

## Civic group takes issue with chain bookstore

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A group of Austin leaders is calling the plan to put a Borders Books and Music store near two home-grown competitors a microcosm of the local vs. corporate quandary it sees as confronting Austin. Liveable City, a nonprofit group whose self-appointed mission is to address "the long-term social, environmental and economic needs of the people of Austin," is taking its first major stand with a study it commissioned. It says Borders, an Ann Arbor, Mich.-based chain, will contribute less money to the local economy than either Waterloo Records or Book People, two favorite Austin stores sitting less than a block from a planned Borders project west of downtown.

Unlike Whole Foods, another Austin institution that has become a chain and will build a megastore nearby, Waterloo Records and Book People are based almost entirely in their stores at Sixth Street and Lamar Boulevard.

"This is nothing against Borders," said Robin Rather, a Liveable City board member. "This is about what is really right for the economy."

Liveable City, Book People and Waterloo hired the Austin-based firm Civic Economics to do the study, which echoes concerns that the two stores have raised for months. Bill Spelman, Liveable City's chairman, said the report would have been impossible to do without the cooperation of Book People and Waterloo, and he said the companies' involvement makes sense given that they have the most at stake in the discussion.

"It's in nobody's best interest to have a study that's biased," he said. "We know a lot of people are going to be looking at it."

But Brad Schlosser, a principal in the development company that would build the Borders store, said he expects people to be skeptical of studies supporting the companies that pay for them.

"I'm sure it will be great for their Christmas sales," he said.

Liveable City's leaders cut their political teeth on Austin's environmental fights of the 1990s. The group includes not only Rather, former chairwoman of the Save Our Springs Alliance, but also former City Council Members Spelman and Brigid Shea, Austin Neighborhoods Council president Jim Walker and Mark Yznaga, a former political consultant. With Liveable City, the group's focus has shifted to economic development and other quality-of-life issues.

The group takes a milder tone than many of its members have in the past. It also takes clear sides with the local companies, which fear that Borders might cut so far into their profit margins that they might have to fold. The businesses and Liveable City also object to the roughly \$1.5 million in city incentives that the development might receive.

A City Council vote on the proposed incentives, primarily fee waivers and utility reimbursements, is scheduled for next month. Liveable City plans to hold a town hall meeting on the issue Jan. 20. According to the study, Book People and Waterloo Records recycle far more of customers' spending back into the Austin economy than Borders. The study finds that for every \$100 spent, Book People and Waterloo pump \$45 back into the local economy through wages, advertising and other costs. Borders, by contrast, contributes \$13, according to the study.

Waterloo and Book People buy more local goods and services such as advertising or supplies, while Borders can contract larger-volume deals with national providers, according to the study.

It also says Waterloo Records and Book People would lose \$11 million to \$14 million over five years, a big enough hit to hurt Austin's economy overall.

Borders spokeswoman Emily Swan declined to comment on the Liveable City study but said the group did not ask anyone from Borders to provide information.

A written company response said Borders stores coexist with book and music stores across the country and that about 80 people work at the two Borders stores in Austin's Arboretum area and at Westgate Plaza. The company also touted the Texas authors represented on its shelves and its support of regional causes, from the Texas Book Festival to the Capital Area Food Bank.

"When locating our stores, it is never our intention to pursue a site with the goal of putting another store out of business," Borders officials wrote. "We locate our stores where we see positive growth and development and where there is a ready audience for what we offer."

Alan Cox, a partner in Civic Economics who left Angelou Economic Advisors to help start the firm, said Book People and Waterloo opened their financial records for the study. He said his firm worked off a range of sources -- such as company statements, comments of past employees and job search sites -- to get a picture of Borders' operations.

Michael Oden, a University of Texas professor of community and regional planning, reviewed an early draft of the report. He said academic literature, particularly studies of Wal-Mart openings in small communities, shows that locally owned companies are better for an area's economy than a corporate competitor.

"It was a serious analysis, as far as I could tell," Oden said. "The outcomes that were reported in the draft were plausible. Were they accurate? Do I endorse them? I'd have to see a final draft."

John Breier, vice president for economic development at the Greater Austin Chamber, said he had not seen the report. He added that he knows a lot of people on the Liveable City board and thinks their conclusions should be taken seriously.

"They're doing their best to make sure the analysis is fair," Breier said.

Rather said the report will stand up to the most skeptical analysis. She said she hopes people take its message seriously, particularly as they do their holiday shopping. She also stressed her commitment to keep the debate from degenerating into one of Austin's famous maelstroms.

"I am confident that there is a fair and honorable way forward," Rather said. "I think we're all adults."

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