

-----Original Message-----

From: Arnie & Carol Hart [mailto:fatarnie@sunflower.com]

Sent: Saturday, April 28, 2007 11:05 AM

To: Bobbie Walthall

Subject: Walmart issue

Hi,

Just wanted to give some input on this issue. I am no traffic engineer and do not claim any expertise. But, it doesn't take a rocket scientist or a traffic specialist to know that putting a Walmart at this intersection is a recipe for disaster.. You will be able to find specialists on both sides to say, no it will not be a problem and those that say yes, it will be a problem. Just use some common sense and look at what vast retail, no matter what size, next to a school would do. Look how bad 6th and Kasold can get traffic wise, and that is small in comparison to this project. We all know, that the store may start small and then the city will cave in and let them grow larger. So, it's better not to even let it begin. As far as Walmart and the developers go, grow a brain and look at other hotspots. North Lawrence north of I-70 is a mecca for retail and a grocery store. If that doesn't suffice, go west young man. Further west will definitely be a hotbed as Lawrence continues in that direction.

Thanks,

Arnie Hart

From: Chuck Wehner [mailto:cwehner@mac.com]

Sent: Saturday, April 28, 2007 11:18 AM

To: Bobbie Walthall

Subject: Wal-Mart

I'm not against developing the area where Wal-Mart wants to build. I just don't understand why Wal-Mart wants to build another big store in a town the size of Lawrence and only about 6 miles apart. I can't imagine how that would even be profitable for Wal-Mart to have two stores competing against each other. I can just see one of them closing their doors in the near future leaving Lawrence with another empty big box storefront.



Chuck

<http://homepage.mac.com/cwehner/>

From: Clark Coan [mailto:clarkcoan@yahoo.com]
Sent: Saturday, April 28, 2007 1:56 PM
To: Bobbie Walthall
Subject: Wal-Mart Proposal

Dear Commissioner:

I would like to see the smallest possible Wal-Mart store for the following reasons:

1) A large store will significantly increase traffic congestion along West Sixth Street. This is because the Mercata Shopping Center at 6th & the SLT will substantially increase traffic and this combined with a Wal-Mart Superstore will create a traffic nightmare (esp. when Free State High School students who are learning to drive get out of school).

2) Retail market studies have shown that Lawrence has an oversupply of retail space. That is why three existing shopping centers have either been converted to other uses or are barely hanging on and have many vacancies. The vacancy rate downtown is also disturbing. A huge Wal-Mart will only result in more competition for retailers downtown. It has been the policy of the City of Lawrence for decades that historic downtown is to be protected and is to be the primary commercial district. That has been a sound policy which has preserved a downtown that is the envy of many communities. It is a key tourist destination and should be preserved.

Finally, Wal-Mart announced last year that it is going Green. In fact, it has built two Green stores including one in Aurora, Colorado. Why can't any new store in Lawrence be a Green store?

Thank you for paying attention to my comments.

Clark Coan

From: Jana Rea [mailto:yayarea@sbcglobal.net]
Sent: Monday, April 23, 2007 5:47 AM
To: Dave Corliss
Cc: 'Gwendolyn Klingenberg'; 'Edmond Rea'
Subject: letter for the council

Hello David,

As a Lawrence home owner living in London right now, I am hoping you can distribute my letter to the newly elected City Council reiterating my deep concerns. I want both letters attached.

Thank you very much,

Sincerely,

Jana Rea

April 23, 2007

Dear Mayor, City Council members, City Planners and all people in high places whose office makes public policy,

As my husband's job has us living in London, we are trying to follow with keen interest the subtle and not so subtle community temper in regards to the 6th & Wakarusa versus Wal-mart controversy. I attach my former letter as an appeal to broad and long-range vision and steel nerves that would respect the concerns of the *community* rather than the few, though well represented and well funded. Lawrence is too unique to be bullied into building anything that we neither need nor want using precious land. My concerns in specific remain as stated in the second attachment.

Parenthetically, if it is another Wal-mart we must have, let's show some remarkable good sense by refitting the old to a new use—the outlet mall in North Lawrence would serve with concrete to spare.

I have a unique perspective here in London where the new buildings are 100 years old. They are built to last in order to preserve the precious green space where people flock when the sun appears. Yesterday, a single mallard duck caused such public excitement to a crowd of nature-starved city dwellers—it was both funny and sad to watch a grown man reach out for it like a child would in simple wonder. How removed we are. . . .

In London watching,

Sincerely,

Jana Rea

Ed and Jana Rea
416 Vine Drive
Lawrence, KS 66049

September 6, 2006

I am heartened by this apparent pause in the contentious debate concerning whether or not Lawrence needs or wants another Wal-mart on 6th and Wakarusa because it affords me the opportunity to voice my concern as well as offer some suggestions.

As a resident in the immediate area (Briarwood) I have a vested interest in the direction development takes. If I am typical of those who live in the area, and judging from conversations with neighbors, I think I am, Wal-mart has seriously miscalculated the market on the West side of town. While I understand that discount retail is desirable, Lawrence is not that big. Iowa is not that far with a plethora of big boxes to choose from including Wal-mart. Other concerns would follow in the wake of a Wal-mart in the area:

- Undesirable traffic at certain times of day because of Free State High School and all adjacent sports facilities. There is a heavy flow now, what then? And with the new urban center concept that is planned and approved for the opposite corner, traffic will have increased already.
- With these two large projects simultaneously constructed, I cannot help but fear a burden to the drainage system. I walk daily by the current farm land. After a rain, the run off can be torrential. With the loss of the bare earth and trees to absorb precipitation, I fear it will create a high water problem in our area overflowing the creek on site. Most of our homes have back-up sump pumps as it is.

What is needed is a more compatible development that reflects the life style of the majority of the residents in the vicinity. In keeping with the new urban concept that has been approved, we need destinations that enhance the life style here-- walking paths to coffee shops, a French Bakery ala Napoleon Café in Westport, a branch postal office, after-theatre dining and dancing, piano/jazz bar. Recently we lost the West Side Deli to the East side and Hereford House is gone for now, so we need spots that appeal to the baby boomer desire for leisurely dining, entertainment and specialty shopping.

No one wants to see new retail that hurts our incomparable Downtown Lawrence, but the west side is not a good match for a Wal-mart of any size. Let's have the same kind of foresight the city planners had for years giving us our signature experience of Massachusetts's Street. Let's see the big picture.

The model I have in mind is Wichita's Bradley Fair. It is a destination, night and day, simultaneously restful and stimulating. Ours would not need to be nearly as ambitious as this spread but it should be as visually pleasing and compatible with the environment. I include photos and a brochure.

Our family chose Lawrence for its unique and bold identity. In that tradition, let's refuse to carve up more land for the non-descript monopolies that blur our city borders and blight the vista view.

Sincerely,

Jana Rea

From: Dick Hassur [mailto:rmhconsulting@sunflower.com]
Sent: Sunday, April 29, 2007 2:02 PM
To: Bobbie Walthall
Subject: In support of Wal-Mart

To: Lawrence City Commission
April 28, 2007

I am a resident nearby the proposed site of a new Wal-Mart at Sixth and Wakarusa. I have been involved in site selection processes in over 150 retail stores which I owned through out the U.S., Canada, and Mexico. It is obvious that Lawrence is expanding in a westerly direction and it's main growth will probably continue in that general area. The westside is underserved with general retail at this time and in the future shall be even moreso.

The complaintants have mainly expressed doubts regarding the potential traffic congestion of the existing streets serving that area. It seems to me that a major expansion was recently completed which has improved that intersection to be as prepared to handle the traffic load as well as our busiest intersection of 23rd and Iowa streets. The obviously real reason of denial of building permit was the further protection of our sacred downtown area. Wal-Mart doesn't sell liquor or have table service restaurants, so a competitive presence to downtown is not a big issue.

Let us resume the progressive spirit that Lawrence used to be known for and let the free market serve the public.

Richard M Hassur
1404 Marilee Dr 66049
(913)660-0525

rmhconsulting@sunflower.com

From: Jim Turrentine [mailto:jim_turrentine@yahoo.com]
Sent: Saturday, April 28, 2007 4:46 PM
To: Bobbie Walthall
Subject: Comment

bjwalthall@ci.lawrence.ks.us

The tax payers should not have to pay to support overdevelopment. West Sixth Street is now zoned for so much commercial development that when built it will require eight lanes for proper support of the traffic that could be generated. Wakarusa will require six lanes. Those who believe in market control should also believe in the market paying for the things it needs. All the residents of Lawrence should not be forced to choose between paying extra taxes every time they buy something and unsafe

conditions for our children at Free State. You as a city commissioner can prevent both by not allowing overdevelopment at Sixth and Wakarusa. If the developer is required to pay for all the signals, extra lanes and safety features in all areas that are affected, (6th, Wakarusa, Congressional, Harvard, Overland) maybe development will be limited to what the infrastructure can accommodate.

Jim Turrentine
1700 Carmel Dr.
Lawrence
842-3674

From: Kathy Neet [mailto:kneet@sunflower.com]
Sent: Saturday, April 28, 2007 9:38 AM
To: Bobbie Walthall
Subject: Wal-Mart 6th & Wakarusa

Commissioners:

Initially I was opposed to the building of a Wal-Mart at 6th and Wakarusa. I remain opposed to it to this day, however with the change on the commission it seems and inevitability that a Wal-Mart will be a reality with which we must all regretfully come to terms. Has anyone explored the idea of a Wal-Mart Neighborhood Market? There is one in Overland Park at Metcalf and 92nd street. It seems less obtrusive than the behemoth on South Iowa. If you have not entertained this idea I urge you to consider it before you give in to a project that could negatively affect our city for years to come, and I and many others will be forced to avoid the intersection of 6th and Wakarusa altogether.

Thank you for your time,
Kathy Neet
kneet@sunflower.com

From: Kimberly Anderson [mailto:anderguardk@hotmail.com]
Sent: Saturday, April 28, 2007 10:21 PM
To: Bobbie Walthall
Subject: Wal-mart at 6th and Wakarusa

I have been and continue to be opposed to the building of a Wal-Mart at 6th and Wakarusa. I think its a shame that the Lawrence City Commissioners are willing to side with individual landowners and developers rather than represent the people of Lawrence who they were elected to serve. I have not shopped at the existing Wal-Mart since they began suing our town and will not be shopping at the new one.

Kimberly Timmons Anderson

From: Linda L Kelley [mailto:lindak27@juno.com]
Sent: Sunday, April 29, 2007 4:06 PM
To: Bobbie Walthall
Subject: Walmart

Dear Commissioners,

Please, please the majority of Lawrence wants a Walmart on West 6th!!

We desperately need some shopping option in the western area of Lawrence, and strip malls with boutiques won't cut it. From where we live Topeka shopping is becoming more and more a viable option. If traffic and congestion is a problem, what about the traffic and congestion on South Iowa? Let's spread it around a little.

Let that vocal minority live with what they knew was likely for West 6th when they built their homes in that area.

Sincerely,

Jim and Linda Kelley
466 N 1500 Rd.

Lawrence 66049
Pone 887-6789

From: mike miller [mailto:chilidog1529@yahoo.com]
Sent: Saturday, April 28, 2007 3:53 PM
To: Bobbie Walthall
Subject: wal-mart

Mayor Hack

I am delighted that you are so open to your constituents on the new Wal-mart proposal. With the direction of growth in Lawrence and the congestion at the present Wal-mart all I can see are good things in the new store. I see that it would not only pull some of the congestion away from the 31st street area but also increase sales tax revenues.

Mike

From: Ruth Ann & Doug Guess [mailto:draguess@sunflower.com]
Sent: Saturday, April 28, 2007 11:32 AM
To: Bobbie Walthall
Subject: Wal-mart

Please read enclosed letter concerning Wal-mart at 6th & Wakarusa.
Thank you.

April 28, 2007

City Commissioners
Lawrence, Kansas

Re: Proposed Wal-Mart Store

Dear Lawrence Commissioners:

We have for 30 years lived west of Lawrence, and have experienced the mostly unplanned growth along 6th street and Highway 40. The proposed new Wal-Mart store at 6th and Wakarusa is yet another ill-advised proposal that would further extend this unwanted urban sprawl, not unlike the present South Iowa street.

We strongly oppose the approval of a Wal-Mart Store at 6th and Wakarusa for the following reasons:

- 1) A store at this location would most seriously jeopardize the existing grocery and pharmacy stores in northwest Lawrence.
- 2) The proposed store is in too close of a proximity to Free State High school. And, do not think for a moment that this retail giant would not try to entice these students to their most unhealthy source of junk food, etc.
- 3) The corner of 6th and Wakarusa is already becoming a source of traffic congestion. A Wal-mart at this location would worsen an already growing problem.
- 4) We suggest that all of you commissioners take a day trip to downtown Topeka. Having earlier lived in our capital city, we experienced first hand how a once vital and healthy downtown area was destroyed by a host of strip malls and outlying big-box stores (Wal-mart certainly included).

In arriving at your decision, please consider the following Cree Indian proverb that was written in the early 1800's.

"Only when the last tree has died
and the last river has been poisoned
and the last fish has been caught
will we realize that we can't eat money."

Sincerely,

Doug and Ruth Ann Guess

523 N. 1770 Road
Lawrence, KS 66049

From: Selby Soward [mailto:rsoward@eaglecom.net]
Sent: Sunday, April 29, 2007 11:20 PM
To: Sue Hack; mdever@sunflower.com; robchestnut@sunflower.com;
boog@lawrence.ixks.com; mikeamyx@hotmail.com
Cc: Bobbie Walthall
Subject: Correction to Position on proposed land use at 6th and Wakarusa

Mayor and Members of the City Commission,

This will serve as a correction and addendum to the position paper I submitted to you regarding the proposed land use at the northwest corner of 6th and Wakarusa in Lawrence.

In that paper I mentioned aspects of the zoning changes that are not entirely accurate. My comments assumed the area in question was not zoned to allow for a "department store". I have since learned such is not correct as the zoning has been altered to specifically allow for such a facility to be constructed. Therefore, this issue is now moot.

I would also like to reiterate my view that Wal-Mart is a red herring and should not be viewed as the true issue in this matter. The actual retail tenant that would occupy the site is irrelevant for purposes of discussion and consideration of whether the request for development should be upheld. I wholeheartedly agree with the statements of our mayor that comments should not focus on any proposed tenant at this location.

Instead, as I mentioned earlier, I view the matters of importance and impact to be (1) the impact of further development of this area of town with any store of this size, magnitude and economic impact on the city under the current economic conditions, and (2) the lessening of the quality of life of residents in this area of town due to substantially increased traffic and congestion.

The city has the power to make a finding that acceptance of the proposal will adversely impact the community under these factors and therefore, it would be in the best interests of Lawrence to decline the proposed development project. For the reasons stated in my earlier comment, I would urge you to do so.

The traditional struggle in Lawrence has been between so called pro-development forces and so called progressive positions.

My personal position is not based either view, but is formed from a position of pragmatism. I believe this to be the view of many existing business owners and

residents in Lawrence. This seems to be the position of the "silent majority" in our community.

Due to my concerns about what our existing merchants may face should development be allowed to proceed in our current state of economic and demographic stagnation, I took the time to actually walk up and down Massachusetts street as well as make numerous phone calls to get the pulse and feelings of those who call Lawrence home.

Based on my long and in-depth conversations with these merchants, the clear and almost unanimous consensus was as follows: (1) existing merchants are not anti-growth per se and actually would welcome further development if the current marketplace can gain synergy from such, (2) the greatly slowing of Lawrence's population and retail sales has been clearly noticed by these business owners, (3) those that own existing businesses are afraid to take a public stance on the entire development issue due to concerns about an informal or formal boycott of their stores by those in the pro-development camp, (4) there exists frustration on the part of such merchants that they are helpless to stem the tide of unbridled development and (5) the addition of retail space would actually be welcomed in the future at such time as the current vacancy rates of commercial and retail property would be considerably less than the current level.

The common sense, bottom line approach of those up and down our unique Massachusetts Street can be summed up as "I'm in agreement with further development, but only at a pace that the marketplace can absorb". A clear concern was that continuing with a *liaise faire* approach to the issue will only lead to economic pain for everyone.

It is for these reasons that I would again reiterate that you seriously consider the direct effect your decision will make to not only the residential neighborhoods near the corner of 6th and Wakarusa, but to the economic well-being of the entire city of Lawrence, regarding this proposed land use.

Bill Martin
1108 Williamsburg Place
Lawrence, Kansas 66049
(785) 856-8783
(785) 393-4963 (cell)
cmartin@sunflower.com

From: Selby Soward [mailto:rsoward@eaglecom.net]

Sent: Saturday, April 28, 2007 11:28 PM

To: Bobbie Walthall

Subject: Proposed land use a the northwest corner of 6th street and Wakarusa Drive

Mayor and Members of the City Commission,

This is to address the May 1st agenda item regarding the proposed land uses at the northwest corner of 6th street and Wakarusa in Lawrence.

I have lived in Lawrence for approximately 5 years after spending some 20 years as a lawyer, banker and city councilman in a county seat western Kansas town.

During my tenure in western Kansas I observed the gradual deterioration of retail and commercial business due to change in buying habits of citizens and adverse population trends present in that part of the state.

Lawrence faces much different challenges, but some of the factors present in western Kansas communities that have led to economic deterioration can be applied to the current economic and demographic state of our city.

The tale of so many cities in our state, and across our nation is simple; the rush for new development outside the city core led to the deterioration of existing business districts. Residents of such towns later became disillusioned with the shopping experience of new retail development projects causing vacancies in these "new" retail centers. The end result was not only the loss of the "old" retail districts, but also implosion of the "new" retail centers. This led to a gradual migration of the city residents to the next largest town for purchases of retail products and commercial products. The end result was a negative one for each community in question. Pick your city in Kansas and elsewhere; the lessons learned are the same.

The past actions of the citizens of Lawrence in fighting this trend has been well documented. The existing business core was preserved and additional retail space was added slowly enough to maintain economic integrity of the community. Lawrence was also blessed with a steady rise in both population and tax revenues which served to lessen the impact of any over development. The retail "pull factor" of Lawrence has been well over 1.0 for a number of years; the city brought in more retail dollars than it was losing. It still remains one of the highest in the state with little, if any, room for further increase in this number.

However, due to various forces, the demographic and economic situation in Lawrence has changed dramatically over the past number of years. Population growth and sales tax revenues have plateaued.

The vacancy rate for retail and commercial space is currently over 40% in North Lawrence and is over 9% south of the river, a high level. The vacancy rate at the 6th and Wakarusa area (the very subject of this proposal) is at 14%. One thing is very clear: not only is the retail and commercial market overbuilt in Lawrence due to excess development, but is well overbuilt in the 6th street and Wakarusa area. The supply has grown at 3 times the rate of growth in demand.

For details of the retail market in Lawrence I would refer you to an analysis presented to you by Kirk McClure, Associate Professor of Urban Design at KU. His report corrects clear discrepancies contained in the report prepared by the city's consultant, DSI of St. Louis. Today there is some 400,000 square feet of excess space with proposals to add another 800,000.

These economic numbers are too obvious to ignore. Allowing further development at this location will result in more retail vacancy citywide with the eventual deterioration of the unique downtown shopping district, such being mostly responsible for those from outside of Lawrence to come to town for retail business. The end result will be a loss of total retail dollars to Lawrence with a resulting decrease in sales tax revenues.

The issue is not Wal-Mart; instead the real issue is (1) the impact of further development of this area of town with any store of this size, magnitude and economic impact on the city and (2) the lessening of the quality of life of residents in this area of town due to substantially increased traffic and congestion.

The zoning at the intersection has changed many times. The intersection was zoned for 100,000 square feet (something like 15th and Kasold). The southeast corner sought and was given permission to build larger. The Planning Commission raised the total to 200,000. This permitted the development of the site on the southwest corner of 6th and Wakarusa. The Northwest Area Plan continues to call the intersection a 200,000 square foot community center but allows the parcels on the north side of 6th Street to have space. The northeast corner has now been given permission to build another 100,000 square feet. The final corner is the current Wal-Mart proposal seeking 132,000. This will take the nominally 200,000 square foot community center to well over 400,000 square feet which is defined as a regional center in the City's plan, Horizon 2020, which prohibits regional centers anywhere except downtown and South Iowa Street.

A fear of all of these concerns led to the current zoning regulations prohibiting the construction of a "department store" at the corner of 6th and Wakarusa.

There was good reason for this limitation and although counsel for Wal-Mart have argued their client is not a department store, such a claim borders on the ridiculous. If it walks like a duck and quacks like a duck, it's a duck. Simply put, Wal-Mart is a department store and as such should not be allowed to build a facility on this site.

Based on all of the above, not only will this proposal to build a Wal-Mart on this facility be detrimental to the entire city of Lawrence, but it would also lead to traffic congestion problems even greater than the city currently faces on 23rd street or at 31st and Iowa, neither of which have the type of residential or educational (Free State High School) surroundings as is the case with this proposed location. Indeed, the construction of such an intensive type of facility was considered to be improper for this area due to the nature of the surrounding area. True to the planning process, the other high traffic areas in Lawrence are not immediately adjacent to residential and educational facilities.

Lawrence needs to protect itself from the results of over development. The market is already oversaturated and suffering from deterioration.

Approval of this proposed land use will not only exacerbate the problem, but will create a decreased quality of life for those living near this specific area. As noted earlier, such was the reason for the prohibition against "department stores" in the

zoning regulations and why Horizon 2020 called for the prohibition of regional centers outside of downtown and South Iowa Street.

Please consider the clear effect your decision will make to not only the residential neighborhoods near the corner of 6th and Wakarusa, but to the economic well-being of the entire city of Lawrence, regarding this proposed land use.

Bill Martin
1108 Williamsburg Place
Lawrence, Kansas 66049
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cmartin@sunflower.com

-----Original Message-----

From: Stu & Nancy Nowlin [mailto:nsnowlin@sbcglobal.net]
Sent: Sunday, April 29, 2007 12:33 PM
To: Bobbie Walthall
Subject: Land Use Comments

Dear Commissioners:

I would like to address the topic of land use at 6th and Wakarusa that will be discussed at the city commission meeting Tuesday evening. Safety and traffic increases have been given as examples. These are important but not the only ones. Underlying the land use issue are economic questions. These are not just the immediate sale and development of the land. Other topics need to be addressed:

- 1) how this development will affect our existing small businesses and the viability of downtown Lawrence,
- 2) how it will affect our somewhat overbuilt retail space,
- 3) how it fits into our understanding and application of our community-based Horizon 2020 plan and
- 4) how it will change existing out-of-town shopping patterns to keep these dollars in Lawrence.

The first point is particularly important given that historically downtown's preservation has been a primary goal of and obligation for the city.

The second point is evident just driving around town. Even on the west side there are empty store fronts and office space.

The third point is more complex given the needs of the community as a whole. However, it is the only city-wide document we possess that represents everyone. It is our mandate for growth and change. I would add that this document gives us the clearest picture of what is appealing to businesses that look at Lawrence as a potential location. They see retention of their employees because of the quality of life in

Lawrence as one of the most compelling reasons to come here.

On the last point I would say that most shoppers that go out of town do so for specialty shops in Overland Park that do not exist here. Adding a very large retailer that already has an outlet in town would not change this. These dollars will continue to go out of our area since this need will not be met by this development.

Our decision will determine our city's economic character and how the city will look in the future.

Stewart Nowlin
4609 Harvard Rd.
Lawrence, KS 66049
785.841.9886
nsnowlin@sbcglobal.net

From: Kerry [mailto:Kerry@Bick.com]
Sent: Monday, April 30, 2007 1:41 PM
To: Bobbie Walthall
Subject: Walmart

Since everybody is currently talking about ways to attract businesses to Lawrence, with a bit of effort, we can see that every business that wants to come to Lawrence, isn't necessarily in our cities best interests. One of the ways we can look at new businesses would be by the way they will mesh with the existing businesses.

Fortunately, in Lawrence, many of us find that the almighty dollar is not what gives, and returns, our sense of worthwhile. That's why we live here.

The September 16, 2002 issue of Business Week, has an article many of us may be interested in. In the International-Latin American section, the story, "Mexico's War of the Megastores", focuses on the impact Wal-Mart has had on the communities south of the border.

One of the apparent facts, is that in the ten years (then) that Wal-Mart had been down there, with their deep pockets, **they have captured half of all supermarket sales**. Unfortunately, that is the most flattering part of the story; the rest is not so flattering to Wal-Mart.

So, if we look at little Lawrence, in relation to the BW story, we can wonder, can Lawrence "assume" another massive grocery store? I'm thinking this may be where Boog's issue of certain segments of the Lawrence market are oversaturated, becomes important. The economic development community suggests another grocery store down town, or in North Lawrence.

Will that ever happen, if Wal-Mart adds another grocery store????

From: Daryl Craft [mailto:security@gtrust.com]

Sent: Monday, April 30, 2007 2:16 PM

To: Bobbie Walthall

Subject: Wal-Mart store in west Lawrence

I understand the Commission is soliciting comments from city residents re a proposed Wal-Mart store at Sixth and Wakarusa. My wife and I live in the area and are opposed to construction of such a store UNLESS the City forces Wal-Mart to build a structure and landscape the grounds in such a way as to project the appearance of a neighborhood shopping center. Wal-Mart has done this in other areas, including Johnson County; but I doubt they have done it without pressure from the governing municipality who grants the approval to build. We strongly object to construction of another box store, the type Wal-Mart is known for building.

Daryl V. Craft

President

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From: McClure, Kirk [mailto:mcclure@ku.edu]

Sent: Friday, April 27, 2007 3:50 PM

To: Bobbie Walthall

Subject: FW: Retail Market Conditions, Lawrence, Kansas, 2007

Bobbie –

Below are my comments already sent to the members of the City Commission on the Wal-Mart issue. Attached as a PDF file is my report on retail market conditions, which was also sent to the members of the City Commission.

Thanks.

All the best,

Kirk

Kirk McClure
Associate Professor
Graduate Program in Urban Planning
University of Kansas
1465 Jayhawk Blvd., 317 Marvin Hall
Lawrence, KS 66045-7614

Voice telephone: (785) 864-3888
Fax telephone: (785) 864-5301
Electronic mail: mcclure@ku.edu

From: McClure, Kirk
Sent: Thursday, April 26, 2007 9:38 AM
To: 'suehack@sunflower.com'; 'mdever@sunflower.com';
'robchestnut@sunflower.com'; 'boog@lawrence.ixks.com';
'mikeamyx515@hotmail.com'
Cc: 'holly@kinetikos.net'; 'grant@eichus.com'; 'jhaase@synflower.com';
'thomasjennings@hotmail.com'; 'dennis.lawson@frontierfarmcredit.com'; Harris, Lisa
M; Burress, David A; 'occupant@sunflower.com'; 'sus@jerickson.com';
'bradfink@stevensbrand.com'; dcorliss@ci.lawrence.ks.us;
sstogsdill@ci.lawrence.ks.us; amiller@ci.lawrence.ks.us
Subject: Retail Market Conditions, Lawrence, Kansas, 2007

Mayor and Members of the City Commission,

Attached is a report I prepared on the retail market conditions of Lawrence. This report was prepared using data provided by the City's Department of Planning as well as data from the Kansas Department of Revenue, Kansas Department of Labor, U.S. Department of Labor, and the U.S. Bureau of the Census. It corrects many errors found in the retail studies by submitted by Richard Caplan and by Development Strategies Incorporated.

Summary of findings:

The retail market of Lawrence, Kansas is out of balance, with space growing much faster than demand for that space.

Growth in supply

- From 1995 into 2007, the stock of retail space grew 3.0 percent per year.

Growth in demand

- The inflation adjusted pace of growth in demand for retail space is growing at a rate of little less than 1 percent per year.

- The number of retail firms has been effectively flat and retail employment has fallen from 2001 to 2007.

Mismatch

- The mismatch between the pace of growth in supply and the pace of growth in demand is large (supply is growing at a pace 3 times the pace of growth in demand), and it is long-term (lasting more than a decade).

Proposed developments

- Proposed developments will add over 800,000 square feet of retail space. This represents an increase in the already overbuilt stock of over 12 percent.

Consequences of the mismatch

- There is over 540,000 square feet of vacant retail space in Lawrence, 395,000 south of it river.
- About 364,000 of this vacant space south of the river is in general merchandise, automotive, and food use, a category that developers are seeking to expand further.
- The surplus stock is creating blight that was contained in North Lawrence but is now spreading.
- The City cannot absorb more space; additional stock will only increase vacancies throughout the City.
- The City needs to protect itself from the harm of this overbuilding by slowing the pace of retail development.

Please let me know if I can be of further assistance.

All the best,

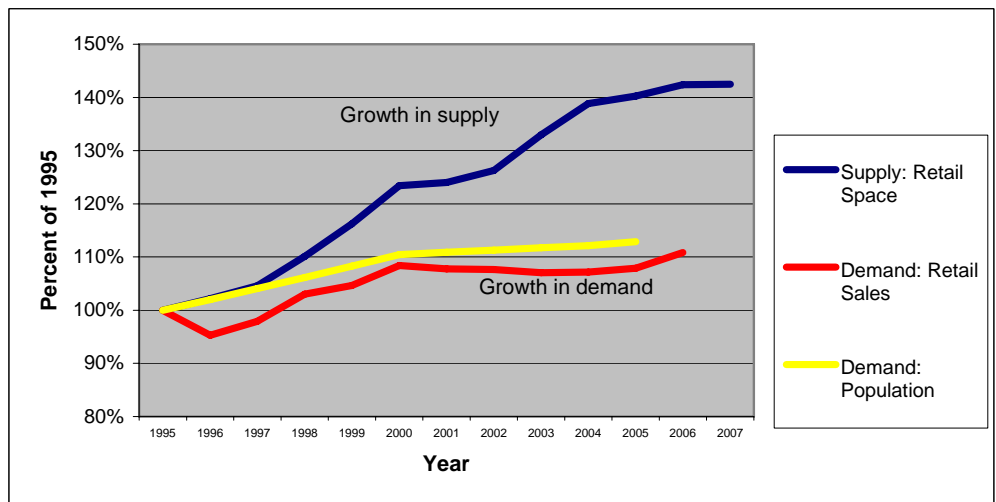
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Research
Report

Lawrence, Kansas Retail Market Conditions 2007



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Summary

The retail market of Lawrence, Kansas is out of balance, with space growing much faster than demand for that space.

Growth in supply

- From 1995 into 2007, the stock of retail space grew 3.0 percent per year.

Growth in demand

- The inflation adjusted pace of growth in demand for retail space is growing at a rate of little less than 1 percent per year.
- The number of retail firms has been effectively flat and retail employment has fallen from 2001 to 2007.

Mismatch

- The mismatch between the pace of growth in supply and the pace of growth in demand is large (supply is growing at a pace 3 times the pace of growth in demand), and it is long-term (lasting more than a decade).

Proposed developments

- Proposed developments will add over 800,000 square feet of retail space. This represents an increase in the already overbuilt stock of over 12 percent.

Consequences of the mismatch

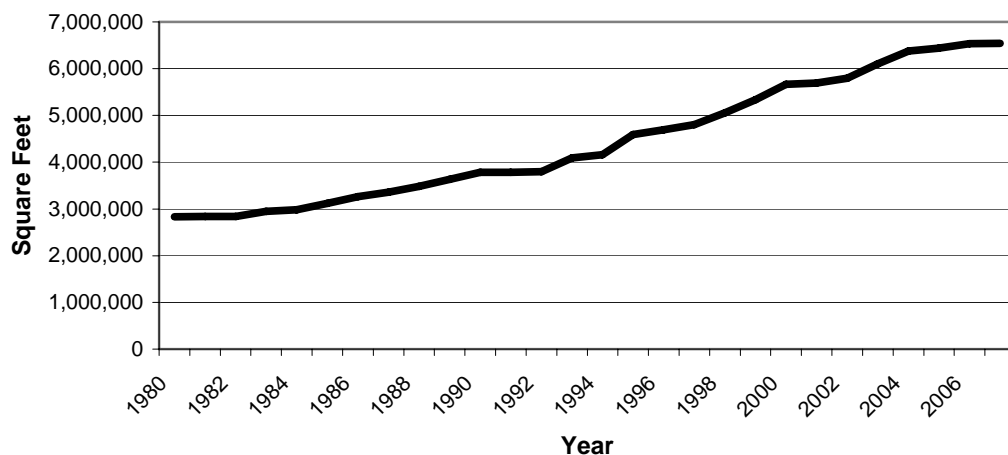
- There is over 540,000 square feet of vacant retail space in Lawrence, 395,000 south of it river.
- About 364,000 of this vacant space south of the river is in general merchandise, automotive, and food use, a category that developers are seeking to expand further.
- The surplus stock is creating blight that was contained in North Lawrence but is now spreading.
- The City cannot absorb more space; additional stock will only increase vacancies throughout the City.
- The City needs to protect itself from the harm of this overbuilding by slowing the pace of retail development.

Growth in Supply

Pace of stock development

The stock of retail space has grown continuously over time in Lawrence. The oldest buildings in the inventory date from the 1850s. The newest buildings reflect recent waves of development. Construction hit peaks during years of economic expansion during 1988, 1999, and 2003. Construction lagged during years of economic recession during 1981, 1991, and 2001. However, over the long term, these cycles of construction have resulted in a steadily growing stock of retail space.

Chart 1. **Growth in the stock of retail space over time**
Lawrence, Kansas 1980-2007



Source: City of Lawrence, Inventory of Retail Space

Examining just the most recent years, it is clear that the stock of space has continued to grow. From 1995 into 2007, the stock of space grew 43 percent. This translates into a growth rate of 3.0 percent per year.

This figure becomes an important benchmark. At issue for Lawrence is whether or not this rate of construction can be supported by growth in demand within the retail market. If it can, then the pace of growth is sustainable. If a commensurate pace of growth in retail demand does not support this pace of supply growth, then this development is not sustainable. Surplus space results in deterioration and blight, hurting

existing shopping districts, wasting scarce resources invested in the downtown and other areas.

Table 1. **Growth in the stock of retail space**
Lawrence, Kansas 1995 into 2007

Supply: Stock of retail space

<i>Year</i>	<i>Suites Added</i>	<i>Square Feet Added</i>	<i>Total Square Feet</i>
2007	1	6,500	6,544,468
2006	14	97,840	6,537,968
2005	4	64,500	6,440,128
2004	10	270,116	6,375,628
2003	23	307,292	6,105,512
2002	24	102,038	5,798,220
2001	1	30,288	5,696,182
2000	70	328,825	5,665,894
1999	8	278,825	5,337,069
1998	33	255,710	5,058,244
1997	13	111,026	4,802,534
1996	11	99,402	4,691,508
1995	40	428,738	4,592,106

Annual Growth
Rate 1995-2007: **3.0%**

Source: City of Lawrence, Inventory of Retail Space

Growth in Demand

There is no one best way to measure demand for space in the retail market. As a result, it is necessary to examine several measures of demand and see what they say collectively.

Sales Tax Revenues

Probably the most reliable measure of retail demand is found in the number of dollars spent in retail stores each year. Spending within the market is what drives demand for that space. As real spending rises from one year to the next, the demand for space rises. Data on retail spending are readily obtained through the Kansas Department of Revenue, which collects the sales taxes and distributes the city's share back to Lawrence.

Table 2. **Growth in retail sales taxes 1995 through 2006**
Lawrence, Kansas

<i>Year</i>	<i>Retail Sales Current Dollars Fiscal Year</i>	<i>CPI</i>	<i>Retail Sales 2006 Dollars</i>
2006	12,195,664	193.0	12,195,664
2005	11,583,544	188.4	11,866,369
2004	11,153,509	182.6	11,788,758
2003	10,876,300	178.3	11,773,000
2002	10,730,359	174.9	11,840,819
2001	10,615,276	172.8	11,856,182
2000	10,398,461	168.3	11,924,557
1999	9,701,568	162.7	11,508,314
1998	9,350,557	159.3	11,328,672
1997	8,747,295	156.7	10,773,631
1996	8,310,127	153.0	10,482,709
1995	8,457,814	148.4	10,999,718
Annual real growth 1995-2006:		0.94%	

Source: Kansas Department of Revenue
Sales tax distribution, Lawrence, Kansas, 1990 through 2006
<http://www.ksrevenue.org/pdf/0207lo.pdf>

U.S. Bureau of Labor Statistics
Consumer Price Index, Midwest Urban Consumers
<http://www.bls.gov>

The inflation adjusted pace of growth in retail sales taxes suggests that demand for retail space is growing at a rate a little less than 1 percent per year. This is well below the 3.0 percent per year growth in the supply of retail space.

Population

Population growth provides another proxy for demand in the retail market. As more people reside in the community, more shoppers are likely to enter the market.

The population of Lawrence is growing, but the rate of growth has slowed over time. During the 1990s, the City's population grew by about 2 percent per year. However, during the current decade, the Census Bureau estimates that the population growth has slowed to less than one-half percent per year. This slowing rate of growth in population is corroborated by the high vacancy rate in rental housing, the slowing rate of home sales, and the stagnant school enrollment numbers.

Table 3. **Growth in population 1980 through 2005**
Lawrence, Kansas

<i>Date</i>	<i>Population</i>	<i>Annual Growth Rate</i>	<i>Time Period</i>
July, 2005	81,816	0.38%	2000-2005
July, 2000	80,281		
April, 2000	80,083	2.01%	1990-2000
April, 1990	65,608		

Source: U.S. Bureau of the Census
Annual Estimates of Population, Incorporated Places in Kansas
Census 2000
Census 1990
www.census.gov

A slowing rate of population growth translates into a slowing rate of growth in retail spending. If fewer people are being added to the population, then fewer dollars will be added to the retail market and there will be slower growth in demand for retail space.

Retail establishments and retail employment

Further confirmation of the stagnation in retail demand is found in the number of retail firms and employment within them. Table 5 lists the number of retail firms in Lawrence from 2001 through 2006. The definition of retail changed in 2000, thus it is not possible to examine these figures further back into the past.

What is clear is that the number of retail firms has been effectively flat and retail employment has fallen from 2001 through 2006. This suggests very strongly that there is no new demand for retail space by firms waiting to enter the Lawrence market.

Table 4. **Retail establishments and retail employment**
Lawrence, Kansas

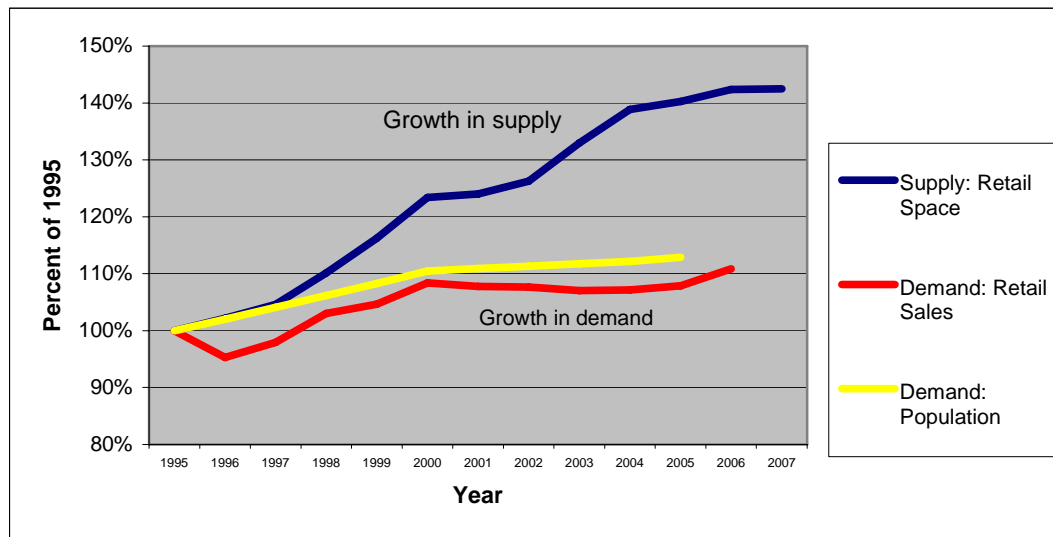
Year	Firms	Growth in Firms	Annual Average Employment	Growth in Employment
2006	376	0.00%	5,724	-1.1%
2005	376	-1.57%	5,785	-1.7%
2004	382	0.26%	5,885	3.0%
2003	381	0.79%	5,713	1.7%
2002	378	-2.33%	5,616	-11.7%
2001	387		6,359	
Annual growth 2001-2006:			-0.48% Growth in firms	-1.74% Growth in employment

Source: Kansas Department of Labor
Annual Employment and Wages
<http://laborstats.dol.ks.gov/industry/ces/cesrpt.asp>

Mismatch in the Growth in Supply and the Growth in Demand

There is a mismatch between the pace of growth in supply and the pace of growth in demand. The supply of retail space is growing at about 3 percent per year. The demand for retail space, depending on how it is measured, is either flat for growing sluggishly at no more than one percent per year. This can be seen in Chart 2, which compares the growth in supply to both the growth in retail spending and the growth in population.

Chart 2. **Comparing growth in supply to growth in demand
Lawrence, Kansas 1995 – 2007**



Source: City of Lawrence, Inventory of Retail Space
Kansas Department of Revenue
U.S. Bureau of the Census

The mismatch between the pace of growth in supply and the pace of growth in demand is large (supply is growing at a pace at least 3 times the pace of growth in demand), and it is long-term (lasting more than a decade).

The consequences of a large and long-term mismatch can be seen in the high level of vacancies and in conversion of space into non-retail uses.

Category of use

The inventory of retail space includes structures built for many purposes. About one-half of the current inventory was built to be conventional retail, that is, space to sell general merchandise. Another one-fifth of the stock was built for food service or automotive purposes. Thus, nearly three-quarters of the retail space in Lawrence is for general merchandise, food service or automotive needs. The remaining one-quarter of the space is in banking, lodging, office, or other uses.

Table 5. **Stock of retail space by category of use**

<i>Category of Use</i>	<i>Square Feet</i>	<i>Percent of Total</i>
General Merchandise	3,388,135	52%
Automotive	434,387	7%
Bank	396,690	6%
Lodging	646,727	10%
Office in Retail Structure	207,460	3%
Office in Office Structure	109,532	2%
Food Service	903,019	14%
Professional Services	350,693	5%
Theatre/Performance Venue	107,825	2%
Total	6,544,468	100%

Source: City of Lawrence, Inventory of Retail Space

Not all of the space originally built for retail use remains in retail use; much of it has been converted to other uses. Over 200,000 square feet of retail space has been converted into office use. This includes offices in the Tanger Mall plus offices in 10 Marketplace, Southern Hills Mall and elsewhere. An additional 220,000 square feet of retail space in the Riverfront Mall has been converted into lodging and office space.

The conversion of space needs to be recognized as both an indicator of an extremely soft retail market and as a source of harm to other markets, notably the office and lodging markets.

Occupancy and vacancy

The vacancy rate for the entire market is 8.3 percent, well above a desirable level, usually deemed to be about 5 percent. However, the vacancy rate needs to be examined further to gain insights into the condition of the market and its various submarkets.

Vacancy by location.

Table 6 lists both the nominal vacancy rate (vacant space as a percentage of total space) and the vacant and retail space converted to office use as a percentage of the total space.

Table 6. **Vacancy by location**
Lawrence, Kansas

<i>District</i>	<i>Suites</i>	<i>Square Feet</i>	<i>Vacancy Rate</i>	<i>Vacancy or Conversion Rate</i>
Downtown	276	1197034	6.6%	7.6%
Clinton Parkway	32	215,230	3.7%	8.9%
East 23rd St	102	413,529	10.1%	21.1%
East Lawrence	33	142,013	7.4%	10.9%
North Lawrence	75	350,084	41.9%	51.1%
Hillcrest	39	229,249	2.4%	3.0%
Orchard Corners	26	56,000	19.6%	19.6%
South Iowa St	166	1,940,889	6.6%	8.4%
West 23rd St	120	722,088	6.8%	14.4%
W 6th & Monterey	17	121,893	3.3%	3.3%
W 6th & Wakarusa	67	336,722	13.7%	13.7%
W 6th Iowa to Maine	114	740,104	0.8%	1.1%
19th & Mass	13	79,633	7.5%	7.5%
Total	1,080	6,544,468	8.3%	11.3%
Total net North Lawrence	1005	6,194,384	6.4%	9.1%

Source: City of Lawrence, Inventory of Retail Space

What Table 6 shows very quickly is that North Lawrence is a submarket with extreme problems. Its vacancy rate is over 40 percent in nominal terms but rises to over 50 percent when the retail space converted to

office use is added to the vacant space. This low level of retail usage suggests that North Lawrence is a special case that merits separate consideration.

If North Lawrence is taken out of the total, the remainder of the city—that part south of the river—continues to show signs of high vacancy. The retail market south of the river has a vacancy of 6 percent, which is within and acceptable range, but it rises to over 9 percent when the retail space temporarily converted to office space is added to the supply of vacancy.¹ This remains a very high level.

Other than the problems of North Lawrence, vacancy is not a function of location with high vacancy in the older parts of the City. The vacancy rate in the 6th and Wakarusa area is nearly 14 percent. The vacancy rate for downtown is about 7 percent, and for South Iowa Street, it is also about 7 percent.

Vacancy by year built.

There is no clear trend between vacancy and year built. Newer buildings are about as likely to be vacant as older buildings.

Table 7. **Vacancy by age of suite**
Lawrence, Kansas

Vacancy by period during which the building was built.

<i>Suite Year Built Category</i>	<i>Number of Suites</i>	<i>Square Feet Total</i>	<i>Square Feet Vacant</i>	<i>Category Vacancy Rate</i>
Built before 1940	178	612,686	45,550	7.4%
Built 1940 up to 1980	349	1,790,002	115,202	6.4%
Built 1980 up to 1995	301	1,760,680	181,804	10.3%
Built 1995 or later	252	2,381,100	199,212	8.4%
Total	1,080	6,544,468	541,768	8.3%

Source: City of Lawrence, Inventory of Retail Space

¹ Note that the Riverfront Mall is not included in the count of space converted to non-retail use as it is deemed to have been permanently converted to office and lodging use.

Vacancy by size of suite

There is no significant trend in vacancy by size of the suite. The vacancy rate is marginally higher in smaller buildings, but this difference is too small to be of concern. The vacancy rate in smaller suites is about 10 percent while it is about 7 percent in the largest properties. Thus, the desire to build additional space cannot be justified by a shortage in any particular size category.

Table 8. **Vacancy by size of suite**
Lawrence, Kansas

Vacancy by size of the suite.

<i>Suite Size Category</i>	<i>Number of Suites</i>	<i>Square Feet Total</i>	<i>Square Feet Vacant</i>	<i>Category Vacancy Rate</i>
Less than 1,000 square feet	36	20,887	2,100	10.1%
1,000 up to 5,000 square feet	750	1,779,508	170,228	9.6%
5,000 up to 10,000 square feet	172	1,134,143	95,641	8.4%
Greater than 10,000 square feet	122	3,609,930	273,799	7.6%
Total	1,080	6,544,468	541,768	8.3%

Source: City of Lawrence, Inventory of Retail Space

Vacancy by type of use.

Vacancy rates do vary by use of the property. General merchandise space, which makes up about one-half of the total stock of space, has a very high vacancy rate of 13.5 percent. Even if North Lawrence is removed from the stock general merchandise space has a vacancy of 10.1 percent.

This suggests that Lawrence is especially overbuilt in the general merchandise category of retail space, the category for which new space is proposed.

Table 9. **Vacancy by use of suite**
Lawrence, Kansas

Vacancy by use of the retail suite.

<i>Suite Year Built Category</i>	<i>Number of Suites</i>	<i>Square Feet Total</i>	<i>Square Feet Vacant</i>	<i>Category Vacancy Rate</i>
General Merchandise	438	3,388,135	457,756	13.5%
Automotive	107	434,387	4,500	1.0%
Bank	59	396,690	-	0.0%
Lodging	16	646,727	-	0.0%
Office in Retail Structure	58	207,460	8,355	4.0%
Office in Office Structure	29	109,532	23,300	21.3%
Food Service	235	903,019	39,388	4.4%
Professional Services	134	350,693	8,469	2.4%
Theatre/Performance Venue	4	107,825	-	0.0%
Total	1080	6,544,468	541,768	8.3%

Source: City of Lawrence, Inventory of Retail Space

Leakage

Leakage describes retail spending moving from one community to another. If residents of Lawrence choose to shop in another community, those retail sales are lost to Lawrence along with the sales tax dollars. However, these flows move in both directions; residents from other communities come to Lawrence to shop here.

It is not possible to know the exact number of dollars that leave or enter the community. However, it is possible to estimate net effect of dollars leaked out of Lawrence along with dollars coming into the community from outside. This is what is done by the Kansas Department of Revenue.²

²A Study of Retail Trade in Cities Across Kansas: An Annual Report of Trade Pull Factors and Trade Area Captures, Annual report for Fiscal Year 2005 with companion tables for fiscal years 2004 & 2003, Kansas Department of Revenue, Office of Policy and Research, Issued October 2006.

The report calculates the City Trade Pull Factor:

It is a measure of the relative strength of the retail business community. The City Trade Pull Factor is computed by dividing the per capita sales tax of a city by the statewide per capita sales tax. A CiTPF of 1.00 is a perfect balance of trade. The purchases of city residents who shop elsewhere are offset by the purchases of out-of-city customers. CiTPF values greater than 1.00 indicates that local businesses are pulling in trade from beyond their home city border. Thus, the balance of trade is favorable. A CiTPF value less than 1.00 indicates more trade is being lost than pulled in, that residents are shopping outside the city. This is an unfavorable balance of trade.

This study finds that Lawrence as a Trade Pull Factor of 1.22 for the year 2005. This means that in that year, more retail spending came into the City from non-residents than was lost by residents of Lawrence who shopped outside Lawrence. This ranked Lawrence as the 10th strongest retail market among cities in Kansas in terms of importing dollars.

The 2005 figure was, however, down from 1.37 in 2004, but up from 1.06 in 2003. Thus, despite some fluctuations, Lawrence has been a destination shopping city for at least the last three years.

This suggests that Lawrence is doing an impressive job of importing dollars from other markets and that the potential for raising this figure is not high as Lawrence is already among the highest among destination shopping cities in the state.

Proposed Developments

At present, many different development proposals are before the city. They total to over 800,000 square feet. All are located in West Lawrence, and all but the Miracon Plaza are located along West 6th Street.

The addition of over 800,000 square feet of space, if built, will increase the supply by over 12 percent.

Table 10. **Proposed retail developments**
Lawrence, Kansas

Proposed retail developments by square feet.

<i>Proposed Development</i>	<i>Retail Square Feet</i>
Miracon Plaza	23,300
Wal-Mart	132,000
Baur Farms	133,850
Northgate	198,714
Mercato	337,000
Total	824,864

Consequences of the Mismatch

Absorption of retail space

Lawrence is overbuilt now. This is demonstrated by the high vacancy rates and the conversion of projects out of retail use.

In 2007, there is over 540,000 square feet of vacant space, 395,000 south of the river. About 364,000 of this vacant space south of the river is in general merchandise, automotive, and food use. If the City had slowed the pace of growth of retail space in 1995 to the pace of growth of retail demand, it would have reduced the stock by about 400,000 square feet, an amount comparable to the surplus stock that exists now. This would have been a much healthier condition for the City as a whole and for several neighborhoods.

Lawrence is faced with about 1 percent growth in retail demand per year. This translates into about 50,000 square feet of retail space that can be absorbed each year. Thus, the City has a 7 to 10 year backlog of surplus retail space.

Harm of Surplus Retail Space

Blight and deterioration.

Over time, surplus retail space becomes “dead malls”. Lawrence already has several of these. The vacancy rate is so high in North Lawrence that it equals the level found only in inner-city slums. Other neighborhoods south of the river are unable to maintain their retail shopping areas in good condition. As these retail centers are unable to occupy enough space at market level rents, investment in maintenance falls and deterioration results. This diminishes the value of residential properties nearby.

Lost opportunities to redevelop downtown.

The City has lost opportunities to redevelop its downtown, its one truly unique destination shopping center that can attract shoppers from outside of the community. The parking garage in the 900 block of New Hampshire was to be financed, in part, from the new tax revenues from the Downtown 2000 development. This development failed to materialize during the recession of 2000 to 2001. Now that the economy is in recovery, the surplus of space has ensured the continued failure of this plan and burdened the taxpayers with the full cost of the parking garage.

Harm is spreading to the office market.

As the retail market has become burdened with surplus space, owners are desperate to find take any tenant so as to cover costs. This often means filling retail space with office tenants. This extends the problems of the overbuilt retail market into the office market.

The potential to make things much worse.

The City is confronting developments containing over 800,000 square feet. Hopefully, not all of this space will be built because developers are finding it very difficult to attract leases to their proposed shopping centers. However, to the extent that this space is built, it will only expand the stock of vacant space. The newly built space may not stay empty, but given the City's inability to support more space, the new development will only mean more vacancies elsewhere in the City.

Lawrence needs to protect itself from the harm of excessive development. At the very minimum, it should avoid expanding the problem by approving more retail space within a market that is already too large and suffering from deterioration.