

## Salt Lake City Public Market Feasibility Study and Development Plan



Prepared for: Salt Lake City Redevelopment Agency and Downtown  
Alliance of Salt Lake City

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## Executive Summary

### *Recommendation summary*

GSBS Architects and Market Ventures, Inc. conducted an extensive feasibility study and concept development process to determine a viable and impactful year-round indoor public market in the Station Center District of downtown Salt Lake City. The recommended development approach is to rebrand Station Center District as the Salt Lake Market District and create unified management that links the 25-year old Downtown Farmers' Market in Pioneer Park, the Winter Market and event spaces within the Rio Grande Depot, the planned 300 South "festival street," and the proposed year-round indoor Salt Lake City Public Market on Site 5. The consultant team recommends that Urban Food Connections of Utah, the nonprofit that currently runs the Downtown Farmers' Market and Winter Market, manage the Market District and Public Market.

The Salt Lake City Public Market has been conceived as a five story building with three levels of underground parking. The ground floor of about 57,650 sf contains 31 permanent vendor stalls with infrastructure for food preparation and cooking, and a flexible three-day per week operating zone for another 23 vendors. The Public Market's second floor includes common seating, vendor storage, offices, and event and education spaces. Three levels of office, each with a footprint of about 22,500 sf, are situated above a roof deck that includes landscaped outdoor education and event spaces. Open farmers' market sheds are proposed adjacent to the Public Market building on 500 West, providing covered selling areas for farmers on market days and customer parking at other times.

Construction costs for the mixed-used project are estimated at \$57 million. Financial analysis determined that the Public Market can operate with modest positive net income, and therefore no needed subsidy. The office and parking components provide the basis for a positive return on investment for a private developer although with a longer than usual hold period. This suggests that the project will require some development subsidy in addition to a developer's equity contribution and debt financing.

### *Introduction*

The Salt Lake City Redevelopment Agency (RDA), in partnership with the Downtown Alliance of Salt Lake City, retained GSBS Architects and its subconsultant, Market Ventures, Inc. (MVI), to assess the feasibility of creating a year-round, indoor public market at Site 5 in the city's Station Center District. The study explored the potential for a mixed-use development that meets the area's design guidelines, including upper level commercial or residential uses. The public market is intended to build on the success of the Downtown Farmers' Market, which has operated in Pioneer Park (and more recently as a winter market in the Rio Grande Depot) for 25 years. This report was prepared by MVI.

The idea of creating a year-round, indoor public market has been discussed in Salt Lake City for many years. Previous studies conducted by MVI explored a range of potential sites around downtown. In 2015, MVI evaluated the Rio Grande Depot under the scenario that the State of Utah provided the entire building for this purpose. While the building has a number of positive qualities, it can only accommodate a much smaller public market than the market research indicates is optimal and would require expensive upgrades to meet seismic and public

market infrastructure requirements.

### *Goals*

Suggested goals for the Salt Lake City public market are:

1. Provide a catalyst for development of the Station Center District
2. Expand the impact and benefits of the Downtown Farmers' Market
3. Create a hub for Utah's local foods movement
4. Support small business entrepreneurship and create jobs
5. Promote community wellness through food access and education

### *Demand*

Based on MVI's capture rate analysis, vendors in the Salt Lake City public market could reasonably capture \$16.9 million in sales for fresh, specialty and prepared foods at the public market out of the region's \$2.45 billion of total demand, or 0.69% of the total. Visitors represent another \$3.4 million of demand, for a total of \$20.2 million. Assuming average sales of \$800 per square foot, the demand for fresh, specialty and prepared foods at a public market in downtown Salt Lake City could be met with 25,300 leasable square feet, or about 40,200 sf of gross building area.

The Salt Lake City Downtown Farmers Market is the largest and most popular farmers' market in the region, and the customers it attracts will be an important core customer base for the public market. Providing room for the Downtown Farmers' Market's ongoing evolution and continuing to improve the customer experience will ensure that it maintains its dominant position in the region.

The following chart identifies primary customer segments and key factors that will encourage them to shop at the public market. The development program and design should be constructed to attract these customers:

Type	Demographic profile	Key drivers
Regional residents (20 mile trade area)	Higher income Well educated	Unique, interesting, local products Relationships with vendors Fun place to shop Easy access and parking
Downtown residents & employees	Range of income levels Younger	Convenience, quick service Lunch Social opportunities (drinks, classes)

West side residents	Lower income Ethnic/minority	Convenience Financially accessible through SNAP and Double Bucks Culturally appropriate foods
Tourists		Utah products Opportunity to meet Utah food producers Convivial, unique atmosphere

### *Competition*

National food consumption trends, including increased focus on fresh, healthy foods, product traceability, sustainability, and local foods suggest that the public market is right “on trend.” There are no other public markets in the region to offer direct competition. The downtown has several strong food retailers, including Harmon’s at City Creek and Whole Foods Market in Trolley Square. There are no supermarkets in the area to the site’s west and south. The lack of supermarket access is particularly problematic for low income residents in the area. According to USDA, the western side of downtown Salt Lake City is a food desert.

Given the presence of high quality supermarkets, the public market must provide a fundamentally different experience from these competitors. The public market can also play an important role in addressing food for lower income households on the west side of downtown. However, it is important to recognize the challenges that small, independent fresh and specialty food retailers face in providing low-cost products. Their focus on high-quality, unique and artisanal products generally means that they are perceived as expensive by consumers.

### *Supply*

Indoor market vendors might come from four sources: current Salt Lake City Downtown Farmers’ Market participants, existing Salt Lake City area businesses that relocate to or expand into the public market, existing businesses from outside the region that move to Salt Lake City, or start-up businesses. While the public market can support start-ups, at least two-thirds of the leasehold vendors in the market should be experienced, proven operators in order to provide customers with reliable and high quality products and service.

Focus groups and interviews found very strong interest among existing Downtown Farmers’ Market vendors in participating in a year-round, indoor market. The interviews with farmers also confirmed earlier research that found strong interest in utilizing shed structures as part of the outdoor farmers’ market.

The experience of both the Downtown Farmers’ Market and the growing number of kitchen incubators/shared commercial kitchens suggests strong interest among area residents to start and grow food businesses. Many of these businesses utilize the Downtown Farmers’ Market as their initial marketing outlet because of its flexibility, low cost, and access to large number of customers. The Winter Market has proven the consistent demand and supply of products throughout the year.

### *Site analysis*

The Station Center District has recently become a magnet for daytime loitering and drug use, with scores of people encamped along 500 West and adjacent properties. The City, County and private agencies are working to address these challenges, which are complicated because there are so many vacant properties awaiting development in the district. As seen in other communities, creation of a new, large-scale public market can be the catalyst that sparks revitalization of the entire area.

The sites adjacent to the Public Market, once redeveloped according to district development guidelines, will generally support the active, pedestrian-oriented retail and restaurant functions created by the Public Market. The 300 South “festival street” can be an important asset for the Public Market, particularly if it is operated by the same organization.

The site is well served by public transit, including close proximity to the intermodal hub. Since most customers are expected to drive, however, the site must also provide 300 parking spaces for customers on weekends and 140 spaces during the week, plus parking for employees. Parking demand could be even higher if the Market is more successful.

As a distinctive historic landmark visible from I-15 and parts of downtown, the Rio Grande Depot can be an important part of the Public Market brand and help address accessibility challenges to the Market’s site. Extending Pierpont Street between 400 and 500 West will greatly improve vehicular circulation, while new signs and gateway features are needed to direct customers to the site.

### *Development principles*

The following set of development principles form the core strategies for creating a successful mixed-use public market that meets the project’s goals:

- Conceptualize, develop and manage as a **market district**
  - **Rebrand** the Station Center District as the “Salt Lake Market District” in order to strengthen the area’s identity and link together the neighborhood’s key assets, with the Public Market and Rio Grande Depot at the geographic center.
  - Position the Public Market as part of the **evolution of the Downtown Farmers’ Market**, building off its success and sharing brand attributes. The market district should work to ensure that the Downtown Farmers’ Market maintains its status as the region’s premier farmers’ market, providing room for ongoing expansion, consistent year-round operation, and shed structures.
  - Pursue **multiple income streams** for the Public Market, including vendor and commercial rents, site rentals and catering, classes, and grants.
  - Create an integrated **management organization** that efficiently runs the Public Market and the Market District’s programs.
- Develop a new **market hall**
  - Stress **innovation** and **on-site production**, so most products are either grown or made by the producer, continually creating a wide variety of unique and specialty products only available in the Market.

- Recruit passionate and knowledgeable owners who will be **directly involved** with their businesses at the Market, with no national or regional chains.
  - Select vendors with **multiple sales channels** including retail, wholesale, mail order, catering, delivery, corporate sales, etc.
  - Offer a great selection with a **diverse mix of locally-grown fresh, specialty and prepared foods**, along with some crafts and other nonfood products or services.
  - Provide a **range of price points** and create a **welcoming environment** so the Market feels accessible to the entire community and is not perceived as exclusive.
  - Create **two operating zones** – a daily area and a part-time zone (3 days/week) to accommodate a wide range of vendors.
  - Keep **vendor rents affordable**, particularly for staple products and food producers.
  - Create **abundant displays** of fresh and specialty foods, no fast food stalls, and stress the **theater** of being at the Market.
  - Provide **high quality oversight and management** that provides support for start-up entrepreneurs and small businesses, and assures high quality operations and marketing.
- Events
    - Provide a **wide array of event spaces**, from meeting rooms to catered functions to large festivals.
    - Create extensive **event management and food & beverage capabilities** with a **unified promotion and management structure** for event spaces within the Station Center District, including the Public Market, Rio Grande Depot, farmers’ market sheds, and festival street.
    - Conceptualize and schedule events to **complement and support the Public Market**, not impede shopping during busy times (Saturday mornings, holidays).
  - Education
    - Stress **educational offerings**: knowledgeable vendors, classes and events that serve the Market’s diverse clientele, including children and low-income households.
    - Highlight **Utah agriculture and the local foods movement**.
    - Create **unique education spaces**, including a hands-on teaching kitchen, demonstration kitchen, and roof top apiary and fruit trees.
    - Leverage **partnerships and resources** with like-minded organizations.

*Market district*

The following map shows potential boundaries of the Salt Lake Market District, stretching from Pioneer Park to the Intermodal Hub. Further analysis and discussion are needed



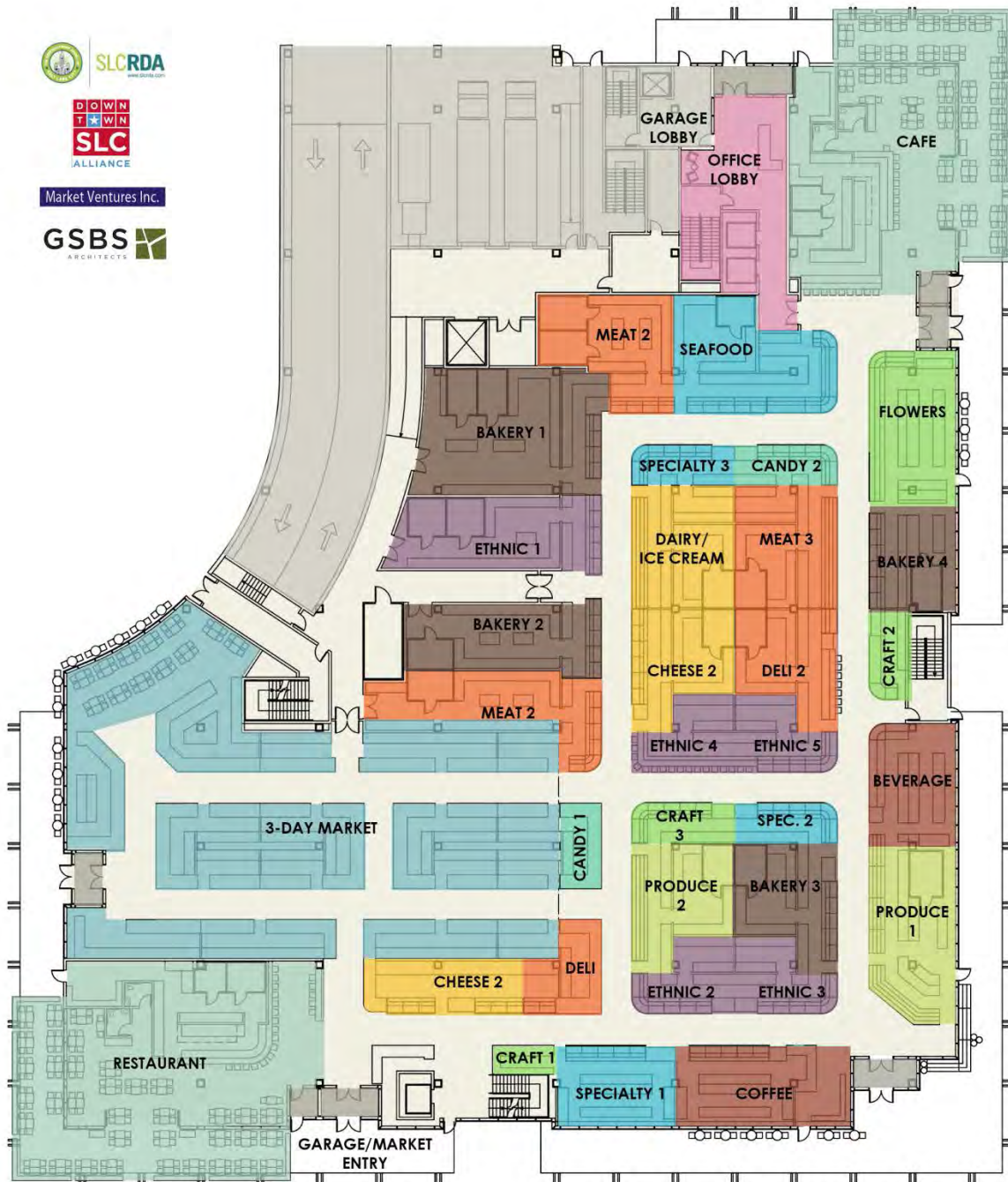
to determine whether 200 South should be included in the district.



Once the boundaries have been set, then branding elements such as banners, signage, interpretive pieces and public art should be explored for the district gateways and streetscape.

### *Design*

Based on the merchandising concept and programmatic functions, the consultant team developed a layout plan for the ground floor of the Public Market:



The layout includes the market hall, which operates every day, and a three-day zone, which will operate on Fridays through Sundays. This zone will provide opportunities for food entrepreneurs who want to expand beyond the outdoor farmers' market but are not ready to commit to daily operations.

The Public Market mezzanine includes restrooms, common seating areas, meeting and

event rooms, the hands-on teaching kitchen, vendor storage, Market office, and an independent office suite that can be rented to a partnering organization.



The following layout plan shows the footprint for the three story office tower, as well as educational and event spaces on the Market’s roof deck. The office footprint is 22,475 square feet, the optimum size for this location and building type. The roof deck can host a wide array of events, including prime seating for musical performances on 300 South.



*Parking*

The Public Market is designed with three levels of underground parking. The parking is accessed from Pierpont Street and has a gating system that can accommodate both permit parkers (primarily office tenants and Market employees) and hourly parkers (Market customers). This parking layout provides 378 spaces for all three levels. Surface parking is also needed on 500 West.

*Perspective drawings*

The consultant team prepared the following exterior and interior rendered views to provide a sense of what the Public Market might look like.





### *Ownership and operations*

Ownership of the property and improvements will depend on the development approach. The site is currently owned by the RDA, which has indicated that it prefers to sell the property as it is doing with other properties in the Station Center District. An experienced local developer should oversee the financing and construction, and lead leasing for the upper level offices. The developer will need to work closely with the Public Market's sponsor to build a facility that meets the Market's distinct needs.

Urban Food Connections of Utah (UFCU) is a tax exempt, nonprofit corporation that has a proven track record of successfully operating the Downtown Farmers' Market and should be the sponsor of the Public Market. Due to the increased complexity of overseeing the Public Market and the Market District, the UFCU board will need to increase its capacity.

UFCU staff should manage the Public Market and associated event spaces around the Market District. This will require a robust management staff under the guidance of an experienced executive director.

UFCU has developed numerous partnerships that provide the basis for ongoing and expanded relationships with the Public Market to help achieve the Market's goals of health and wellness, small business development, and neighborhood revitalization.

### *Financial analysis*

Individual operating pro forma were prepared for 31 permanent vendors in the market hall. Total gross retail sales among these vendors are estimated at \$14.8 million and wholesale sales are estimated at \$1.6 million. Rents rent per square foot and percentage rents vary depending on the type of business, while each business pays a fixed charge for common area maintenance (CAM). Based on projected sales, total costs of occupancy vary from \$35-84 per square foot, with occupancy as a percentage of sales ranging from 5.2% to 11.2%.

The following chart summarizes income and expenses for the Public Market:

Salt Lake City Public Market	Year 1	Year 2	Year 3	Year 4	Year 5
Rental Income	1,529,534	1,594,528	1,749,175	1,800,135	1,885,933
CAM	206,978	213,187	219,582	226,170	232,955
Other Income	724,170	729,170	749,895	771,092	792,775
<b>Gross Operating Income</b>	<b>2,460,682</b>	<b>2,536,885</b>	<b>2,718,652</b>	<b>2,797,397</b>	<b>2,911,662</b>
Vacancy & bad debt	502,384	328,420	230,632	172,643	180,366
<b>Adjusted Gross Income</b>	<b>1,958,297</b>	<b>2,208,465</b>	<b>2,488,021</b>	<b>2,624,754</b>	<b>2,731,297</b>
<b>Operating Expenses</b>	<b>2,089,378</b>	<b>2,152,060</b>	<b>2,216,621</b>	<b>2,283,120</b>	<b>2,351,614</b>
<b>Net Operating Income</b>	<b>(\$131,081)</b>	<b>\$56,405</b>	<b>\$271,399</b>	<b>\$341,634</b>	<b>\$379,683</b>

Based on this analysis, the Public Market operates in the black in by year two.

### *Construction budget*

Land costs are estimated at \$2.6 million based on a recent appraisal of a nearby property.

Construction costs for three levels of office, the two story Public Market, and three levels of underground parking were estimated at \$57.2 million including general conditions, a 15% contingency, A&E fees, and developer fee of 10%.

Soft costs associated with the Public Market, including tenant allowances of \$1.4 million, add another \$3.3 million to the development costs, bringing total construction costs, including land, to \$63 million. Spread over the project's 328,026 square feet, this results in \$192 per sf. This analysis does not include costs associated with financing.

### *Financing*

The consultant team explored a range of mixed-use development options and how they impact financing sources. The proposed mixed-use project provides the basis for a positive return on investment for a private developer although it requires a longer than usual hold period. This suggests that the project will require some amount of development subsidy in addition to a developer's equity contribution and debt financing. Development subsidies might include donation of the property by the RDA and some philanthropic or other public funding.

### *Economic impact*

The Public Market is expected to provide 237 FTE jobs, including vendor employees, restaurant staff, and market management. The office component will likely provide another 202 jobs.

The economic impact of the Public Market was analyzed using RIMS II Multipliers. Based on total vendor and restaurant sales of \$25.2 million, new economic activity is projected to be \$10.5 million. This new economic activity, along with the one-time economic impact of constructing the facility, will lead to a ten-year economic impact estimated at \$293 million.

### *Conclusion*

The rapid growth and popularity of Salt Lake City Downtown Farmers' Market and the Winter Market have demonstrated the potential for market retailing focused on local foods in downtown Salt Lake City in a distinctive though currently temporal setting. A permanent indoor public market can build upon the Downtown Farmers' Market's success but must expand the customer base, continuing to attract customers from a wide geographic region as well as downtown resident, workers, and tourists.

The development program and design considerations have been informed by the experiences of public markets around the country but the Public Market needs to be conceptualized as a place that is a unique reflection of Salt Lake City. The permanent vendors within the market hall are recommended to be food producers, not just retailers, so they can continually innovate and compete with larger competitors.

Partnerships can play an important part in the public market's development and operation, building on the organizational assets that exist throughout Salt Lake. In particular, the area's strong health care organizations and nonprofits focused on education and food provide



unique opportunities for partnerships to address community wellness issues such as the high obesity rate. The mixed-use vision for the public market could integrate health care or educational components and therefore “in place” partners for a wide range of programming.

While public markets can be highly impactful and achieve a variety of notable goals, they are also challenging to develop and operate. This feasibility study is an important step toward creating the right development concept and reducing risk. To move forward, the project will need skilled and experienced design, development, leasing, and management teams with adequate financial resources. The proposed plan offers a feasible public market facility for Salt Lake City that will meet the project goals.

## Introduction

The Salt Lake City Redevelopment Agency (RDA), in partnership with the Downtown Alliance of Salt Lake City, retained GSBS Architects and its subconsultant, Market Ventures, Inc. (MVI), to assess the feasibility and create a development concept for a year-round, indoor public market within the city’s Station Center District. The public market is intended to build on the success of the Salt Lake City Downtown Farmers’ Market, which has operated in Pioneer Park (and more recently as a winter market in the Rio Grande Depot) for 25 years. The planning and feasibility process described in this report provides a firm foundation of market research, community engagement, analysis, and best practices from similar facilities around the country.

## Background

The idea of creating a year-round, indoor public market has been discussed in Salt Lake City for many years. Previous studies conducted by MVI explored a range of potential sites around downtown. MVI’s work in 2011 proposed a phased development approach, including establishment of a winter market in the Rio Grande Depot, followed by creation of open-air sheds within the median of 500 West (on the west side of the Rio Grande Depot) and the eventual creation of a daily public market facility in the Station Center District. The Downtown Alliance implemented the winter market in 2013, which operates every other Saturday from November through April. This expansion has proven to be very successful.

The 2011 study identified the site at the northwest corner of 500 West and 300 South (the SDI Building, which is now owned by the RDA and the subject of this study) as a preferred location due to its adjacency to the Rio Grande Depot and the plan to redesign 300 South as a “festival street.” The RDA has identified a public market as a key element of the Station Center District, which is intended to be a vibrant, mixed-use, transit-oriented community. The following map shows the project site and its relationship to 300 South, the Rio Grande Depot, Pioneer Park, and the Intermodal Hub:



The Rio Grande Depot has been identified as a potential site for the public market. In 2015, MVI evaluated the Rio Grande Depot under the scenario that the State of Utah provided the entire building for this purpose. MVI identified the pros and cons of this location and created a layout plan that illustrated a potential market facility within the building. Its principal benefits include a beautiful landmark structure with strong visibility and familiarity among regional residents, its close proximity to Pioneer Park and the Downtown Farmers' Market, and some existing infrastructure such as restrooms and a restaurant. Major drawbacks included significant design restrictions due to historic guidelines, branding challenges due to the lack of exterior windows and limitations on signage, loud acoustics in the main hall, and limited parking. The building requires substantial, potentially very expensive seismic upgrades. Finally, the area that would work for the food market is only 8,600 square feet, far below what is needed to make a robust market facility that will draw residents and tourists on a regular basis. The layout plan contains only 13 vendors, far below the 31 proposed in this concept plan. For these reasons, the Rio Grande Depot is considered less feasible than the proposed site, although it is still a critical part of the proposed Salt Lake Market District concept for its ongoing function as the site for the Winter Farmers' Market and for events.

## Approach

Public markets come in many sizes and configurations; there is not a standard model. Rather, key common elements of public markets include:

- Clearly defined public goals, which typically focus on supporting small, independent businesses and a region's local food system.
- Small independent specialty food vendors that feature foods grown and produced in the region. Chain stores are generally prohibited within authentic public markets.
- Great public spaces that welcome all elements of the community.
- Active, on-site professional management that provides a range of services to ensure the public market meets its goals and supports the vendors.
- Community linkages that help the public market meet the evolving needs of the local population and leverages resources for education and training.

Many public markets have strong education programs and host special events for the community. Some markets focus on food production within the facility, provide shared commercial kitchens, and encourage wholesale sales and distribution.

The public market in Salt Lake City must be a unique response to the opportunities of its site and region, the interests and skills of the area's food entrepreneurs and farmers, and the aspirations of the community. To be feasible economically, the public market will need sufficient and consistent income streams to ensure that revenues exceed the costs of operations and debt service (if any), while simultaneously meeting the market's public goals.

To determine a public market's feasibility, MVI seeks to determine if five critical elements can be achieved:

1. A **great site** with excellent visibility, access, parking, and supportive adjacent uses.

2. Sufficient **consumer demand** to support all of the businesses in the market.
3. The ability to attract **high quality vendors** to the market.
4. The ability to create a highly functional and attractive **physical environment** that offers a rich sensory experience of sights, sounds, smells, and tastes within an architecturally distinct setting.
5. The capacity to **develop and manage** the public market efficiently and effectively.

The research explored each of these topics. Specifically, this report includes the following elements:

- Proposed public market goals.
- Demand analysis, including determination of trade areas and consumer segmentation.
- Competitive analysis, including research into existing and proposed grocery and fresh food options in the city.
- Supply analysis, exploring the likelihood of attracting desired vendors to the public market.
- Development program, including core strategies, program elements, and design considerations.
- Site analysis, assessing issues such as zoning requirements, circulation and access, current and planned adjacent uses, and parking.
- Design, including creation of a conceptual plan for the public market at the SDI building site.
- Ownership and operational structure, including a staffing plan and partnership opportunities.
- Financial analysis, including a five year operating pro forma, development budget, and financing sources.
- Economic impact, assessing both the direct benefits and multiplier effects of the public market.

### **Consultant team**

The consultant team was led by Jesse Allen, AIA, ASLA, of GSBS Architects. GSBS team members included Christine Richman, an economic development specialist, and Heather Landvatter. Ted Spitzer, President of Market Ventures, Inc. led the public market planning process and wrote this report. Hugh Boyd, FAIA, Senior Associate of MVI, led the public market design effort.

### **Study approach and methods**

The RDA and Downtown Alliance established a Steering Committee of community and business leaders to meet periodically throughout the study to review the research and

development concepts and offer feedback and insights. Members of the Steering Committee are identified by asterisk on the interview list in Appendix A.

MVI led a trip of Steering Committee members on a study tour of public markets in Michigan, which has a rich trove of historic and newly developed market facilities. The group visited the Grand Rapids Downtown Market and nearby Fulton Street Farmers' Market, Lansing City Market, Ann Arbor Farmers' Market and Kerrytown Shops, Flint Farmers' Market, and Eastern Market in Detroit.

Principle feasibility study research methods included key informant interviews, review of relevant reports, a community internet survey, vendor focus groups, site inspections and observations of the Downtown Farmers' Market and Winter Market, tours of regional food offerings, and secondary data analysis. MVI also relied on its 25-plus year experience studying, planning, developing, and operating public markets to bring understanding of national best practices to this project. A list of everyone interviewed, including local business leaders, food retailers, restaurateurs, public officials, educators, and representatives of various nonprofit organizations, is found in Appendix A.

## Goals

By definition, public markets have social and economic development goals. An important part of the planning process is defining these goals so they succinctly capture what the public market is meant to achieve. Once determined, the goals should help drive decision-making during the planning, development, and operational phases, and they should be used to evaluate the market's achievements.

Suggested goals for the Salt Lake City Public Market are:

1. Provide a catalyst for development of the Station Center District
2. Expand the impact and benefits of the Downtown Farmers' Market
3. Create a hub for Utah's local foods movement
4. Support small business entrepreneurship and create jobs
5. Promote community wellness through food access and education

A mission statement for the public market should be established by its developer/sponsoring organization, with input from the market's key constituents. Sample mission statements from other public markets are found in Appendix B.

## Demand analysis

Demand analysis looks at who might purchase from a public market at the proposed site, what types of products buyers are likely to purchase, and what factors will either encourage or discourage them from becoming regular shoppers. High-potential customers are segmented and described. The demand analysis seeks to quantify the magnitude of potential demand in order to inform the sales potential of market vendors.

### Consumer internet survey

MVI designed and implemented an internet-based survey to gather input from area residents about their experiences (if any) with the Downtown Farmers' Market and their perspectives on creating a new, indoor public market in downtown Salt Lake City. The survey was promoted by the Downtown Alliance through press releases to media, list serves, and neighborhood organizations.

The survey received a very strong response, with 4,964 surveys completed during September and October 2016. Respondents are self-selected and therefore do not represent a random sampling of the general population. Compared to the region's population, the respondents are more likely to be women, they are generally wealthier, have higher levels of education, and are more likely to shop at farmers' markets. However, by analyzing the responses of subgroups (including those who are not regular farmers' market shoppers), the large size of the dataset provides an opportunity to explore how a wide range of people perceive and experience food shopping in Salt Lake City and the proposed public market. Furthermore, more educated, wealthier women are typically the highest spending customers at public markets so the survey respondents mirror the most important customer demographic segment. A full analysis of the survey and findings was provided to the client under separate cover. Highlights of the survey are presented here.

Survey respondents have the following demographic qualities:

- 98% are primary shoppers for fresh foods in their households.
- Women represented 77% of the respondents; men 23%. While women are clearly oversampled since half of the population is female, they are typically more likely to shop at a public market.
- Respondents live throughout the region (152 different zip codes), with slightly less than half (47%) coming from zip codes within Salt Lake City.
- Survey respondents have higher incomes and higher levels of educational attainment than the general population, which is typical of public market shoppers.
- Survey respondents were younger than the general adult population, with the largest group in the 30-39 year bracket, followed by those 20-29.
- Only 9% of survey respondents identified as Hispanic or Latino, compared to 17% of the population in the metropolitan area.

Some of the key findings from the community internet survey include:

- Nearly all respondents (92%) have visited the Downtown Farmers' Market in the past, with an even higher percentage of those with higher incomes. Among those who have visited, nearly all have visited in the past year (89%). Amongst those who have visited in the past year, half visited infrequently (1–3 visits), while only 13% visited very frequently (more than 10 times).
- The largest group of respondents (51%) travel 11-30 minutes to reach Downtown Farmers' Market, while 15% travel 30 minutes or more to get there. This shows that the Downtown Farmers' Market is a regional draw.
- The vast majority of customers (82%) drive to the Downtown Farmers' Market, underscoring the importance of parking. Among those who had not visited in the past year, the most frequent reason for not visiting was the difficulty with finding parking.
- Half of the respondents identified the Downtown Farmers' Market as a place where they buy most of their fresh foods in the summer. Smith's, Harmon's and then other farmers' markets were the next most likely places to buy fresh foods, and therefore the principle competition to consider when creating the new public market.
- The Downtown Farmers' Market is ranked highly by respondents, particularly for the friendliness and good service provided by vendors. The Market scored lowest for prices, easy access, and selection of products. Nearly all respondents feel the Downtown Farmers' Market is fun and they would recommend it to friends or relatives. Given the strong positive feelings about the Downtown Farmers' Market, it will be important to replicate these factors with the public market and closely link the public market and Farmers' Market brands.
- When asked about products they would like to see offered for sale in a new indoor market facility, respondents expressed the greatest interest in having fruits and vegetables, baked goods, local specialty foods, cheeses and meats. They also expressed strong interest in hand-made crafts, and Mediterranean, East Asian, and Latin American prepared foods.
- Respondents expressed strong likelihood in shopping at a new indoor public market in Salt Lake City on a regular basis, particularly for lunch and on Sundays. The strong interest was apparent among all demographic groups, with small but statistically valid differences showing greater interest among younger respondents and greater interest among those with lower levels of educational attainment. Respondents who live closer to downtown Salt Lake City also had higher levels of interest. Even the survey respondents who have never visited the Downtown Farmers' Market expressed strong (although lower) interest in visiting a public market in downtown Salt Lake City.

Overall, the community survey found strong support and enthusiasm both for the Downtown Farmers' Market and for the public market.

## **Consumer demand**

According to research that MVI has conducted at public markets around the country, markets attract a wide range of shoppers in terms of age, ethnicity, and income level. In general,



families buy more fresh food than individuals or people living in unrelated households, and people with higher income levels (\$75,000 and above) are more frequent shoppers and spend more than people with lower incomes. Education level is an important indicator of interest in high quality and local foods – people with higher levels of educational attainment are generally higher spending customers. The highest spending customer is typically a 40 to 55 year old, higher income woman.

What is unusual about some public markets, however, is their ability to appeal to both the highest income shoppers and lower income shoppers, particularly when markets are located in places that are easily accessible to both inner city and suburban shoppers. While higher income shoppers might be drawn by unique products and superior quality, lower income and elderly shoppers appreciate the ability to purchase smaller quantities, the opportunity to negotiate with empowered owners, ethnic specialties, and competitive prices. The downtown location of many public markets makes them accessible to lower income households living in the inner city, while many public markets feature vendors that sell culturally-appropriate foods to ethnically and racially diverse customers. Many markets have programs to lower costs for low income families, encouraging the use of SNAP (food stamps), WIC farmers' market coupons, and "Double Bucks" to make local fresh food more affordable.

## Residents

Based on shopping patterns seen at other similar facilities, MVI defines three trade areas for public markets:

1. A nearby area in which the market is the most or very convenient place to buy fresh food and in which there is limited, if any competition;
2. an area in which the market is reasonably convenient and accessible, but where there is substantial competition; and
3. an area where the market is not convenient yet can regularly attract a small percentage of residents who appreciate the unique shopping experience and products available at the market.

"Visitors" are defined as anyone who lives outside the three trade areas. Based on these definitions and the area's geography, the proposed trade areas for the indoor public market are a 2.75 mile ring around the site, the band between 2.75 and 10 miles, and the band between 10 and 20 miles (see maps in Appendix C). These are the same trade area bands used in MVI's 2008 feasibility study, allowing comparisons between these two time periods.

1. **Residents of a 2.75 mile ring around the site.** This ring, which encompasses 24 square miles, includes the entire downtown area and nearby neighborhoods, from I-215 in the west to I-80 on the south. The market can be considered easily accessible for residents in this trade area: some will be able to walk to the public market and for others it will be a short drive, bike ride, bus or light rail trip. Competition in this area for fresh foods increased considerably since 2008, with development of a Whole Foods Market at Railroad Square and creation of a new Harmon's within the City Creek project.

2. **The band between 2.75 and 10 miles.** This band stretches from Sandy in the south to the Great Salt Lake in the west and Centerville in the north, and encompasses 290 square miles. A significant part of this trade area is not populated because of the mountains. The public market will reasonably convenient to residents and workers in this area, particularly those arriving by car but also by the region’s robust public transit system. There are many grocery stores in this trade area.
  
3. **The area between the 10 and 20 mile rings.** The area within this band is 942 square miles, although much of it is either the Great Salt Lake or mountains. Based on MVI’s research at other public markets, this represents the typical extended catchment area for a large downtown public market. Because of the distance, the site cannot be considered convenient to residents of this area but rather could draw customers who care about high quality foods and a unique shopping destination. During the workweek, the market will be convenient for people who live in this area but work in downtown Salt Lake City. Based on drive times and zip codes, many shoppers at the Downtown Farmers’ Market come from this trade area. The site’s close proximity to the region’s major north-south interstate increases its accessibility.

Demographic data about the three trade areas were acquired from Nielsen, a national market research data company. The acquired data include 2010 U.S. Census information, estimates developed by Nielsen for 2016 based on the 2010 Census, and projections for 2021.

Data about the three trade areas are summarized in the chart below. Each band is independent – only the “total” section aggregates the three bands:

Demographics	2.75 m ring	2.75-10 m band	10-20 m band	Total	USA
Population 2010 census	115,581	548,426	515,264	1,179,271	
Population 2016 estimate	122,906	576,350	576,395	1,275,651	
Population 2021 projection	129,381	603,457	621,343	1,354,181	
Population change 2010-2016 (%)	6.3%	5.1%	11.9%	8.2%	4.4%
Population change 2016-2021 (%)	5.3%	4.7%	7.8%	6.2%	3.7%
Population change 2016-2021	6,475	27,107	44,948	78,530	
Racial diversity (% non-white)	30.9%	22.7%	12.4%		28.9%
Percent Hispanic 2016	29.0%	19.7%	10.8%		17.6%
Households 2016	52,156	199,725	172,776	424,657	
Households 2021	55,807	210,310	186,598	452,715	
Household change 2016-201	7.0%	5.3%	8.0%	6.6%	3.9%
Average household size	2.36	2.89	3.34	3.00	2.55
Family households 2016	24,259	139,957	140,983		
Family households 2016	46.5%	70.1%	81.6%		66.4%

Demographics	2.75 m ring	2.75-10 m band	10-20 m band	Total	USA
Average household income 2016	\$63,917	\$81,865	\$102,697		\$77,135
Average household income 2021	\$74,715	\$92,731	\$115,781		\$83,619
Change HH income 2016-2021	16.9%	13.3%	12.7%		8.4%
Household income >\$75,000/yr	13,950	80,120	96,541	190,611	
Household income >\$75,000/yr (%)	26.7%	40.1%	55.9%	44.9%	
Household income <\$15,000/yr	8,679	16,594	6,741		
Household income <\$15,000/yr (%)	16.6%	8.3%	3.9%		
Median age	33.1	33.1	31.4		38.0
Resident age 35-64	44,008	202,403	207,389	453,800	
Targeted age range (35-64)	35.8%	35.1%	36.0%		39.5%
Residents with bachelor's or higher	28,121	112,929	119,642	260,692	
Bachelor's Degree	20.2%	19.5%	23.7%		18.3%
Master's, Professional or Doctorate	13.7%	11.5%	11.5%		11.0%
No Vehicles	15.1%	4.9%	2.5%		

- Trade Area 1: 2.75 mile ring

Within the 2.75 mile ring, population is estimated at 122,906 people in 2016, a large 6.3% increase from the 2010 Census count of 115,581. The population is expected to increase again by 2021, with nearly 6,500 more people or 5.3% growth. By comparison, the population of the United States is expected to grow 3.7% between 2016 and 2010. Regardless of other demographic factors, increased population leads to higher demand for fresh and prepared foods.

The trade area is estimated to have 52,156 households in 2016, with an average household size of 2.36 people, which is well below the national average of 2.55 and the other two trade areas. Only 46.5% of these households are families, much lower than the national average of 66.4% and far below the other trade areas. Typically, larger household sizes and larger percentages of families suggest higher than average purchases for fresh food.

Population growth might be even faster if the housing supply continues to increase. According to the *2016 State of Downtown* report, prepared by CBRE and the Downtown Alliance of Salt Lake City, there is substantial need for both affordable and market-rate housing in the city, with a current deficit of 4,720 affordable units and 6,043 market-rate units.<sup>1</sup> If created, these nearly 11,000 new housing units would approximately double the projected population growth rate for downtown and create more potential shoppers for the public market.

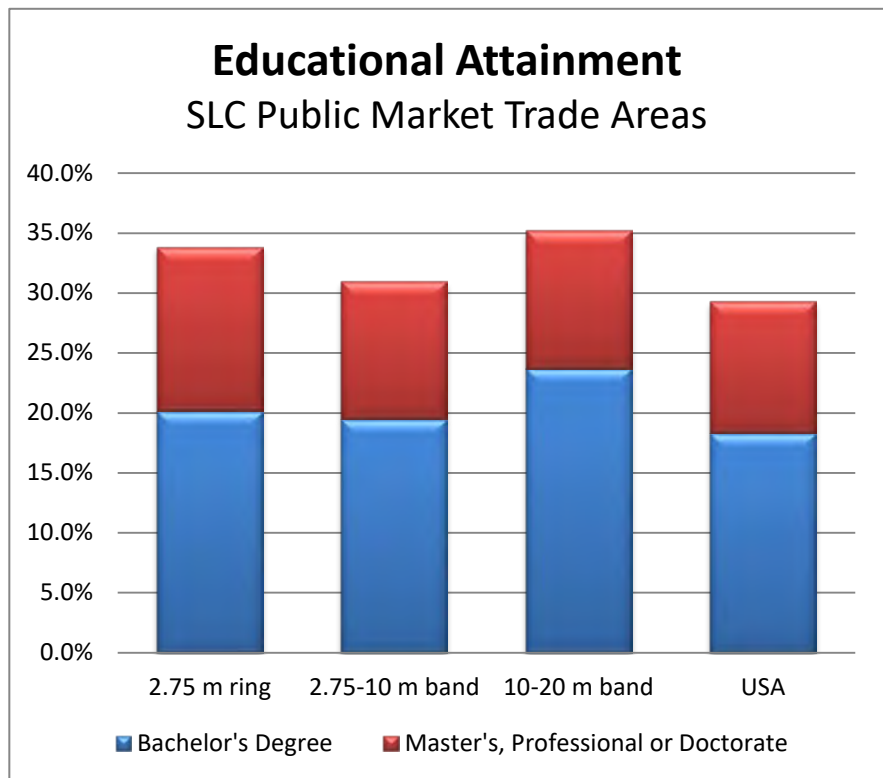
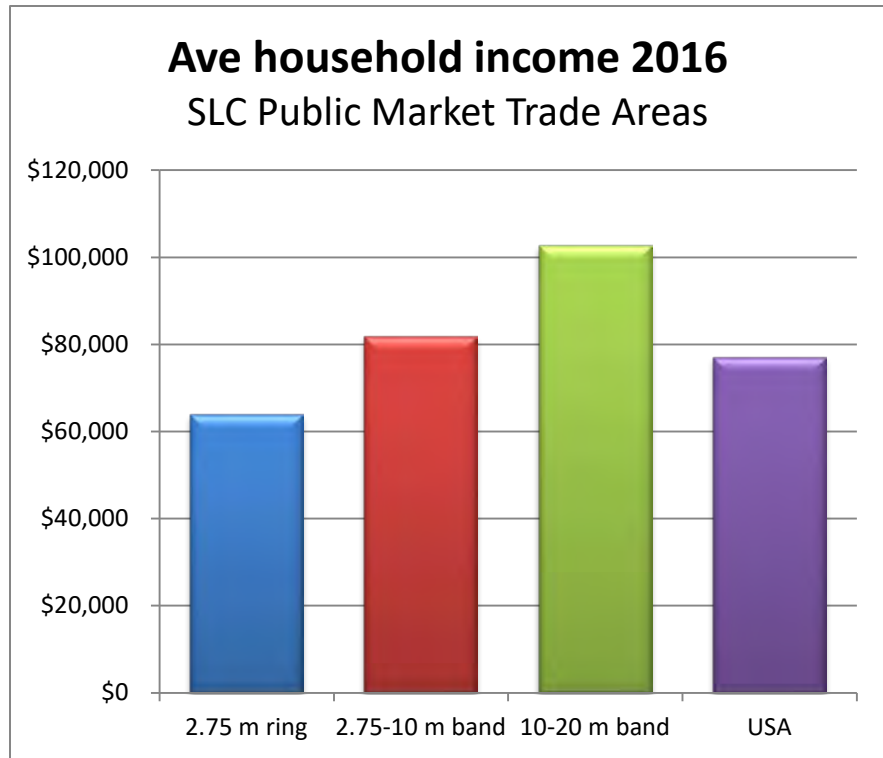
The median age of the population, at 33.1, is well below the national median of 38.0. A

<sup>1</sup> <http://www.downtownslc.org/development/reports-data>, page 14.

low 35.8% of the population is in the targeted age range of 35 to 64, compared to the national average of 39.5%. This suggests that residents of this trade area might have lower purchases at the public market than other shoppers.

Average household incomes in this area are the lowest of the three trade areas and well below the national average (see chart, “Average Household Income 2016: SLC Public Market Trade Areas”). Average household income in this trade area is \$63,917 compared to \$81,865 in the second area and \$102,697 in the third area. 16.6% of households have income less than \$15,000 per year. There are 13,950 households with income above \$75,000, or 26.7% of the total. These residents from higher income households are likely to be key customers for the Salt Lake City public market. The lower income residents could be attracted to the public market if there are robust programs to lower product costs, such as the Double Bucks program.

While average incomes are somewhat low, educational attainment in the first trade area is high, surpassing both the second trade area and the national average: 20.2% of those 25 years or older have a bachelor’s degree, while 13.7% hold a master’s professional, or doctorate degree. The chart labeled “Educational Attainment” clearly demonstrates the



high educational attainment in the first and third trade areas compared to the national average. Educational attainment can be strongly correlated with higher spending for quality food, so this demographic quality suggests that sales might be higher in the first and third trade areas.

The population in the first trade area is racially diverse compared to both the other areas and the country. 30.9% of residents identified themselves as non-white compared to 28.9% nationally. 29.0% of the population identified as Hispanic. In communities with large populations of recent immigrants, these residents can be frequent public market shoppers because of their familiarity with market trade in their countries of origin, assuming the market offers products that appeal to this group of consumers, prices are within their means, and they are made to feel welcome at the market and encouraged to shop there.

While the demographic data are for residents, the public market will also be in close proximity to employees in downtown Salt Lake City. According to the *2016 State of Downtown* report, downtown employment grew by over 1,100 positions to 74,150 workers in 2015.<sup>2</sup> Large new office buildings, including 111 Main Street, are projected to add another 3-4,000 jobs in 2016. New construction in Station Center District will add both residents and workers to the blocks around the public market. This concentration of jobs and businesses provides a strong potential source of sales for public market vendors, for retail sales, meals, and corporate sales and catering.

Most downtown employees work in offices (81.0%), followed by 10.4% in restaurants and 4.7% in retail. Some public markets attract a strong lunch business from nearby workers, which might be particularly true with so many office workers here. The market might also attract downtown employees to shop for fresh and specialty foods on their way to or from work.

Overall, the first trade area is densely populated, has a fairly large and growing population and has a large number of daytime workers. While residents in the area have some demographic characteristics which suggest that sales might be lower than typical (small household sizes, few families, and younger residents), there are countervailing characteristics that suggest higher sales, including high levels of education and rapidly growing income levels.

- Trade Area 2: Area between 2.75 and ten mile rings

This band has a land area of about 290 square miles, which is over twelve times the land mass of the 2.75 mile ring. The population is estimated at 576,350 people in 2016 and it is expected to grow slightly to 603,457 people by 2021, a 4.7% expansion, according to Nielsen. This is the slowest growth rate of the three areas but still well above the national average of 3.7%. This trade area currently has about the same number of residents as the third area, although the third area is expected to grow faster and therefore eclipse it in population.

The second trade area is divided into 199,725 households, with an average household size of 2.89, larger than the first trade area (2.36) and well above the national average of 2.55. The number of households is expected to increase by 5.3% over the next five years.

This population has the same median age of 33.1 years as the first trade area and a slightly smaller percent of residents in the targeted age range of 35-64 at 35.1%. The percentage

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<sup>2</sup> <http://www.downtownslc.org/development/reports-data>, page 11.

of family households (70.1%) is well above the national average of 66.4%.

Average household income in this area is \$81,865, above the national average of \$77,135 and the middle of the three trade areas. 40.1% of the households have income of more than \$75,000, or 80,120 households, while 8.3% have household income below \$15,000.

Educational attainment in this trade area is the lowest of the three trade areas but above the national average, with 19.5% of adults having attained a bachelor's degree and 11.5% a higher degree.

The demographic characteristics of residents in the second trade area are generally supportive of the public market: there is a large residential base with many families and high incomes and strong educational attainment.

- Trade Area 3: Area between 10 and 20 mile rings

This band has a land area of about 943 square miles, which is three times larger than the second band. In 2016, the trade area contains 576,395 people divided into 172,776 households. According to Nielsen, this area will experience very rapid population growth of 7.8% over the next five years, far surpassing the national population growth rate of 3.5%.

This trade area has the largest proportion of family households (81.6%), far surpassing both the other two trade areas and the national rate of 66.4%. Average household size of 3.34 is also well above the national average of 2.55 and the other two trade areas.

The median age is 31.4 is far below the national average of 38.0 and the youngest of the three trade areas. 36.0% of residents are within the desired 35-64 age band, below the national average but above the other two trade areas.

Average household income in the third trade area is \$102,697, far above the other trade areas and surpassing the national average of \$77,135 as well. A very high percentage (55.9%) of households has income of more than \$75,000, which translates into 96,541 households.

Educational attainment in this trade area is very strong: 23.7% of adults have a bachelor's degree and 11.5% have a master degree or higher. There are 119,642 residents with a bachelor's or higher.

The demographic characteristics of residents in the third trade area suggest they might have strong interest in a public market. Many residents are within the targeted age range of 35-64 and household incomes are very high, as is educational attainment. Of course, residents of this trade area are the furthest from downtown Salt Lake City and therefore the public market will not be convenient for them to shop on a regular basis. Many of them have also chosen a suburban lifestyle and might not feel comfortable or motivated to shop in an urban setting. According to key informants, many suburban residents are members of the LDS church, which has substantial tithing practices that can limit discretionary income.

## Visitors

In some public markets, visitors make up a significant percentage of the clientele. Tourists are attracted to public markets because they are unique places, offering a window into the culture of the region where they are located. As Americans have become more interested in

food and cuisine, they are searching out public markets when they travel. Tourists are often well educated and higher income, and willing to spend significantly at a market.

Tourists are generally more interested in buying prepared foods, easily transported products, and craft items than fresh foods. Some fresh food vendors in public markets have found creative ways to sell to tourists, such as the fish merchants at Pike Place Market who ship fresh seafood throughout the country.

The site is within walking distance of existing tourist attractions, including Temple Square and The Gateway, close to downtown hotels, and within easy driving access of the airport. This suggests the public market could be a popular destination for tourists although there are some challenges related to pedestrian access and visibility that need to be addressed (discussed below).

### **Sales potential**

Based on the demographic profile of area residents and typical expenditure patterns as determined by the Bureau of Labor Statistics' Consumer Expenditure Survey, Nielsen estimates the retail sales potential for consumer goods. Using their estimated per capita expenditures for various food items, Nielsen creates a Food Purchasing Index that compares local expected purchases to national averages on the household level. In any category, a score of 100 means that households within the defined trade area are expected to buy exactly the same as the national household average. If households in the targeted trade area are expected to purchase less of a particular product, the index will be less than 100. Conversely, if they are expected to buy more of a certain item, the index will be more than 100. For example, if the average household in the trade area is expected to buy \$1,200 worth of baked goods per year and the national average is \$1,000 per household, then the index would be 120.

For each trade area, the 2016 estimated food purchasing index for typical products at public markets is:

## Index to USA Score

Year 2016 Estimate

**Food at Home – overall**  
**Food away from Home - overall**

### *Market categories*

	Salt Lake City Public Market		
	2.75 m ring	2.75-10 m band	10-20 mile band
Bread	85	105	120
Dairy	92	111	127
Cheese	95	118	137
Meat	84	105	120
Poultry	88	104	117
Prepared foods	96	115	131
Produce – fresh	95	112	124
Seafood - fresh	67	87	103
Specialty food (jams, jellies)	86	110	128
Sweets (candy)	99	123	143
Beverages - nonalcoholic	92	108	121
Beer	97	111	120
Wine	86	102	121

The food purchasing index generally correlates to household income, so the scores are typically below 100 in areas where incomes are below national averages. All of the scores in the first ring are below 100, with the highest scores for beer, sweets, prepared foods, fresh produce, and cheese. The lowest score for every trade area is seafood. The index scores are above average for the second trade area and well above average for the third area.

These findings support the conclusions in the demographic analysis, suggesting that residents in the first trade area might be slightly lower users of the public market for fresh and specialty foods while residents of the other trade areas might be higher, although the public market will need to be a unique, large attraction to overcome the greater distance these residents must travel to shop there.

The charts below show Nielsen estimates for aggregate annual food and beverage expenditures divided between the types of products typically found in public markets, in thousands of dollars. These charts show the magnitude of demand in the three trade areas and how that demand might change in the next five years. Due to projected population and income growth, Nielsen predicts that demand will increase substantially over the next five years in the first trade area, with \$16.5 million more demand by 2021 for fresh and specialty foods and \$13.4 million more demand for food away from home:



## Consumer Expenditures: Food & Beverage, SLC Public Market

<b>2.75 m ring</b>	2021			
<b>Market categories</b>	2016 Estimate	Projection	Δ \$	Δ %
	(000s)	(000s)	(000s)	
Bread	\$8,051	\$8,764	\$713	8.9%
Dairy	\$25,339	\$28,041	\$2,702	10.7%
Cheese	\$6,888	\$7,691	\$803	11.7%
Meat	\$24,512	\$26,876	\$2,365	9.6%
Poultry	\$8,621	\$9,391	\$770	8.9%
Prepared foods	\$13,404	\$14,730	\$1,326	9.9%
Produce - fresh	\$27,719	\$30,760	\$3,041	11.0%
Seafood - fresh	\$2,480	\$2,771	\$290	11.7%
Specialty food	\$14,449	\$16,076	\$1,627	11.3%
Sweets (candy)	\$5,043	\$5,608	\$565	11.2%
Coffee/Tea	\$6,669	\$7,422	\$753	11.3%
Wine/Beer	\$11,865	\$13,380	\$1,515	12.8%
<b>Total</b>	<b>\$155,040</b>	<b>\$171,511</b>	<b>\$16,471</b>	<b>10.6%</b>
<b>All Food at Home</b>	<b>\$204,213</b>	<b>\$225,265</b>	<b>\$21,052</b>	<b>10.3%</b>
Lunch - Fast Food	\$19,722	\$21,647	\$1,925	9.8%
Lunch - Full Service	\$14,389	\$16,331	\$1,942	13.5%
Dinner - Fast Food	\$20,480	\$22,412	\$1,932	9.4%
Dinner - Full Service	\$33,577	\$38,447	\$4,870	14.5%
<b>All Food Away Home</b>	<b>\$110,081</b>	<b>\$123,468</b>	<b>\$13,387</b>	<b>12.2%</b>

In the second trade area, demand for fresh and specialty foods is expected to increase rapidly by 8.4%, with an aggregate increase of \$60.1 million, to a total of \$776 million of demand for these foods. Demand for food away from home will increase even more rapidly, with an 11.9% increase or \$58.4 million more demand.

## Consumer Expenditures: Food & Beverage, SLC Public Market

<b>2.75-10 mile band</b>	2016 Estimate	2021 Projection	Δ \$	Δ %
<b>Market categories</b>	(000s)	(000s)	(000s)	
Bread	\$38,080	\$40,536	\$2,456	6.4%
Dairy	\$117,474	\$127,413	\$9,939	8.5%
Cheese	\$32,552	\$35,447	\$2,895	8.9%
Meat	\$117,427	\$126,708	\$9,281	7.9%
Poultry	\$38,853	\$41,854	\$3,001	7.7%
Prepared foods	\$58,978	\$63,717	\$4,739	8.0%
Produce - fresh	\$125,006	\$136,003	\$10,997	8.8%
Seafood - fresh	\$12,352	\$13,474	\$1,122	9.1%
Specialty food	\$68,462	\$74,305	\$5,843	8.5%
Sweets (candy)	\$23,957	\$25,869	\$1,912	8.0%
Coffee/Tea	\$29,970	\$32,586	\$2,616	8.7%
Wine/Beer	\$52,962	\$58,251	\$5,289	10.0%
<b>Total</b>	<b>\$716,073</b>	<b>\$776,163</b>	<b>\$60,090</b>	<b>8.4%</b>
<b>All Food at Home</b>	<b>\$924,607</b>	<b>\$1,028,229</b>	<b>\$103,622</b>	<b>11.2%</b>
Lunch - Fast Food	\$84,659	\$91,292	\$6,632	7.8%
Lunch - Full Service	\$66,504	\$73,110	\$6,606	9.9%
Dinner - Fast Food	\$89,174	\$96,061	\$6,887	7.7%
Dinner - Full Service	\$155,881	\$172,580	\$16,698	10.7%
<b>All Food Away Home</b>	<b>\$489,460</b>	<b>\$547,906</b>	<b>\$58,446</b>	<b>11.9%</b>

In the third trade area, demand for the fresh and specialty food categories is projected to increase \$81.2 million (11.6%) to \$783.1 million, while demand for food away from home will increase \$46.2 million or 9.4%.

## Consumer Expenditures: Food & Beverage, SLC Public Market

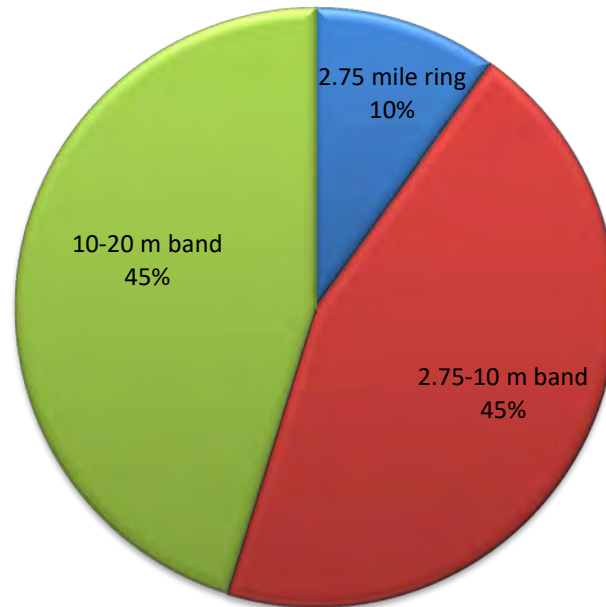
<b>10-20 mile band</b>	2021			
<b>Market categories</b>	2016 Estimate	Projection	Δ \$	Δ %
	(000s)	(000s)	(000s)	
Bread	\$37,559	\$41,141	\$3,582	9.5%
Dairy	\$115,586	\$128,844	\$13,258	11.5%
Cheese	\$32,827	\$36,791	\$3,964	12.1%
Meat	\$116,428	\$129,467	\$13,039	11.2%
Poultry	\$37,808	\$41,993	\$4,185	11.1%
Prepared foods	\$56,388	\$63,017	\$6,629	11.8%
Produce - fresh	\$120,113	\$134,388	\$14,275	11.9%
Seafood - fresh	\$12,672	\$14,291	\$1,619	12.8%
Specialty food	\$67,916	\$75,827	\$7,911	11.6%
Sweets (candy)	\$24,006	\$26,591	\$2,585	10.8%
Coffee/Tea	\$28,801	\$32,281	\$3,480	12.1%
Wine/Beer	\$51,766	\$58,446	\$6,680	12.9%
<b>Total</b>	<b>\$701,870</b>	<b>\$783,077</b>	<b>\$81,207</b>	<b>11.6%</b>
<b>All Food at Home</b>	<b>\$943,096</b>	<b>\$1,020,249</b>	<b>\$77,153</b>	<b>8.2%</b>
Lunch - Fast Food	\$81,805	\$90,128	\$8,324	10.2%
Lunch - Full Service	\$65,490	\$73,896	\$8,406	12.8%
Dinner - Fast Food	\$87,265	\$95,959	\$8,694	10.0%
Dinner - Full Service	\$158,155	\$179,482	\$21,326	13.5%
<b>All Food Away Home</b>	<b>\$493,678</b>	<b>\$539,910</b>	<b>\$46,232</b>	<b>9.4%</b>
<b>Total Fresh/Specialty Food (3 Trade Areas)</b>	<b>\$1,572,983</b>	<b>\$1,730,751</b>	<b>\$157,768</b>	<b>10.0%</b>
All Food at Home	\$2,071,916	\$2,273,743	\$201,827	9.7%
All Food Away Home	\$1,093,219	\$1,211,284	\$118,065	10.8%

Combined, the three trade areas are expected to see a very large increase of \$157.8 million in demand for fresh and specialty foods over the next five years, a 10.0% increase. Overall demand for food eaten away from home is projected to increase 10.8% or \$118.1 million.

The pie chart labeled “Fresh Food Demand” shows the relative size of the demand in the three trade areas, with the first trade area representing the smallest share at 10% and the second and third trade areas each with 45%.

## Fresh/Specialty Food Demand 2021

### SLC Public Market Trade Areas



Vendors at a public market in Salt Lake City need to carve out (or “capture”) a small percentage of the demand from these trade areas in order to have adequate sales. Furthermore, the amount of money that consumers spend on food is not a fixed figure: changing preferences and intriguing offerings can induce consumers to spend more on food rather than other goods, particularly for households with more discretionary wealth.

To estimate the potential demand for fresh, specialty and prepared food products within the public market, this consumer demand data is utilized with projected capture rates for each of the products in each of the three trade areas. The chart labeled “Sales Analysis – 2016,” in Appendix D shows the calculations. This chart repeats the product categories and demand estimates from the chart above in the first two columns. The third column, labeled “Potential,” contains a realistic estimate for the percentage of sales that market vendors could be able to obtain, based on the analysis of demographic factors, distance to the market, and existing competition.<sup>3</sup>

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3. These estimates have been developed and refined by the Market Ventures, Inc. through its work planning, developing, and operating public markets and its research of other public markets around the country. The potential suggests what accomplished vendors in a well located, designed, and managed public market might realistically achieve for sales from a trade area. Particularly strong vendors might achieve higher sales from the trade area if their businesses are unique and attractive to consumers. Conversely, weak vendors will fall short of the demand potential because area residents will spend their dollars elsewhere. This analysis is only meant to provide a barometer of potential, not a prediction of what actual sales might be.

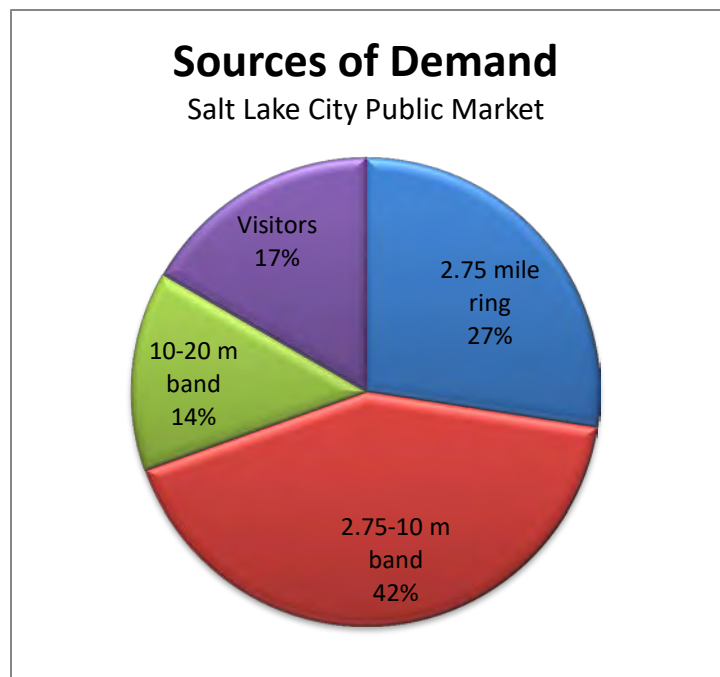
The fourth column, labeled “Sales,” is the product of multiplying the potential by the capture percentage. For example, in the Baked Goods category, Nielsen estimates \$8.1 million in consumer demand for baked goods within the first trade area. Market Ventures, Inc. estimates that vendors in the Salt Lake City Public Market could reasonably capture 4.5% of those sales, based on our experience and research. This results in the potential for \$362,000 in annual baked goods sales at the public market from residents in the first trade area. Adding the sales for baked goods across all three trade areas, the demand for bakery products within the public market from local residents can be reasonably estimated at \$1.12 million.

The capture rates for the first trade area are influenced upward by the close proximity of the public market to residents and favorable demographic characteristics, but downward by the strong competing stores nearby. In the second area, the demographics are strong but there is more competition and the market is not as convenient. Capture rates are estimated at one-third of the first trade area. The third trade area has the most favorable demographics but the site is not convenient for these residents. Capture rates are estimated at one-third the amounts of the second trade area.

Summing the sales total column for the 2.75 mile ring, a reasonable estimate of demand is \$5.55 million, which represents 2.3% of the demand for all food sales in this trade area. The demand estimate for the second trade area is \$8.51 million (0.8% of the demand for food in this region) and \$2.79 million from the 10-20 mile band, which is 0.3% of demand for that region. Taken as a whole, the three trade areas reflect \$16.9 million in demand for fresh, specialty food and prepared foods at the public market out of the region’s \$2.45 billion of total demand, or 0.69% of the total.

Given the wide variation in tourist purchases, a capture rate methodology has not been developed for visitors. Rather, we utilize a mark-up factor over the sales to local residents. For this analysis, sales to visitors have been projected at 20% of the local consumer demand for fresh and specialty foods. This reflects the expected interest in the public market from tourists to Salt Lake City and the site’s easy access from the airport, highways, and downtown hotels and visitor sites. Shoppers from outside of the 20 mile ring are expected to generate annual sales of \$3.37 million, which brings total market sales potential to \$20.2 million.

As the chart labeled “Sources of Demand” shows, the second trade area represents the largest share of potential demand at 42%, followed by the first trade area at 27% and then visitors at 17% of sales potential.



Based on projected increases in food sales over the next five years due to increasing population and wealth, the total demand potential will increase to \$21.5 million using the same capture rate assumptions.

These demand estimates are only for retail sales. Often public market vendors have wholesale accounts, such as bakeries selling bread to restaurants or fish vendors acting as distributors to local accounts. Vendors should be encouraged to identify wholesale trade and other strategies to complement and expand their direct retail sales within the public market since it will create more stable and profitable tenants.

Based on sales of \$20.2 million and average sales of \$800 per square foot (which would provide the basis for vendor profitability), the demand for fresh, specialty and prepared foods at a public market in downtown Salt Lake City could be met with 25,300 leasable square feet. Based on a typical efficiency factor, this would require 40,200 sf of gross building area devoted to fresh, specialty and prepared foods.

### Customer segmentation

The following chart summarizes the primary customer segments and key factors that will encourage them to shop at the Salt Lake City Public Market. The development program and design should be constructed to attract these customers:

Type	Demographic profile	Key drivers
Regional residents (30 minute drive radius)	Higher income Well educated	Unique, interesting, local products Relationships with vendors Fun place to shop Easy access and parking
Downtown residents & employees	Range of income levels Younger	Convenience, quick service Lunch Social opportunities (drinks, classes)
Lower income nearby residents	Lower income Ethnic (particularly Hispanic)	Convenience Financially accessible through SNAP and Double Bucks Culturally appropriate foods
Tourists	National and international Higher income	Utah products Opportunity to meet Utah food producers Convivial, unique atmosphere

## Competitive analysis

### National trends

Consumption trends suggest that Americans are consuming more fresh fruit and vegetables, although much less than recommended. An analysis of USDA Economic Research Service data from 1976 to 2009 revealed that fresh fruit consumption grew by 25% and fresh vegetable consumption grew by 54%.<sup>4</sup> The *Fresh Trends 2016 Survey* found that 71% of consumers are eating more fruits and vegetables than they did five years ago, with more shoppers buying from farmers' markets (9%) than specialty markets such as Whole Foods or Trader Joe's (8%). This survey found that 55% of consumers make a conscious effort to buy locally grown produce.<sup>5</sup>

Despite upward trends, there is a long way to go before Americans consume the recommended quantity of fresh fruits and vegetables. According to recent research from the Centers for Disease Control and Prevention, 38% of US adults consume fruit less than once daily while 23% consume vegetables less than once daily.<sup>6</sup> With 2/3 of adults and 1/3 of US children categorized as overweight or obese and with national attention to health issues and food rising (through new federal school food guidelines and the national *Let's Move* campaign, for example), industry and policy efforts toward increased consumption of fresh fruits and vegetables are on the rise. The Salt Lake City Public Market can play an important role in providing access to fresh fruits and vegetables to area residents and helping to educate and inspire people to eat a more healthy diet, while positioning itself to take advantage of growing demand for fresh produce.

There is increased consumer demand for high quality, better-for-you foods, according to Technomic's *Foodservice Trends for 2017*.<sup>7</sup> This includes demand for "unique yet convenient" foodservice experiences, concepts that create community and inclusiveness, "Old World revival" foods, and foods that support a healthy lifestyle. The Salt Lake City Public Market can be "on point" with all of these trends.

Another important trend is increased focus on **food safety**, with stricter federal regulations and greater industry attention to issues such as cold chain compliance and food storage and handling practices. New, state-of-the-art facilities at the Salt Lake City public market can provide small businesses with the infrastructure to compete in the changing regulatory environment that will stress food safety.

An important dimension of food safety is **product traceability** from point of origin to point of final purchase. The Hartman Group called 2013 the "Year of Traceability and Good Stewardship," noting that traced and sustainably produced foods are no longer just an "upmarket offering" but increasingly part of the cost of doing business now.<sup>8</sup> While product traceability

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4 Cook, Roberta, "Tracking Demographics and U.S. Fruit and Vegetable Consumption Patterns," Department of Agricultural and Resource Economics, University of California, Davis, October 2011

5 Janice Kresin, *Fresh Trends 2016 Survey*, [www.thepacker.com](http://www.thepacker.com)

6 <http://www.cdc.gov/nutrition/downloads/State-Indicator-Report-Fruits-Vegetables-2013.pdf>

7 Technomic's *Foodservice Trends for 2017*, [www.specialtyfood.com](http://www.specialtyfood.com), 1/22/2017

8 Hartman Group: *Contemporary Food Trends: Emergent Themes in Products, Retailers and Restaurants*, 2009

can connect a food product back to its farm and field anywhere in the world, locally grown products can benefit as a positive point of differentiation from products grown overseas or across the country.

The food industry is seeing increasing demand for products considered “**sustainable**” (a broad term that includes social, environmental, economic impacts along the food supply chain). In part, this trend is consumer driven, as one study from market research firm Datassential found that 30% of consumers had bought food they would describe as sustainable in the past month. It is also industry driven: in that same study, 29% of retail and food service operators indicated a willingness to pay more for sustainably produced foods.<sup>9</sup> Environmental sustainability was the #4 trend in the National Restaurant Association’s “What’s Hot in 2013” survey.<sup>10</sup> With this focus on sustainability, production methods are taking center stage, and a labyrinth of claims, certifications and certifiers have emerged to underwrite sustainable production claims.

A key driver of sustainability in the food industry is **local food**, with consumers and industry players (food service and retail sectors in particular) willing to search out and sometimes pay more for local foods.<sup>11</sup> The Salt Lake City Public Market can potentially distinguish itself as the region’s primary source for locally grown products, with farmers and vendors who are a trusted source for purchasing local foods.

While the dominant trend in the supermarket and distribution industries has been consolidation, there have been some noticeable countertrends. According to a 2012 W.K. Kellogg national survey, 14% of respondents use farmers’ markets as a regular source for fresh produce purchase and 70% said that they have purchased local foods from farmers’ markets or farm stands over the past year.<sup>12</sup> According to USDA, the number of retail farmers’ markets made up of small and medium family farmers has increased in the US from 1,755 in 1994 to 8,669 in 2016 and are becoming a common source of fresh food for many households.

## **Public and farmers’ markets**

There are no similar public markets in Utah so the Salt Lake City Public Market will not experience any direct competition from another public market.

According to USDA, there are 11 farmers’ markets operating within 20 miles of downtown Salt Lake City (zip code 84101).<sup>13</sup> The Salt Lake City Downtown Farmers’ Market is by far the largest of these markets. As with any business, the Downtown Farmers’ Market should be concerned about ways to grow and evolve in order to maintain its premier position in the face of current and potential future competition.

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9 The Packer, “Local Food Still Rules,” 10/25/2012

10 The Packer, “Chef survey says: Local produce hot in 2013,” 12/6/2012

11 The Packer, “Local Food Still Rules,” 10/25/2012

12 [http://www.washingtonpost.com/blogs/all-we-can-eat/post/americans-eat-more-fresh-foods-than-they-did-five-years-ago/2012/05/22/gIQAyPS1gU\\_blog.html](http://www.washingtonpost.com/blogs/all-we-can-eat/post/americans-eat-more-fresh-foods-than-they-did-five-years-ago/2012/05/22/gIQAyPS1gU_blog.html)

13 <https://www.ams.usda.gov/local-food-directories/farmersmarkets>



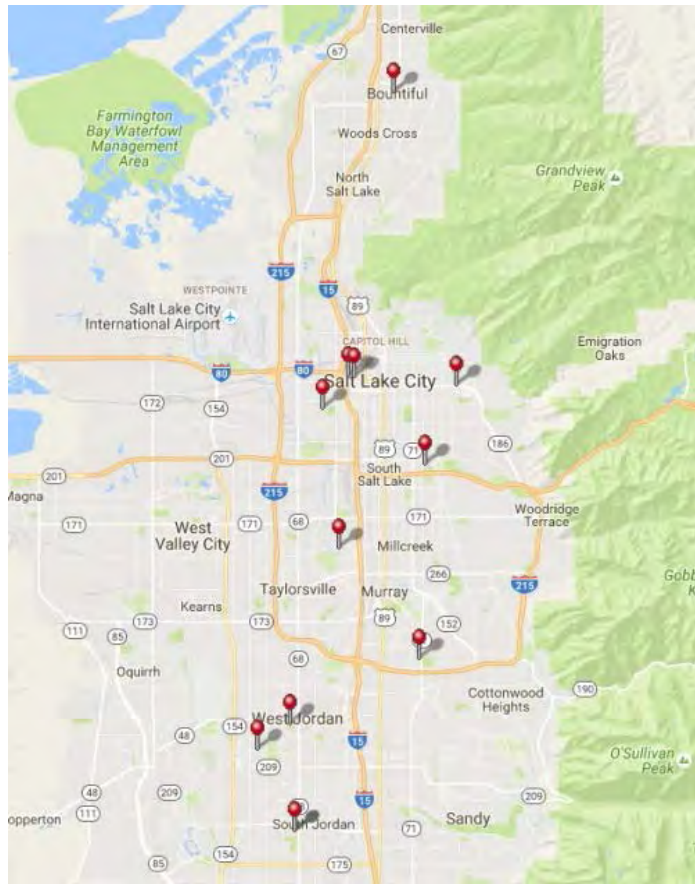
Looking further afield, there are 24 farmers' markets in the USDA database within 50 miles of Salt Lake City, stretching from Ogden in the north to Spanish Fork in the south.

Nationally, there has been a geometric rise in the number of farmers' markets since USDA began their inventory in the early 1990s; in 2016, USDA reported nearly 8,700 farmers' markets around the country. Being adjacent to a year-round indoor public market can further distinguish the Salt Lake City Downtown Farmers' Market from other regional farmers' markets and has the potential to increase visitation and sales.

### Supermarkets and specialty food stores

Attracting and maintaining high quality retailers can be the greatest challenge in creating a successful indoor public market, in large part because so few independent specialty food retailers currently exist. Today supermarkets and groceries dominate food retailing in the United States with nearly 95% market share nationally. The remaining 5.3% of food sales are captured by specialized food stores, defined as stores that are primarily engaged in the retail sale of a single food category such as meat and seafood markets, dairy stores, candy and nut stores, and retail bakers. In the wake of the recession, all food stores faced increased competition from mass-merchandisers and warehouse club outlets and long term trends toward more eating out, resulting in increased competition for a smaller pie.<sup>14</sup>

The past 25 years have seen radical changes in the grocery business, commencing with the first Walmart supercenter in 1988 which offered fresh and grocery food items in addition to its large selection of discounted department store merchandise. Along with the growth of warehouse clubs such as Costco and Sam's Club, these nontraditional food stores have grown from controlling 13.8% of the national share of food purchases for at-home consumption in 1986 to a staggering 32.6% in 2006.<sup>15</sup> In less than 20 years, Walmart became the country's single largest seller of food for at-home use. Having saturated the country with supercenters, Walmart



Farmers' markets within 20 miles of downtown SLC

14 Economic Research Service, USDA, "U.S. Food Marketing System, 2002," AER-811

15 Martinez, Steve and Phil Kaufman, "Twenty Years of Competition Reshape the U.S. Food Marketing System," Economic Research Service, USDA, April 2008

is now moving aggressively into smaller format stores with grocery components, including its 15,000 sf neighborhood format.

Walmart is not only the nation's largest food retailer, it is also committed to local foods, as are many supermarket chains. Walmart has stated that its goal is "to support farmers and their communities, through a combination of sourcing more directly from them and providing training in agricultural practices." By the end of 2015, Walmart expected to sell \$1 billion globally in food sourced directly from small, medium, and local farmers. In the U.S., Walmart plans to double its sale of locally sourced produced.<sup>16</sup> While these trends suggest that the largest buyers are looking for locally grown products, they also require large quantities, uniformity, and low prices, requirements rarely met by small growers.

Another major development has been the indirect competition that food retailers have felt from the food-away-from-home sector. In 1988, Americans spent 45.4% of their food dollars on food away from home; by 2006, that percentage had grown to 48.9%. In some parts of the country, expenditures for food away from home exceed those for food bought for consumption at home. The recent recession has altered these figures somewhat but the fact remains that Americans are cooking less and eating fewer of their meals at home.

A third major development has been the growth of "fresh format" stores which emphasize perishables and natural or organic products. From 1999 to 2006, Whole Foods Market, the industry leader, experienced 275% growth in sales while the second largest chain, Wild Oats, saw sales grow 64%. This compares to 22% increase for all grocery stores during the same period. These torpid growth rates have abated as this industry sector has matured but these stores provide formidable competition to public markets.

According to government statistics, the Salt Lake City metro area contained 293 food and beverage stores in 2012, a slight 3% drop from 302 in 2007.<sup>17</sup> The Economic Census shows that the metro area's 195 grocery stores (which include 146 supermarkets and 49 convenience stores) represent 90.0% of food sales with average store sales of \$9.83 million. The 2012 Economic Census counts 65 specialty food stores and 33 beer/wine/liquor stores but it does not report sales because the number of firms is too small. Nationally, grocery stores represent 90.3% of food and beverage sales, compared to 2.9% for specialty food stores and 6.7% for beer, wine and liquor stores, so grocery stores in Salt Lake are close to the national average.

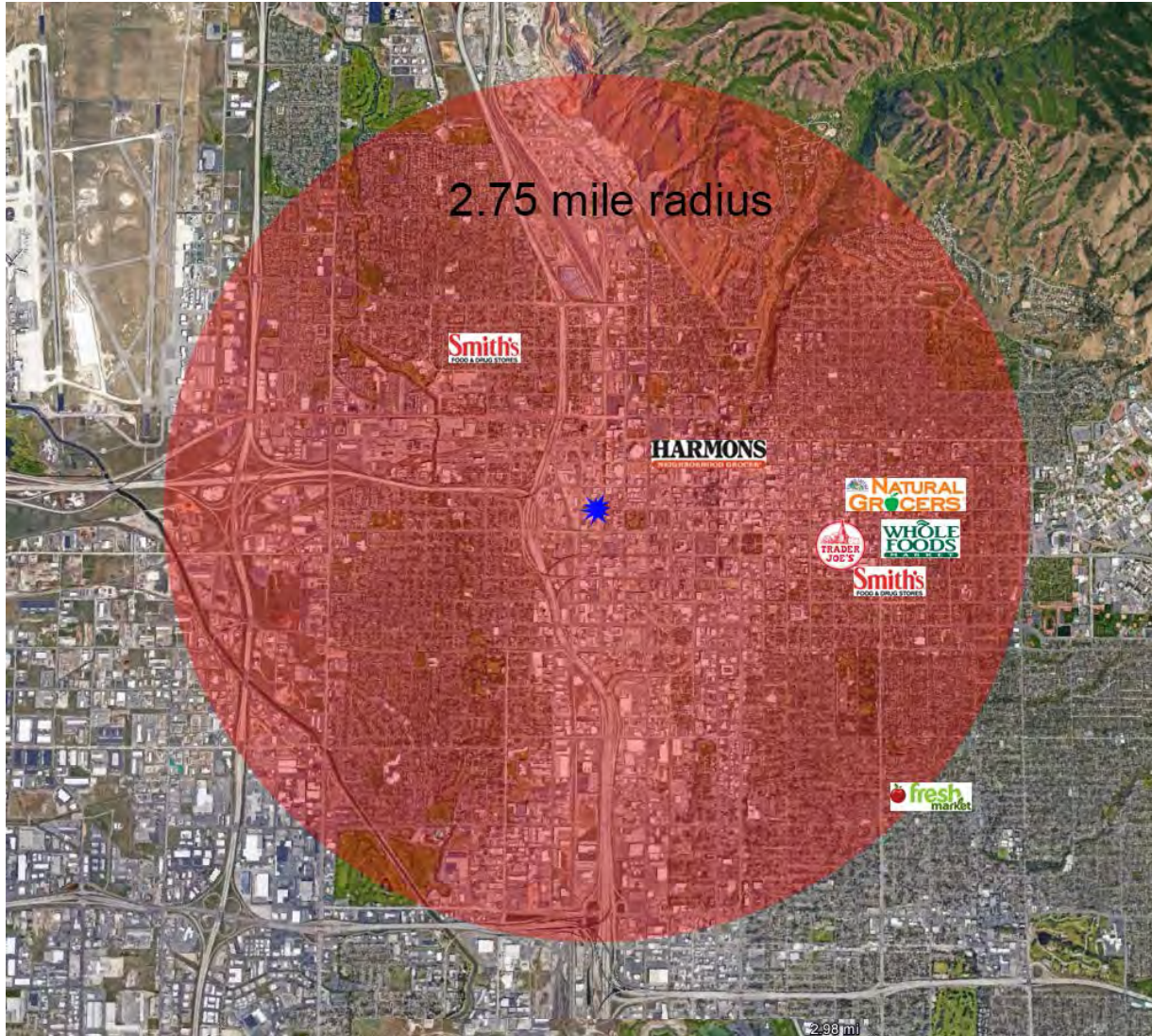
According to 2014 County Business Patterns, there are 58 specialty food stores in the Salt Lake City metro area, seven fewer stores than counted by the 2012 Economic Census. The 2012 Economic Census counted 158 specialty food stores for the entire State of Utah. These statistical sources often undercount very small stores so it is likely that the actual number of specialty food stores is higher. Even so, the region has a somewhat small pool from which to draw existing food businesses into the public market.

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16 Wal-Mart Sustainable Agriculture: Fact Sheet, [www.walmartstores.com](http://www.walmartstores.com)

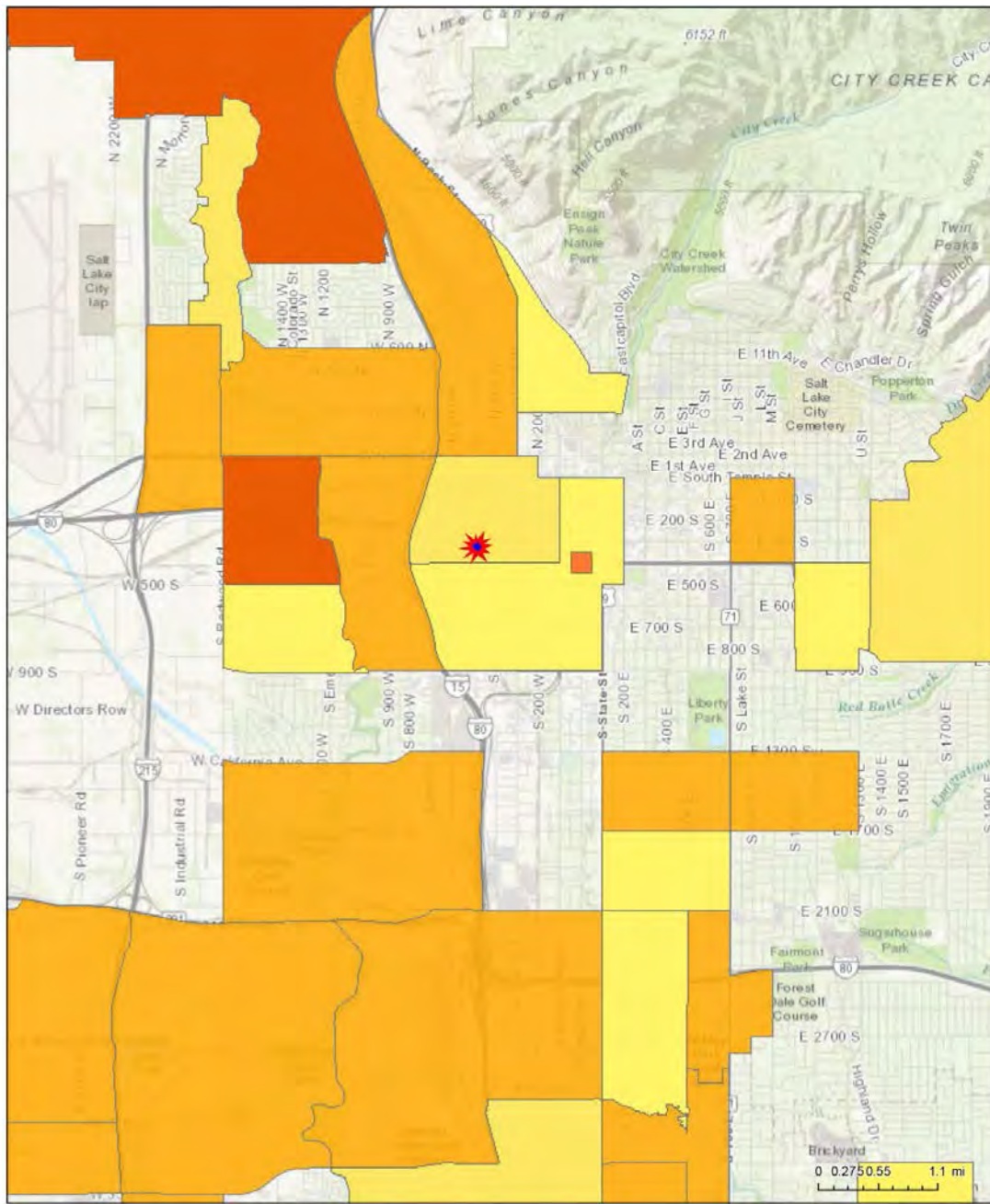
17 2012 and 2007 Economic Census of the United States and 2014 County Business Patterns, accessed via American Factfinder at [www.factfinder.census.gov](http://www.factfinder.census.gov)

The map below shows the principle grocery stores within the first trade area. The recent addition of Harmon's at City Creek has created a high quality source of fresh and grocery items in the downtown. Key informants noted that the only supermarket on the west side of downtown, Smith's, is an aging store. A cluster of supermarkets, including Whole Foods Market, Smith's, Natural Grocers, and Trader Joe's, are all located around Trolley Square. A substantial area to the southwest is not served by any supermarket.



The lack of supermarket access is particularly problematic for low income residents in the area. According to USDA, the western side of downtown Salt Lake City is a food desert. The following map shows the areas with large low income population (LI) and low access to food (LA – no grocery store within 1 mile (red) or one-half mile (orange)), with the star showing

the approximate location of the public market:<sup>18</sup>



Legend:  
Yellow: LILA using Vehicle Access  
Orange: LILA at 1/2 and 10  
Red: LILA at 1 and 20  
Date: 12/20/2016

### Salt Lake City Food Desert

Source: USDA Economic Research Service, ESRI. For more information:  
<http://www.ers.usda.gov/data-products/food-access-research-atlas/documentation.aspx>

<sup>18</sup> USDA Economic Research Service accessed at <https://www.ers.usda.gov/data-products/food-access-research-atlas/go-to-the-atlas.aspx>

Given the presence of high quality supermarkets within the first trade area, the public market must provide a fundamentally different experience from these competitors. The public market can also play an important role in addressing the food access challenges facing lower income households on the west side of downtown. However, it is important to recognize the challenges that small, independent fresh and specialty food retailers face in providing low-cost products. Their focus on high-quality, unique and artisanal products generally means that they are perceived as expensive by consumers. Therefore, cost-reduction strategies such as Double Bucks are needed to lower the financial hurdle facing low income consumers.

## **Restaurants**

The Salt Lake City metro area contained 2,096 food service and drinking places (NAICS 772) in 2014.<sup>19</sup> This was an increase from 1,981 counted by the Economic Census in 2012 and 1,883 in 2007. Key informants noted recent improvement in the diversity and quality of restaurants in downtown Salt Lake City, including independent restaurants and brew pubs. The only restaurant currently located in the Station Center District is the Rio Grande Café, although there are several restaurants around Pioneer Park. Vestar, the new owner of The Gateway, is reportedly planning to increase the number of restaurants and entertainment venues as part of the repositioning of that lifestyle center.

## **Shared commercial kitchens**

Several shared commercial kitchens have opened in Salt Lake City and others are in the pipeline. These include Spice Kitchen Incubator and the new Square Kitchen. Several participants in the Downtown Farmers' Market are utilizing these kitchens, which are playing an important role in helping to create a robust ecosystem of independent food businesses in the area. Due to the availability of these facilities, the proposed public market does not include its own shared commercial kitchen.

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<sup>19</sup> 2014 County Business Patterns, 2012 and 2007 Economic Census accessed via American Factfinder at [www.factfinder.census.gov](http://www.factfinder.census.gov)

## Supply analysis

The supply analysis examines the sources of vendors and the products that could be sold or produced at the Salt Lake City Public Market. This is a crucial element in determining the market's feasibility: are there enough available and interested vendors with the requisite skills and passion to be successful merchants within the market? Does the region provide "fertile ground" for attracting vendors to the Salt Lake City Public Market?

### **Salt Lake City Downtown Farmers' Market**

As the largest outdoor market in the region, the Salt Lake City Downtown Farmers' Market provides an important anchor for the year-round, indoor public market. Established by the Downtown Alliance 25 years ago, the Downtown Farmers' Market operates outdoors in Pioneer Park on Saturdays from 8 am to 2 pm. In 2016, the 20 week schedule ran from June 11 to October 22. A second Tuesday Harvest Market took place in Gallivan Plaza on Tuesdays from August 9 until October 18, from 4 pm to dusk.

Building on the popularity of the Downtown Farmers' Market, the Downtown Alliance initiated the Winter Market in 2013, in part to test the interest in a year-round indoor market facility. The Winter Market takes place every other Saturday at the Rio Grande Depot from November 5 until April 22. The Winter Market has proven to be quite successful, attracting both high quality vendors and crowds of customers. Farmers selling fresh produce and prepared foods (including several food trucks) are located in the outdoor portico area on the west side of the Depot, while specialty food and craft vendors operate from the mezzanine. As a result of its popularity and to create farmers' market activity every Saturday throughout the year, the Winter Market will operate every Saturday during the upcoming 2017-2018 season.

The Downtown Alliance helped launch in 2015 and is incubating an independent, tax-exempt nonprofit corporation called Urban Food Connections of Utah (UFCU) to take over operation of the Downtown Farmers' Market. While UFCU has its own board of directors, Market staff are still employees of the Downtown Alliance and work from the Downtown Alliance offices (which itself is located within the offices of the Salt Lake City Chamber of Commerce).

### **Indoor market vendors**

Indoor market vendors might come from four principle sources:

- Current or former participants in the Salt Lake City Downtown Farmers' Market or Winter Market
- Existing Salt Lake City area businesses that relocate or expand to the Public Market
- Existing businesses from outside the region that move to Salt Lake City
- Start-ups

While the SLC Public Market is intended to support small business entrepreneurship, including efforts to support start-up businesses, at least two-thirds of the leasehold vendors in the

Market should be experienced, proven operators in order to provide customers with reliable and high quality products and service. One-third or fewer of the vendors should be start-ups.

To assess the interest of potential vendors from the Salt Lake area, focus groups and interviews were conducted with 19 farmers and food vendors, most of who sell at the Downtown Farmers' Market, as well as several area restaurateurs. Information was also collected about businesses that utilize the city's shared commercial kitchens through interviews with the kitchen managers and direct observation. Finally, the managers of the Downtown Farmers' Market and other key informants shared their insights about vendors interested in new retailing and food production opportunities.

This research found very strong interest among existing vendors in participating in a year-round, indoor market. The growth in the number and quality of independent food producers in the Salt Lake region reinforces this finding.

The interviews with farmers also confirmed earlier research which found strong interest in utilizing shed structures that could be located adjacent to the Public Market and be part of the outdoor farmers' market.

Secondary data was analyzed about existing food businesses around Salt Lake City. As noted in the competition section above, the federal 2014 County Business Patterns database includes 58 specialty food businesses in Salt Lake County, while the 2012 Economic Census includes 65. However, these databases likely undercount the number of existing food businesses. A review of specialty food businesses such as meat markets, bakeries, and candy stores in [www.yellowpages.com](http://www.yellowpages.com) for Salt Lake City suggests that the area has many more independent food businesses, with more than 100 bakeries and 30 meat markets listed.

The experience of both the Downtown Farmers' Market and the growing number of kitchen incubators/shared commercial kitchens suggests strong interest among area residents to start and grow food businesses. Many of these businesses utilize the Downtown Farmers' Market as their initial marketing outlet because of its flexibility, low cost, and access to large number of customers. The Public Market can provide these start-up businesses with a supportive environment, particularly if there are options that allow less than full time commitments to being at the Market.

## Site analysis

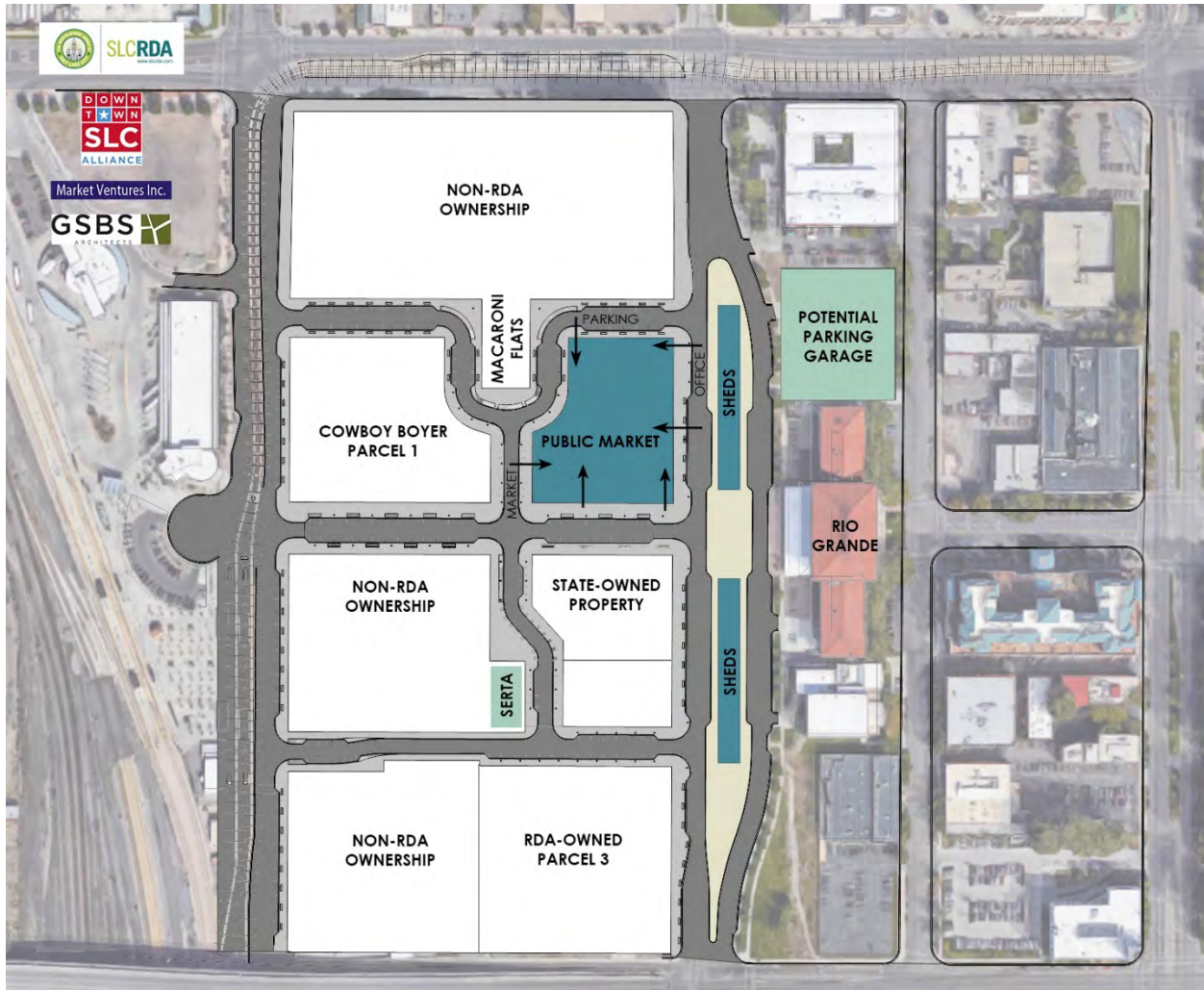
### **Site description**

The proposed site of the Salt Lake City Public Market is Parcel 5 within the Station Center District, bounded by 500 West, 300 South, Pierpont Street, and Parcel 1 (the Cowboy Boyer development). The site is owned by the RDA and has a gross area of 59,670 square feet, which is 1.37 acres.

The land currently contains a vacant warehouse structure that was last used by the SDI Sportswear company. Since it does not provide a useful shell for the public market, the RDA intends to raze this structure and address any environmental issues, providing a clear building pad for the next owner.

Based on the consultant team's massing studies and development program, the Public Market building will utilize the site's entire footprint. The following drawing shows the public market site and surrounding properties and roadways in the Station Center District. Potential locations for the farmers' market sheds within the 500 West median are also noted, although these structures have not yet been fully analyzed in context of potential roadway realignments and traffic circulation needs:





## Zoning and Station Center District

The site is zoned D-3 Warehouse District. As part of a redevelopment area, the site has its own design and development guidelines.

The proposed site is within the RDA's Depot District Project Area, a TIF district that was established in 1998 and includes the area from North Temple to 400 South and from 400 West to I-15. The northern portion of this district (north of 200 South) has been redeveloped as The Gateway and adjacent new residential buildings. The Station Center District includes the land south of 200 South. The Depot District Project Area 2015-2019 Strategic Plan identifies the Public Market as an Implementation Project Priority.<sup>20</sup>

The consultant team reviewed the design guidelines for Station Center District and followed them where possible. Areas where the public market plan diverges from the guidelines include:

<sup>20</sup> Accessed at <http://www.slcrcda.com/StratPlans/DDStrategicPlan041415Final.pdf>

- The preferred land uses diagram shows this site as Residential with Street-Level Retail (page 22). The proposed upper story uses are commercial, which are more compatible with the Public Market.
- While cantilevered building canopies and awnings are allowed, the guidelines state that awnings or canopies may project up to 10' into public rights-of-way (page 54). The Public Market has been designed with 12' canopies to provide adequate shade.
- The design guidelines contemplate multiple buildings on this site and dictate a maximum floor plate size per building of 25,000 square feet (page 44). To meet the development program, the Public Market has a larger floor plate that utilizes the entire site. However, since a primary intent of smaller building floor plates is to create public spaces between buildings, the numerous entrances and substantial common areas within the Public Market satisfy this need by creating a welcoming public space within the building.

### **Adjacent functions**

The sites adjacent to the Public Market were analyzed for their ability to support or detract from the active, pedestrian-oriented retail and restaurant functions created by the Market.

- The Station Center District has recently become a magnet for daytime loitering and drug use, with scores of people encamped along 500 West and adjacent properties. The City, County and private agencies are working to address these challenges, which are complicated because there are so many vacant properties awaiting development in the district. The region's largest emergency homeless shelter, The Road Home, is located one block from the Public Market site. A plan has been announced to close The Road Home and create homeless shelters elsewhere, actions which will be critical to addressing this problem. As seen in other communities, creation of a new, large-scale public market can be the catalyst that sparks revitalization of the entire area.
- The expected uses for the Cowboy Boyer property include hotel, office, parking, and ground floor retail/restaurant. These uses are generally supportive of the Public Market concept, particularly the ground floor retail.
- The state-owned property across 300 South is currently a storage facility, which does not contribute to the Public Market use. However, the State of Utah Department of Heritage & Arts is pursuing development of the Utah Museum of Heritage, History & Art on the site. This facility would likely attract residents from throughout the region and tourists, matching the demographic profile of Public Market customers, and therefore become a supportive use to the Market. On the flip side, the museum would also increase demand for parking within the district during periods of high demand by the Public Market, such as weekends and holidays.
- The ground floor and balcony of the state-owned Rio Grande Depot is open to the public and hosts rotating art exhibits curated by the Utah Division of Arts & Museums. The Depot is also the site of the Winter Farmers' Market and the Rio Grande Café. These functions are supportive of the Public Market. The Depot could become an even more vibrant part of the district if it expands its functionality as a site for events.

- The fourth property on 300 South, adjacent to the transit center, is privately owned and currently an empty lot. In the short term, this might be a good location for surface parking. Over time, this property will likely be developed and district development guidelines will require active, retail-oriented ground floor uses, which will support the Public Market.
- 300 South between the Rio Grande Depot and the Transit Hub has been designated as a “festival street” in the Station Center District plan, which has the potential to be very supportive of the Public Market. The consultant team met with LOCI Architects, the firm designing the streetscape, and provided input into the proposed design. An active and comfortable pedestrian environment around the Public Market is important to its success. While street festivals and events can attract people to the district, large festivals can also discourage regular shoppers from coming to the Public Market because of congestion and parking hassles. The timing, scale and targeted audiences for the festivals will all determine whether the activities on 300 South support or undermine the Public Market.
- Shed structures are envisioned within the right-of-way of 500 West as a means to expand and improve the Downtown Farmers’ Market. These sheds were proposed as part of the phased development plan by Market Ventures, Inc. in 2012. The shed concept was strongly endorsed by the farmers who sell at the Downtown Farmers’ Market.

### **Accessibility and visibility**

To be successful, the Public Market needs to be easily accessible to its targeted customers, including downtown residents and workers, regional residents, and tourists. According to the demand analysis, the largest share of sales are expected to come from regional residents, most of whom will drive to the site via I-15 and need to park their cars in places they perceive as convenient and safe. These regional residents might have limited knowledge of the Station Center District and how to access the site. Therefore signage and improvements that enhance vehicular access are critical.

The Rio Grande Depot is a distinctive historic landmark that is visible from I-15 and, because it is located in the middle of 300 South, is also visible from the east (downtown) as well. This visibility and popularity suggests that the Rio Grande Depot should be an important part of the Public Market brand, especially during its early years.

The following map shows the principle access routes to the Public Market site from each direction. While the Station Center District is very close to I-15 and the downtown core, the site faces accessibility challenges.

- Notably, customers driving northbound on I-15 must exit at 600 South and then drive to 400 West before making three turns to get to the northbound lanes of 500 West at the southern entrance to the district.
- Similarly, cars coming from I-15 southbound are prevented from turning left onto 500 West when they exit the highway on 400 South. They are forced to drive all the way to 200 South and then make a difficult left turn onto 500 South.
- Drivers coming westbound from the downtown on 200 South face a very difficult left

turn onto 500 West because of the Trax line.

If a driver who is not familiar with the area misses a turn, there are few alternate routes into the Station Center District. This might cause visitors to become frustrated and abandon their trip to the Market.

Access to the site would be greatly enhanced if Pierpont Street went continuously from 400 to 500 West, linking the area north of Pioneer Park to the Station Center District. This would require establishing the street through the Rio Grande Depot parking lot and the adjacent property to the east. There is currently an alleyway and parking lot here.

Signage will play an important part in overcoming the site's access challenges. Directional signs from I-15 are critical, as are gateway-type entrance signs located at the boundaries of the Station Center District and signs around Pioneer Park and adjacent streets that help guide visitors to the Public Market.

The site has very favorable public transit access. The Trax Green Line serves the Intermodal Hub and provides free service to the downtown core and connection to the entire light rail system. The Transit Hub on 600 West is a multimodal connection for the Frontrunner trains and numerous bus routes.

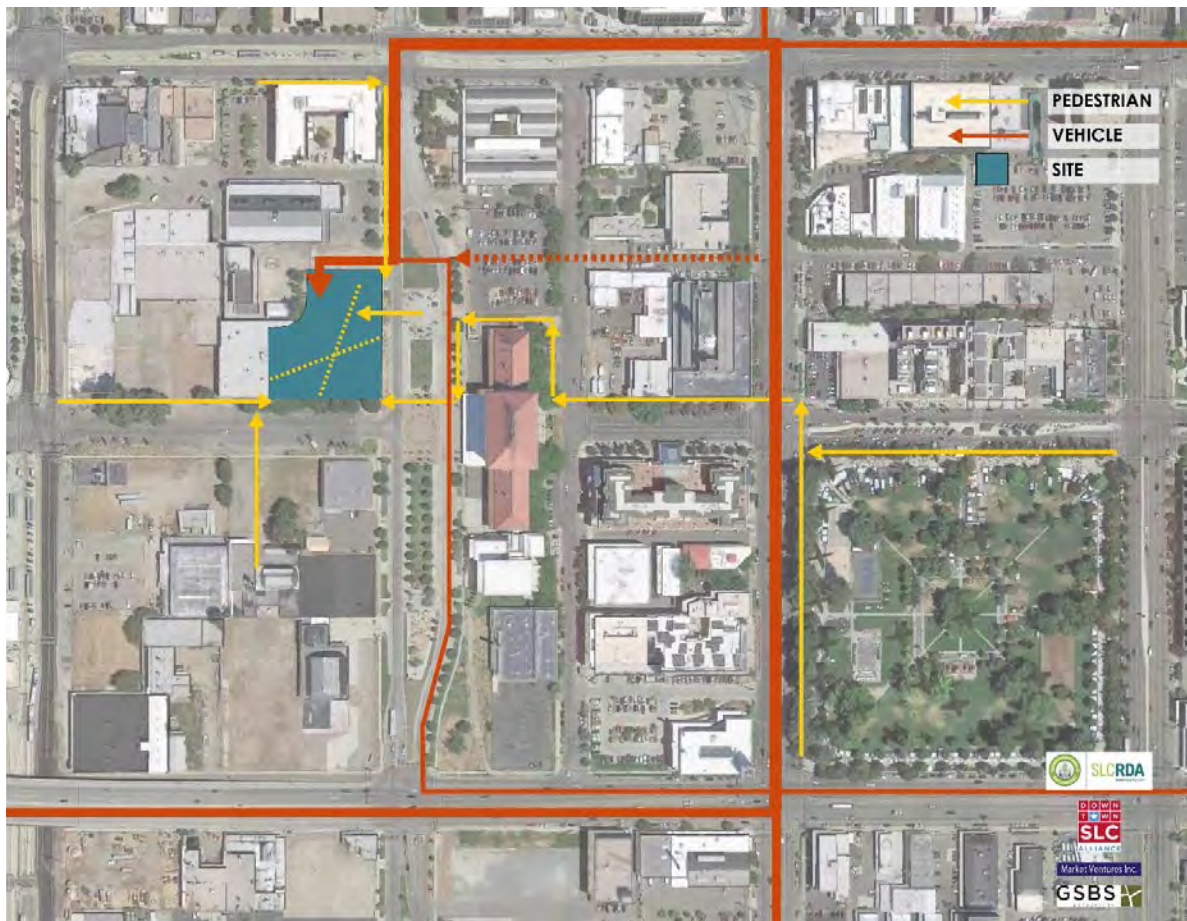
While the Rio Grande Depot is a valuable landmark, it also blocks the Public Market's visibility from 300 South (from the downtown, looking westward).



## Circulation

The following circulation diagram shows expected pedestrian and vehicular access around the Public Market site.

- Pedestrian access will be enhanced with signage and improved routes through and around the Rio Grande Depot.
- As mentioned above, extending Pierpont Street between 400 West and 500 West will greatly improve vehicular circulation. This is particularly important because entering the district from 200 South westbound is challenging due to the Trax line, car traffic, and pedestrians, all of which can make it difficult to turn onto 500 West.
- The entrance to the Public Market's underground parking garage is located on the Pierpont Street side of the building. With the current roadway alignment, vehicles coming from 200 South southbound on 500 West can access the garage by turning right onto Pierpont. Median strips currently prevent vehicles driving northbound on 500 West from turning left onto Pierpont Street. Cars also cannot turn left on 300 South. Circulation within the district will be greatly enhanced by realigning the roadway or creating left turn options on 500 West.



## **Parking**

Parking is a key to the Public Market's success. Customers must feel that parking is easy, safe and convenient, and there must be adequate parking to meet peak demands, which will likely occur during holiday periods and on Saturdays during peak harvest periods.

The community internet survey found that the vast majority (82%) of customers drive to the Downtown Farmers' Market. Among those who had not visited the Downtown Farmers' Market in the past year, the most frequent reason for not visiting was difficulty with finding parking. As noted in the customer segmentation strategy (above), regional residents from up to a 20 mile radius are a primary customer base and they are expected to drive to the Public Market.

The Downtown Farmers' Market has an arrangement with The Gateway to provide free parking to customers at its parking garages on Saturdays. The closest parking garage entrance to Pioneer Park is on the north side of 200 South. While most of the Public Market's parking demand should be met with an underground parking garage and nearby street parking, other options should be explored as well, such as The Gateway parking garages or creating a surface parking lot on currently vacant property in the Station Center District.

To estimate parking demand, total expected retail and restaurant sales (\$19 million) was input into a formula that looks at sales volume distribution during a typical week, and factors in average sales, the likely percentage of customers who will drive to the site, and average duration of stay (among other factors). The highest demand will likely be on Saturdays followed by Sundays. Assuming \$28.00 per customer average sales and a one hour average stay on weekends and 45 minutes during the week, the Public Market will need to provide 293 parking spaces for customers on Saturdays and 141 parking spaces during the week. Demand could be even greater if the market is very successful and parking demand will spike during holiday periods. In addition, parking will be needed for business owners and their employees, as well as Market management staff.

## Development program

### Development principles

The following set of development principles derive from the goals, market research, and relevant experience from other similar public markets. These principles are meant to form the core strategies for creating a successful public market that meets the project's goals.

The proposed development principles are:

- Conceptualize, develop and manage as a **market district**<sup>21</sup>
  - **Rebrand** the Station Center District as the “Salt Lake Market District” in order to strengthen the area’s identity and link together the neighborhood’s key assets, with the Public Market and Rio Grande Depot at the geographic center.
  - Position the Public Market as part of the **evolution of the Downtown Farmers’ Market**, building off its success and sharing brand attributes. The market district should work to ensure that the Downtown Farmers’ Market maintains its status as the region’s premier farmers’ market, providing room for ongoing expansion, consistent year-round operation within an indoor winter market facility, and shed structures.
  - Pursue **multiple income streams** for the Public Market management organization, including vendor and commercial rents, site rental and catering, classes, and grants.
  - Create an integrated **management organization** that efficiently runs the Public Market and the programs throughout the market district.
- Develop a new **market hall**
  - Stress **innovation** and **food being produced within the Public Market**, so most products are either grown/made by the producer or produced by the vendor within the facility, continually creating a wide variety of unique and specialty products only available in the Market.
  - Recruit passionate and knowledgeable owners who will be **directly involved** with their businesses at the Market, with no national or regional chains.
  - Select vendors with **multiple sales channels** so they do not rely exclusively on retail sales, including wholesale, mail order, catering, delivery, corporate sales, etc.

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<sup>21</sup> A market district is a **branding and management concept** for a defined urban area with indoor and outdoor market and public space components. The “brand promises” of a market district include robust market activity every day and local food businesses and entertainment that provide a unique cultural experience. Management and oversight are needed to develop and sustain a market district. Management activities typically include consistent marketing and events, streetscape “clean and green” activities, support for existing district assets, business recruitment to continually improve the district, and ongoing strategic planning to maintain and enhance the district’s identity and popularity.

- Offer a great selection with a **diverse mix of locally-grown fresh, specialty and prepared foods**, along with some crafts and other nonfood products or services.
  - Provide a **range of price points** and create a **welcoming environment** so the Market feels accessible to the entire community and is not perceived as upscale or exclusive.
  - Create **two operating zones** – a daily area and a part-time zone (3 days/week) to accommodate vendors interested in making a full-time commitment to the Public Market and others who seek a step up from weekly farmers’ markets.
  - Keep **vendor rents affordable**, particularly for staple products and food producers and share risk and reward through a percentage rent structure.
  - Create **abundant displays** of fresh and specialty foods, no fast food stalls, and stress the **theater** of being at the Market.
  - Provide **high quality oversight and management** that can support start-up entrepreneurs and small businesses, and assures high quality operations and marketing for the Public Market and the entire district.
- Events
    - Provide a **wide array of event spaces**, from meeting rooms to catered functions to large festivals.
    - Create extensive **event management and food & beverage capabilities** with a **unified promotion and management structure** for event spaces within the market district, including the Public Market, Rio Grande Depot, farmers’ market sheds, and festival street.
    - Conceptualize and schedule events to **complement and support the Public Market**, not impede shopping during busy times (Saturday mornings, holidays)
  - Education
    - Stress **educational offerings**: knowledgeable vendors, classes and events that serve the Market’s diverse clientele, including children and low-income households.
    - Highlight **Utah agriculture and the local foods movement**.
    - Create **unique education spaces**, including a hands-on teaching kitchen, demonstration kitchen, and roof top demonstration areas for key Utah agricultural products such as fruit trees and an apiary.
    - Leverage **partnerships and resources** with like-minded organizations.

## Program elements

The following list summarizes the recommended program elements for the Salt Lake City Public Market:



Program Element		Description	Size/Quantity
1	Outdoor market (open-air and sheds)	Expanded home for Salt Lake City Downtown Farmers' Market with mix of open-air and covered spaces	Pioneer Park and 300 South for outdoor market; shed structures with up to 70 spaces
2	Market hall	Production-focused, multi-vendor indoor facility with daily and 3-day per week operating zones, plus restaurants	57,525 sf gross
3	Indoor winter market	Flexible indoor space to house food and craft vendors and events	Rio Grande Depot
4	Education	Cooking and nutrition education facilities such as a hands-on teaching and a demonstration kitchen	2,000 – 5,000 sf
5	Events	Indoor and outdoor spaces for events, ranging from meetings to large festivals	Meeting rooms, indoor event spaces, rooftop deck, outdoor sheds, Rio Grande Depot, 300 South Festival Street
6	Seating, support services	Seating and tables to support food service and entertainment; restrooms	Common area seating 50-100 seats
7	Storage	Market and vendor storage	4,000 – 6,000 sf
8	Office	Offices for market management and commercial tenants	Management office staff of 20 FTE
9	Amenities	ATM, bicycle racks	
10	Parking	Parking for vendors and customers	Peak demand: 290 parking spaces for customers and 210 FTE market employees

The market hall vendor mix program includes:

Category	Number	SF	Description and Limitations
Meat*	2-3	800-1,000	Meat products including beef, pork, lamb, poultry and other specialty meats. Emphasis on uncooked, semi-prepared or smoked items. No deli-style cold cuts. Meat cutting, sausage making, and other value-add activities should be done on premises. Poultry items, such as fresh eggs, may be sold. Prepared foods might include meat sandwiches, stews, or related items.
Produce	2	700-1,000	Wide range of fresh fruits and vegetables, including organics, with few prepackaged products. Concept could include fresh squeezed juice or salads.
Seafood*	1	800-1,200	Fresh and smoked seafood. Prepared seafood products might include sandwiches, soups, salads and related items.
Baked goods – savory and sweet*	2-4	400-1,000	Products could include breads, rolls, bagels, biscuits, and muffins. Baked on premises. Concept could include flatbreads and pizzas. The savory bakeries could include some baked dessert items which complement rather than compete directly with dessert bakers. The dessert bakers should specialize in some of the following products: pies, cakes, cookies, or patisserie items.
Dairy - cheese and dessert	2-3	500-900	The cheese vendor should offer a variety of fresh and aged cheeses, with some production on premises. May sell crackers but no bread. Should provide dairy products such as milk, yogurt, butter, etc. Prepared foods could include grilled cheese sandwiches or related concepts. Dairy/dessert feature items such as ice cream or gelato.
Candy/chocolate	2	300-800	Unique, hand-made candies and chocolate, with production on premises
Coffee/tea	1	250-600	Coffee beans, teas, related coffee making small wares, and coffee drinks. Roasting on premises preferred. Espresso bar offerings could include cookies/biscotti. Adjacent to outside door so can operate additional hours.
Deli/charcuterie	1-2	500-750	Deli can sell cold cuts, patés, sliced cheeses, fresh salads, condiments, and prepared sandwiches, but no bread except what is used for sandwiches.
Nuts/Spices/ Specialty products	2-3	300-800	Spices, nuts, condiments, oils, jams, sauces, and other specialty food products, focused on Utah-made.

Category	Number	SF	Description and Limitations
Ethnic foods*	5-7	250-600	Focused ethnic concepts might include pasta/Italian specialties, Mexican, Asian, or other ethnic foods, soup. Vendors must provide items for take-away or home consumption, not only food to eat on premises.
Wine/beer	1-2	700-1,000	Focus on local wines and beer. Wine bar could offer cold plates of cheeses, charcuterie or similar products.
Craft, food retail	2-4	250-500	Hand-made items produced by the vendor. Prefer items related to food and cooking
Flowers	1	500-800	Cut flowers and potted plants.
Total	24-35		

## Market district

### *Existing elements*

The proposed market district integrates a number of existing elements, including:

- Downtown Farmers' Market
- Winter Market in the Rio Grande Depot
- Food retailers and restaurants around Pioneer Park
- Events in Pioneer Park

### *Key additions*

Additions needed to create a robust market district include:

- Public Market (market hall, event/meeting space, education)
- Market sheds on 500 West
- 300 South Festival Street

### *Potential elements*

These elements will strengthen the market district and could be phased in over time:

- Enhancements to the Rio Grande Depot such as improved catering facilities and a glass curtain wall system around the portico on 500 West to improve the winter farmers' market
- New outdoor markets on days of the week when the Downtown Farmers' Market is

- not operating , such as a Vintage Market or Makers Market
- Development of the Utah History, Heritage & Arts Museum
- Additional restaurants and food retail
- Food trucks

*Potential boundaries*

The following map shows potential boundaries of the Salt Lake Market District, stretching from Pioneer Park to the Intermodal Hub. Further analysis and discussion are needed to determine whether 200 South should be included in the district.

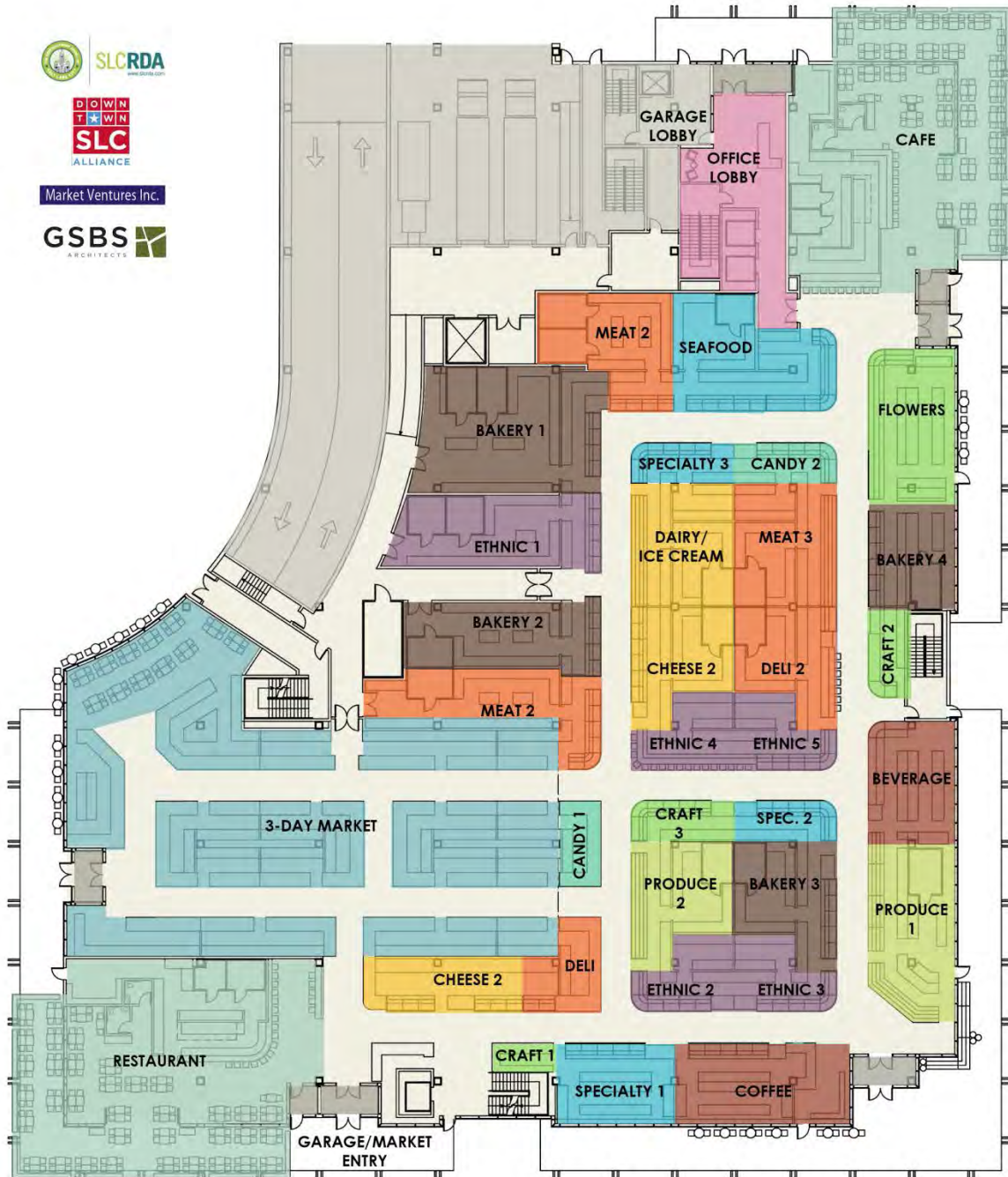


Once the boundaries have been set, then branding elements such as banners, signage, interpretive pieces and public art should be explored for the district gateways and streetscape.

# Design

## Market hall

Based on the merchandising concept and programmatic functions, the consultant team developed a layout plan for the ground floor of the Public Market:



The vendors in the market hall have the following square footage, including areas on the main floor (“stall sf”) and in the storage area on the mezzanine (“storage sf”).

Category	Stall	Stall sf	Storage sf.	SF Total
Cheese	2	539	200	739
Crafts	4	124	0	124
Specialty	5	607	200	807
Coffee	6	906	200	1,106
Produce	7	1,263	0	1,263
Beverage	8	650	200	850
Craft	9	215	0	215
Bakery	10	625	200	825
Flowers	11	817	100	917
Seafood	13	1,048	0	1,048
Meat	15	846	0	846
Bakery	16	1,525	0	1,525
Ethnic	17	991	0	991
Bakery	18	860	0	860
Meat	19	993	0	993
Candy	20	224	200	424
Deli	21	392	200	592
Ethnic	22	431	200	631
Ethnic	23	431	200	631
Bakery	24	674	200	874
Specialty	25	281	200	481
Craft	26	281	100	381
Produce	27	674	200	874
Ethnic	28	490	200	690
Ethnic	29	373	200	573
Deli	30	642	200	842
Meat	31	646	200	846
Candy	32	433	200	633
Specialty	33	433	200	633
Dairy	34	646	200	846
Cheese	35	642	200	842
Total	31	19,702	4,200	23,902

Vendor stalls range in size from 124 sf to 1,525 sf. The larger spaces contemplate substantial food production and/or wholesale or mail order sales in addition to retail happening within the Public Market. Average stall size is 636 sf.

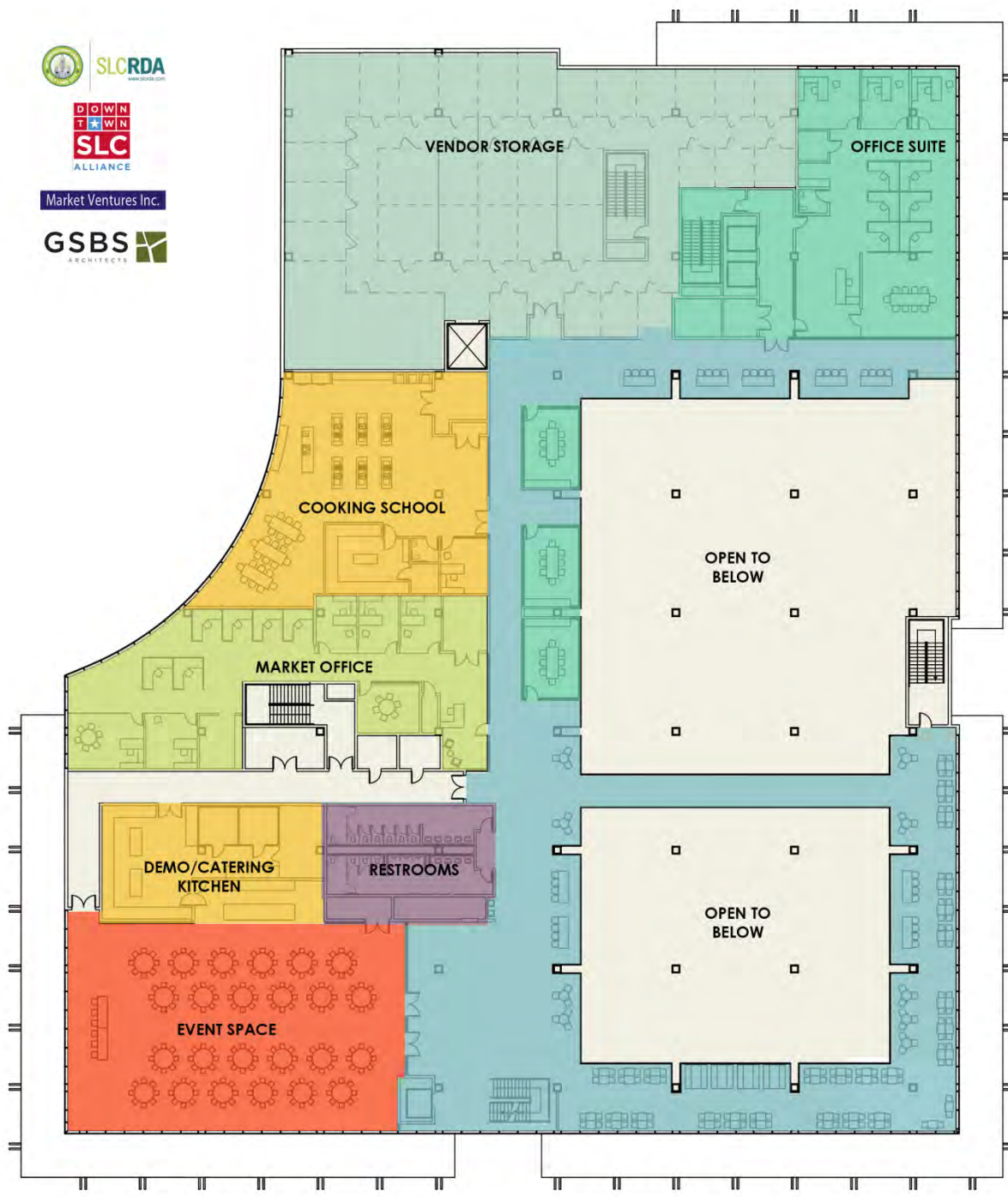
While the vendor types and square footages are defined precisely in this feasibility study,

they reflect an idealized vendor mix that is likely to change once leasing begins. It is important to maintain a good mix of fresh, specialty and prepared foods but impossible to predict what exact businesses will be interested in and capable of being tenants within the Market. Furthermore, the square footages will change as the building enters the design and construction phases.

The three-day market zone is approximately 5,300 sf and has room for about 23 vendor stalls and common area seating. These stalls are envisioned to have less infrastructure than the stalls in the main market hall, such as no cooking facilities, yet they will have access to power, water and sinks so vendors can plug in display units and cash registers, and do product sampling.

The two restaurants are 2,698 sf and 2,434 sf, respectively, not including substantial outdoor seating areas.

The Public Market mezzanine includes restrooms, common seating areas, meeting and event rooms, the hands-on teaching kitchen, vendor storage, Market office, and an independent office suite that can be rented to a partnering organization. The hands-on teaching kitchen is modeled after a similar facility in the Grand Rapids Downtown Market, with six cooking stations that have adjustable heights for students and a teacher station, plus an eating area, small office, bathroom, and prep/storage room:



*Design qualities*

The following are suggested design qualities that should inform the Public Market’s architecture:



- Compelling and welcoming

A compelling design is needed to make the public market a destination and thrilling experience. The design should highlight the “theater” of the Market, emphasizing the products and the food production process. The Salt Lake City Public Market needs to be a great public space, designed and programmed to be welcoming to the entire community. It should not appear exclusive or expensive.

- Practical

The Market’s design must be practical for food production, distribution and high volume retailing. While the architecture of the building’s shell is important, the nuances and efficiencies of vendor stall layout, equipment and fixture selection, lighting, circulation, and mechanical, electrical and plumbing systems will play a large role in determining the vendors’ success. For food distribution, the vendors need loading docks and adequate storage for both inputs and finished products.

- Sustainable

Sustainable design elements are critical for lowering operating costs for both the Market and for vendors, as well as branding the project as environmentally friendly. Sustainability can be a drawing card for environmentally conscious consumers, who tend to be younger and more educated, and help distinguish the Public Market from other places to buy food.

Some important opportunities for sustainable design include:

- Natural and LED lighting
- High efficiency fixtures
- Natural ventilation
- Remote compressors for refrigerated display cases
- Individual vendor metering of water and power so costs are assigned to users
- Recycling and composting to reduce waste
- Commissioning to optimize building systems

Some public markets have pursued a sustainability agenda aggressively, which can be an important selling point in developing the market’s brand. The Grand Rapids Downtown Market, for example, received Gold LEED certification by including a geothermal system for cooling and heating, recycling of building materials, rainwater capture in large cisterns, interior and exterior living walls, and a rooftop greenhouse that was the first project to utilize LEED’s on-site food production credit.

- Flexible

The public market space needs to be flexible so it can adapt over time. Since all markets experience vendor turnover, the vendor stalls should be designed on a grid system that allows spaces to grow and shrink, as needed, to accommodate different businesses. If the Market maintains ownership of the vendor-area sinks, walk-in boxes, cooking hoods, and display cases, new tenants can be quickly added.

Over time, public market vendors often desire more cooking capacity but this can be limited by the market's air handling capacity. If possible, the design plan should allow for expansion of cooking hoods and make-up air capacity.

### **Upper level commercial and roof deck**

The following layout plan shows the footprint for the three story office tower on top of the Public Market, as well as educational and event spaces on the Market's roof deck. The office footprint is 22,475 square feet, which the consultant team determined was the optimum size for this location and building type. The roof deck can host a wide array of events, including prime seating for musical performances on the 300 South festival street.

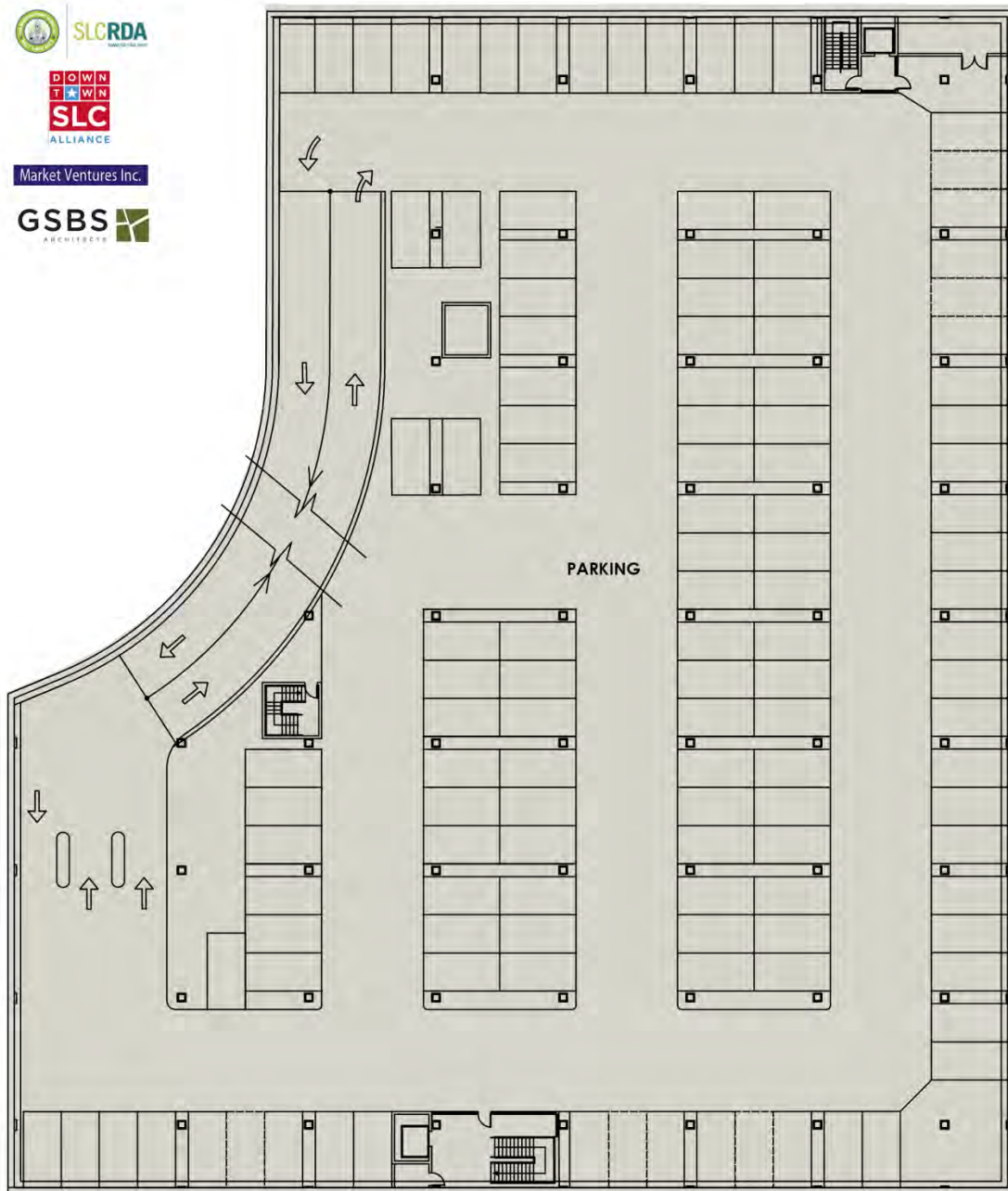


## Parking

The Public Market is designed to have up to three levels of underground parking. The parking is accessed from Pierpont Street and has a gating system that can accommodate both permit parkers (primarily office tenants and Market employees) and hourly parkers (Market customers). This parking layout provides about 127 parking spaces per level and 378 spaces for all three levels.

Generally the demand for parking between office tenants and Public Market users will be complementary, with highest Public Market demand on weekends and evenings, and highest office demand during the work week. Therefore, some of the parking can be shared.

As with other underground parking in this area, the garage will likely need a pumping system to remove groundwater.



## Perspective drawings

The consultant team prepared the following exterior and interior rendered views to provide a sense of what the Public Market might look like.





## Ownership and operations

The organizational functions of a new public market can be divided into four main categories: owner, developer, sponsor, and manager. These roles can be summed up as follows:

- Owner: the owner of the real property and facilities.
- Developer: the organization that oversees the market's finance, design, construction, leasing, and tenant coordination in preparation for opening. Experience has shown that leasing is best performed by Market management, not commercial brokers, and must be carefully coordinated with the developer.
- Sponsor: the sponsor has legal and fiduciary responsibility for the public market. It works to ensure that the market meets its defined goals and operates in a business-like and financially prudent manner. The sponsor typically:
  - Sets strategic direction
  - Hires, oversees and evaluates management
  - Sets policies
  - Approves and signs leases or permits (those with a duration of at least one year) and contracts over a dollar threshold
  - Ensures legal and accounting compliance
  - Raises funds for major capital projects
  - Ensures strong community and government relations
  - Initiates and develops partnerships
- Manager: the management team is responsible for operating the market on a daily basis. Management staff members:
  - Recruit vendors and oversee leasing
  - Provide property management services including stall assignment, rules enforcement, cleaning, security, waste removal, emergency planning, parking, etc.
  - Develop and implement marketing programs and special events
  - Oversee programming and educational activities
  - Maintain good vendor and customer relations
  - Perform financial management
  - Fundraise for special activities and programs
  - Work with partnering organizations
  - In some cases, step in to operate businesses in the public market to prevent vacancies and ensure the availability of core products for customers

Most of these functions are typically performed by management staff; however, some markets out-source elements such as security, cleaning, waste removal, and some marketing

activities.

While the organizational functions can be divided into four distinct categories, in practice these functions can be done by different entities, by one entity, or any combination thereof. Furthermore, there are examples of successful public markets around the country where each of these functions is performed by public, nonprofit or private sector organizations.

## **Organization structure**

### *Options for owner*

The site is currently owned by the RDA. While the RDA could maintain site ownership and lease the property for the Public Market, the RDA has indicated that it prefers to sell the property as it is doing with other properties in the Station Center District. Based on appraisals of nearby properties, the land value is estimated at approximately \$2.6 million.

Ownership of the property and improvements will depend on the development approach. As a complex mixed-use development with parking, retail, and office components, the owner needs to be an entity that supports the financing and the project goals. Some financing vehicles, such as New Market Tax Credits, have specific requirements for land ownership that might influence the ownership structure.

The decision about what entity will own the Public Market should be made as part of the ongoing effort to determine the best development and financing strategies.

### *Options for developer*

While the RDA, Downtown Alliance and Urban Food Connections of Utah have led the Public Market planning effort, none of these organizations is the preferred developer of the mixed-use project. Rather, the project should utilize the experience of a local developer to oversee financing, construction, and leasing of the office components. The developer will need to work closely with the Public Market's sponsor to build a facility that meets the Market's needs.

A private developer can be retained on a purely fee basis or could have an equity stake in the project, perhaps through a lease-to-own arrangement that predetermines the developer's ownership timeline and payout provisions.

### *Options for sponsor*

The Public Market sponsor provides the durable, long term leadership that helps drive success. To accomplish its duties, the sponsoring organization should have the following characteristics:

- A dual focus on economic sustainability and accomplishing the market's mission
- Capacity to oversee and evaluate market management
- Access to resources to create a strong, successful market, particularly if it requires additional capital investment or additional leadership



- Ability to make good decisions efficiently and thoughtfully, without being swayed by self-serving interests (which can happen, for example, if vendors are deciding questions of rents or operating policies), political considerations, or hampered by bureaucratic rigidity
- Sensitive to the history, accomplishments, and practices of the Downtown Farmers' Market
- Responsive to community and public interest, yet capable of maintaining independence in order to do what is best for the market and an entrepreneurial mien to take advantage of income producing opportunities for the market
- A broad view that encompasses the market's role in advancing the needs of the community and the city

Urban Food Connections of Utah meets these qualifications and was established specifically to operate the Downtown Farmers' Market and eventually the year-round indoor market. UFCU is a tax exempt, nonprofit corporation that has a proven track record in successfully operating the Downtown Farmers' Market.

Due to the increased complexity of overseeing the Public Market and the market district, the UFCU board will need to increase its capacity. This can be accomplished with standing board committees that address the major areas of oversight and planning, and which include non-board members to supplement the organization's leadership. The board should also consider creating advisory committees to provide formal channels for input, particularly for the Market vendors.

### *Options for management*

There are essentially two options for management structure:

1. **Hire the management staff directly.** Responsibility for managing the public market and district would be vested with the sponsor's employees, although some functions (such as cleaning and security) could be outsourced.
2. **Contract with a separate private (for- or non-profit) organization to run the facility.** The management functions and compensation would be enumerated in an agreement between the sponsor and this organization, with clearly described evaluation criteria that reward the contractor for achieving the public market's education and business development mission, not just financial goals.

Most sponsors of public markets utilize their own employees to manage the market (as is the case with the Milwaukee Public Market, Reading Terminal Market, and Grand Rapids Downtown Market). A notable exception is the historic City Market in Kansas City, which is owned by the city, sponsored by a public-private oversight committee, and managed by a private real estate management firm under three-year contracts following an RFP process.

In Salt Lake City, the preferred management structure is to hire the management staff directly. UFCU already has experience with its own management staff, whose members bring valuable market management skills and passion to the project. The management staff will need

to be substantially expanded to meet the needs of the Public Market and market district, along with their ongoing responsibilities running the Downtown Farmers' Market.

## **Operations**

### *Days of operation*

The indoor market hall should operate on a daily basis. Saturday will be a key Market day because it coincides with the Downtown Farmers' Market. Sunday is typically the busiest shopping day for supermarkets and many regional customers will come to the Public Market on Sundays because they have more leisure time that day. Public markets are generally open for all holidays except New Year's Day, Thanksgiving Day, and Christmas Day.

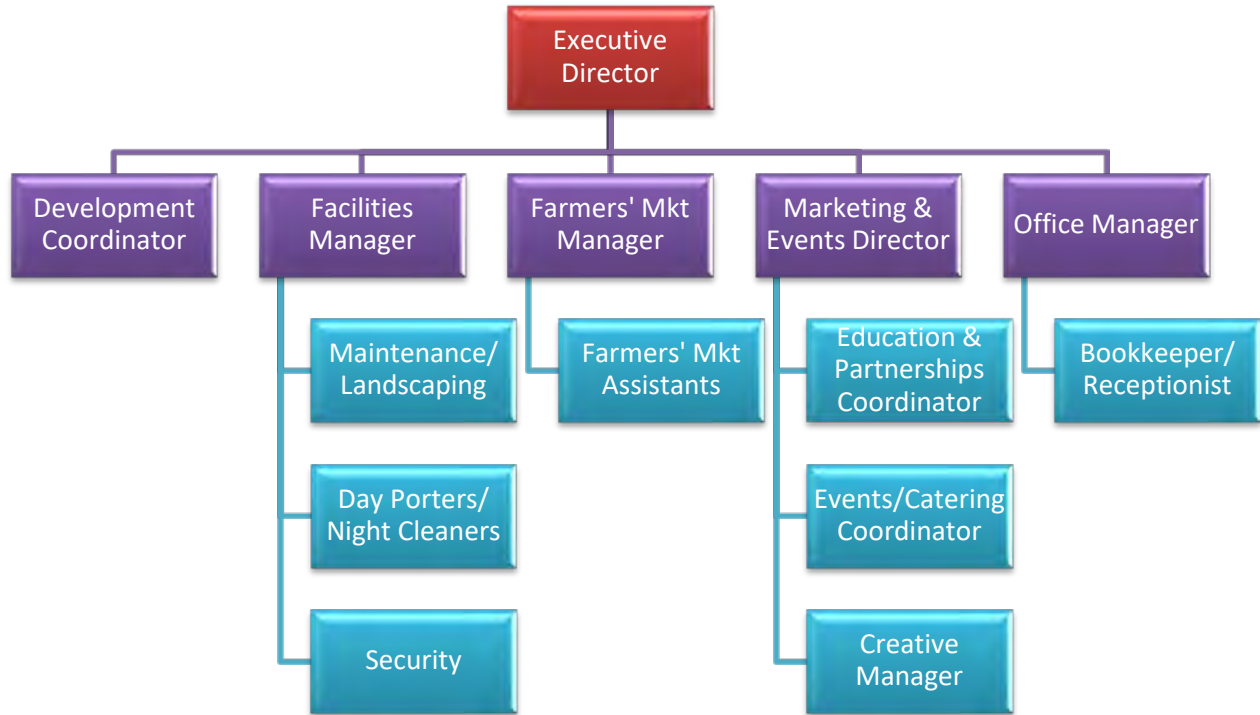
The three day market component is proposed to operate Friday through Sunday. Over time, based on both consumer demand and vendor interest, additional days of operation could be added, perhaps seasonally.

### *Hours of operation*

The Downtown Farmers' Market currently runs from 8 am to 2 pm on Saturdays. The indoor market should have longer hours, from 9 am to 7 pm (with 8 am start time on Saturdays). Some businesses might prefer earlier or later hours, which could be accommodated if they have their own entrances, particularly a coffee business and bakery. The market hall should be available to tenants on a 24/7 basis via a key-card access system.

## **Staffing**

The Salt Lake City Public Market requires a robust management staff to run the facility, operate the Downtown Farmers' Market, coordinate educational programming and run events both within the Public Market and throughout the market district. The following organizational chart identifies the key roles:



Public Market management staff has been identified as 20 full-time equivalent positions, although additional staff will likely be needed for events and catered functions. The roles and responsibilities of the proposed management positions include:

*Executive Director*

The Executive Director has overall responsibility for development and operation of the Salt Lake City Public Market and the Salt Lake Market District, ensuring that facilities are managed in a professional, safe, and efficient manner, that the Market achieves its stated economic and social goals, and that the Market meets the evolving needs of tenants and diverse area consumers. The Executive Director works closely with the board of directors to set strategic direction and oversees preparation of annual budgets and work plans. The Executive Director is typically the primary spokesperson and representative for the Market.

*Development Coordinator*

Reports to Executive Director. Responsibilities include:

- Soliciting and overseeing fundraising and grants, particularly for the Market’s educational programming
- Developing partnerships and sponsorships

*Facilities Manager*

Reports to Executive Director. Responsibilities include:

- Overseeing day-to-day operations and maintaining and cleaning of all Public Market facilities, ensuring the facilities are operated in compliance with all applicable laws, ordinances and regulations
- Managing the maintenance helpers and day porters, as well as outside maintenance or repair contractors
- Overseeing the operational logistics for events
- Ensuring that all equipment is kept in good repair and working order

#### *Day Porters*

Reports to Facilities Manager. Responsibilities include:

- Keeping all common areas clean, including interior and exterior walkways, vestibules, seating areas, bathrooms, demonstration kitchen, offices, waste management areas, and glass surfaces
- Assisting with set up for events
- Acting as the eyes and ears of the facility, alerting security staff or others, as needed

#### *Security*

Reports to Facilities Manager. Responsibilities include:

- Providing for the safety of customers and employees and the security of property
- Coordinating with law enforcement or social service agencies to address malfeasant or antisocial behavior

#### *Downtown Farmers' Market Manager and Assistants*

Reports to Executive Director. Responsibilities include:

- Overseeing operation of outdoor Downtown Farmers' Market and the indoor winter market
- Recruiting vendors, coordinating stall assignment, setting-up and breaking-down, and collecting fees
- Enforcing outdoor market rules

#### *Marketing & Events Director*

Reports to Executive Director. Responsibilities include:

- Developing and overseeing the Public Market's program of marketing and special events
- Creating annual marketing plan and budget
- Coordinating work of outside contractors, such as graphic designers and website administrators

- Overseeing social media
- Responsible for public relations (although the Executive Director might be the prime spokesperson for the Public Market)

#### *Education & Partnerships Coordinator*

Reports to Marketing & Events Director. Responsibilities include:

- Developing educational programming for vendors and the public
- Overseeing use of the Public Market's educational facilities, including the demonstration kitchen, hands-on teaching kitchen, and meeting facilities
- Soliciting and overseeing participation of area chefs and other food professionals for cooking demonstrations and classes
- Developing and maintaining partnerships that further the Market's mission and programming

#### *Events & Catering Coordinator*

Reports to Marketing & Events Director. Responsibilities include:

- Overseeing public and private events in the Public Market, 300 South Festival Street, Rio Grande Depot, and other event spaces throughout the market district
- Coordinating catering and sales

#### *Creative Director*

Reports to Marketing & Events Director. Responsibilities include:

- Maintaining the Public Market brand in creative materials and communications
- Social media
- Preparing advertising, print materials, signs, and other creative materials

#### *Office Manager*

Reports to Executive Director. Responsibilities include:

- Overseeing the Public Market's business office
- Interfacing with tenants and the public
- Maintaining a comprehensive system of true and accurate office records, books, and accounts
- Assisting with managing tenant leases
- Overseeing the Public Market's IT infrastructure
- Coordinating sales of Public Market merchandise

### *Bookkeeper/Receptionist*

Reports to Office Manager. Responsibilities include:

- Assisting the Office Manager with bookkeeping and payroll functions, as well as general office duties
- Coordinating scheduling of classes and events

### **Partners**

Partnerships provide an opportunity to help achieve the mission of the Salt Lake City Public Market while also building the customer base and creating community good will. Various public and private agencies around Salt Lake City have overlapping interests with the Public Market, including food access, support for regional farmers, nutrition, entrepreneurship, and downtown revitalization. Already UFCU has developed numerous partnerships that provide the basis for ongoing and expanded relationships.

Market vendors play a variety of operational and governance roles in public markets, sometimes having representatives that sit on the sponsor's board, sometimes with representation on management committees, and sometimes with marketing. At Reading Terminal Market, for example, the merchants association runs the catering company that conducts after-hours events at the Market. The association also provides merchants with business services such as ServSafe certification. At Pike Place Market, the merchants association provides various communication tools, including a newsletter, and runs events.

A thoughtfully established vendors association provides a vehicle for constructive engagement between Public Market management and vendors, including the development of programs or services that could be provided by the vendor group in partnership with management. The development process should include establishment of a vendors association, with required membership for all leasehold tenants and initial financial and organizational support from Market management.

## Financial analysis

The financial analysis included in this report addresses all aspects of the Public Market but not the three floors of office or the underground parking. GSBS analyzed the income and expenses related to the office and parking garage, which it included in its financial modeling for the project's overall financing options.

### Income

#### *Market hall*

Individual operating pro forma were prepared for 31 permanent vendors in the market hall. The vendor pro forma include estimates for retail and wholesale sales, costs of goods, and typical operating expenses, including labor costs based on Salt Lake City metro area wages. The vendors are expected to have retail sales within the food hall seven days per week. Some vendors are expected to have substantial sales outside of the Public Market, such as catering, mail order, or wholesale to retailers and restaurants. Total gross retail sales are estimated at \$14.8 million and wholesale sales are estimated at \$1.6 million. Based on the experience of similar businesses in public markets around the country, a particular vendor's sales could be either considerably more or less than these estimates. These numbers represent good performance based on the demand potential that was explored in the Demand Analysis, above, and reasonable sales per square foot compared to similar vendors in other public markets.

The following chart shows highlights from the vendor pro forma analysis:

Category	Stall sf total	Sales/sf	Total sales	Net Income	Base rent/sf	Occupancy Costs		
						Base/CAM/%	Per sf	% sales
Cheese	739	\$1,061	\$572,000	\$54,001	\$36.00	\$39,847	\$73.93	7.0%
Crafts	124	\$1,048	\$130,000	\$51,244	\$40.00	\$7,690	\$62.02	5.9%
Specialty	807	\$900	\$546,000	\$62,652	\$36.00	\$43,085	\$70.98	7.9%
Coffee	1,106	\$746	\$676,000	\$99,411	\$50.00	\$75,895	\$83.77	11.2%
Produce	1,263	\$576	\$728,000	\$66,191	\$20.00	\$44,293	\$35.07	6.1%
Beverage	850	\$800	\$520,000	\$43,480	\$36.00	\$39,075	\$60.12	7.5%
Craft	215	\$726	\$156,000	\$56,640	\$40.00	\$13,573	\$63.13	8.7%
Bakery	825	\$915	\$572,000	\$65,337	\$36.00	\$43,988	\$70.38	7.7%
Flowers	917	\$891	\$728,000	\$55,078	\$36.00	\$56,460	\$69.11	7.8%
Seafood	1,048	\$893	\$936,000	\$90,395	\$36.00	\$66,788	\$63.73	7.1%
Meat	846	\$983	\$832,000	\$71,374	\$30.00	\$44,005	\$52.02	5.3%
Bakery	1,525	\$750	\$1,144,000	\$143,569	\$40.00	\$89,558	\$58.73	7.8%
Ethnic	991	\$630	\$624,000	\$79,246	\$36.00	\$58,109	\$58.64	9.3%
Bakery	860	\$726	\$624,000	\$76,702	\$36.00	\$50,210	\$58.38	8.0%

Category	Stall sf total	Sales/sf	Total sales	Net Income	Base rent/sf	Occupancy Costs		
						Base/CAM/%	Per sf	% sales
Meat	993	\$838	\$832,000	\$79,529	\$30.00	\$52,278	\$52.65	6.3%
Candy	424	\$929	\$208,000	\$32,292	\$40.00	\$14,240	\$63.57	6.8%
Deli	592	\$929	\$364,000	\$64,054	\$40.00	\$27,340	\$69.74	7.5%
Ethnic	631	\$965	\$416,000	\$73,980	\$40.00	\$33,353	\$77.38	8.0%
Ethnic	631	\$965	\$416,000	\$73,980	\$40.00	\$33,353	\$77.38	8.0%
Bakery	874	\$926	\$624,000	\$106,680	\$36.00	\$46,119	\$68.43	7.4%
Specialty	481	\$925	\$260,000	\$52,048	\$36.00	\$15,824	\$56.31	6.1%
Craft	381	\$740	\$208,000	\$39,434	\$40.00	\$15,148	\$53.91	7.3%
Produce	874	\$772	\$520,000	\$69,825	\$20.00	\$26,935	\$39.96	5.2%
Ethnic	690	\$849	\$416,000	\$73,025	\$40.00	\$33,835	\$69.05	8.1%
Ethnic	573	\$976	\$364,000	\$53,415	\$40.00	\$25,158	\$67.45	6.9%
Deli	842	\$810	\$520,000	\$93,122	\$40.00	\$51,295	\$79.90	9.9%
Meat	846	\$966	\$624,000	\$62,676	\$30.00	\$40,785	\$63.13	6.5%
Candy	633	\$841	\$364,000	\$45,965	\$40.00	\$24,888	\$57.48	6.8%
Specialty	633	\$961	\$416,000	\$61,636	\$36.00	\$29,396	\$67.89	7.1%
Dairy	846	\$885	\$572,000	\$80,828	\$36.00	\$41,781	\$64.68	7.3%
Cheese	842	\$810	\$520,000	\$66,974	\$36.00	\$44,327	\$69.05	8.5%
Total	23,902		\$16,432,000	\$2,144,782		\$1,228,623		7.5%
Average	771	\$754	\$530,065	\$69,187	\$32.80	\$39,633	\$62.36	7.5%
Minimum	124	\$576	\$130,000	\$32,292	\$20.00	\$7,690	\$35.07	5.2%
Maximum	1,525	\$1,061	\$1,144,000	\$143,569	\$50.00	\$89,558	\$83.77	11.2%

The vendor pro forma assume that these are owner-operated businesses. Net income represents the return to the owner.

Rents include a fixed rent per square foot, a contribution to common area costs (CAM of \$7.50 per square foot), and a percentage of gross sales on the retail portion of sales only. This allows the tenants to share some of the risk and reward with the Public Market. The pro forma indicate the monthly sales thresholds above which the percentage rents are applied. Rents per square foot vary from \$20-50 per square foot, depending on the business. Some cornerstone vendors with low profit margins (such as produce, meat and seafood) have both lower base rents and percentage rents (ranging from 2% - 4%), while higher profit businesses (such as coffee or prepared foods) have higher base and percentage rents (typically 6% - 7%).

Total annual income to the Public Market from base rents, percentage rents and CAM equals about \$1.23 million at full capacity. The Public Market's operating pro forma includes vacancy factors, which reduces this amount.



### *Restaurant*

Rents for restaurants are estimated at \$22.00 per sf, plus \$7.50 CAM. Assuming \$800 sales per square foot, the occupancy costs equal less than 7% of sales.

### *Three day market*

The three day zone has 23 stalls. Over 50 weeks per year and an average daily fee of \$50, potential income from this area equals \$172,500 per year.

### *Market sheds*

The fee for use of market sheds is estimated at \$35 per day. Assuming 40 stalls are used two days per week and 30 weeks per year, income from the sheds equals \$84,000 per year.

### *Downtown Farmers' Market*

Rental income to the Salt Lake City Downtown Farmers' Market currently equals approximately \$160,000 per year. This figure was used in the operations pro forma.

### *Special events and offices*

Various spaces around the Public Market can be rented or used for special events, including the demonstration kitchen/event room, teaching kitchen, roof garden, market sheds, and the market hall. The following charts provide income estimates for events and office spaces:

Site rental for catered events	Events/year	Average participation	Annual Participants	Rental rate/participant	Income
Event Space	60	150	9,000	\$15	\$135,000
Teaching Kitchen	100	20	2,000	\$10	\$20,000
Roof Garden	40	50	2,000	\$15	\$30,000
Market Sheds	10	100	1,000	\$10	\$10,000
Market Hall	3	500	1,500	\$20	\$30,000
Total	213				\$225,000

Office suite & conference rooms	SF	Rent/sf	Rent	CAM/sf	CAM
Office suite	2,763	\$20.00	\$55,260	\$7.50	\$20,723
Conference rooms	300	\$20.00	\$6,000	\$0.00	\$0
Income			\$61,260		\$20,723

### *Other income*

Other sources of income include a marketing fee charged to all vendors at \$5.00 per sf, sales of merchandise such as bags and shirts, and donations and sponsorships. UFCU already has a track record with concessions and sponsorships, which formed the basis for the estimates within the Market's P&L.

### **Expenses**

The largest expense in operating a public market is typically management salaries. While some markets operate with a small management staff, most successful public markets need substantial, high quality management to achieve the market's mission and sustain a successful operation.

Recommended staff positions are described in the staffing plan, above. Local salaries were estimated using data from the federal Bureau of Labor Statistics for the Salt Lake City metropolitan areas and a recent survey of public market managers conducted by MVI for the National Association of Produce Market Managers. Annual mean wages were identified for occupational titles that correspond approximately with each management function. Fringe benefits are estimated at 30% and payroll taxes at 10%. First year personnel expenses include:

Personnel	Year 1	Comparable Occupation BLS (mean wages for SLC)
Executive Director	\$95,000	[source: NAPMM comparable data]
Development Coordinator	\$53,000	Fundraisers
Facilities Manager	\$58,000	Property, Real Estate, & Community Assoc Managers
Maintenance/landscaping	\$39,000	Maintenance and Repair Workers, General
Day porters (140 hrs/wk)	\$76,000	Maids and Housekeeping Cleaners
Night cleaner (56 hrs/wk)	\$30,000	Maids and Housekeeping Cleaners
Security (70 hrs/wk)	\$51,000	Security Guards
Farmers' Market Manager	\$45,000	[source: UFCU]
Farmers' Market Assistants	\$40,000	40 hours/wk, \$20/hr, 50 weeks/yr
Marketing & Events Director	\$64,000	Public Relations Specialists
Education/Partnerships Coord	\$42,000	Self-Enrichment Education Teachers
Events/Catering Coordinator	\$46,000	Meeting, Convention, and Event Planners
Creative Manager	\$51,000	Graphic Designers
Office Manager	\$53,000	First-Line Supervisors of Office & Admin Support Workers
Bookkeeper/Receptionist	\$37,000	Bookkeeping, Accounting, and Auditing Clerks
Fringe benefits	\$234,000	
Payroll tax	\$78,000	
<i>Subtotal</i>	\$1,092,000	

Estimated Public Market costs of operations are listed here:

Market operations	Year 1
Personnel	\$1,092,000
Farmers' market operations	\$120,000
IT/POS maintenance	\$25,000
Maintenance/repair	\$150,000
Professional/legal fees	\$50,000
Rooftop maintenance	\$100,000
Supplies	\$50,000
Utilities	\$171,070
Waste removal	\$42,000
<i>Subtotal</i>	\$1,800,070

#### *Other expenses*

The annual budget for marketing and education is estimated at \$250,000, which is for expenses above and beyond the cost of marketing personnel on staff. The pro forma assumes no payment of property taxes. Insurance is estimated at about \$39,000 per year.

#### *Operations pro forma*

Based on these assumptions, a five year operating pro forma is below. The pro forma includes bonuses for the management team once the Market achieves positive net operating income. Management receives 20% of the NOI up to \$100,000 and then 10% of NOI over \$100,000.

The pro forma assumes a 25% vacancy rate in year one plus 2% bad debt. The vacancy rate drops to 15% in year two, 8% in year three, and then stabilizes at 5%. Percentage rents are assumed to be 25% less in year one, 10% less in year two, and then stabilized in year three.

Based on the assumptions herein, this analysis shows that the Public Market should operate with positive NOI after an initial year of operation.

Given the uncertainties inherent in a percentage rent model and the complexity of operating the Public Market and the market district, the actual operating income and expenses might vary from these estimates. While this analysis shows positive NOI, it is risky to predict profitability. The development budget should include a cash reserve as a buffer against net losses before the Public Market reaches stabilization.

Salt Lake City Public Market	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Rental Income</b>					
Market Hall - base rent	773,898	773,898	797,115	821,028	845,659
Market Hall - % rent	230,220	276,264	306,960	322,308	331,517
Restaurant	112,904	112,904	116,291	119,780	123,373
Restaurants - % rent	94,752	113,702	126,336	132,653	136,443
3-Day Indoor Market	172,500	172,500	189,750	189,750	207,000
Market sheds	84,000	84,000	149,625	149,625	175,000
Office suite & conference rooms	61,260	61,260	63,098	64,991	66,940
<i>Subtotal</i>	1,529,534	1,594,528	1,749,175	1,800,135	1,885,933
<b>CAM</b>					
Market Hall	147,765	152,198	156,764	161,467	166,311
Restaurant	38,490	39,645	40,834	42,059	43,321
Office suite & conference rooms	20,723	21,344	21,985	22,644	23,323
<i>Subtotal</i>	206,978	213,187	219,582	226,170	232,955
<b>Other Income</b>					
Marketing fee	124,170	124,170	127,895	131,732	135,684
Farmers' Market fees	160,000	160,000	164,800	169,744	174,836
Concessions	15,000	15,000	15,450	15,914	16,391
Special event rental	225,000	225,000	231,750	238,703	245,864
Donations/sponsors	200,000	205,000	210,000	215,000	220,000
<i>Subtotal</i>	724,170	729,170	749,895	771,092	792,775
<b>Gross Operating Income</b>	<b>2,460,682</b>	<b>2,536,885</b>	<b>2,718,652</b>	<b>2,797,397</b>	<b>2,911,662</b>
Bad Debt Expense	37,214	38,638	62,900	64,741	67,637
Vacancy Factor (rent, CAM, mktg)	465,170	289,783	167,732	107,902	112,729
<i>Subtotal</i>	502,384	328,420	230,632	172,643	180,366
<b>Adjusted Gross Income</b>	<b>1,958,297</b>	<b>2,208,465</b>	<b>2,488,021</b>	<b>2,624,754</b>	<b>2,731,297</b>
<b>Operating Expenses</b>					
Market operations	1,800,070	1,854,072	1,909,694	1,966,985	2,025,995
Insurance	39,308	40,487	41,702	42,953	44,242
Property tax	0	0	0	0	0
Marketing	250,000	257,500	265,225	273,182	281,377
<i>Subtotal</i>	2,089,378	2,152,060	2,216,621	2,283,120	2,351,614
<b>Net Operating Income</b>	<b>(\$131,081)</b>	<b>\$56,405</b>	<b>\$271,399</b>	<b>\$341,634</b>	<b>\$379,683</b>
<b>Management bonus</b>	\$0	\$11,281	\$37,140	\$44,163	\$47,968
<b>Capital reserve</b>	\$0	\$0	\$150,000	\$150,000	\$150,000
<b>Profit (Loss)</b>	<b>(\$131,081)</b>	<b>\$45,124</b>	<b>\$84,259</b>	<b>\$147,470</b>	<b>\$181,715</b>

## Construction budget

Land costs are estimated at \$2.6 million based on a recent appraisal of a nearby property.

Construction costs were estimated by a professional construction estimator from Construction Control Corporation of Salt Lake based on the feasibility study drawings and additional input provided by the consultant team. General conditions, a 15% contingency, A&E fees, and a developer fee of 10% brings construction costs to \$57.2 million.

Soft costs associated with the Public Market, including tenant allowances of \$1.4 million, add another \$3.3 million to the development costs, bringing total construction costs, including land, to \$63 million. With 328,026 square feet, this results in total development cost of \$192/sf. This analysis does not include costs associated with financing.

Sale Lake City Public Market	#	Rate	Subtotal	Total	Cost/SF
<b>Land (estimated appraisal value)</b>				\$2,600,000	
<b>Construction</b>					
Market hall & mezzanine*	1	\$18,901,564	\$18,901,564		\$216
Parking level 1	1	\$5,331,438	\$5,331,438		\$92
Parking additional levels	2	\$4,688,179	\$9,376,358		\$81
Office shell	3	\$2,218,696	\$6,656,088		\$99
<i>subtotal</i>			\$40,265,448		\$123
General conditions		6.0%	\$2,415,927		
Overhead & profit		4.0%	\$1,610,618		
Contingency		15.0%	\$6,039,817		
Architecture & engineering		7.0%	\$2,818,581		
Developer fee		10.0%	\$4,026,545		
<i>subtotal</i>			\$16,911,488	\$57,176,936	\$174
<b>Other</b>					
Signage/graphic design			\$175,000		
Project management/leasing			\$360,000		
Legal/professional fees			\$100,000		
Insurance			\$75,000		
FFE			\$800,000		
Tenant allowances (TI)			\$1,363,200		
Opening promotion/1st yr			\$125,000		
Neg cash flow/reserve			\$250,000		
<i>subtotal</i>				\$3,248,200	\$10
<b>Total</b>				\$63,025,136	\$192

\* Minus kitchen equipment, millwork, furnishings, demolition

Budget does not include financing costs

## Financing

The consultant team explored a range of mixed-use development options and how they impact financing sources. These included a Public Market-only option with one level of underground parking, a Market with two levels of office above and two levels of parking, and a Market with three levels of office and three levels of parking. All options assumed a ten year “hold” period by the developer and income and expenses for the office and garage at near term rates.

The third option provides the basis for a positive return on investment for a private developer although it requires a longer than usual hold period. This suggests that the project will require some amount of development subsidy in addition to a developer’s equity contribution and debt financing.

Sources of subsidy might include:

- State and local governments have been involved with funding public markets. Sometimes their role is to provide long term ground leases at nominal cost or to pay for infrastructure or streetscape improvements in and around the public market site. The Salt Lake RDA could play a major role in financing by underwriting the cost of land.
- Foundations that give on the local, regional, and national levels have all invested in public markets. The funding has included both grants (which do not need to be repaid) and PRIs (program related investments), which are loans (sometimes forgivable) or other equity investments into the project. Foundation involvement can work nicely with other types of funding to provide bridge loans or paying down other debt.
- Individual or corporate donors have given to public market capital campaigns. Sometimes these gifts have included naming opportunities within the facility. Some companies have provided gifts in-kind, such as kitchen equipment for a demonstration kitchen. The federal Affordable Care Act has changed the ways in which hospitals must demonstrate support for their communities, providing opportunities for hospital investments into wellness programs at public markets.
- Public markets have utilized a variety of tax credit programs at the federal and state levels, including Historic, Brownfield, and New Market Tax Credits. New Market Tax Credits appear to be particularly suited for this project but uncertainty at the federal level makes it hard to predict if they will be available in coming years.
- The federal government has funded public markets through a variety of agencies, including:
  - US Department of Agriculture and its Healthy Food Financing Initiative (in partnership with the Treasury Department and the Department of Health and Human Services).
  - The US Department of Commerce, Economic Development Administration (EDA) was the conduit for funding the Milwaukee Public Market (\$2.5 million)

and Eastern Market in Washington, DC (\$2 million).

- Department of Health & Human Services through its Community Food & Nutrition Program
- HUD through its Section 108 and Choice Neighborhoods programs
- Department of Energy for energy efficiency initiatives
- Department of Homeland Security through its EB-5 Visa Program

## Economic Impact

The consultant team estimated the economic impacts that the Public Market would have in the study area, including expected job and business creation within the Public Market and more traditional economic impact analysis, which estimates *direct* benefits in increased sales, *indirect* benefits that flow from increased purchases of other materials and services, and *induced* benefits to household incomes and consumption.

### Public Market jobs and businesses

The vendor pro forma analysis includes estimates for employment for each of the proposed 31 vendors in the Public Market, the three-day market zone, restaurants, and jobs in Market management. This analysis identifies 237 full-time equivalent positions within the Public Market.

Jobs will also be created within the three stories of office space. Based on an estimate of three jobs per 1,000 square feet of office area, the office component will contain 202 jobs. Taken together, the entire mixed-use project will contain 439 jobs. If companies relocate to the Public Market from elsewhere in Salt Lake City, this will not necessarily create new jobs in the city.

A substantial proportion of the vendors in the Public Market will be either start-up businesses or creation of full-time operations from micro-businesses (such as those that operate only at the Downtown Farmers' Market). Based on the experience of other public markets, it is reasonable to expect that one-third of the vendors in the public market will be start-ups, suggesting that the Public Market will launch at least 10 new full-time businesses, plus a variety of part-time businesses that utilize the three-day operating zone.

### Impact methodology

The methodology for measuring economic benefits of specific projects or programs on affected regions is well established in the field of urban economics. Systematic analysis takes into account inter-industry relationships within regions, because these relationships largely determine how regional economies respond to project or program changes. The tool of regional input-output (I-O) multipliers, developed by the U.S. Bureau of Economic Analysis (BEA) and customized for specific regions as *RIMS II Multipliers*, accounts for highly disaggregated inter-industry relationships within regions. It is based upon BEA's 2007 national benchmark I-O table, which accounts for the input and output structure of more than 500 U.S. industries, and BEA's 2015 regional economic accounts, which show each region's industrial structure and trading patterns.

*RIMS II Multipliers* can be estimated by BEA for any region composed of one or more counties and for any industry in the national I-O table. For purposes of measuring the economic benefits of the Public Market, *RIMS II Multipliers* were obtained for the Salt Lake City MSA.



The table below shows the *Final Demand multipliers* for various industry sectors. The *Final Demand Multipliers* account for all regional economic repercussions of generating an additional dollar of sales or construction output.

***RIMS II Multipliers for Salt Lake City MSA***

Industry	Final Demand Multiplier		
	Output	Earnings	Employment
Food retail	1.4076	0.4055	15.7878
Food service	1.4999	0.4062	20.1633
Other retail	1.4702	0.3939	12.658
Wholesale	1.4162	0.3501	6.3901
Real estate	1.3830	0.2232	9.5201
Construction	1.4848	0.4101	8.1342

*Source: U.S. Bureau of Economic Analysis*

The multipliers listed under *Final Demand* include Output, Earnings, and Employment.

- The Output column represents the total dollar change in output that occurs in all industries in the regional economy for each additional dollar of output delivered to final demand by the industry sector corresponding to the row entry (e.g., Food services). In this case, \$10 of new sales in Food Services creates \$14.99 in new economic output.
- Entries in the Earnings column represent the total dollar change in earnings of households employed by all industries in the regional economy for each additional dollar of output delivered to final demand by the industry sector corresponding to the row entry.
- Entries in the Employment column represent the total change in number of jobs that occurs in all industries in the regional economy for each additional one million dollars of output delivered to final demand by the industry corresponding to the row entry.

**Direct impact of sales at the Public Market**

Determining the economic impact of the Public Market requires an estimate of sales by Market vendors for each of the industries described in the RIMS II multipliers, including food retail, food service, other retail (for crafts), and wholesale. As discussed above, the sales of any business in the Market could be appreciably more or less than the estimates based on the skills of the business owner, changes to the economic climate, new competition, etc. Therefore, while the economic impact analysis employs the standard approaches described above, the results must be read with an understanding of the limitations of the sales projections.

The following chart shows a projection of sales, ordered by type of business:

Function	Type	Sales estimate
3 Day market	Food retail	\$1,656,000
Market hall vendors	Food retail	\$8,936,200
Market sheds	Food retail	\$1,920,000
	<b>Food retail Total</b>	<b>\$12,512,200</b>
3 Day market	Food service	\$1,104,000
Market hall vendors	Food service	\$4,687,800
Restaurants	Food service	\$4,105,600
	<b>Food service Total</b>	<b>\$9,897,400</b>
Market hall vendors	Other retail	\$1,222,000
	<b>Other retail Total</b>	<b>\$1,222,000</b>
Market hall vendors	Wholesale	\$1,586,000
	<b>Wholesale Total</b>	<b>\$1,586,000</b>
	<b>Grand Total</b>	<b>\$25,217,600</b>

This analysis shows that gross sales by businesses within the Public Market and market sheds are estimated at roughly \$25.2 million once the market reaches stabilization, projected to be year three. Not all of these sales will be new economic activity. There will be substitutions as consumers choose to replace their purchases from an existing store in the region and instead buy at the Public Market. This analysis assumes that three-quarters of the purchases by tourists will be new sales (tourists are estimated to represent 20% of total demand) and that one-third of purchases by area residents will be new sales. Total new sales are therefore \$10.5 million.

Employing the RIMS II multipliers for each type of business results in the following economic impact:

Industry	Sales	Final Demand Multiplier					
		Output		Earnings		Employment	
Food retail	\$5,213,417	1.4076	\$7,340,000	0.4055	\$2,110,000	15.7878	82.3
Food service	\$4,123,917	1.4999	\$6,190,000	0.4062	\$1,680,000	20.1633	83.2
Other retail	\$509,167	1.4702	\$750,000	0.3939	\$200,000	12.658	6.5
Wholesale	\$660,833	1.4162	\$940,000	0.3501	\$230,000	6.3901	4.2
<b>Total</b>	<b>\$10,507,333</b>		<b>\$15,220,000</b>		<b>\$4,220,000</b>		<b>176.1</b>

In total, the **\$10.5 million in new sales generates \$15.2 million in annual output within the region and increases earnings by \$4.2 million.** The Public Market generates 176 **new jobs** in the region. Over a ten year period, assuming sales increase 3% each year, the aggregate impact of the Public Market on the region would be **\$174 million.**

## Direct impact of construction and operations

The development program for the Public Market includes construction of 328,000 square feet of new space. As described above, the total construction budget is estimated at \$57.2 million (excluding land and soft costs). The annual operating costs of the Public Market are projected to be about \$2 million. The following chart shows the relevant RIMS II multipliers for real estate and construction:

Industry	Expenditure	Final Demand Multiplier					
		Output		Earnings		Employment	
Real estate	\$2,089,000	1.3830	\$2,890,000	0.2232	\$470,000	9.5201	19.9
Construction	\$57,177,000	1.4848	\$84,900,000	0.4101	\$23,450,000	8.1342	465.1
<b>Total</b>	<b>\$59,266,000</b>		<b>\$87,790,000</b>		<b>\$23,920,000</b>		<b>485.0</b>

The total economic effects of constructing the Public Market would represent a one-time increase of **\$84.9 million** by all industries affected by the construction activity. Earnings in the region would increase **\$23.5 million** and employment would increase by **465 jobs**. Upon completion of the facility, the economic effects of construction on the output of the region would come to an end.

The annual operations of the Public Market will increase the region's output by \$2.9 million annually, increase earnings by \$470,000 and support 10.9 additional jobs in the regional economy. Over a ten year period, assuming 3% growth in operating costs each year, the total economic impact of operating the market would be **\$33 million**.

## Total economic impact

The chart below combines each of the different types of economic impact. Aggregating these various benefits, the Public Market will create 661 jobs, increase earnings by \$28.1 million, and increase output by \$103 million in the first year. **Over ten years, the economic impact of the Public Market is estimated at \$293 million.**

Industry	Output (millions)	10 year impact (millions)	Earnings (millions)	Jobs
Public Market sales	\$15.2	\$174.5	\$4.2	176.1
Management	\$2.9	\$33.1	\$0.5	19.9
Construction	\$84.9	\$84.9	\$23.5	465.1
<b>Total</b>	<b>\$103.0</b>	<b>\$292.5</b>	<b>\$28.1</b>	<b>661.1</b>

## Conclusion

The continual growth and popularity of the Salt Lake City Downtown Farmers' Market and the Winter Market have demonstrated the year-round potential for a market selling fresh, local foods in downtown Salt Lake City in a distinctive though currently temporal setting. A permanent indoor public market can build upon the Downtown Farmers' Market's success, continuing to attract customers from a wide geographic region as well as downtown residents and employees.

Public markets are mission-driven entities. The feasibility study identified five goals that should drive the planning, development, and operation of the project:

1. Provide a catalyst for development of the Station Center District
2. Expand the impact and benefits of the Downtown Farmers' Market
3. Create a hub for Utah's local foods movement
4. Support small business entrepreneurship and create jobs
5. Promote community wellness through food access and education

The proposed development and management plan will accomplish these goals, providing the catalyst that will transform the Station Center District.

Based on the research with area food entrepreneurs and entrepreneurship support organizations, there is significant enthusiasm and interest among vendors for being part of the indoor market. Due to competition from supermarkets, the public market must create a unique niche that draws customers from a wide geographic area. This can be achieved by developing the public market as a facility that contains food producers, not just retailers. The Public Market has been designed to provide the infrastructure for food production.

Creating a Salt Lake Market District is an important strategy for distinguishing the Public Market from other food retailers. The proposed multi-block area stretches from Pioneer Park to the intermodal hub, while the management team at Urban Food Connections of Utah can manage programs and initiatives throughout the Market District.

Events and education at the Public Market will help create a unique experience for visitors, further the Market's educational goals, and provide a diversified income stream to the project. The proposed development program includes a variety of event areas, including unique spaces the hands-on teaching kitchen.

The financial analysis demonstrated that the Public Market can achieve positive cash flow by year two, based on the assumptions therein. The commercial elements of the project, including three stories of office space and three levels of underground parking, provide the basis to finance the project privately with modest fundraising and public support.

While public markets can be highly impactful and achieve a variety of notable goals, they are also challenging to develop and operate. This feasibility study is an important step toward creating the right development concept and reducing risk. To move forward, the project will need skilled and experienced design, development, leasing, and management teams with

adequate financial resources. The proposed plan offers a feasible public market facility for Salt Lake City that will meet the project goals.

## Appendix A. Interviews

Name & Title	Organization	Category
Angela Brown, Owner	SLUG Magazine & Craft Lake City	Business
Scott Evans, Owner	Pago Restaurant Group	Business
Nick Fuoco, Director of Finance	Nicholas & Company	Business
Kestrel Liedke, Owner*	Tin Angel Café	Business
Ryan Lowder, Owner	Copper Onion Restaurant	Business
Soren Simonsen, Owner	Community Studio	Business
Derek Allen, Owner	Landforge	Developer
Dan Lofgren, Owner	Cowboy Partners	Developer
David Ward,	Garbett Homes	Developer
Robb Abrams, Owner	The Bagel Project	Farmer/vendor
Matt Caputo, Owner*	Caputo's	Farmer/vendor
David Chen, Owner	Zoe's Natural Garden	Farmer/vendor
Hasen Cone, Owner	Sweet Lake Limeade	Farmer/vendor
Carly Gillespie, Owner	Backyard Urban Garden Farms	Farmer/vendor
Cassie Little, Owner	Frody's Salt & Smoke	Farmer/vendor
Lori Major, Owner	Mamachari Kombucha	Farmer/vendor
Deborah Mirin, Owner	Meat business	Farmer/vendor
Allen Parker, Owner	Parker Farms	Farmer/vendor
Scott Query, Owner	Solstice Chocolate	Farmer/vendor
Moudi Sbeity, Owner	Laziz Foods	Farmer/vendor
Cari Tagge, Owner	Tagge's Farm	Farmer/vendor
Thayne Tagge, Owner	Tagge's Farm	Farmer/vendor
Marissa Taylor, Partner	One Tree Ranch	Farmer/vendor
Brittney Thaxton, Owner	Vive Juicery	Farmer/vendor
John Weyhenmeyer, Owner	Van Kwartel Flavor Science	Farmer/vendor
Tracy Weyhenmeyer, Owner	Van Kwartel Flavor Science	Farmer/vendor
Rachel Wilkerson , Owner	Wilkerson Farms	Farmer/vendor
Richard Wilkerson , Owner	Wilkerson Farms	Farmer/vendor
William Boyce, Program Manager	Utah Department of Agriculture	Government
Wayne Bradshaw, Marketing Director	Utah's Own	Government
Edward Butterfield, Senior Project Manager*	SLC Redevelopment Authority	Government
Robin Cahoon, Director	Utah's Own	Government
Derek Kitchen, Council Member	Salt Lake City Council	Government
Cara Lindsley, Project Coordinator*	SLC Redevelopment Authority	Government
Susan Lundmark, Project Coordinator*	SLC Redevelopment Authority	Government

Jill Remington Love, Executive Director	Utah Depart of Heritage & Arts	Government
Ryen Schlegel, Special Events Permit Manager	City of Salt Lake	Government
Hayley Shaffer, Health Scientist	SL County Health Department	Government
Matt Sibul, Chief Planning Officer	Utah Transit Authority	Government
Brian Somers, Deputy Director*	Utah Depart of Heritage & Arts	Government
Bridget Stuchly, Sustainability Program Manager	City of Salt Lake	Government
Lex Traugher, Senior Planner*	Salt Lake City Planning Dept	Government
Katie Wagner, Assistant Professor	USU Salt Lake County Extension	Government
Jill Wilkerson-Smith, Project Manager*	SLC Redevelopment Authority	Government
Alece Ackroyd, Public Relations Specialist	Select Health	Nonprofit
Kerry Case, Director	Westminster College Envir'l Ctr	Nonprofit
Gwen Crist, Chair*	Slow Food Utah	Nonprofit
Jesse Dean, Director Urban Development	Downtown Alliance of SLC	Nonprofit
Alison Einerson, Market Director*	Urban Food Connections of Utah	Nonprofit
Sarah Heller, Program Manager	IRC New Roots Farm	Nonprofit
Kristen Lavelett, Executive Director*	Local First Utah	Nonprofit
Aaron Lee, Director	IRC New Roots Farm	Nonprofit
Michael Mack, VP Services*	Visit Salt Lake	Nonprofit
Laurie Maldauer, Director	Park City Culinary Institute	Nonprofit
Deborah Marzano, Program Coordinator	Women's Business Center	Nonprofit
Jason Mathis, Executive Director*	Downtown Alliance of SLC	Nonprofit
Jessica Norie, President*	Artspace	Nonprofit
Ashley Patterson, Executive Director	Wasatch Community Gardens	Nonprofit
Greg Reid, Public Relations	Select Health	Nonprofit
Krystal Rogers-Nelson, Program Coordinator	Real Food Rising	Nonprofit

\*Steering Committee

## Appendix B. Public market mission statements

Listed below are examples of mission statements from public markets around the country. Constant themes include: providing fresh, local food directly to the consumer, variety, education and preserving the historic nature and/or community relations of the market.

**Pike Place Market, Seattle:** Allowing consumers to “Meet the Producer” by providing both farmers and craftspeople an opportunity to sell farm-produced or handmade items directly to the consumer; to provide a wide variety of farm products and handmade arts and crafts for shoppers; and to provide direct marketing opportunities for new farmers and craftspeople to pursue their livelihoods.

**Reading Terminal Market, Philadelphia:**

- To preserve the architectural and historical character, and function, of the Reading Terminal Market as an urban farmers’ market.
- To provide a wide variety of produce, meat, fish, bakery and dairy products, and other raw and prepared food, brought to a public market in the center of the city by farmers, growers, producers and chefs;
- To maintain an environment that recognizes and celebrates the diversity of our citizens and fosters their interaction;
- To strengthen the historic link and mutual dependency of our rural and urban communities; and,
- To achieve this, while preserving the financial viability and achieving self-sufficiency for the Market.

**Chattanooga Public Market:** Chattanooga Public Market has the educational and charitable purposes to provide healthy, fresh produce, and sustainable agricultural and horticultural products, as well as locally-produced arts and craft wares, to residents of Hamilton County and surrounding areas, encourage commerce, entertainment and trade in our community.

**Findlay Market, Cincinnati:** Our mission is to preserve historic Findlay Market for future generations by developing it into a thriving, growing, dynamic public market that spurs economic development in the surrounding neighborhood.

**North Market, Columbus:** The North Market preserves and renews a unique public market experience for all members of the community by nurturing local merchant entrepreneurship, providing fresh and abundant food and food-related merchandise, by sponsoring festive events and through the preservation of a historic public facility.

**Grove Arcade, Asheville:** To effectively operate a premier destination in downtown Asheville filled with successful businesses and educational programs that reflect our mountain heritage and cosmopolitan taste.



**Grand Rapids Downtown Market:** The mission of the Grand Rapids Downtown Market is to create a dynamic downtown hub for the West Michigan food system by providing:

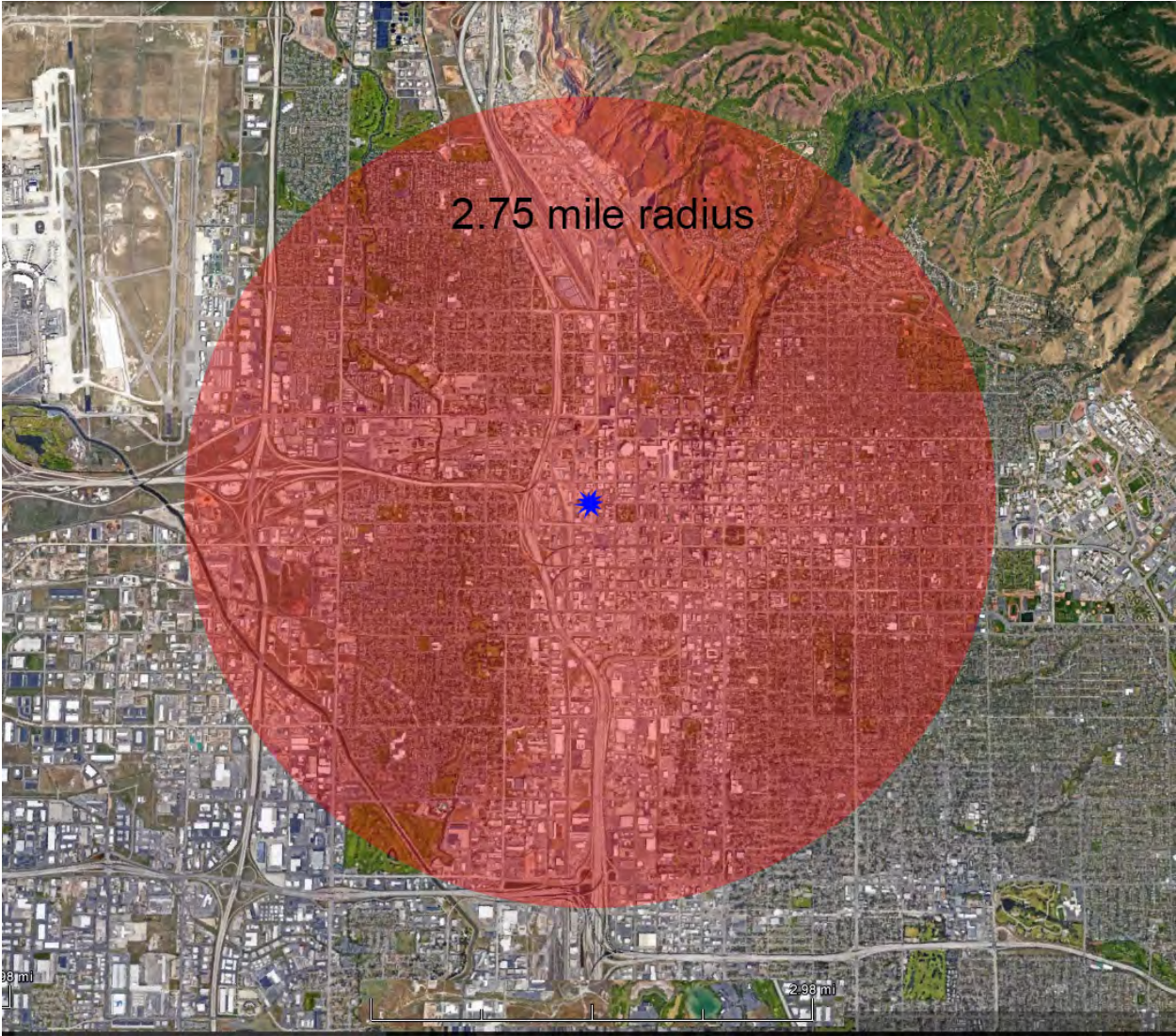
1. a place for local farmers and food producers to connect with diverse customers,
2. opportunities for independent entrepreneurs, and
3. education about farming, food, nutrition, and healthy lifestyles.

**Portland Public Market (Oregon):**

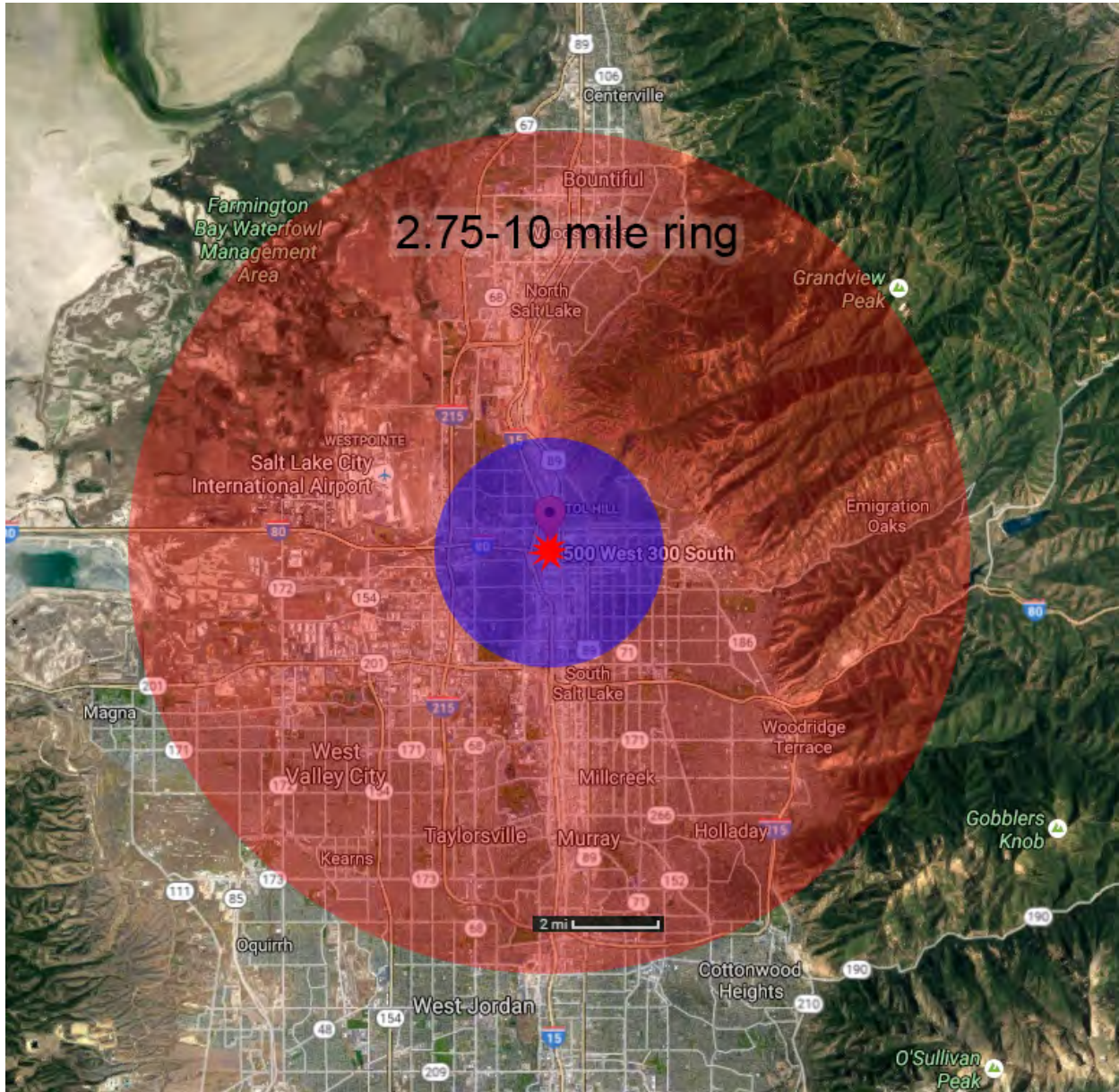
- The Portland Public Market is a showcase for all the best food products from our region, from fresh produce to prepared meals.
- The foods we offer fit our commitment to supporting local growers, promoting the sustainability of our agricultural resources, and encouraging all Portlanders to eat fresh, healthier foods.
- By bringing together the people who produce our food and the people who eat it, and by providing an educational forum, The Portland Public Market will increase demand for all the food that's fit to eat, thereby enhancing our region's quality of life.

Appendix C: Trade area maps

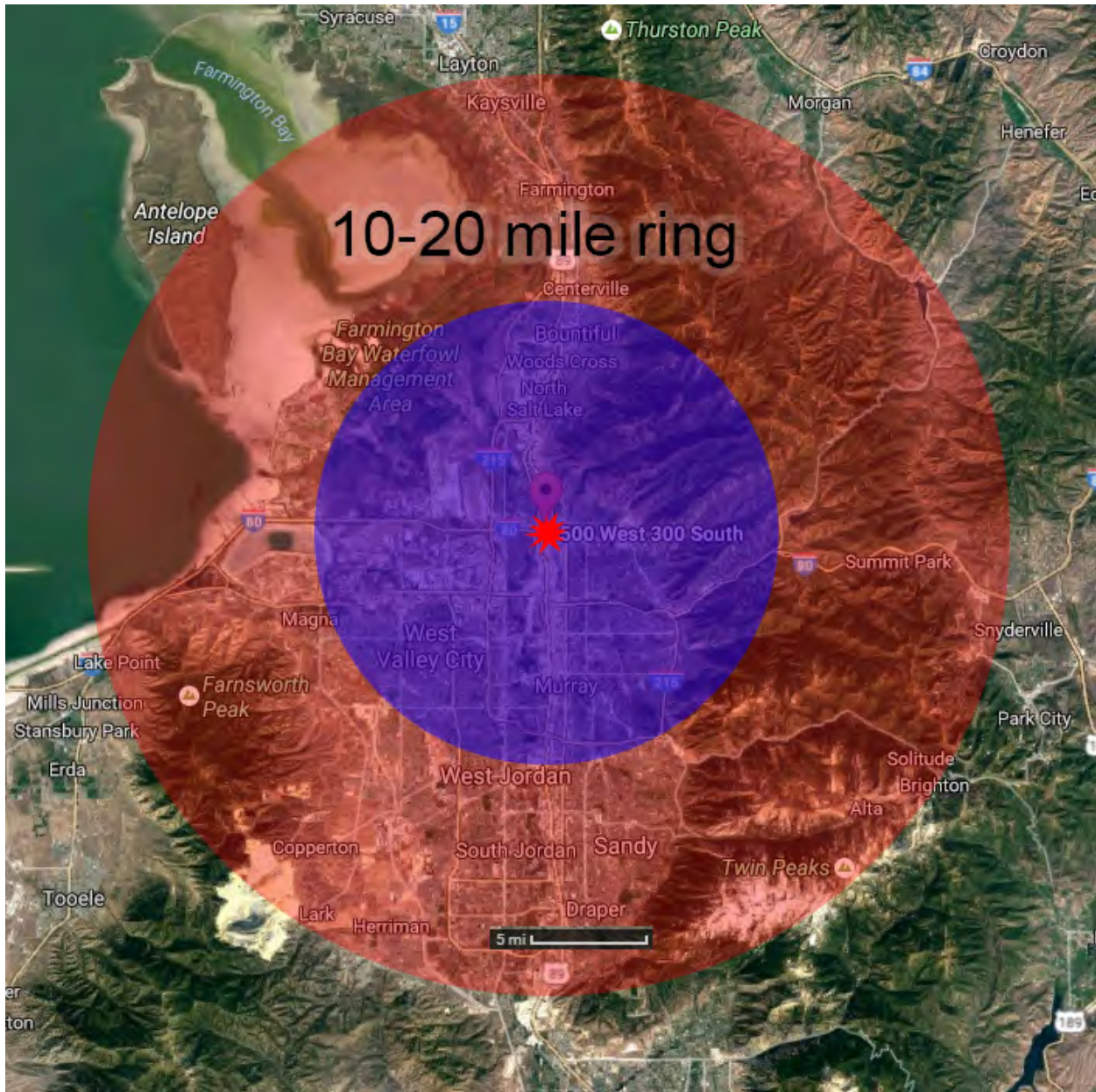
Trade Area 1: 2.75 mile radius



Trade Area 2: Band between 2.75 and 10 mile radius



Trade Area 3: Band between 10 and 20 mile radius



## Appendix D. Sales Analysis

Market categories	2.75 mile ring			2.75-10 m band			10-20 m band			Total	
	Demand (000s)	Capture rate	Potential (000s)	Demand (000s)	Capture rate	Potential (000s)	Demand (000s)	Capture rate	Potential (000s)	Demand (000s)	Demand % of total
Population		122,906			576,350			576,395			1,275,651
Baked goods	\$8,051	4.5%	\$362	\$38,080	1.5%	\$571	\$37,559	0.5%	\$188	\$83,690	6.7%
Dairy	\$25,339	2.0%	\$507	\$117,474	0.7%	\$783	\$115,586	0.2%	\$257	\$258,399	9.2%
Cheese	\$6,888	3.0%	\$207	\$32,552	1.0%	\$326	\$32,827	0.3%	\$109	\$72,267	3.8%
Meat	\$24,512	3.0%	\$735	\$117,427	1.0%	\$1,174	\$116,428	0.3%	\$388	\$258,367	13.6%
Poultry	\$8,621	3.0%	\$259	\$38,853	1.0%	\$389	\$37,808	0.3%	\$126	\$85,282	4.6%
Prepared foods	\$13,404	2.5%	\$335	\$58,978	0.8%	\$491	\$56,388	0.3%	\$157	\$128,770	5.8%
Produce - fresh	\$27,719	4.0%	\$1,109	\$125,006	1.3%	\$1,667	\$120,113	0.4%	\$534	\$272,838	19.6%
Seafood - fresh	\$2,480	5.0%	\$124	\$12,352	1.7%	\$206	\$12,672	0.6%	\$70	\$27,504	2.4%
Specialty food	\$14,449	3.0%	\$433	\$68,462	1.0%	\$685	\$67,916	0.3%	\$226	\$150,827	8.0%
Sweets	\$5,043	2.0%	\$101	\$23,957	0.7%	\$160	\$24,006	0.2%	\$53	\$53,006	1.9%
Coffee/Tea	\$6,669	3.0%	\$200	\$29,970	1.0%	\$300	\$28,801	0.3%	\$96	\$65,440	3.5%
Wine/beer	\$11,865	2.5%	\$297	\$52,962	0.8%	\$441	\$51,766	0.3%	\$144	\$116,593	5.2%
Lunch - Fast Food	\$19,722	1.0%	\$197	\$84,659	0.3%	\$282	\$81,805	0.1%	\$91	\$186,186	3.4%
Lunch - Full Service	\$14,389	1.0%	\$144	\$66,504	0.3%	\$222	\$65,490	0.1%	\$73	\$146,384	2.6%
Dinner - Fast Food	\$20,480	1.0%	\$205	\$89,174	0.3%	\$297	\$87,265	0.1%	\$97	\$196,919	3.6%
Dinner - Full Service	\$33,577	1.0%	\$336	\$155,881	0.3%	\$520	\$158,155	0.1%	\$176	\$347,613	6.1%
Total/Average/Total	\$243,208	2.3%	\$5,551	\$1,112,292	0.8%	\$8,514	\$1,094,585	0.3%	\$2,785	\$2,450,085	100.0%
Notes										0.69%	
Nielsen estimates for 2016 Consumer Spending Patterns											
Assumes no growth in food expenditures when public market is in place											
<b>Demand Summary</b>					3.00			3.00			
Resident demand	\$16,850,000										
Visitor demand %	20%										
Visitor demand \$	\$3,370,000										
Total demand	\$20,220,000										
Average sales per sf	\$800										
Supportable sf (net)	25,300										
Supportable sf (gross)	40,200										