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The Case of the Big Box Retailer

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Judy Nadler

In the six years Dwayne Vogel served as a planning commissioner the agendas were overloaded and the meetings were marathons. A national software company announced it was moving to town, causing the sleepy city of Bannan to approve new permits for more housing, a branch library, and teen center. The optimism generated by the influx of new jobs prompted the upgrade of a city park and the remodeling of the main fire station.

Newly elected to the city council, Vogel looked forward to seeing the benefits of these investments, but a downturn in the economy forced some tough choices. The state announced significant cuts in funds to cities, local revenues had fallen 20% in the past two years, and all departments except public safety had reduced costs. Even after deferring and delaying certain projects, a significant shortfall remained, which meant that the teen center would be completed but not opened, and the hours at the library

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would be reduced significantly.

Given the circumstances, Vogel and his colleagues were thrilled to learn that the city's economic development team had attracted a tenant for the undeveloped site at the southern city limit. A well-known discount chain proposed building their first SuperShop megastore in the region, which would draw customers from a wide area. In addition to selling the standard discounted items, the new store would include many service amenities, including a pharmacy, dry cleaner, florist, bakery, even an on-site dentist. In addition to the property taxes that would be paid by the store, SuperShop promised to generate immediate sales tax revenues that would provide at least \$250,000 a year in additional funds to the city, provide 100 new jobs, and put Bannan "on the map." A preliminary assessment by the city manager's office has determined that the additional public safety and traffic abatement costs associated with the SuperShop would be more than offset by the revenue generated by the store.

Vogel and his colleagues were struggling with the decision, and the public was evenly divided in terms of support for, or opposition to, the project. The environmental community expressed concern over the impact on air and water quality, and argued for a less-intense development on the site. The residents along Highway 76, where the center would be located, were upset about the increase in traffic that a regional superstore would generate. But the most emotional arguments were from the group of small-business owners in Bannan's traditional downtown who felt threatened by the new retail presence.

"We build our lives around our businesses," said Mai Nguyen, a local florist. "This project is going to kill us."

The city council had heard that the discount chain wanted to build in the region and might choose one of two adjacent towns if Bannan resisted.

QUESTION

1. What considerations should guide Vogel's vote on this issue? Whose interests should be weighed most heavily?

This case has been prepared by Judy Nadler, Senior Fellow in Government Ethics, as the basis for class discussion rather than to

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illustrate effective or ineffective handling of a governmental situation.

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