spaces fill in along the highway rather than concentrating in a downtown core. There has been no effort by the Planning Department to define a central business district or concentrate development in one area.

References


Kimbrell, Leila (2003). Email correspondence with author. April 22.

