
Broken Promises?

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April 21, 2011

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“Auburn sues Walmart for breaking deal”

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Broken Promises?

Does Walmart do what Walmart says they'll do for local communities?

A few years ago, it seemed that Walmart was retreating from efforts to expand its stores in Snohomish County. The December 7th 2007 headline in the *Everett Herald* read: "Walmart Retreats from Snohomish County, Mill Creek Store Scuttled; Arlington, Marysville Plans Delayed."

Now, Walmart appears to be coming back full steam ahead into the county — and around the world — with promises that new stores will bring along new economic growth. In an effort to clean up a tarnished public image, Walmart is often marketing itself to local communities with promises — promises the company will provide a range of benefits around jobs, wages, and tax revenue for local government.

A concern has emerged that these promises may not end up being true. Even more troubling, Walmart may be intentionally distorting or hiding the truth behind some of the claims. And local officials who do not get promises in written, enforceable agreements, may see those promised benefits disappear after a store opens.

This brief report focuses on Snohomish County, WA where Walmart is expanding — and pushing to expand even more. If there is a track record of broken promises, local politicians could help protect local communities and improve working conditions by making sure they hold Walmart to its word. In addition, community benefits, economic growth and tax revenue claims should, at the very least, be guaranteed. Walmart should be willing to live up to standards that provide workers with decent wages, pay raises, and quality affordable health and retirement benefits.

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Broken Promises. Broken Communities.

While the famed headline of the Everett Herald* remains true for Mill Creek, Walmart is coming into other parts of Snohomish County — or at least trying to — with a bang. Mill Creek is still Walmart-free — and its retail/grocery business seems to be doing fine despite that — or maybe because of it. (See page 4 for quote from a local resident of Mill Creek.)

The delays around the Marysville and Arlington proposed Walmarts that were also part of that 2007 headline have turned around. The Arlington, WA store opened in 2010. The Marysville, WA construction plans were approved in March 2011. And a new store is being pushed by Walmart for Monroe. That Monroe proposal faces ongoing local opposition from residents and businesses who may well appeal the City Council's recent approval.

This resurgence by Walmart to develop in Snohomish County is a trend being repeated around the nation — and indeed a critical part of the business plan of Walmart around the world. While Seattle, the largest city in our region, has yet to see a proposal for a new Walmart, new/expanded stores have been built or are being proposed for other large cities across the nation including Chicago, New York, and Washington, DC. These new stores—whether in more suburban areas like Monroe or urban areas like Chicago — are being pitched by Walmart with big promises.

Are these promises holding up in places where they have been made? What is the response from community and government? What are workers saying?

"I used to think unions were outdated, and unnecessary. Through working over 8 years at Fred Meyer I have learned otherwise. I now make about \$13 an hour and have access to good health care and retirement benefits."



*Cheryl Smith,
Fred Meyer worker and
UFCW 21 member in
home electronics
Monroe, WA*

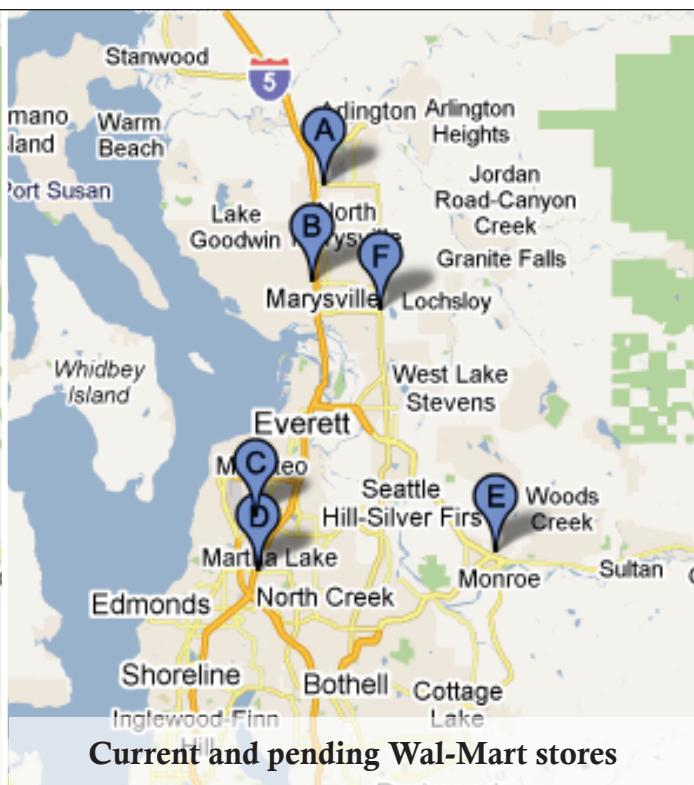
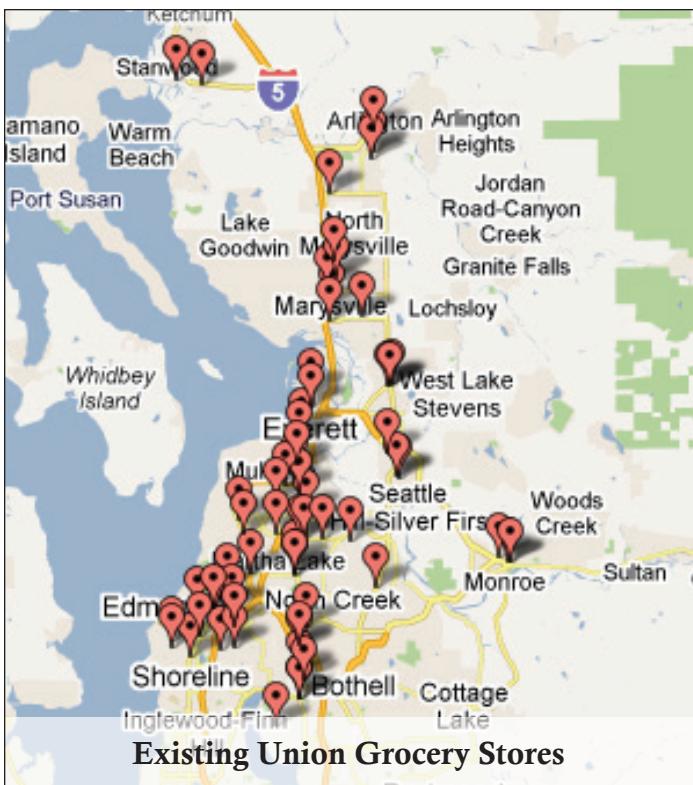
"The only reason I get what I do from my job, is because my co-workers and I are a union and by standing together, we have been able to negotiate these wages and benefits, despite the best efforts of our employers to give us far less. These kinds of wages and benefits are not available to most Walmart workers."

"I can't understand why my local leaders who should be taking steps to improve our quality of life, are not requiring Walmart to live up to the standards our community has established, and are instead paving the way for the deterioration of the quality of life here in Monroe."

At the same time as Walmart is working to expand the number of stores, there is an increased and coordinated response opposing that expansion. And there are increased experiences showing that the need for skepticism about Walmart promises is merited.

This is being coordinated nationally by *Making Change At Walmart* — a collaborative effort of labor, community groups and others who want to make sure Walmart expansion does not result in reduced standards for workers, communities and taxpayers in the communities where the store may be located.

*“*Walmart Retreats from Snohomish County, Mill Creek Store Scuttled; Arlington, Marysville Plans Delayed.*”



Here are some perspectives of local Snohomish County workers and perspectives that go beyond the county borders:

Monroe, WA

"As a union grocery store worker with collective bargaining rights I have been able to negotiate a fair wage and benefits. Walmart coming to town scares me to death. We've already got a tough economy here. I'm scared that a Walmart is going to make us lose businesses.



As a resident in my town, I have read that land values go down if Walmart comes in. My house is part of my retirement. This is where all my money is. I'm scared of how Walmart will affect my property values."

—Joan Hicks, Meat Wrapper and UFCW 21 member, Monroe, WA Albertsons

Mill Creek, WA

"It's better that Walmart was not built here in Mill Creek. We're happy. The Mill Creek Town Center is fantastic and businesses there are thriving. A Walmart would have just hurt those businesses that are doing well. Some are small locally-owned businesses and others are corporate.



We also avoided a dangerous situation with higher traffic congestion near a high school with inexperienced younger drivers. A new street light has been put in for the high school because there is heavy traffic already. It's good that we don't have to deal with the even higher traffic congestion that a Walmart would have brought."

—Lillian Kaufer, a local resident who worked against Walmart's proposed site in Mill Creek

Lake Stevens, WA

"We have standards for wages and benefits for the workers in our county's grocery stores. There is a new Arlington Walmart and they'll be breaking ground soon on a Marysville Walmart. This concerns me because Walmart does not yet live up to, or even come close to, the standards of decent wages, raises, health benefits, and retirement that our union grocery stores bring to their employees."



—Debbie Gath, Grocery Store Checker and Teamster 38 Member since 1982, Lake Stevens, WA

Snohomish, WA

"When Walmart comes into a town, it seems that they make a lot of promises to workers and the community. But their track record shows that it might be a good idea to get those promises in writing."



—Bonnie Stecher, Grocery store worker and Teamster 38 Member since 1975, Snohomish, WA

Concerns about Wal-Mart are not just from a workers' perspective, but local residents who fear property value impacts, impacts to local businesses, and traffic congestion. Also there is growing research showing that there may be important issues for local governments to be aware of when Wal-Mart is promising big economic gains as a result of a new store coming into town.

A recent report from Good Jobs First earlier this year has the following finding:

"When Walmart seeks to add to its portfolio of more than 3,000 big-box outlets in the United States, it invariably argues that the project will be a major economic benefit, generating a vast new stream of tax revenue. Actually, research shows the company will go to great lengths to limit the size of that revenue stream.

Walmart is obsessed with cutting costs, and tax payments are one of its favorite targets. The company doesn't just reduce its tax outlays; in hundreds of places it has sought taxpayer funds to finance its expansion and thus expand its market share.

For every kind of tax that a retail company would normally pay or remit to support public services, Walmart has engineered an aggressive scheme to pay less and keep more...these practices are not illegal, but taken together they apparently cost state and local governments more than \$400 million a year in lost revenue. Walmart may be more of a fiscal burden than a benefit to many of the communities in which it operates."

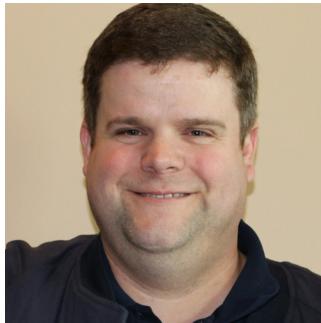
*—Shifting the Burden for Vital Public Services: Walmart's Tax Avoidance Schemes,
Philip Mattera Good Jobs First, February 2011.*

A Track Record of Concern, Harm and Broken Promises around the region, nation and globe?

Mount Vernon, WA

"When the first Walmart went in here about 10 years ago, they leased the property from Safeway with the agreement that they would not sell groceries. When Walmart decided they wanted to sell groceries, they simply moved out of that lease and into space across the street. That seems to be the way Walmart works. They come into a community saying one thing, and then once they get in, when it suits them, they change the plan and just do what they want."

—Richard Waits, UFCW 21 member and grocery store worker in Mt. Vernon.



Port Angeles, WA

Port Angeles Daily News, 4/5/2011:

Ill-Fated Port Angeles supermarket 'already in close-out process'

"Was Saar's [a local discount grocery store] affected by the October 2010 opening of the Walmart Supercenter – which includes a large discounted grocery store area – about a mile east of Saar's?"

'I would say the comment would be that additional competition is too much for Port Angeles,' Hames [corporate general manager of Saar's] said.

Monroe, WA

Monroe Monitor, 4/11/2011:

Chinook Lumber cites concerns over traffic from new Walmart as a "last straw" when it decided to close down the Monroe location business.

Auburn, WA

Auburn Reporter, 4/5/2011:

Auburn sues Walmart for breaking deal

Auburn leaders might close the new Walmart superstore if the Arkansas-based retail giant fails to follow through with its agreement to redevelop its now vacant store site.

The City filed a breach of contract lawsuit Monday against Walmart Stores, Inc. in King County Superior Court. The suit claims Walmart broke its development agreement that saved the company big money on the new, larger superstore northeast of the SuperMall in exchange for its commitment to do something with the smaller site it vacated.

The new store – located at 762 Supermall Way SW, north of the Regal Cinemas – is 83,700 square feet larger than the old store, formerly at 1425 Supermall Way.

"We did everything we could to help them," Mayor Pete Lewis said. "We made a deal for them that saved them thousands upon thousands of dollars to get the permit. We didn't ask for a great deal. But the ex-banker in me says that if you make a contract, you complete the contract.

"As of right now, we are moving forward with steps that would lead to the revocation of their business license and occupancy permit," he said.

Chicago, IL

ChicagoBusiness.com, 4/11/2011

Crain's investigation: Walmart's Austin project comes up short

When Walmart Stores Inc. hired Margaret Garner in 2005 as the first black woman contractor to build one of its stores, she was hailed as a symbol of the benefits local businesses and minority communities would reap from the retail giant's push into Chicago.

Six years later, her company is bankrupt, crushed by cost overruns on Walmart's first Chicago store, located in the Austin neighborhood on the West Side. A *Crain's* investigation shows that the benefits to minority contractors were less than suggested by the hype surrounding Ms. Garner's hiring.

Bnet.com, 6/25/2010:

Walmart Gets Its Chicago Store, and Immediately Reneges on Its Wage Deal

For six years, Chicago unions have demanded that if Walmart (WMT) came to town, the company would have to pay workers more. Then, this week, the union finally extracted a concession from the retail giant: After screaming for \$11 an hour including benefits, the United Food and Commercial Workers accepted Walmart's offer of just \$.50 an hour above minimum wage for starting pay, with another \$.50 to \$.60 in raises within the first year. Based on this deal, Chicago aldermen voted yesterday to rezone one suburban lot for a new Walmart store.

And right after the vote, Walmart started denying there was a deal.

South Africa

Business Day, 3/4/2011:

State intervenes in Massmart merger

If the deal is not properly regulated it might undermine the New Growth Path

MASSMART 's reluctance to make tangible commitments regarding issues of public interest including procurement and food security had forced the government to intervene in the proceedings of the merger with Walmart, the Department of Economic Development said yesterday.

"The Competition Commission, in recommending the approval of the Walmart-Massmart merger, made its recommendation on the premise and expectation that the merging parties would make commitments with respect to a number of public interest considerations," the department said.

The Competition Commission last month recommended that Walmart's planned R16,5bn [\$2.4 billion] purchase of a 51% stake of Massmart go ahead without conditions.

Massmart and Walmart had delayed making solid commitments about issues such as labour matters and job losses, local procurement and food security, the department said.

The statement follows a submission the department made to the Competition Tribunal on behalf of itself, the Department of Trade and Industry and the Department of Agriculture, Forestry and Fisheries.

The timing of the response and the inadequacy of the information provided by Massmart and Walmart on some of the issues was a concern, the departments said in the submission.

It also said that Massmart and Walmart had painted the merger in a more positive light than was the case.

These clips are but a snap-shot of issues and concerns being documented around the county about promises being made by Walmart and whether or not they are being followed through on by that corporation. The issue is not so much whether one would tend to agree or disagree with Walmart. The point of this report is to assert that Walmart's claims about the positive impact from approving a new/expanded store warrant some questioning. A company that is making the claims Walmart is making should be willing to back them up with confirmable facts. However, the record seems to show that, at the very least, officials should require this kind of evidence from Walmart, along with enforceable agreements in writing that the claims used to persuade a local community's officials will be achieved.

There are twelve straightforward steps local officials can take to better protect themselves from Walmart and make sure that promises are fulfilled — see page 10 for details.

Walmart Needs to Live Up to Local Standards and Its Own Promises

As Walmart is looking to expand in this decade, it faces increasingly complex challenges from local communities. There remains a focus on stopping new stores outright. There is also a new dimension added which is looking to get Walmart to change its standards and provide (not just promise) decent wages with regular raises, affordable quality health care coverage, and a dependable retirement plan.

This nationally coordinated campaign is called *Making Change at Walmart*. In addition to local fights opposing Walmarts, the nationally coordinated campaign is working to raise awareness of the failed promises and challenge Walmart to live up to its claims and come clean on its promises for workers and communities.

With regard to workers, while Walmart makes claims about wages, benefits and working conditions, the company has continued to refuse to back up those claims with actual evidence and policy changes. Local retail and grocery workers in Snohomish County for big national chains like Kroger, Safeway and Supervalu as well as smaller more local independent stores have union contracts. Workers at these stores receive a wage and benefits package that include a wage scale so that workers get guaranteed pay raises; a high quality and affordable heath plan for themselves and their families, and a retirement plan that their employer fully funds. While Walmart makes claims, they have not yet provided the actual pay for workers in Snohomish County, nor the health or retirement benefits and what percent of workers receive those benefits.

These are relatively simple questions which any employer should be able to answer — especially one of the largest employers in America. These questions are especially important to be answered—and answered clearly — when they go the center of the very claims Walmart is making as they push for new store approvals from local politicians.

On Walmart's website (walmartstores.com), the mission states: "Saving people money so they can live better is at the heart of everything we do, and these are just a few examples of the many ways we bring that mission to the community each and every day. Simply put, helping people live better is more than something we do — it's who we are." There is reason to doubt whether Walmart is living up the standards created by its own mission statement.

Local residents and workers are concerned that elected officials are too trusting of this company's promises, fail to get their promises in writing, and fail to make it more specific. In cases where they have done that, local communities have at least been able to hold the giant company accountable. In most places however, vague wording and non-enforceable promises can leave workers and communities with no real recourse after a store opens.

Without stronger adherence to standards for workers and our communities, Walmart will be a threat to local workers and communities. As Walmart looks to expand into more communities – here in Snohomish County, Washington State, and the US and indeed around the world, records show it will bode well for the health of the local economies and the financial well-being of workers to not take Walmart at their word, but get commitments that are specific and in writing. After all, that is the reason why union grocery workers get a far better wage and benefits package than Walmart workers. They have a written and enforceable agreement with their employer to pay them a decent wage with guaranteed raises, affordable quality health care for them and their families, and retirement they can count on.

12 tips for local communities, workers and elected officials for making sure promises by Walmart are not just hollow words:

1. Ensure Walmart does not contribute to a decline in community standards by ensuring that promises made by Walmart about worker treatment are consistent with established local standards for wages, pay raises, health care coverage and retirement plans for grocery stores of a similar size. Living up to these standards should be made one of the conditions for approval of a new Walmart store or store expansion. In Snohomish County, information on these industry standards could be provided by UFCW 21 & Teamsters 38.
2. Build into community development application process a developer-paid Community Impact Assessment fee to fund appropriate studies by independent experts to assess Economic, Environmental, Traffic and Health impacts of a proposed development.
3. Require developers to reveal in their application all pre-established commercial tenants for proposed developments.
4. Get any promises in writing before approval of a local store.
5. Have a consequence for Walmart if they do not abide by their agreement.
6. A severe penalty for abandoning stores and not re-tenanting them promptly in order to protect against the economic impact and the blight of abandoned big box retail.
7. Make sure that the development of a proposed Walmart site is consistent with the city's development plan for that area.
8. Mitigate harm to local water quality, stormwater, and other environmental impacts.
9. Require recipients of economic incentives for new retail to agree to specific commitments on job creation, job quality, job retention, etc., with consequences if recipient fails to keep their commitments.
10. Ensure representative local community organizations are included in any negotiations or discussions about commitments by the developer to protect the community from impacts of the proposed development.
11. Require Walmart to finance a mechanism to mitigate the impact of businesses put out of business by a new store.
12. Study the net tax revenue impact of a new store, accounting for the revenue lost by other retailers who lose sales volume or even close.