

What Cabela's could deliver

Analysis estimates \$5 million in annual sales tax, millions of visitors

By Christian Hill

The Olympian

LACEY — Outdoors retailer Cabela's would generate an estimated \$5 million in annual sales tax and could draw 4.5 million visitors to the area each year, according to an analysis included in an application for state grant funding.

Cabela's proposes building a retail showroom in Hawks Prairie if the city successfully secures the funding to pay for road projects.

The city of Lacey, property owner Hawks Prairie LLC and Cabela's signed an agreement that was included in the request for state funds.

Under the agreement, the city would manage construction of the improvements and the property owner, Hawks Prairie LLC, would donate land for the improvements.

The Olympian obtained a copy of the application through a public-records request.

Of the \$5 million in sales tax, \$4.3 million would go to the state, \$561,000 to the city and \$99,000 to Thurston County, according to the analysis. Of the estimated 4.5 million visitors, 40 percent to 50 percent would come from out of state, according to the analysis. The visitors, if all are new tourists to the state, could potentially spend \$397 million to \$497 million each year in the area for food, accommodations and other purchases, according to the analysis.

The estimated windfall to the state in sales-tax from that spending: \$26 million to \$32 million a year, with the city receiving \$3.4 million to \$4.2 million annually. The city received \$5.9 million in sales taxes in 2005.

Denver-based King and Associates Inc., which drafted the analysis, calculated many of the estimates using information from Cabela's. It also used national statistics that report company sales and information from states with Cabela's stores, said Chip King, the firm's president.

The city paid \$5,420 for the analysis.

"It's an estimate, it's a forecast, one we feel comfortable with but one certainly that could be high or could be low," King said. "We feel it's as good a forecast or estimate that one could make based on the experience of Cabela's in other locations."

The 165,000-square-foot showroom being proposed is smaller than the 225,000-square-

foot store originally mentioned for the development northwest of the Interstate 5 interchange on Marvin Road. And while Cabela's signed the agreement, it doesn't explicitly commit the company to build a store in Lacey.

Instead, the company agrees to provide the city with job and investment information during the grant approval process. It also estimates it would spend \$32.6 million to build the showroom and estimates the store would create 233 full-time-equivalent jobs.

Two of Cabela's real estate representatives didn't respond Tuesday to a phone message or e-mail from The Olympian seeking more information.

The state grant program will award money only to projects linked to a current or prospective employer. The agreement "is intended to provide convincing evidence of private development" to meet that requirement.

The total cost for the road and utility improvements is \$34.5 million, and the city is requesting \$9.9 million in grant funding from the Job Development Fund Program, which state lawmakers created last year.

The project would feature a new road network, widen Britton Parkway and make other improvements to serve Cabela's or another "destination" retailer.

The grant funding would pay for 10,000 linear feet of new road on the property and a new lane added to the southbound offramp of the I-5 interchange.

The city is committing \$5 million to pay for some of the remaining tab: \$3.5 million funded by developer fees and \$1.5 million funded by real-estate excise taxes.

Hawks Prairie LLC will donate nearly \$17 million in property for the road network and utility projects. The property owner also has committed \$249,000 for a preliminary engineering report.

Cabela's has committed to pay \$2.4 million in developer fees.

The city estimated the improvements would cost \$29.7 million during a first round of applications to the grant program.

The costs increased because the city received more accurate numbers for the formal application, Assistant City Manager Scott Spence said. The city redacted or removed wage information included in the application obtained by The Olympian. The company consented to the deletion. State law exempts this information from public disclosure.

"We believe it's a competitive wage," Spence said.

The project isn't only about the number of jobs and wages, he added, but the economic benefit to the area and the drawing power Cabela's has demonstrated in other areas for future commercial investment.

Cabela's is known as much for being a tourist attraction as a retailer, and its stores are top draws in many states. The stores feature two-story replica mountains with waterfalls and beaver ponds, 50,000-gallon aquariums with live fish, outdoor walking trails and taxidermy displays.

Cabela's could be a key attraction for an 800-acre project that a local developer has proposed. It would include a huge open-air mall and 5,000 condos, apartments and offices. If the grant money is awarded, construction on the improvements would begin in January and end in January 2008, according to the application. The store would open in April 2008.

Some local residents oppose a private company seeking public subsidies as incentive to build in communities.

Ewald Consulting Inc., a public policy firm in Minnesota, has been hired by Oppidan, the exclusive development for Gander Mountain, another outdoors retail chain. The firm has sent letters to governments considering such subsidies and operates a Web site, www.sayno2outdoorsretailsubsidies.com.

"You don't need to spend this kind of money to get these retailers to locate in your town," said David Ewald, the firm's president and chief executive officer.

Cabela's and its rival, Bass Pro Shops, rapidly are building showrooms across the country. At what point do the showrooms cease to be a destination, Ewald asked.

Whether Lacey joins that list depends in part on state lawmakers. The Legislature will dole up a total of \$49.5 million in grant funding next year.

The state Community Economic Revitalization Board manages the program. It has received 64 applications requesting in excess of \$228 million by the April 3 deadline, according to Matt Ojennus, program coordinator.

The staff is reviewing all the applications. The board will create a prioritized list of projects it deems deserving of grant funding during meetings May 18 and 19.

The list eventually will make it into lawmakers' hands early next year. They have the authority to strike projects from the list but can't reorder the list.

Lawmakers are scheduled to approve the list in April 2007. The money will be available for selected projects starting in September 2007.