

The Economics of Land Use



Final Report

Boulder Market Hall Feasibility Analysis

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EXECUTIVE SUMMARY

Economic & Planning Systems and David K O'Neil (Consultant Team) were retained by the City of Boulder to assess the feasibility of a market hall located within the Civic Area, specifically near the corner of 13th Street and Canyon Boulevard. The Civic Area Master Plan provides the foundational themes and mission used to develop the potential program for the market hall. The program was also guided by the outreach efforts completed during this study and the input from the Boulder Civic Area Market Hall Working Group. This report summarizes the findings of the feasibility study and provides the Consultant Team's recommendations future course of action for the City of Boulder on the market hall.

Recommended Program

The proposed Boulder Market Hall program was developed to incorporate the themes and vision of the Boulder Civic Area Master Plan and outreach efforts. Major driving themes include the desire to be food oriented, authentic, reflective of Boulder, innovative, local, and educational. The mixture of the recommended elements intends to capture the desire to celebrate and educate about local foods and natural products while creating new opportunities to grow the popular Farmers' Market. The concepts of "Boulder's Kitchen" or "Boulder's Dining Room" were suggested in outreach, and the components proposed lend themselves well to this concept. The elements identified align with this vision by creating a food center while providing opportunities for testing and educating to be key components.

The individual components of the recommended Market Hall program are described below and summarized in **Table 1**. Components were determined and refined through the research and outreach process and a vendor analysis, and are presented as two options: a smaller option (Alternative 1) and a larger option (Alternative 2). Alternative 1 has all the elements required to achieve a diverse level of activity and a break-even operation. Alternative 2 has all of the elements of Alternative 1, with a larger event hall and anchor space, more food vendors, permanent retail stalls in addition to the Farmers' Market Co-op store, and office space in addition to the Farmers' Market. Both options achieve the critical mass required for the Market Hall to succeed; however Alternative 2, with the inclusion of permanent retail stalls, has the potential to add more activity to the Market Hall through multiple retail spaces that are open on a daily basis. This retail space would also complement the Farmers' Market co-op

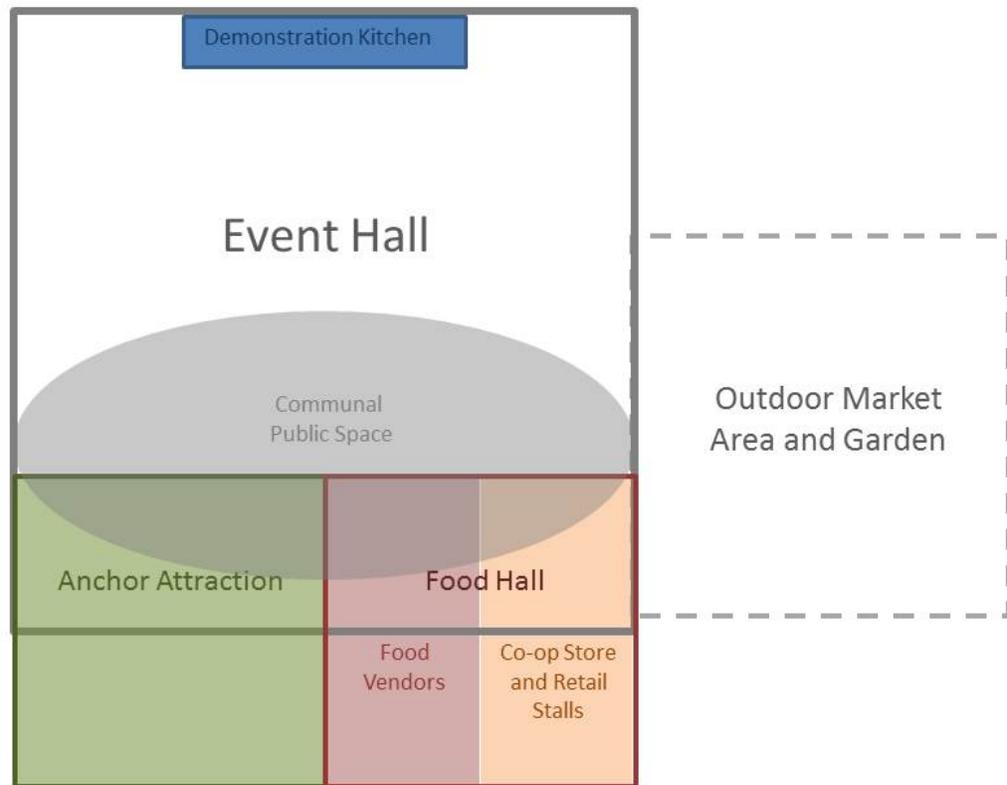
store, likely leading to greater success than the co-op store would have as the sole non-restaurant tenant, as in Alternative 1. Additionally, Alternative 2 can potentially operate in the black.

Table 1
Market Hall Elements

Market Hall Elements	Size (net sq. ft.)	
	Alt. 1	Alt. 2
Event Hall	8,000	10,000
Demonstration Kitchen	1,000	1,500
Anchor Attraction	4,000	6,000
Production Space	2,000	3,000
Tasting Room	2,000	3,000
Food Hall	2,200	5,500
Food Vendors	1,200	1,600
Farmers' Market Co-op	1,000	1,500
Permanent Retail Stalls	-	2,400
Additional Elements	4,000	6,500
Office Space	2,500	5,000
Storage	1,000	1,000
Bathrooms and Support Space	500	500
TOTAL	19,200	29,500

Source: Economic & Planning Systems; David K O'Neil

Figure 1
Market Hall Conceptual Diagram



Note: This diagram is conceptual and meant for illustrative purposes only. The drawing is not to scale or a recommended floor plan.

Event Hall

The central component of the Market Hall is an 8,000 to 10,000 square foot multi-purpose event and gathering space. This is envisioned to be a large, flexible space that will serve as expanded space for the Farmers' Market in the summer, a winter home to the Farmers' Market, a space for other market events, and an event hall that can be rented for community and private functions. This hall would have a maximum capacity for 500 seated (banquet style), serving a need in the Boulder market. A key feature of this space would be a demonstration kitchen with a "back of house" prep space that could be used both for demonstrations and educational classes, as well as by caterers for events.

Brewery/Distillery/Winery Anchor Attraction

The primary, every day attraction is proposed to be a 4,000 to 6,000 square foot brewer, distiller, or vintner tap/tasting room. The tap/tasting room will be supplied by beverages (specifically beer, spirits, or wine) made at the market hall. This could be a single tenant, or a tap house/tasting room with education oriented production space operated by a partner organization.

Food Hall

Another every day attraction is proposed to be a group of 6 to 8 food stalls to house aspiring restaurateurs and food vendors. This concept builds off a larger “food hall” movement nationally that brings together a set of food vendors in a shared building. The vendor stalls will provide spaces to up and coming chefs, restaurateurs, and food producers to test food concepts before maturing to stand alone locations in Boulder. Tenants for these stalls may include food truck vendors or vendors at the Farmers’ Market looking to grow. These stalls could be open up to seven days a week and/or during the evenings. The stalls are for food production and sales to patrons who may enjoy a communal seating area shared with the tasting room and connected/within the event hall. Seating could be expanded seasonally to include outdoor areas.

Permanent Retail Stalls

A permanent retail space is planned for a Farmers’ Market Co-op store, and potentially three other retailers. The Co-op store is envisioned as a permanent retail space to provide the Farmers’ Market with an outlet to sell Farmers’ Market vendor products year-round on a daily basis, and as a way to provide continued outreach and education. This space is presumed to be leased and operated by the Farmers’ Market, but other approaches may be explored.

There is the option in Alternative 2 to add three additional retail stalls for complementary food businesses such as a butcher, baker, and cheese maker. If not used for permanent retail, these stalls could potentially be used as retail incubation spaces that allow for pop-up stores and/or new retailers to test concepts. These stalls would be specifically open to businesses within the natural products industry.

Additional Building Elements

- Office Space - The Market Hall building will include 2,500 square feet of office space for the Boulder County Farmers’ Market offices. The Market Hall could potentially have an additional 2,500 square feet of office space available to lease. The office space would be oriented toward non-profit or businesses with a mission oriented towards the Market Hall mission.
- Bathrooms and support space for events and Farmers’ Market
- Storage for Farmers’ Market and events – 1,000 sf
- Rooftop – Opportunity to create a teaching garden on the roof that can also be used for events, seating and education
- Cold Cellar – A naturally cooled cellar for product storage and public education
- Outdoor Market Area – Create an attractive and flexible public space around the building that promotes circulation to and from neighboring uses. Add water and electric hookups for outdoor vendors. A large open area that could be tented would add to programming opportunities of the market.
- Garden – A street-level, outdoor kitchen and wellness garden.

Financial Feasibility

The financial feasibility of the two alternatives was tested using utilization estimates, competitive lease rates, average rental rates, and estimates from staffing and operations levels at comparable facilities. Using this data, and accounting for subsidized rates for certain users to ensure the community access that is a part of the Market Hall's mission, both options result in approximately break-even operations.

The market hall is estimated to require 5.0 FTE including a full-time executive director, full-time event and marketing manager, half-time bookkeeper, two full-time maintenance staff, and a half time security person. Total annual revenues and expenses for each option are shown in **Table 2**.

Based on these estimations, in a stabilized year the Market Hall is projected to have a net deficit of approximately \$16,000 under Alternative 1, and a net revenue of close to \$108,000 under Alternative 2. Based on the planning numbers used, these projections for Alternative 1 can be considered approximately a break-even operation while Alternative 2 would have the potential to generate a modest operational surplus. The income projections presented in this report are for a stabilized year; occupancy and rental income will not be 100 percent in the first few years, which will likely result in operating losses.

Table 2
Projected Stabilized Net Revenues

Net Revenue	Alternative 1	Alternative 2
Revenue		
Retail Rent	\$223,000	\$374,500
Office Rent	\$62,500	\$125,000
Hall Rentals	<u>\$194,600</u>	<u>\$194,600</u>
Total Income	\$480,100	\$694,100
Expense		
Payroll Expense	\$255,000	\$255,000
Employee Benefits	\$70,500	\$70,500
Education/Programming	\$50,000	\$75,000
Office	\$10,600	\$16,200
Legal/Professional	\$4,800	\$7,400
Insurance	\$10,600	\$16,200
Garbage	\$12,500	\$19,200
Facility Maintenance / Repairs	\$16,300	\$25,100
Facility Supplies	\$8,600	\$13,300
Utilities	<u>\$57,600</u>	<u>\$88,500</u>
Total Expenses	\$496,500	\$586,400
Net Revenue	(\$16,400)	\$107,700

Source: Economic & Planning Systems

H:\153086-Boulder Market Hall Feasibility\Models\153086- Budget Model.xls]Market Hall Proposed Budget

Management and Ownership

Cities have historically had a role in operating public markets, however most cities are now supporting other management models. The recommended implementation strategy involves the City of Boulder owning the property and the building, and the market hall itself managed by a community based independent nonprofit corporation.

Recommendations and Next Steps

The analysis of the feasibility of a public market hall in Boulder found that there is ample demand and support within the community for this type of venue. Furthermore, the analysis identified a program for the Market Hall that matches with the values and desires of the City and the community that is financially feasible from an operational standpoint. The consultant team recommends that the City continue to explore building a Market Hall, with the basic programmatic perimeters identified above, within the Civic Area. The City should continue in its role as convener of the process to build understanding and support for the market. Prior to addressing any proposed development timeline, the City should initiate a more robust public engagement to understand how a public market can best play out in Boulder as follows:

- Refine Program, Mission
- Cultivate Partnerships and Sponsors
- Continue discussions with potential tenants
- Refine the business plan
- Understand the financial/fundraising obligations
- Explore City and nonprofit partnership

Once a focused consensus emerges, the following series of events and next steps can begin:

- Create working design concept
- Outline a draft business plan
- Establish the Not for Profit Corporation
- Develop capital financing plan to raise funds necessary to build the Market Hall
- Explore creative and alternative methods for raising funds for the Market Hall

The proposed Boulder Public Market should raise all development, start-up and capital costs (and any projected operating shortfalls) and not use cash flow as a financing method. Operational sustainability should be the goal, with any surplus used to further support the mission and/or establish a capital reserve fund.

1. INTRODUCTION

Project Purpose

The City of Boulder recently adopted the Boulder Civic Area Master Plan. The Plan was created to help the Civic Area within Boulder become a reflection of the community's values and diversity by providing an enhanced environment that allows citizens to gather, recreate, eat, learn, deliberate and innovate. One of the elements identified within the Civic Area Master Plan that could be a central assets/attraction for the Civic Area was a year-round public market hall. Building on the success of the Boulder County Farmers' Market, the public market hall could help to provide a year round venue for local foods and help expand the season and facilities for the Boulder County Farmers' Market. The market hall can also be a significant attraction that can stimulate activity on a daily basis in the Civic Area that is currently lacking daily activity.

Scope of Work

In identifying the recommended program, the consultant team used data from comparable year-round markets, stakeholder outreach, and other market research. Comparable markets were researched to illustrate a range of public market concepts, and that information was used to inform the type and size of market facility to be programmed for Boulder. Meetings were held with the Boulder Civic Area Market Hall Working Group and other stakeholders to help identify the potential interest and demand for this type of facility, and to inform the development of the market mission and program. The comparable market research and stakeholder outreach are summarized below, and detailed in **Appendix A** and **Appendix B**.

Based on this and other research, the consultant team has defined a recommended program in terms of tenant mix, types and sizes of spaces needed, lease parameters and total square footage. This recommended program also includes a financial feasibility analysis for operating the Market Hall. The team has identified the most effective organization and management structure for the recommended development program.

Definitions

Public Market – a permanent market building that operates in or as part of a public space featuring locally owned and operated businesses, and serves a broader public purpose, such as community vitality, health and/or education.

Farmers' Market – The Boulder County Farmers' Market.

Market Hall – Over-arching term for the entire building (and all its uses).

Event Hall – a flexible flat floor space within the Market Hall that is intended to be used for expanded Farmers' Market, private, and community events.

Food Hall – permanent dedicated retail space within the Market Hall open on a daily basis with access to the street as well as the interior of the Event Hall. This space includes the food vendors, the Farmers' Market Co-op store, and other permanent food retailers.

Food Vendor – restaurant/food truck type tenant; located in the Food Hall.

Permanent Retail Stalls – permanent, everyday retail stores located within the Food Hall component.

Comparable Markets Analysis

The term “public market” encompasses a broad spectrum of spaces ranging from open-air, temporary markets to permanent year-round building including a number that have spawned larger market districts. Along that spectrum, there are variations in the form, function, management, and operations of these facilities. To inform this analysis and recommendation of a development program, nine comparable markets at various points along this spectrum were profiled, chosen from a larger sample for their similarities to the Boulder market setting, including similar climate, size of community, presence of a university, and/or other factors. The comparable markets were chosen to illustrate the wide variety of market hall concepts that could be considered.

There are four key elements that vary among market halls: the building itself, the role of a farmers’ market and fresh foods, the mixture of tenants, and the organizational and management structure. These four elements form the major organizing themes used to develop the recommended program for Boulder’s Market Hall.

The selected comparable market halls are summarized in **Table 3**. Major points of consideration identified in the comparable markets that helped guide the program definition for the Boulder Market Hall are:

- When the farmers’ market is the main tenant, the market space is only active when the farmers’ market is open. The more uses and functions the market hall has, the closer it gets to seven-day/week functionality.
- Many of these market halls have uses or components that do not generate adequate revenue to support operation. While these uses contribute to the mission and authenticity of the market halls and associated farmers’ markets, the losses generated must be recouped through other revenue-generating uses or operating subsidies. The inclusion of more revenue-generating uses can support the market hall’s operation and non-revenue generating components, which increases its financial viability.
- When the farmers’ market is the sole or prime use, a city tends to be the operator of the venue. As more uses and functions are added, a non-profit or private entity is often involved and may manage the facility. However, for all of these comparable markets, city involvement in some way—whether land ownership, structure ownership, or management—is common.
- Many of the market halls analyzed have some level of annual subsidy to offset costs. The subsidy comes from contributions from the municipality and/or private donations. The need for a subsidy is often driven by the desire to provide programs and services that support the community and are often not part of a for-profit business.

**Table 3
 Market Hall Attributes**

Market Hall Elements	Bellingham	Ann Arbor	Rochester	Old Strathcona, Edmonton	Santa Fe	Flint	Halifax Seaport	Eastern Market	Ferry Building
Building									
Type of Building	Enclosed Shed	Open-Air Shed ¹	Enclosed Shed	Market Hall	Market Hall	Market Hall	Market Hall	Market Hall	Market Hall
Size of Building (Sq. Ft.)	5,200	---	9,000	75,000	27,000	32,000	56,000	14,000	240,000
Size of Market Hall Portion (Sq. Ft.)	---	---	9,000	35,000	10,000	10,500	56,000	10,000	65,000
Other Permanent Uses in Building	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Days per Week in Operation	---	---	---	1	7	3	6	6	7
Role of Farmers' Market									
Type of Tenant in Building	Day User	Main	Main	Main	Day User	Main	Main	Not a tenant	Not a tenant
Days per Week in Operation	1	1 to 2	3	1	1 to 2	3	6	3	3
Year Round/Seasonal	Seasonal	Year Round	Year Round	Year Round	Year Round	Year Round	Year Round	Year Round	Year Round
Space and Tenant Mix									
Permanent Rental Spaces	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Non-Farmers' Market Tenants	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Event Space for Rent	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
Organizational Structure									
Building Owner	City	City	City	City	Non-Profit	City	Federal	City	City
Market Hall Operator	City	City	City	Non-Profit	Non-Profit	Non-Profit	Federal	City	Private
Operating Subsidy	---	Yes	Yes	No	No	Yes	No	Yes	No

¹ Planning to build a 4,000 sf w interized structure

Source: Economic & Planning Systems; David K O'Neil

H:\153086-Boulder Market Hall Feasibility\Data\153086-Comparable Market Hall Elements Summary.xlsx Sheet 1

Stakeholder Outreach

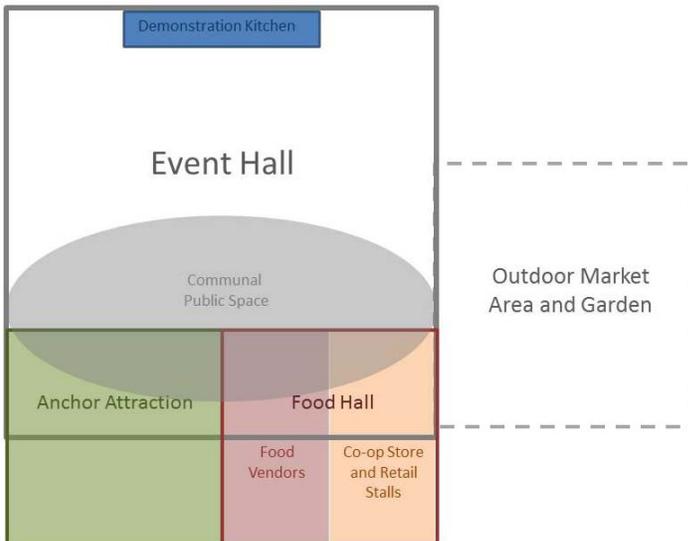
Stakeholder interviews and meetings were conducted with the Civic Area Market Hall Working Group and other food specialists in Boulder to gather input and perspective on development opportunities, constraints, and community need. This outreach was focused on the natural foods market in Boulder, potential uses for a year-round Market Hall, the role of the Market Hall in the broader Boulder food industry, vendor interest, and potential challenges that may arise.

There was general agreement that the Market Hall should have a clear, food-focused mission and that it should support and maintain the existing Farmers' Market with complementary uses. Flexibility was also brought up as a key component of the vision, both for the Farmers' Market to utilize the space in the regular and winter seasons, and for the local food community to have access to the space. Feedback on the vision and mission for the Market Hall centered on three key themes – the space should be food-centric, community-based, and have a strong education component.

Feedback around vendors and uses focused on what is already available in the community, what existing needs are, and how those needs fit into the potential mission of the space. There was enthusiasm for expanded space for the Farmers' Market, a large, flexible event space that could also be used for larger events, education, a kitchen space, and an anchor tenant and other revenue-generating uses to draw people to the building.

2. EVENT HALL

Overview



The central component of the Market Hall building is a flexible event hall, with its primary use intended to be for food related activities including a year-round farmers' market. However, these activities are not expected to use the hall on a full time basis; it is therefore designed to be a flexible space that can also be used as an event hall for other community and private functions. The hall can also serve as an informal customer gathering and seating space to complement the food, retail and production activities. The review of comparable facilities confirmed that many market halls are utilized for a

variety of private and community events including weddings, banquets and receptions, small concerts, and community meetings and other assemblies. These uses increase utilization and provide additional revenue generating opportunities for the hall. The availability of this space also allows for the inclusion of a variety of community and educational programming.

A sample of existing event spaces in Boulder were surveyed to estimate potential demand and to provide cost and revenue inputs to the financial model. The facilities are separated into two categories: public, and open to the public venues including university, civic, and cultural facilities and hotel meeting and banquet spaces. For each facility, data are compiled on facility capacities, rent rates, and usage. This data is provided to help estimate the expected level of usage, as well as supportable rental rates and operating costs for this type of activity.

Public Venues

EPS collected data on selected public event venues in Boulder including CU-Boulder Memorial Center, Boulder Museum of Contemporary Art, Boulder Public Library Gallery, Rembrandt Yard, and Dairy Center for the Arts.

University of Colorado-Boulder Memorial Center - The CU-Boulder Memorial center has two primary event centers and also manages club suite functions. The Glenn Miller Ballroom is the largest venue at 9,600 square feet and provides the ability to subdivide into three smaller spaces, of 3,000 to 4,000 square feet. The Glenn Miller Ballroom also has a 1,700 square foot commercial catering kitchen. The non-university organization room rental rate for the entire ballroom is \$1,430. This rate is good for the entire day (no minimum or maximum). The non-university organization room rental rate for the smaller rooms ranges between \$420 and \$640

for the day. Assuming an average of a five-hour event, the hourly rental rate would be \$286 for the entire space and between \$84 and \$128 for the subdivided spaces. Assuming an average of an eight-hour event, the hourly rental rate would be \$178 per hour for the entire space and between \$53 and \$80 per hour for the subdivided space. CU-Boulder averages between 500 and 600 annual events at its facilities. About 10 percent, or 50 to 60 annual events, are non-university organizations. A 2,000 square foot rooftop terrace is also available for rent. The non-university organization rent is \$530 (\$56 to \$106 per hour). Non-profits and private organizations are charged the same rent.

Boulder Public Library Canyon Theatre and Gallery – The Boulder Public Library has two main event venues available for rental. The Canyon Theatre is primarily a performance venue. It seats 205 people and can be rented for \$125 per hour for a minimum of three hours. The Canyon Theatre is utilized almost nightly. The second, more relevant, venue is the gallery space that can accommodate 400+ people and is available for \$100 per hour with no minimum. Audio-visual equipment is available for \$40 per hour. The gallery space is generally rented for receptions once or twice per month.

Boulder Museum of Contemporary Art (BMOCA) – The Boulder Museum of Contemporary Art (BMOCA) is a non-profit art gallery dedicated to providing the public with progressive exhibitions, innovative education programs, and valuable outreach initiatives. The BMOCA has two floors. The second floor is approximately 2,800 square feet and can accommodate up to 150 people. This space is primarily used for smaller groups. The entire two floors (approximately 6,000 sq. ft.) can also be rented for events. Each option can be rented for either a minimum of five hours (three-hour event and one hour for setup and breakdown/cleanup) or eight hours (five-hour event, two hours for setup and one hour for breakdown/cleanup). Hourly rental rates range depending on the day of the week (weekday vs. weekend). There is not a lower rate for non-profits. The low end includes the five-hour option for upstairs on a weeknight for \$800 (\$160/hour). The high end includes the eight-hour option for the entire building for \$2,500 (\$312/hour). Most options are for five hours on the weekend. The BMOCA averages about three events per month, depending on the month, with holidays being the most popular. The upstairs can also be rented for group meetings during normal business hours at \$125/hour. This generally happens once per month.

Rembrandt Yard – Rembrandt Yard is a private event center located at 1301 Spruce Street in downtown Boulder. Rembrandt Yard offers over 6,500 square feet of gallery space on two floors and serves as home to Open Studios, a Boulder based nonprofit art advocacy organization. Rates vary depending on time and day of rental. Weekday evening rentals for one floor are \$1,450 (\$207 per hour) for a seven-hour period or \$2,050 (\$293 per hour) for both floors. Weekend evening rentals for one floor average between \$1,850 (\$264 per hour) and \$3,500 (\$500 per hour) and \$2,450 (\$350 per hour) and \$4,100 (\$586 per hour). Weekend evening rentals for both floors average between \$3,250 (\$460 per hour) and \$4,900 (\$700 per hour). Prices include full assortment of tables and audio-video. During business hours, rates average \$125 to \$175 per hour for a five-hour minimum. Non-profit discounts are available.

Dairy Center for the Arts – The Dairy Center for the Arts is a non-profit performance and visual arts organization located at 2590 Walnut Street. It has 15 resident programs focused on youths to adults, including the Boulder Ballet, the Boulder Philharmonic, CentreStage Theatre Company, and the Parlano School for the Arts. The Dairy Center has three theater venues (250-

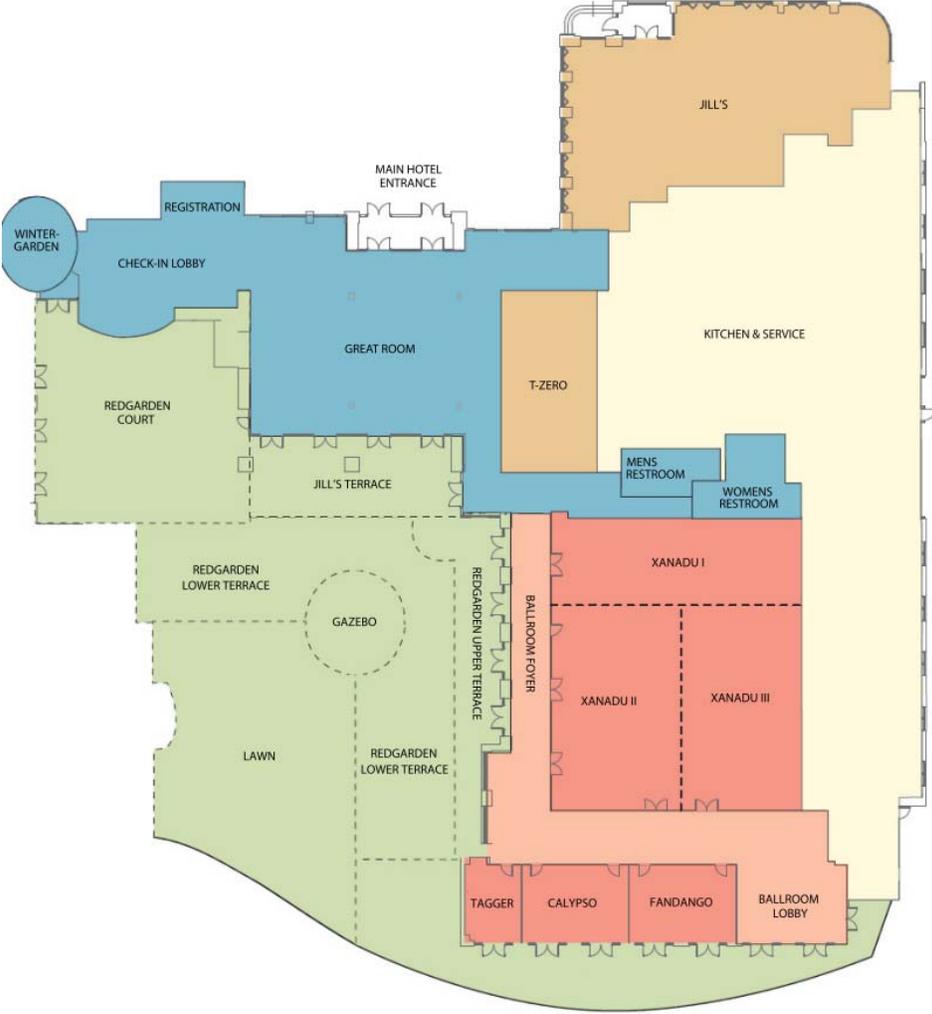
seat, 100-seat, and 80-seat) available for rent, as well as two event spaces. The largest event space is the lobby which has capacity of up to 150 people. This space accommodates fundraisers and receptions; however because of its dual use as the lobby, it has limited ability to be used on the weekends during other performances. The smaller event space is more private and serves as a gallery and exhibit space when not rented. The gallery can accommodate up to 85 people. Because the gallery space offers greater ability for private functions, this space is rented more frequently, or between five and ten times per month. The Dairy Center offers a limited catering kitchen. Rental rates for each space are \$95 for private or for-profit organizations and \$75 per hour for non-profit users. Each space must be rented for a minimum of four hours, including a two-hour event and one hour each for setup and breakdown/cleanup.

Hotel Venues

Most hotels have meeting and banquet space to support their group business. Group business can be a major or minor component of total hotel business depending on the type of property and setting. In a university town as well as in a typical urban market, the peak season for meetings and other group business is in the spring followed by the fall months. The first priority is to use meeting and event space to serve multiday meetings and conferences taking place at the hotel. On an as available basis, hotels will also rent their banquet space for weddings, reunions, parties, and community events. The three hotel properties listed below have facilities attractive and conducive for holding weddings, banquets, and other receptions.

St Julien Hotel and Spa – The St Julien is a 201-room luxury boutique hotel located at 700 Walnut in Boulder. The hotel's meeting and event spaces are especially well designed for weddings and banquets with 9,708 square feet of flexible indoor event space and 6,810 square feet of outdoor landscaped terrace and garden areas. The main Xanadu ballroom is 4,088 square feet with a capacity of up to 300 for a banquet and up to 240 for a wedding including a dance floor. The 2,400 square foot outdoor lawn is functional for outdoor ceremonies and the three contiguous terraces of 4,400 square feet work well for outdoor receptions.

Figure 2
St. Julien Floor Plan





Boulderado Hotel – The Boulderado is a five-story historic boutique hotel in downtown Boulder located at 2115 13th Street. The 10,000 square feet of meeting and event space can accommodate up to 240 guests. The lavish lobby and balconies are attractive settings for cocktail receptions, as well as informal gatherings.

Marriott Boulder – This 157-room boutique style hotel is located at 26th and Canyon close to the TwentyNinth Street lifestyle center and other retail and commercial uses along 28th Street. The hotel has six event rooms totaling 4,979 square feet. The largest ballroom has 2,418 square foot ballroom with a capacity of approximately 120 for a banquet and 175 for a reception. The Marriott has an average of 150 non-conference events per year, with rental rates ranging from \$1,200 to \$3,500 per event.

Conclusions

The existing public event spaces surveyed are well utilized. Similarly, Boulder hotels have relatively high demand for local events. The majority of event spaces in Boulder have a capacity of 150 to 200 people. There are few options for events that are larger than 200 people outside the Glenn Miller Ballroom or rental of one of the music theaters in Boulder. An event space that can provide a venue for larger events would likely have demand and is missing in the Boulder market currently. A number of the comparable public hall buildings, including the Flint Farmers' Market, Eastern Market in Washington DC, and the Santa Fe Farmers' Market were also popular venues for private and community events. The event space in the Market Hall should therefore be designed with flexibility to incorporate a range of similar functions that can increase utilization and revenue potential.

The recent had space should therefore be designed to accommodate the following uses and program elements:

Programming

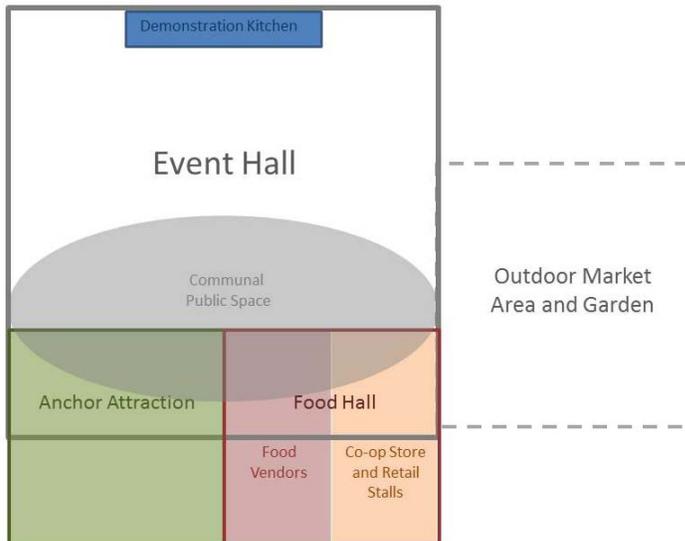
- Farmers' Market vendor space in summer/fall – 2 or 3 days per week
- Winter Farmers' Market – 1 day per week
- Other market style events including night markets
- Banquet and reception hall – maximum capacity seated 500 (banquet seating) (can be designed to partition into smaller space)
- Cooking and food education events/classes
- Health and wellness activities and programs

Specific Elements

- A large open hall, preferably with high or vaulted ceilings and 8,000 to 10,000 square feet in size.
- Large openings to the outside, likely with glass garage doors or a similar treatment, that allows the market hall users to easily transition into the building from the outdoors.
- A large opening(s) to an outside loading/staging area to allow for quick and easy set up and take down of events.
- Demonstration kitchen space of 1,000 to 1,500 square feet designed to allow for demonstrations and educational classes to be performed within the hall. The demonstration space should be attached to a “back of house” prep space with a small component for food storage (dry and cold) that can be used by caterers and for events.

3. BREWERY ANCHOR

Overview



An anchor tenant is critical to the success of the Market Hall, both for generating revenue and to draw in customers on a daily basis. Throughout the feedback process there was strong support for a production-oriented anchor with a customer-facing use. A brewery, distillery, or winery would serve this function while staying true to the local food mission of the Market Hall. This use can also create the opportunity to tie in education – another key component of the Market Hall’s mission. Recent trends in craft brewing and distilling, both nationally and in Colorado, indicate that there is

likely to be demand among these businesses for this type of space.

Craft Brewing and Distilling in Colorado

Craft brewing and craft distilling are growing industries, both nationally and in Colorado. Colorado has the third-highest number of breweries among states, behind only California and Washington; as of 2015 there were 309 manufacturing brewery and brew pub licenses in Colorado, a 178 percent increase in the number of breweries since 2009. This growth is mostly coming from craft breweries - a 2015 survey of 113 craft brewers found that nearly 78 percent of the companies had formed since 2005. The City of Boulder alone has over 15 craft breweries, with more in the County, indicating an environment conducive to this type of business. Not only are more breweries entering the market, but existing craft breweries are growing. In the same 2015 survey, more than 59 percent of respondents projected growth in excess of 20 percent in 2015, and 56 percent projected that level of growth for 2016.

Craft distilling, while a newer industry than craft brewing, is also growing across the country. There were 24 identifiable craft distilleries in production in 2000; by 2011, that number had increased to 234. According to the American Craft Spirits Association, in 2015 there were 769 craft distillers nationwide. In Colorado, there were no craft distillers in 2000; by 2005 there were 4, and the Colorado Distillers Guild – which not all craft distilleries are members of - currently has 21 members. There are at least 3 craft distilleries in Boulder.

Confluence of Education and Brewing

The Market Hall Working Group suggested the idea of a brewery, distillery, or winery as an anchor use for the Market Hall. As this concept was explored and subsequent meetings were held, the opportunity to incorporate education into the anchor uses was identified. There is the potential to create a combined education/production space around brewing/distilling/vinting. The idea of a partnership with CU, in which the production space is used as a classroom, has been discussed among members of the Working Group and CU faculty. A new program run by CU to provide education on brewing/distilling/wine making is being discussed and the production space in the Market Hall could be the location for this effort. This idea would require CU to be a lessee of the space and to develop a program that would need and use the production space. Only initial discussions have been had and the ultimate viability of this concept is uncertain. The idea, if it can come to fruition, would align perfectly with the mission and vision for the Market Hall. However, it may complicate the operations of the Market Hall and could potentially decrease the revenue that could be generated by the anchor use.

The National Brewers Association has identified prominent brewing education options in the US. The organization has four professional brewing schools and courses listed on their website, none of which are in Colorado. There also 16 university-affiliated brewing programs in the US that the National Brewers Association has identified. The majority of these programs are certificate or short course educational programs. Two of the programs identified are located in Denver. Regis University, located in northwest Denver, offers a certificate in applied craft brewing and Metro State University of Denver offers a bachelor of science degree in brewing or brewpub operations.

- The Metro State program is part of their larger hospitality school and appears to be one of the few bachelor degree programs directly related to brewing. The Metro State program is part of their Department of Hospitality, with brewing operations or brewpub operations as a major focus as part of the larger hospitality degree tracks. The program provides hands on brewing opportunities through a partnership with the Tivoli Brewing Company, which is located in the Tivoli Student Union (originally the Tivoli Brewery).
- The Regis program is a 12 month, part time program with courses in the evenings. Course topics include biology of brewing, chemistry of brewing, business of brewing, and a brewing practicum that is a supervised practical experience at a brewery.

The majority of the other programs in the US have a similar focus as the Colorado programs, which provide a mixture of business and introductory chemistry and biology courses related to brewing. However, there are a few programs that are more oriented towards food and brewing science, including a four year program in fermentation science at Oregon State University.

Needs of Brewers

The size needs of craft brewers vary based on a variety of factors, but they are often able to operate in small spaces – as small as 1,500 square feet. A sample of 10 small, craft breweries in the Boulder and Denver areas had sizes ranging from 1,650 to 5,500 square feet, with an average of close to 3,600 square feet. This includes both production space and a taproom. These businesses can work in smaller spaces, and new breweries often do not want or need larger spaces.

Depending on needs and setup, these businesses may occupy either retail or industrial space. Rents for retail space are generally higher than industrial rents. In the areas immediately surrounding the craft breweries sampled, net rents average around \$13 per square foot for retail space and \$7 to \$10 per square foot for industrial space in Boulder, and \$16 to \$20 per foot for retail space and \$7 to \$10 per foot for industrial space in Denver. These numbers indicate that net rents around \$15 per square foot would likely be attainable for this type of tenant.

Conclusions

A small brewer, distiller, or vintner would be able to generate traffic and revenue for the Market Hall while staying true to the mission of the facility. There are a few potential approaches to this element, two of which have been identified to further explore.

Potential Programming Approaches

Single tenant brewer, distiller, or vintner – In this option a single brewer, distiller, or vintner would lease the space, responsible for managing the tasting room and producing beer/spirits/wine on site. Guiding parameters for the type of operator would need to be developed to match with the mission of the Market Hall (potential parameters include: established or new business, primary or secondary location of business, amount of production on site, the incorporation of local ingredients, and others).

Benefits of this approach are that it has the highest revenue potential, would be easiest to manage, and easiest to attract a high quality tenant. Potential negatives would be the potential for competition with Pearl Street establishments, lack of uniqueness, and lack of educational component and/or alignment with mission.

Tap House/Tasting Room with education oriented production space – In this option, there would be two components with a varying degree of relationship. A tasting room would be managed and operated by an entity and supplied by some beer/spirits/wine produced in the Market Hall but supplemented by beer/spirits/wine from Boulder/Boulder County (or broader to include all Colorado). The production space would be a separate entity that could be an incubation space for new brewers allowing aspiring brewers to produce beer on site and sell in the tap room to build a following. Another option would be for a partnership with CU where the production space is used as a classroom for a new program run by CU to provide education on brewing/distilling/wine making. This option would require CU to be a lessee of the space and to develop a program that would need and use the production space. This concept was identified by members of the Working Group and initial discussions with some faculty at CU have occurred with Working Group members.

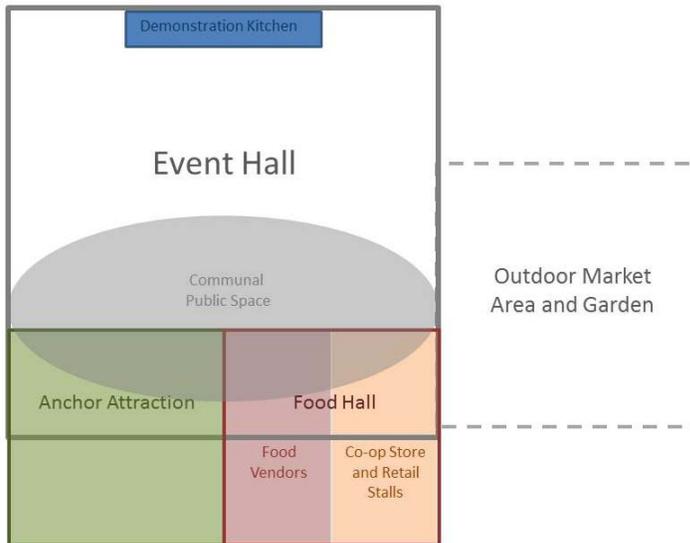
Benefits to this approach are the ability to build in new business incubation and/or education into the market hall. The negatives are that this concept could produce less revenue and would be more difficult to develop into a viable enterprise, which would add complications to an element that likely needs to produce revenue for the overall Hall's viability.

Specific Elements

- Location and entrance visible from Canyon and 13th Street.
- Connectivity with larger hall with seating into a portion of the large hall accessible to patrons of food vendors.
- Access from both the hall and the street.
- 4,000 – 6,000 square feet total – production space of 2,000 – 3,000 square feet and tasting room of 2,000 – 3,000 square feet (includes portion shared with large hall).

4. PERMANENT RETAIL STALLS

Overview



Permanent retail stalls for the Market Hall include a year-round space for a Farmers' Market Co-op store, and the potential for three additional retail spaces. An assessment of the demand for permanent retail stalls within the Market Hall is provided in this section. The analysis evaluates the performance of the existing market vendors, the demand for fresh foods, an inventory of food stores within Boulder, and assessment of demand for permanent vendors based on outreach efforts performed for this study.

Permanent retail space provides the opportunity for both 7 day/week functionality and revenue generation. While concerns were raised during the feedback process about competition with existing retailers, there are a number of ways to incorporate permanent retail into the Market Hall while complementing the natural foods retailers already in the area.

Farmers' Market Vendor Analysis

The Boulder County Farmers' Market operates in Boulder two days a week, Saturday and Wednesday. Saturday is by far the largest of the two days, with an average of 77 vendors and a high of 87. The Wednesday market has an average of 42 vendors. The Wednesday market also operates during the afternoon and evening (as opposed to during the day on Saturday) and is more often affected by inclement weather. In 2015, the Saturday market saw nearly 200,000 visitors and the Wednesday market nearly 50,000.

There are three types of vendors at the farmer's market; producer, packaged, and prepared foods. Producer vendors are farmers or ranchers. Packaged vendors are vendors with value-add products such as coffee beans, baked goods, or salsa. Prepared vendors sell prepared food products that are intended for consumption on-site. The number of vendors per type varies depending on the day of the market and time of year. Producer vendors vary the most, but are always the most prevalent vendor type at any market. Producers make up 40 to 45 percent of vendors at the market on average. Packaged vendors make up approximately 35 percent of vendors, and prepared vendors are 20 to 25 percent of the vendors on any given market day.

Producer vendors have the highest average sales of all vendors and account for over half of the gross sales at the market. The average sales for producer vendors are three times higher for a Saturday market compared to the Wednesday market. Packaged vendors account for

approximately a quarter of gross sales for the market and have the lowest average sales per vendor. Prepared vendors contribute 20 percent of the gross sales at the market but have higher average sales per vendor than the packaged vendors.

The Saturday market is a significant regional attraction and the vendor numbers and sales confirm this. The Wednesday market is less of an attraction and serves a smaller trade area, as evidence by the visitation numbers. The performance of the Wednesday market vendors is a good proxy for the demand for permanent vendors at the Market Hall. The average sales per vendor at Wednesday are approximately 1/3 of the Saturday market. The average sales per visitor, however, only drop by 30 to 35 percent. Producer sales on Wednesday markets are substantially less than Saturday markets but they still account for the majority of sales at the market. The packaged vendors have the largest decrease in sales levels on Wednesday markets. Prepared vendors notice a drop in average sales per vendor, but the sales per visitor for prepared vendors actually increases on Wednesday markets.

Outreach efforts to various vendors at the Market illustrated how the Farmers' Market fits within their larger business model. For producers, the market is one of their primary ways to sell their products and the Farmers' Market will always be a primary component of their business model. For packaged vendors, the Farmers' Market is used differently. Packaged vendors are typically selling a limited number of products, sometimes only one product. The Farmers' Market is a way for these vendors to gain exposure to potential customers and may even be a break even endeavor for some. Ultimately, many of these vendors aspire to have their products sold in a variety of stores, therefore the Farmers' Market is more about building a brand and name recognition than it is actual sales. This may not be true for all packaged vendors, but is representative of how the market is used for different purposes.

The analysis of the performance of the Farmers' Market vendors indicates three findings that will impact the potential vendors that can be accommodated in the Market Hall.

- There appears to be demand for producer vendors throughout the Farmer's Market season and these vendors are the primary draw.
- Sales for packaged vendors are significantly impacted by overall visitation to the market and vendors of this type in the Market Hall will likely struggle without regular traffic generated by other uses.
- Prepared vendors appear to have steady demand even with decreased visitation and appear to be a distinct, yet complementary, attraction for Wednesday markets.

The Farmers' Market vendors that appear the most in demand for a permanent space within the Market Hall are likely those in the producer or prepared categories. There may be packaged vendors that perform well at markets and may be successful in the Market Hall, but they may not have the same destination attributes as vendors in the other categories. For these vendors, the ability to participate in a shared retail space is likely to be more of a draw than an independent outlet. The concept of a Farmers' Market Co-op store is viable way to allow vendors to sell products on non-market days, but not require them to provide staffing. In addition, many vendors mentioned that having the farmer, rancher, or business owner at the booth increased sales because their in-depth knowledge can help sell the product. A component of the Farmers' Market store could be to have vendors participate and aid in running the store, which adds the "co-op" component to the store.

Fresh Food Demand Analysis

Permanent retail stalls within the Market Hall should fit the mission and vision for the facility. To fit this mission, potential retailers mostly likely fall into two categories 1) a retailer selling food products made for consumption that are grown or produced locally, or 2) a retailer selling products produced locally made from plant or food by-products. The vast majority of retailers in these categories will primarily sell products that can be bought in grocery stores, natural foods markets, and/or specialty food stores. The estimated demand for sales for retailers that fit this general store category was assessed, as well as demand in other traditional store categories.

The Boulder County Farmers' Market serves a large trade area for its Saturday market. This trade area, defined as the geography where the majority of patrons come from, for a Saturday Market is likely as big, if not bigger, than Boulder County. The Wednesday Market, as evidenced by the drop in average sales at the existing Farmers' Market, is likely smaller but still citywide. Retailers at the Market Hall will serve an even smaller trade area. A typical grocery store serves a two mile trade area, and it is likely that everyday retailers in the Market Hall will serve a similar or even smaller trade area.

Within a two mile radius of the proposed Market Hall site, there are 60,000 residents and 24,000 households. To estimate demand from this trade area, the average household income is multiplied by the total households to estimate total person income (TPI) of the trade area. A typical Colorado household spends approximately 35 percent of its income annually on retail goods. The average percent of income spent by retail store category is shown in **Table 4**. Supermarkets and other grocery/food stores capture about 7 percent of an average household's annual income. The estimated demand for grocery and food store sales from the trade area is \$114.4 million. Using an average sales per square foot of \$400, the estimated demand for grocery store space from the trade area is 286,000 square feet. As a point of reference, a typical traditional grocery store such as Kings Soopers or Safeway average approximately \$25 to \$35 million in sales annually and are typically 50,000 to 60,000 square feet in size.

Table 4
Market Hall Everyday Trade Area Retail Demand

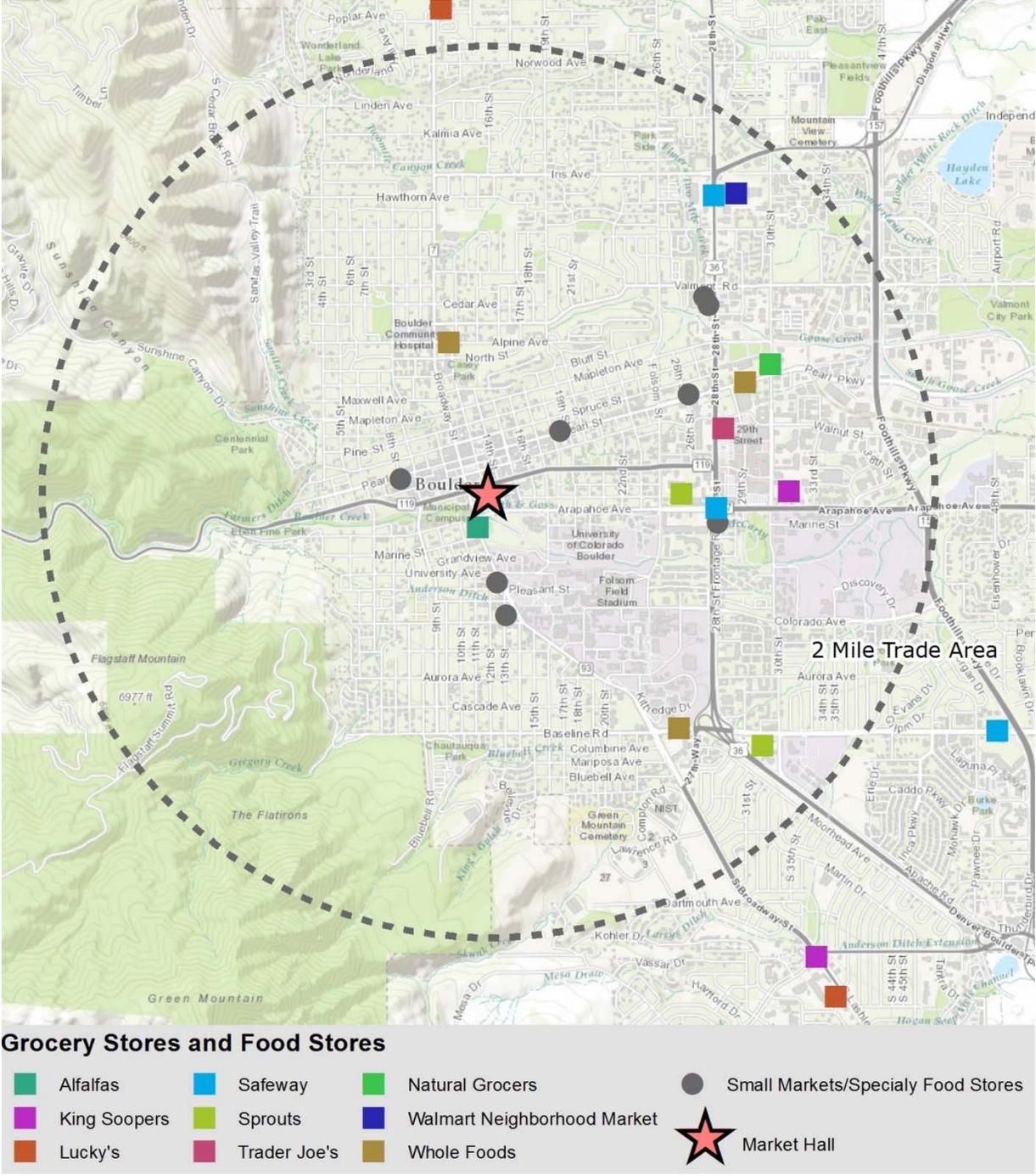
Store Type	Retail Sales % of Total (2012)	Expenditure Potential (\$000s)	Avg. Sales Per Sq. Ft.	Supportable Square Feet
Total Personal Income (TPI), Market Hall Trade Area	100%	\$1,653,856		
Convenience Goods				
Supermarkets and Other Grocery Stores	6.9%	\$114,434	\$400	286,000
Convenience Stores (incl. Gas Stations) ¹	2.0%	\$32,734	\$400	82,000
Beer, Wine, & Liquor Stores	1.1%	\$17,808	\$300	59,000
Health and Personal Care	1.7%	\$27,546	\$400	69,000
Total Convenience Goods	11.6%	\$192,522		496,000
Shopper's Goods				
General Merchandise				
Traditional Department Stores	0.5%	\$8,388	\$250	34,000
Discount Department Stores and Other	1.3%	\$21,500	\$350	61,000
Warehouse Clubs & Supercenters	5.4%	\$89,008	\$500	178,000
Subtotal	7.2%	\$119,078		273,000
Other Shopper's Goods				
Clothing & Accessories	2.2%	\$35,604	\$350	102,000
Furniture & Home Furnishings	1.2%	\$19,483	\$250	78,000
Electronics & Appliances	1.1%	\$17,638	\$500	35,000
Sporting Goods, Hobby, Book, & Music Stores	1.3%	\$20,854	\$350	60,000
Miscellaneous Retail	1.3%	\$21,343	\$250	85,000
Subtotal	7.1%	\$117,424		360,000
Total Shopper's Goods	14.3%	\$235,949		633,000
Eating and Drinking	6.1%	\$100,714	\$350	288,000
Building Material & Garden	3.2%	\$52,923		157,000
Total Retail Goods	35.2%	\$582,108		2,207,000

Source: 2012 Census of Retail Trade; Economic & Planning Systems

H:\153086-Boulder Market Hall Feasibility\Models\153086-Market Hall TPI Model.xlsm]2-Exp Pot

An inventory of food stores that might be competitive with a permanent food-oriented retailer in the Market Hall was created to assess how well served the local trade area for the Market Hall is. **Figure 3** shows grocery stores, smaller markets, and specialty food stores that are within the two mile trade area of the Market Hall. There are 12 grocery stores within two miles of the Market Hall location, the majority of which are located along 28th Street. In addition, there are at least eight other specialty food/small markets within the trade area. Much of the retail within Boulder is centralized along 28th Street or Pearl Street. As a result, many of these stores serve trade areas that extend to the eastern and western borders of the City.

Figure 3
 Competitive Food Stores



Based on this assessment of existing stores and estimated demand, Boulder and the two mile trade area around the Market Hall is well served by food stores. A good portion of these retailers are also natural food oriented. It is likely these stores carry many of the products that could be sold in stores within the Market Hall that fall within its local food mission. Potential stores within the Market Hall would likely be in competition with at least some of these retailers identified above.

One exception to this potential competition would be if the retailers in the Market Hall are Farmers' Market vendors who have matured into a permanent space and the Market Hall provides them the opportunity to sell products that they can't provide within established, chain grocers. Thus the Market Hall can give vendors an affordable opportunity to provide products that cannot get into the mainstream market. This approach provides a way for local farmers and ranchers to take the next step and build a demand for their products year round and provide a venue for selling products outside a farmers' market setting or directly to consumers. Customers particularly enjoy the experience of buying directly from farmers and producers, which is a big part of the attraction of a public market.

Conclusions

Retail Programming and Tenant Options

Based on the analysis completed, these four elements were identified as potential programs for retail space that fit within the mission of the Market Hall and address the potential lack of demand and concerns of increased competition from existing retailers.

Farmers' Market Retail Space

One retail space would be for the Farmers' Market to have a co-op store or similar type of space for vendors to offer products all week, year-round. This space would be leased and operated by the Farmers' Market, and could also provide the opportunity for continued outreach and education – key components of the Market's mission. The Farmers' Market currently provides a unique space for new and growing companies to showcase their products and access customers, and the co-op store can expand that to a year-round function. This space would allow producers to sell their products without needing to be physically present at the market, and would also provide more exposure for packaged foods companies. Packaged food vendors in particular are often at the market for product exposure more than sales. This retail space would allow for extended customer exposure and sales opportunities for vendors that may not have grown to the point where they are selling in large retailers and cannot afford or do not want a space of their own.

Retail Incubator

Many natural products companies sell their products in local stores, but do not have independent retail space. Permanent retail stalls within the Market Hall can be used as "retail incubation" space for these companies, providing a location for them to start and grow a retail location. This space could also be used by existing retailers to try a new concept at a small scale.

When companies have "graduated" out of the incubation space, they may move on to Pearl Street or other retail districts in the city. This is particularly important given the difficulties retailers are facing on Pearl Street, as rising rents are forcing some to leave. This space would not directly compete with existing retailers, but rather serve as a first step for companies that are growing.

Natural Foods Retailers

There are many natural products companies in Boulder and the surrounding area. Naturally Boulder, an organization founded in 2005 that serves as a voice for the natural products industry, has approximately 1,000 members. The organization is central to the industry in Boulder, offering education, networking, and mentoring for the natural products community.

These 1,000 organizations may not currently have a retail outlet or may have limited retail exposure, and are a pool of potential tenants for this space. The retail space in the Market Hall can be used to feature these companies, either permanently or on a rotating basis. The space can be used by a single company or as a shared retail space, for multiple local natural products to be featured.

Other Food Retailers

Retail space has the potential to drive both revenue and customer traffic, however this space may not be feasible for many retailers. Costs will likely be too high for packaged food companies that are just starting out, but tenants such as bakers, butchers, and cheesemakers are likely to be able to occupy this space. These types of tenants are mostly commonly found in the comparable markets, still fulfill the mission of the market, and can provide a week-long attraction that complements the other tenants and uses.

Recommended Approach

A permanent retail space should be provided for a Farmers' Market Co-op store. The Co-op store is envisioned as a permanent retail space to provide the Farmers' Market with an outlet to sell Farmers' Market vendor products year-round on a daily basis, and as a way to provide continued outreach and education. This space is presumed to be leased and operated by the Farmers' Market, but other approaches may be explored.

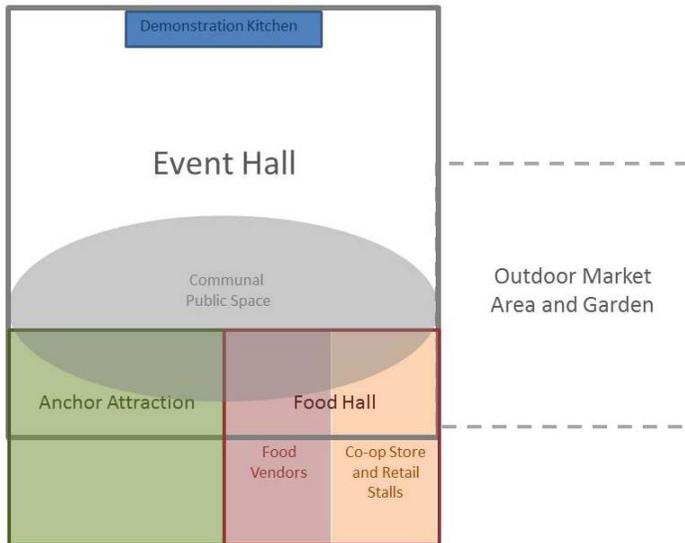
The Market Hall could have three additional permanent retail stalls for complementary food businesses such as a butcher, baker, and cheese maker. If not used for permanent retail, these stalls could potentially be used as retail incubation spaces that allow for pop-up stores and/or new retailers to test concepts. These stalls would be specifically open to businesses within the natural products industry.

Specific Elements

- Farmers' Market Co-op store of 1,000 to 1,500 square feet.
- 3 permanent retail stalls of approximately 800 square feet each.
- Entrance from street separate from entrances to the large hall, as well as internal access.
- Likely shared access and entrance with the Food Hall to provide potential audience without having to draw in customers.

5. FOOD HALL

Overview



The food vendors proposed would be co-located in a food hall setting within the Market Hall building. This chapter provides an assessment of the viability of including a food hall concept within Boulder's Market Hall. An overview of the emergence of gourmet food vendors is provided, as well as an assessment of the prepared food vendors at the Boulder County Farmers' Market, and examples of the emerging private market and food hall trend in the US and Colorado.

The emergence of small scale, gourmet prepared food vendors is a growing

trend nationally. This trend is partly an evolution out of food courts and street food carts that provide cheap, easy food options in shopping mall and office park environments. This type of vendor has transitioned to more gourmet food trucks and food carts that are not only in dense employment areas, but also serving as stand-alone destinations. The food truck or cart is a cheaper and more flexible way for aspiring chefs and restaurateurs to enter the market. These food trucks and food carts have become more prevalent in recent years and located in a wide variety of settings including at major events (beer festivals, music festivals, and farmers' markets).

Many of these vendors have increasingly come together and co-located on certain days and times to create a larger collection of food vendor options. This co-locating strategy has turned into a major destination and/or event. Food truck vendors in Denver created a "Justice League of Street Food" group that held large street food parties that attracted hundreds of attendees. The City of Denver has also capitalized on this trend to help activate their Civic Center Park. Civic Center Eats is a twice weekly gathering of food truck vendors in Civic Center Park during the lunch time hours during the summer months. Now in its 11th year, Civic Center Eats is a wildly popular gathering that has helped increase usage of Civic Center Park.

The success of the food trucks events has led to more permanent opportunities for these types of vendors, but they are more often locating in permanent venues that are similar to their casual food truck meet ups. There is an emerging food hall trend where collectives of small prepared food vendors are housed in one location around a common, shared space. These food halls are often part of a larger, market hall type setting.

National Market and Food Halls

Private market and food halls are becoming more prevalent within the US. Modeled after the traditional market halls found in Europe and in the US, these markets are private enterprises with many of the same aims as public markets halls. These halls, whether they have a mixture of vendor types or are completely prepared food driven, have common attributes that drive their appeal and feasibility. These common attributes include:

- The use of common seating area and amenities.
- Flexible vendor sizes and configurations.
- A variety of options for visitors (vendors/retailers/restaurants) to drive mutually beneficial traffic.
- A mission to create a sense of community and place which is used to set them apart from more traditional retail stores and restaurants and hopes to serve as a community gathering place.

There are several examples nationally that illustrate this growing trend. Two examples are described below to show the variety of types and configurations.

Eataly

Modeled after a concept started in 2007 in Italy, Eataly in New York City near Madison Square Park was opened in 2010. Eataly was spearheaded by chef and TV personality Mario Batali. The 50,000 square foot market is dubbed by its creators as a grocery store with tasting rooms. The concept, focused on Italian food and wine, mixes a traditional market/grocery store with a restaurant or multiple restaurants all under one roof. The market is mixture of fresh food and produce, packaged goods, and food vendors (the tasting component) all managed and operated by one entity. The single management and ownership is unlike a traditional market hall.



Krog Street Market

Dubbed as a “epicurean epicenter”, the Krog Street Market is a 30,000 square foot market and food hall in the Inman Park neighborhood of Atlanta. The market includes five restaurants and a variety of smaller prepared food vendors and merchants including a florist, cheesemaker, butcher, bakery, and other similar tenants. The success of this market and other similar concepts in Atlanta has spurred the growth of similar markets and food halls.



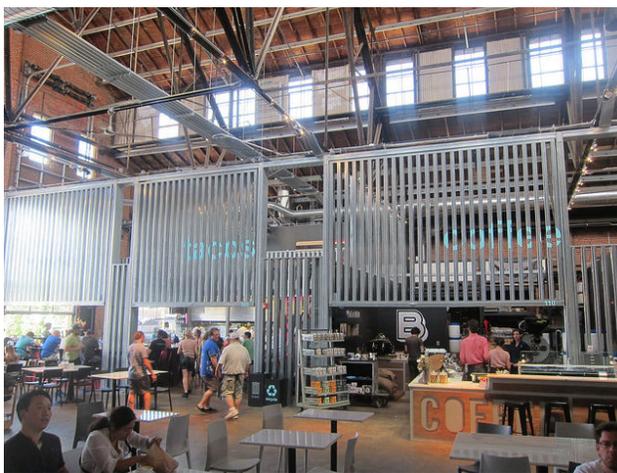
Figure 4
 Krog Street Market Floor Plan



Local Food Halls

The market and food hall trend has emerged in Denver with a handful of halls recently opened or under construction. Unlike the national examples described above, some of the halls locally are completely food focused and for some, specifically prepared food focused. Below are four examples of private market and food halls open or under construction in the Denver metro area. These examples provide a blueprint for the vendor mix, sizing, and structure that Boulder could replicate for portions of the Market Hall program.

The Source



The Source is an artisan food market in the RiNo neighborhood on the edge of downtown Denver. The Source is located in a 26,000 square foot former foundry built in the 1880's. The vision of the developers was to create a collective of food artisans and retailers that offer a variety of goods and services that can drive visitation throughout the day. The Source has two full service restaurants (approximately 3,000 square feet each), a bakery, coffee shop, flower shop, wine shop, tap house, cheese and specialty food store, and a central cocktail bar. The shops and restaurants line the large common space with the cocktail bar in the middle. Retailer stalls range from 600 to 2,000 square feet with garage doors that roll up when the stores open and close to

lock in the space while they are closed. The 5,000 square foot tap house was originally planned to be a tasting room and brewing space for Crooked Stave Brewery, but brewing logistics issues prevented actual brewing from taking place on site. The Source also has a small collection of office users on mezzanine level above the vendor stalls. The office spaces are home to a bank, photography studio, a food oriented non-profit, art gallery and design firm.

The success of The Source has led its developers to create a plan for a boutique hotel to be built adjacent to The Source. The hotel is planned to have a brewery space for New Belgium Brewery, based in Fort Collins. New Belgium will use the brewery and tasting room as the location of their pilot brewing program. The pilot program is a way for New Belgium to test new beers and concepts before they are produced at larger quantities in Fort Collins. This type of tenant and concept could be good fit as the anchor use to the Boulder Market Hall. The City could identify a Boulder based brewer wanting a presence in downtown Boulder to manage a similar concept.

Avanti Food and Beverage



Avanti Food and Beverage is a food hall that opened in Denver's LoHi neighborhood in 2015. Avanti is essentially a modern, upscale food court. Avanti is a collection of eight separate prepared food vendors split between two floors and centered on common dining space with an adjoining bar. The developers think of Avanti as the answer to the question of "where should we go to eat?" The concept is to serve as a restaurant incubator as Avanti

offers aspiring chefs the opportunity to test concepts at substantially lower cost than opening a new restaurant.

The vendors are located in a series of "chef pods," repurposed shipping containers that total about 160 square feet each. Each pod is equipped with cooking ranges, flat grills, press tables, storage and refrigeration. As well, there is a common food prep, dishwashing and storage area shared by all of the vendors. The vendors pay in upfront investment fee of \$10,000 to \$15,000 and then pay flat monthly rental fee and contribute a small percent of sales. The leases are initially planned to be short, one to two years, in order to create turnover and hopefully grow the vendors into permanent restaurants elsewhere. The management entity also provides mentoring and business plan aid to vendors to help them grow their concept.

Figure 5
Avanti Food and Beverage Floor Plan



Source: Meridian 105 Architecture, Archdaily.com

Figure 6
Avanti Food and Beverage Chef Pod



Central Market in RiNo

Central Market is a 12,000 square foot market hall type enterprise that is under construction in Denver's RiNo neighborhood. The market is planned to have 12 tenants including a coffee shop, creamery, two restaurants, chocolate shop, bakery, fish market, butcher, and other food vendors. The market tenants are being curated by Jeff Osaka, a Denver area chef and restaurant owner. The vendor stalls at Central Market are planned to range from 250 to 1,400 square feet.

Stanley Marketplace

Stanley Marketplace is a massive, 140,000 square foot market and event hall and business complex. It is located on the southern edge of the Stapleton redevelopment in northeast Denver. The Stanley is located in a repurposed industrial building that was used to manufacture ejector seats. It is planned to have 50 local businesses located within it, as well as a variety of event spaces. Six large concept restaurants and 10 other smaller food vendors are among the 50 tenants, including sister locations for several local restaurant chains including Denver Biscuit Company and Comida. A brewery and separate beer garden restaurant are also planned. Additional uses include a day care, three different fitness concepts, eight boutique retailers, office space, a wine making concept, salon, and barber shop.

Farmers' Market Prepared Food Vendors

The Boulder County Farmers' Market is a mixture of three vendor types; producers (farmers and ranchers), packaged (value add food products), and prepared (food prepared to be consumed on-site). This third group, prepared, ranges from 8 to 15 vendors and on average about 20 percent of the total sales of a typical Saturday market. There are 14 prepared food vendors at an average Saturday market and an average of 11 vendors at a Wednesday market. The number of producer and packaged vendors on a given market day vary by a much greater amount. Prepared food vendors, on average, account for about 20 percent of sales on a Saturday market and over 30 percent on Wednesday market. The average sales per vendor for all three types of vendors drops dramatically for a Wednesday market from the Saturday market, as Wednesday sales are about a third of Saturday sales. However, prepared vendors actually see an increase in sales per visitor on Wednesday market days compared to Saturday markets. For the other vendor types, average sales per visitor drop by almost half. The Boulder County Farmers' Market has a waiting list for prepared vendors. A growing trend for markets is prepared vendors pushing out and/or taking the space from traditional farmers' market vendors, as they are able to afford higher lease/stall fees and have a more consistent demand.

The prepared food vendors appear to have a consistent level of demand from visitors regardless of market day. Obviously, the more visitors the better the sales for vendors, but the strong sales performance on Wednesday markets, relative to the other vendor types, demonstrates that there is a demand for prepared vendors that is not driven completely by people seeking fresh foods. While the fresh foods sold by producer vendors is obviously the primary reason people visit the market, the stronger sales from these vendors (most in total sales, sales per vendor and sales per visitor of the three type) shows that there is set of visitors to the market that spend their money primarily on prepared foods. The Boulder County Farmers' Market limits the number of prepared food vendors to ensure ample space for other vendor types, which more directly align with their mission. Expanding the opportunity for the prepared food vendors is an opportunity to

accommodate demand from vendors for space at the market that the BCFM would prefer to keep for producer and packaged vendors. As well, these vendors generate a consistent demand year round that can help drive traffic to the Market Hall on multiple days of the week and still remain complementary to the Farmers' Market on market days. The outreach efforts for this project also identified that additional prepared food vendors were seen as less of a threat to surrounding businesses than other permanent vendors, as the restaurants in and around Pearl Street are performing well and in many cases target a different price point and provide a different type of food experience.

Conclusions

Given demand and the mission of the Market Hall, prepared food vendors are a good fit as tenants of the building. There is growing demand for communal restaurant experiences. A Food Hall can capitalize on this demand and provide a more affordable, permanent space for aspiring chefs to grow within Boulder. The Food Hall concept would work well in this type of space, and provide both revenue and customer traffic throughout the week.

Specific Elements

- 6 - 8 vendor stalls of approximately 200 square feet each.
- Back of house common area for shared prep, food storage, supplies, dish cleaning, and maintenance.
- Common dining area with tables and chairs, with shared access from tasting room within/adjoining the large hall.
- Entrance from street separate from entrances to the large hall, as well as internal access.

6. FINANCIAL ANALYSIS

Overview

This section of the report presents preliminary Market Hall utilization forecasts and estimated operating costs and revenues. EPS first estimated the number of community and private events that could potentially be accommodated in the event hall based on availability, given its primary commitment to expanded Farmers' Market functions. Total Market Hall revenues were then estimated based on competitive lease rates for the permanent tenants and average rental rates for events by type. Operating costs were estimated based on staffing and operations levels at comparable facilities.

Lease Rates

Downtown and citywide lease rates for office and retail space were tabulated from Co-Star data. In 2015, average triple net retail lease rates in downtown Boulder were \$35.69 per square foot, which was 45 percent higher than the citywide average of \$24.58 as shown in **Table 5**. These rates provide a benchmark for calculation of lease rates for permanent retail uses within the market hall as further detailed below.

Table 5
Boulder Retail Space, 2015

Description	Rentable Building Area (RBA)	NNN Rent Overall	Vacancy Rate (%)
City of Boulder	6,379,000	\$24.58	1.7%
Downtown	868,452	\$35.69	1.7%

Source: CoStar; Economic & Planning Systems

The market hall is also recommended to include a limited amount of office space. Co-Star office lease rates for the City are shown in **Table 6** below. The average base lease rate in the city is \$19.47 per square foot, but is 50 percent higher in downtown at \$29.20 per square foot as shown. There is demand for office space in Boulder, particularly in the Downtown area. Vacancy rates are low at 3.3 percent indicating that office space within the Market Hall can generate revenue for the building.

Table 6
Boulder Office Space, 2015

Description	Rentable Building Area (RBA)	Office Base Rent Overall	Vacancy Rate (%)
City of Boulder	10,477,071	\$19.47	5.2%
Downtown	711,520	\$29.20	3.3%

Source: CoStar; Economic & Planning Systems

Utilization Forecasts

The event hall is recommended to be a multi-use space whose primary purpose is to provide a location for a year-round Farmers' Market including an expansion of the existing outdoor market in the summer season and a smaller indoor venue for a winter season market. The Farmers' Market is estimated to rent the hall for 86 days per year. This includes two days per week for the current 34 week outdoor market season (Wednesday and Saturday), assuming a Wednesday season extended to the length of the Saturday season, and one day per week for the 18 week winter season, as shown in **Table 7**.

Table 7
Event Space Utilization and Revenue Estimates

Function Type	# of Functions	Rental Rate	Hall Revenues
Farmers' Market			
Farmers' Market - Regular Season	68	\$100	\$6,800
Farmers' Market - Winter Season	18	\$100	\$1,800
Private			
Private Functions	50	\$3,000	\$150,000
Community			
Community/Non-Profit Functions	24	\$1,000	\$24,000
Kitchen Only			
Kitchen Use	24	\$500	\$12,000
Total All Functions	184	---	\$194,600

Source: Economic & Planning Systems

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The Farmers' Market is expected to pay a nominal rate of \$100 per day for each day it uses the event hall, or \$6,800 for the summer season and \$1,800 for the winter season for a total of \$8,600 as shown.

When not used for Farmers' Market activity, the hall is planned to be available for community, education, or private events which are largely expected to be weddings and other banquets and receptions utilizing the hall and outdoor patio. The greatest demand for the hall is expected to be for weekend nights in the summer and early fall and again on weekends during the holiday season from Thanksgiving until New Years. Conservatively, this is estimated to generate 50 private events per year at a supportable rental rate of \$3,000 per night (assuming a 4 hour rental period), generating \$150,000 per year.

Based on the comparable market halls, the building would also be used on a less frequent basis, and largely during the week, for community and non-profit events which are estimated at two times per month or a total of 24 events per year. These users would be most related to the food and education mission of the Market Hall. A reduced rental rate of \$1,000 per event is assumed for the non-profit and community uses, generating \$24,000 per year.

Private and community events renting the event hall would hire their own caterer and use the demonstration kitchen for this purpose. At other times, the demonstration kitchen would be available for rental for cooking classes and educational food demonstration events. With a conservative figure of two times per month for these events, additional revenue of \$12,000 per year would be available.

Market Hall Revenues

Market Hall revenues will be derived from commercial leases of space for the permanent tenants in addition to the event revenue described above. The lease assumptions by type of space are described below and summarized in **Table 8**.

Table 8
Market Hall Annual Revenue Estimates

Revenue	Alternative 1			Alternative 2		
	#/Size	Rate	Amount	#/Size	Rate	Amount
Lease Space						
Anchor Tenant	4,000 Ft	\$22 per sq ft	\$88,000	6,000 Ft	\$22 per sq ft	\$132,000
Food Vendors	6 Stalls	\$20,000 per stall	\$120,000	8 Stalls	\$20,000 per stall	\$160,000
Farmers' Market Co-op	1,000 Ft	\$15 per sq ft	\$15,000	1,500 Ft	\$15 per sq ft	\$22,500
Permanent Retail	0 Stalls	\$20,000 per stall	\$0	3 Stalls	\$20,000 per stall	\$60,000
Office Space	2,500 Ft	\$25 per sq ft	\$62,500	5,000 Ft	\$25 per sq ft	\$125,000
Subtotal			\$285,500			\$499,500
Hall Rentals						
Farmers' Market	86 Days	\$100 per day	\$8,600	86 Days	\$100 per day	\$8,600
Private Events	50 per year	\$3,000 per event	\$150,000	50 per year	\$3,000 per event	\$150,000
Community/Non-Profit Events	24 per year	\$1,000 per event	\$24,000	24 per year	\$1,000 per event	\$24,000
Kitchen Rentals	24 per year	\$500 per event	\$12,000	24 per year	\$500 per event	\$12,000
Subtotal			\$194,600			\$194,600
Total Revenue			\$480,100			\$694,100

Source: Economic & Planning Systems

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Market Hall Revenue

Anchor Tenant – The brewery, distillery, or winery anchor is programmed for 4,000 to 6,000 square feet including production and sales space. The supportable gross lease rate is estimated at \$22 per square foot, based on a survey of other brewery lease rates in the Boulder and Denver markets and a premium associated with a location generating additional business from the adjacent food vendors and market hall activity. The space is provided below downtown retail rents to be attractive to a new or unique business and not as a location for a branch for a well-established existing business. This tenant would generate \$88,000 per year in lease revenues under Alternative 1 and \$132,000 per year under Alternative 2 as shown.

Food Vendors – The permanent food vendors are small food truck type operations that provide a variety of food options in a food hall adjacent to the anchor bar. A critical mass of 6 to 8 vendors is assumed in the two alternative program options as shown. The lease rate of \$20,000 per stall is based on a 10 percent lease on estimated annual gross sales of \$200,000 per vendor resulting in a total of \$120,000 per year for Alternative 1 and \$160,000 for Alternative 2.

Farmers' Co-op Store – The Boulder County Farmers' Market is programmed to operate a year-round store selling the prepared food products of Farmers' Market vendors and other Boulder area food producers. The store would be 1,000 square feet in Alternative 1 and 1,500 square feet in Alternative 2 and would pay a subsidized gross rent of \$15 per square foot. The restrictions on what the store would sell are expected to result in below average sales per square foot and hence the need to provide a lease rate at below market prices.

Permanent Retail Vendors – The Market Hall program has an optional element in Alternative 2 of three additional permanent food tenants – a retail incubator, a shared natural foods retail space, or vendors such as a butcher, baker, and cheese producer. The lease revenues are programmed similar to the food vendors to encourage the inclusion of new entrepreneurial businesses which would not be in direct competition with existing area retailers. The additional three tenants at \$20,000 per business would generate \$60,000 per year in Alternative 2.

Office Space – The recommended development program includes 2,500 square feet of office space in Alternative 1, primarily for the Farmers' Market to be located in the hall building to be fully integrated into the market and educational components of the project. At a subsidized gross rate of \$25 per square foot this space would generate \$62,500 per year. Alternative 2 has an additional 2,500 square feet of space that is assumed to be leased to a similar non-profit tenant at the same rate, generating \$125,000 in annual income as shown.

Total annual revenues are estimated at just over \$480,000 for Alternative 1 and nearly \$695,000 for Alternative 2 as shown.

Operating Costs

Annual ongoing operating costs include personnel to manage the hall, education and programming expenses, and common area maintenance costs including utilities, security, and maintenance. The operating staff requirements for the hall were derived from existing halls and other market hall feasibility studies, and are shown in **Table 9**.

Table 9
Market Hall Annual Staffing Expenditure Estimates

	FTE	Annual Salary	# of Emp.	Total
Salary				
Executive Director	1.00	\$80,000	1.0	\$80,000
Event and Marketing Manager	1.00	\$55,000	1.0	\$55,000
Clerical	0.50	\$40,000	0.5	\$20,000
Maintenance	2.00	\$40,000	2.0	\$80,000
Security	0.50	\$40,000	0.5	\$20,000
Salary Total				\$255,000
Benefits				
Full-Time Benefits (% of Salaries)		30%		\$64,500
Part-Time Benefits (% of Salaries)		15%		\$6,000
Benefits Total				\$70,500
Total Salary and Benefits				\$325,500

Source: Economic & Planning Systems

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The market hall is estimated to require 5.0 FTE including a full-time executive director, full-time event and marketing manager, half-time bookkeeper, two full-time maintenance staff, and a half time security person. Total annual salaries are estimated at \$255,000 with an additional \$70,500 in benefits resulting in total personnel costs of \$325,500 as shown.

Expenses – A key operating assumption for the Market Hall is that it is intended to provide a strong educational component to promote healthy food and living. An estimated \$50,000 to \$75,000 per year is therefore included for this activity. Other operating expenses for the market hall include facility expenses such as garbage removal, maintenance and repairs, supplies and utilities, as well as office costs, legal and professional services, and insurance. Costs were derived from existing market halls and other feasibility studies, and are summarized in **Table 10**.

Table 10
Market Hall Annual Total Expense Estimates

Expenses	Factor Method	Factor	Alt. 1	Alt. 2
			19,200 SqFt	29,500 SqFt
Personnel Expenses				
Payroll Expense	---	---	\$255,000	\$255,000
Employee Benefits	---	---	\$70,500	\$70,500
Subtotal			\$325,500	\$325,500
Operating Expenses				
Education/Programming	---	---	\$50,000	\$75,000
Office	Cost per Sq. Ft.	\$0.55	\$10,600	\$16,200
Legal/Professional	Cost per Sq. Ft.	\$0.25	\$4,800	\$7,400
Insurance	Cost per Sq. Ft.	\$0.55	\$10,600	\$16,200
Garbage	Cost per Sq. Ft.	\$0.65	\$12,500	\$19,200
Facility Maintenance / Repairs	Cost per Sq. Ft.	\$0.85	\$16,300	\$25,100
Facility Supplies	Cost per Sq. Ft.	\$0.45	\$8,600	\$13,300
Utilities	Cost per Sq. Ft.	\$3.00	\$57,600	\$88,500
Subtotal			\$171,000	\$260,900
Total Expenses			\$496,500	\$586,400

Source: Economic & Planning Systems

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Operating Expenses and Revenues

Based on these estimations, the market hall is projected to have a net deficit of approximately \$16,000 under Alternative 1, and a net revenue of close to \$108,000 under Alternative 2, as shown in **Table 11**. Based on the scope of the planning numbers used, these projections can both be considered approximately break-even operations. The income projections presented in this report are for a stabilized year; occupancy and rental income will not be 100 percent in the first few years, which will likely result in operating losses.

Table 11
Stabilized Revenues and Expenses

Net Revenue	Alternative 1	Alternative 2
Revenue		
Retail Rent	\$223,000	\$374,500
Office Rent	\$62,500	\$125,000
Hall Rentals	<u>\$194,600</u>	<u>\$194,600</u>
Total Income	\$480,100	\$694,100
Expense		
Payroll Expense	\$255,000	\$255,000
Employee Benefits	\$70,500	\$70,500
Education/Programming	\$50,000	\$75,000
Office	\$10,600	\$16,200
Legal/Professional	\$4,800	\$7,400
Insurance	\$10,600	\$16,200
Garbage	\$12,500	\$19,200
Facility Maintenance / Repairs	\$16,300	\$25,100
Facility Supplies	\$8,600	\$13,300
Utilities	<u>\$57,600</u>	<u>\$88,500</u>
Total Expenses	\$496,500	\$586,400
Net Revenue	(\$16,400)	\$107,700

Source: Economic & Planning Systems

H:\153086-Boulder Market Hall Feasibility\Models\[153086- Budget Model.xls]Market Hall Proposed Budget

Conclusions

The Market Hall is approximately a break-even operation in a stabilized year. Alternative 1 is projected to have a moderate deficit; the additional elements in Alternative 2 provide both more attraction for customers and visitors, as well as additional revenue. The revenue generated by Alternative 2 is not substantial enough to contribute to towards the capital construction costs of the facility and should be used for on-going purpose. To build the Market Hall, a variety of alternative funding sources will be needed.

7. MANAGEMENT AND OWNERSHIP

Overview

Historically, public markets were often started and managed by cities, but today most cities are getting out of the market business and supporting other management models to keep their public markets fresh, relevant and more efficiently operated.

There are range of options for the development and management of a public market. In the past, the most prevalent form of public market was one that was publicly owned and operated by the City. As food production and distribution systems changed, many of the historic markets went into decline and most closed. Of the historic markets that remain, most are still owned by the City but operated by nonprofit corporations with strong community and stakeholder representation.

Some public markets are still owned and operated by the City. But an encouraging shift has seen many cities transfer management and stewardship of their market to not for profit corporations who are more effective at fulfilling the potential of public markets as centerpieces to grow their local economy and food communities. Simultaneously, cities are once again establishing new public markets with management by a not for profit corporation as the most preferred option.

The establishment of Boulder's public market is part of an ongoing evolution with deep roots in the community from pioneering open space legislation to the still-growing Boulder County Farmers' Market and the myriad successes of Boulder's natural food entrepreneurs. New partners, such as those from the academic and health/wellness communities are increasingly interested in collaborating and they can bring additional energy and assets to broaden the impacts of this evolution.

The following recommendations outline a collaborative approach for the development, implementation and ongoing management of Boulder's Public Market:

Building Ownership

Recommendation – City of Boulder

Public markets are valued civic amenities that operate in public spaces and serve public goals. It is entirely appropriate that the City of Boulder continue to own the property and lease it to a nonprofit corporation. The terms of the agreement would be spelled out in a Lease and Services document. It is also recommended that the market open debt free and aim to be operationally self-sustaining. Fundraising would be a joint effort of the City and the nonprofit corporation.

As owner of the property, the City would be able to establish the lease and operating terms that best guarantee the goals of the market. In effect, the not for profit would be fulfilling the wishes of the public expressed through an operating agreement, or lease, with the City. This way the City gets the public market it wants and is unburdened from the full, ongoing responsibility.

The public market should raise all of its capital and start-up costs, as the market should not be expected to carry debt, but ought to contribute any operating surplus into a capital reserve fund or to implement additional public programs. While there are no dedicated public funding sources

for public market capital costs, the many new markets that are opening indicate ample funds are competitively available and markets are increasingly seen as a good public investment. Many funders who might not give money to a City are more willing to give money to public market projects that are run by dedicated not for profit management.

The City would never be out of the loop – it can remain an influential partner and best guarantor of the public interests by establishing the foundations of what Boulder's public market should be. The City can also decide what ongoing roles and responsibilities it would have and formalize them as part of the lease agreement.

Management

Recommendation – Community based independent nonprofit corporation

Developing and managing a public market requires dedicated management, committed to fulfilling Boulder's public goals as well as being fiscally responsible.

The spectrum of management in public market's today consists of the City, nonprofit corporations and to a lesser extent private corporations. Cities are getting out of the market management business and in most cases turning over this responsibility to nonprofit corporations. Privately operated 'public' markets are rare, however the new 'food halls', tenanted with the more profitable prepared food vendors, are being developed by for profit businesses.

A not for profit corporation is best suited to take on the development and operating challenges of a public market in Boulder, especially because of its ability to fundraise, create partnerships and deliver positive outcomes to build the health of the community, increase local food security and continue fostering the local food and agricultural economies.

The Board of the nonprofit should be community based and may include members from the City of Boulder and the Market Hall Working Group. The number of board seats typically range from six or seven members to over twenty, so there is a lot of latitude and examples that have worked well. This is a decision best made by the City and Market Hall Working Group. The board should not be seen as over dominated by any group and should be comprised of seats that best serve the market goals.

The responsibility of managing a public market obviously involves the rigors of normal property management. In addition to this base responsibility are perhaps the two most important jobs – leasing and promotion. If you get the right tenants and position the market as a desirable and useful public place of gathering and commerce – the market will be on solid ground. A successful public market is hardly just about a nice building – it is the overall experience that both reflects and surpasses people's expectations that will make it a cherished institution for the long haul.

Two of the most important jobs for management are:

Tenant Recruitment – There are a variety of leasehold options that will appeal to a wide audience of potential tenants from small scale, experimental startups to seasoned entrepreneurs. The faces behind the stalls need to reflect the community – the market should be seen as a place of opportunity for anyone willing to work within the public goals that build community health and the local food economy. The outreach for leasing needs to run concurrently with the project's development and it is essential that this responsibility is prioritized. Often, the manager or director of the market takes on this task. Establishing the right mix of products and people is an

alchemical process one that creates a whole larger, much larger than the individual pieces. As the market should be set up as a nonprofit corporation, leasing decisions can be based on what will make the market a strong community asset and fulfill the public goals rather than what would make the most money.

Promotions – Most markets do not have large amounts in their budgets for advertising and marketing. The answer to this challenge is to magnify the effectiveness of limited funds through promotions that generate publicity, social media and word of mouth. The tenants should be very involved in the promotions and collaborate with management both during the inception and execution.

As a rule, any kind of promotion is making the market customer a better market customer. As there is always a desire to do more in this category, it would be advisable to work side by side with the tenants to establish this budget on an annual basis. Advertising and marketing costs are essentially passed through as an operating expense. Ergo, if the tenants want to promote more they will understand their financial obligation and agree up front about what is the best approach.

Additionally, a nonprofit corporation is best able to achieve following:

Operational Objectives

- Set high standards of fairness, maintenance and integrity
- Run Boulder's Public Market efficiently and cost-effectively
- Grow the Market, Reinvest in the Market

Public Objectives

- Coordinate public and private interests
- Sustain the Market as a public gathering place

District and Community Development Objectives

- Leverage the Market as a catalyst for the Civic Area
- Establish partnerships and collaborations

Next Steps and Implementation Strategy

This report outlines the basic feasibility, concept and development process for a public market – yet, there is still much to be done. The City should continue in its role as convener of the process to build understanding and support for the market. Prior to addressing any proposed development timeline, the City should initiate a more robust public engagement to understand how a public market can best play out in Boulder as follows:

- Refine Program, Mission
- Cultivate Partnerships and Sponsors
- Continue discussions with potential tenants
- Refine the business plan
- Understand the financial/fundraising obligations
- Explore City and nonprofit partnership

Once a focused consensus emerges, the following series of events and next steps can begin:

- Create working design concept
- Outline a draft business plan
- Establish the Not for Profit Corporation

The Not for Profit Corporation would hire an executive director. The Executive Director could be hired earlier and could help with any or all of the initial tasks. Funding would need to be raised for this position. It may be a good investment to have a paid, dedicated person to oversee and drive this process. The next steps for the newly formed organization would be to:

- Hire additional staff
- Complete Development and Implementation Plan
- Negotiate a Lease and Service Agreement with City of Boulder
- Hire architect and complete market design
- Set and approve budgets for the project's development
- Set and approve budget for ongoing market operations
- Set Timeline
- Enlist program partnerships and sponsors
- Continue Fundraising
- Tenant Outreach, Leasing and Coordination
- Oversee construction
- Open and operate the public market project

Funding Strategy and Sources

Today, new public markets are being developed with creative combinations of federal, state, and local funding. The City of Boulder in partnership with the nonprofit public market has the opportunity to jointly build a broad base of support to make this proposed project.

Even the so called biggest or best markets in the country have been and continue to be recipients of public funds. In fact, the citizens of Seattle recently approved nearly \$70 million in a voter referendum to pay for a complete overhaul of their beloved Pike Place Market's infrastructure including seismic upgrades.

The true success of a market is not measured by its cash flow – it is the catalytic role they play in creating valued places, strengthening the local economy and building community that is their greatest asset. There is a long list of 'benefits' – jobs, social gathering place, cultural asset, nutrition, wellness, etc. – that are worth more than money.

Recommendations

- The proposed Boulder Public Market should raise all development, start-up and capital costs (and any projected operating shortfalls) and not use cash flow as a financing method.
- Operational sustainability should be the goal, with any surplus used to further support the mission and/or establish a capital reserve fund.

Sources

Today, markets are drawing on a wide array of funding sources from federal, state and local sources as well as from foundations, corporations, sponsors, individuals and partnerships. While there are precious few allocated dollars for markets – there are competitive and active sources of funding. The following sources have provided funding for public markets in recent years:

Economic Development Administration (Department of Commerce)

Apply directly to appropriate EDA regional office to discuss proposals and obtain additional information. The EDA has recently awarded grants to markets up to \$1,000,000. Information is also on the web at: www.doc.gov/eda

USDA

The USDA has been providing more and more grants for markets, from planning new markets, fixing up old ones and helping establish community based food programs. A central part of their mission is, of course, to help farmers and the County's commitment to farming and ranching and the continuing growth of the Boulder County Farmers Market will add strength to any request.

The USDA website for market funding opportunities is:

<http://www.ams.usda.gov/farmersmarkets/Consortium/FMCResourceGuide.pdf>

Department of Health and Human Services

HHS has provided grants to market projects for predevelopment planning and also for construction through the following programs:

- Community Food and Nutrition Program (Office of Community Services, OCS)
- Community Economic Development (CED)

OCS and HHS are more apt to fund lower income communities, so this may be a challenging 'ask' for Boulder.

Colorado Fresh Food Financing Fund

Colorado Fresh Food Financing Fund (CO4F) improves access to healthy food in underserved Colorado communities by financing grocery stores and other forms of healthy food retail. The seed funding for CO4F comes from The Colorado Health Foundation, which developed this initiative based on research on food access barriers in Colorado communities and national Fresh Food Financing best practices. CO4F is partnering with the Colorado Enterprise Fund (CEF) to finance small and innovative fresh food concepts. The Colorado Housing and Finance Authority (CHFA) serves as the fund administrator and manages the allocation of grants and loans. The CO4F offers both loans and grants. CO4F financing uses include:

- Business start-up and expansion costs
- Opening a new store
- Keeping a store open under new ownership
- New or upgraded equipment and displays
- Land assembly
- Developing an innovative business concept

The program is aimed at helping increase access to healthy foods to underserved areas. Boulder and the Civic Area likely does not meet this definition but could explore this program. The funding of the Market Hall may be seen as an innovative business concept that could be replicated elsewhere in the state. This program has also struggled to find viable projects to fund so maybe be looking for creative endeavors to help.

Partnerships and Sponsors

One of the most promising trends in markets today is the emerging interest of sponsors whose missions overlap with the public market.

Synergies with the health and wellness sector are proving to be particularly effective. For instance, in Flint MI a pediatric health clinic collocated with the public market as a way to connect the dots with our choices about food, eating and personal health.

The broader environmental community is another potential sponsor group that naturally fits in with the market. At the new Public Market in Boston, a conservation group sponsors the annual programming of 'The Kitchen at Boston Public Market'. From their website:

"The Kitchen is a gathering place for all to share and learn about the healthy bounty of Massachusetts. It is the center of community education, programming and interaction, featuring engaging workshops, programs, tours and events that are relevant and accessible to the Boston community."

Opportunities for capital funding and ongoing operating support can be explored with potential sponsors and partners.

Other sources that have historically supported markets:

- Community Development Block Grants (for capital grants)
- Federal, State, County or City direct Appropriation
- State Cultural Resource Funds
- State Trust Funds or other special purpose state funds
- Catholic Campaign for Human Development
- Local and national foundations
- Local corporations and individuals
- Fundraisers

Many markets have had successful fundraisers (dinners, tastings, raffles, etc.) with some raising over six figures. Fundraisers have been successfully organized to build capital support as well as an ongoing support once the market is open. Some markets also have “Friends of the Market” volunteers who lead annual fundraising efforts.

Interim Strategy Option

While the planning process continues, it would be useful to do some fun, low-cost experiments that will help inform the feel of the overall project – i.e. start a night market, do pop-markets and work with potential public market vendors to test their products and hone their concepts:

- It is important to build enthusiasm for the project from potential vendors and customers – and participatory activities are more apt to enlist positive support than a planning process.
- This experiential approach will connect people, grow the market culture and provide learning opportunities. Going ‘live’ now will add credibility, publicity and momentum.
- It will take some initial funding, but not very much, and may be appealing to any number of funders – who would like to see the market come alive sooner than later.



Appendices

MEMORANDUM

To: Sam Assefa and Joanna Crean, City of Boulder

From: Dan Guimond, Matt Prosser and Rachel Shindman, EPS;
David K. O'Neil

Subject: Boulder Market Hall Feasibility Study - Comparable Market Halls

Date: February 24, 2016

The Economics of Land Use



The Boulder Civic Area is currently home to the Boulder County Farmers' Market, which operates two days per week for six to eight months of the year. The Boulder County Farmers' Market is a highly visited and nationally regarded market; however, it is an open-air market and lacks permanent infrastructure and the ability to operate in the winter season. The City of Boulder's Civic Area Master Plan envisions the East End of the Civic Area to be a mixed-use block anchored by food and innovation. The City believes that a year-round market hall would be an ideal anchor to this new East End district. Market halls are typically the natural maturation of a farmers' market or public market.

This memorandum provides background on the types of markets and market halls that have been created. It also identifies comparable market halls in the U.S. and Canada to help inform the market hall programs explored by the EPS/David O'Neil consultant team, City staff, and the Civic Area Market Hall Working Group.

Market Halls Overview

The term "public market" encompasses a broad spectrum of spaces that range from open-air, temporary markets to established market districts within a city. Along that spectrum, there are variations in the form, function, management, and economic feasibility of the structures and spaces.

The simplest and most common type of market is an open-air market. These can be operated anywhere with enough open space, and may require little more than folding tables and tents for vendors. As a market grows, it may take a market shed form, which entails a permanent structure, often with open sides, to provide cover and form to the

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market area. The next step in this continuum is the market hall – a permanent, enclosed structure that may include more than just market vendors inside, and may have permanent vendor spaces.

While open-air markets and market sheds may operate year-round, the market hall phase often occurs when markets transition from being seasonal to open in some form year-round and on multiple days of the week. The most complex market form is the market district, where the function and energy of the market attracts additional complementary development.

Market halls range in size from a few thousand square feet or a hundred thousand square feet, and there is a great deal of variation in type, purpose, and function among these structures. There are four main elements that vary among Market Halls: the building itself, the role of a farmers' market and fresh foods, the mixture of tenants, and the organizational structure and management. These four elements are discussed below and are the major organizing themes used to develop potential programs for Boulder's Market Hall.

Building - A market hall can be as simple as a shed with garage door-type walls. It may have flexible space inside or a combination of permanent vendor spaces and flexible space. While a single-purpose structure is common, a market hall may also be located in a mixed-use building.

Role of the Farmers' Market - Farmers' markets and fresh foods play varying roles in market halls. There is often a farmers' market associated with a market hall; it may be the main tenant, it may be a day user, or it may be an adjacent use and not a part of the hall itself. The role of local and fresh foods also varies among market halls: some have rules similar to farmers' markets with a percentage of merchandise that must be fresh food and/or local, while others are less focused on fresh food and producers.

Space and Tenant Mix - The mixture of space and tenants is often driven by the mission of the market hall. A market can contain some or all of permanent businesses/stalls, day stalls, flexible space, and moveable walls. The mix of space types and the tenants that fill those spaces will depend on who the users are and what the desired purpose and function of the space is.

Organizational Structure - Markets can be operated by cooperative organizations, non-profit groups, city governments, private organizations, or a combination of these groups. They can operate as an independent organization, a program within an existing organization, or as a network of existing organizations or markets.

Comparable Market Halls

The consultant team identified nine comparable markets to be profiled. These markets were chosen from a larger sample according to their similarities to the Boulder market setting, and include similar climate, size of community, presence of a university, and/or other factors. The comparable markets were chosen to illustrate the wide variety of market hall concepts that Boulder can consider. The approach to the market hall used by each comparable market varies, but there are common themes that are provided at the end of this section. The specifics regarding the four elements identified above (building, role of farmers' market, space and tenant mix, and organizational structure) for each market are summarized in **Table 1**.

Table 1
Comparable Farmers' Market and Market Hall Elements

Market Hall Elements	Bellingham	Ann Arbor	Rochester	Old Strathcona, Edmonton	Santa Fe	Flint	Halifax Seaport	Eastern Market	Ferry Building
Building									
Type of Building	Enclosed Shed	Open-Air Shed ¹	Enclosed Shed	Market Hall	Market Hall	Market Hall	Market Hall	Market Hall	Market Hall
Size of Building (Sq. Ft.)	5,200	---	9,000	75,000	27,000	32,000	56,000	14,000	240,000
Size of Market Hall Portion (Sq. Ft.)	---	---	9,000	35,000	10,000	10,500	56,000	10,000	65,000
Other Permanent Uses in Building	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Days per Week in Operation	---	---	---	1	7	3	6	6	7
Role of Farmers' Market									
Type of Tenant in Building	Day User	Main	Main	Main	Day User	Main	Main	Not a tenant	Not a tenant
Days per Week in Operation	1	1 to 2	3	1	1 to 2	3	6	3	3
Year Round/Seasonal	Seasonal	Year Round	Year Round	Year Round	Year Round	Year Round	Year Round	Year Round	Year Round
Space and Tenant Mix									
Permanent Rental Spaces	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Non-Farmers' Market Tenants	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Event Space for Rent	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
Organizational Structure									
Building Owner	City	City	City	City	Non-Profit	City	Federal	City	City
Market Hall Operator	City	City	City	Non-Profit	Non-Profit	Non-Profit	Federal	City	Private
Operating Subsidy	---	Yes	Yes	No	No	Yes	No	Yes	No

¹ Planning to build a 4,000 sf w interized structure
 Source: Economic & Planning Systems; David K O'Neil

Bellingham Farmers' Market, Bellingham WA

The Bellingham Farmers' Market is located in Depot Market Square in downtown Bellingham, WA. The open-air pavilion is owned by the City of Bellingham and operated by the Parks & Recreation department. The non-profit Bellingham Farmers' Market Association operates the market as a day user of the space.

The structure was built in 2006. The site contains a 5,200 square foot building with a prep kitchen, restrooms, and a 15,000 square foot courtyard, including 8,200 square feet of covered shelters. The space is flexible and available year-round for rentals when not being used by the farmers' market. The structure itself has a capacity of approximately 300 people and the entire site can accommodate 1,000 people.

The farmers' market operates one day per week from April through Christmas, and has three market days over the winter. There are more than 100 vendors at the regular season market. Approximately 65 percent of the vendors are food vendors, and all products sold at the market must be grown or produced in Whatcom or Skagit Counties. Vendors at the market pay an annual membership fee as well as a daily stall fee of either \$30 or a percentage category commission, whichever is greater. Commissions range from 6.5 percent for farmers and crafters to 10.5 percent for Eastern Washington produce contract vendors.



Ann Arbor Farmers' Market, Ann Arbor MI

The Ann Arbor Farmers' Market is located in the historic Kerrytown neighborhood of Ann Arbor, MI. The market is owned by the City of Ann Arbor and operated through Ann Arbor Parks & Recreation. While it currently operates year-round in an open-air shed, the City is planning to construct a 4,000 square foot winterized structure to allow for more comfortable winter conditions. The market has one full-time and two part-time staff, and uses other city staff for support services such as finance and marketing.



The market currently operates two days per week from April through December, and one day per week from January through March. There are approximately 100 vendors in the summer, and an average of 30 vendors attend the winter market.



The Ann Arbor Farmers' Market is a producers-only market; approximately 50 percent of vendors are farmers while approximately 25 percent are crafts and merchandise vendors. All food and products offered for sale must be grown or made in Michigan, Ohio, or Indiana. Stalls cost \$30 per day, and the market receives around \$75,000 in revenue annually from vendors with set stall locations.

Although the market does not currently have indoor space or a kitchen facility, the site is available for event rental. The market usually hosts three to four private events and four to five community events per year.

Rochester Public Market, Rochester NY

The Rochester Public Market is located in the northeast quadrant of Rochester, NY, about two miles outside of downtown. The market is owned by the City of Rochester and is operated by the Department of Recreation and Youth Services. It is open year-round three days per week and has been at its current site since 1905. In addition to the market itself, there are independent local businesses on its grounds and in the surrounding "Market District."



The market currently has three sheds: two covered open-air and one enclosed. There are approximately 230 outdoor covered vending spaces, and 68 heated indoor spaces. A renovation project is beginning in the spring of 2016 to replace the existing 9,000 square foot enclosed building with a 13,000 square foot building. There is currently no kitchen at the market, but a nutrition education and kitchen space is planned in this new project.

The market is funded through operating revenue, as well as support from city property taxes when needed. Staff includes two full-time market supervisors, one full-time and one part-time maintenance staff, and a part-time/seasonal events coordinator. The City also utilizes contracts for services such as security, additional cleaning, and snowplowing.



Old Strathcona Farmers' Market, Edmonton AB

The Old Strathcona Farmers' Market is located in the Historic Strathcona District of Edmonton, Alberta, Canada. The building is owned by the City of Edmonton, and the market is operated by the Old Strathcona Farmers' Market Society, a non-profit organization.



The market is located in a 75,000 square foot former bus barn built in 1950; the market takes up 35,000 square feet of the building. In addition to the farmers' market, the building also houses a theater and other community and cultural-based organizations.

The farmers' market is open one day per week year-round. The market space has 230 stalls used by 130 vendors and some vendors have multiple stalls. Rents range from \$60 to \$80 per stall, depending on size and location. The market receives approximately \$500,000 per year in rental income.



While the market space is not available for event rental, there is event space in the non-market portion of the building.

Santa Fe Farmers' Market, Santa Fe NM

The Santa Fe Farmers' Market is located in the Santa Fe Railyards District. The building is owned and operated by the Santa Fe Farmers' Market Institute, a non-profit organization that has an 80-year ground lease for the land and was founded to raise funds to build the market building.



The building was purpose-built in 2007. It has a total of 27,000 square feet, including retail space housing a brewery, office space, and a 10,000 square foot flexible-use market hall. The total leasable square footage of the building is 21,000 square feet, almost 50 percent of that being the market hall.

The farmers' market is a tenant of the building. It is run by the Santa Fe Farmers' Market, a for-profit organization, open on Saturdays year-round and on Tuesdays from May through November.



The summer market takes place both indoors and outdoors with an average of 100 vendors, 32 of which are indoors and the remainder being outside. Outdoor space is rented from the Railyards. The winter market is indoors only and has about 40 vendors—mostly meat, cheese, and other year-round products. All vegetables, fruits, and nursery plants sold at the market are grown in the 15-county northern New Mexico region, and at least 80 percent of the ingredients and materials used to make processed and craft items

are also local. The market gets more than 300,000 visitors per year and can bring in 6,000 people on a busy Saturday.

When not being used for the farmers' market, the flexible market space is rented out for events. The market hall hosts 45 events per year, with an average rental rate of \$1,350; however, the rate varies greatly depending on the size, day, season, whether or not alcohol is served, and the non-profit status of the organization holding the event. The space has a maximum capacity of 600 people standing, 300 to 350 people seated. There is no kitchen, and while the building has a 400 square foot space with a sink and fridge for the market to use, it is not available for event use.



There are four permanent retail spaces in the Market Hall in addition to a restaurant/brewery and offices in the non-market hall portion of the building. The retail spaces are each 12x12 feet and pay \$500 per month in rent. These spaces are only available when the market is open, since having the shops space open more frequently is part of the long-term market plan.

There is also a market café/concession space, run by the farmers' market, which is open at the same times as the market.

The restaurant/brewery in the non-market hall portion of the building is approximately 3,000 square feet, with an additional 400 square feet of outdoor patio space. It is open seven days per week and pays the highest rent of building tenants.

The Santa Fe Farmers' Market Institute raised more than \$4.5 million to build the Market Hall. The operation of the building is a break-even operation that brings in approximately \$61,000 in annual revenue with \$29,000 in annual expenses, plus 50 percent of the salary for the staff person in charge of rentals. The Institute has four full-time staff, one AmeriCorps intern, three part-time staff, and some quarter-time and seasonal staff.

Flint Farmers' Market, Flint MI

The Flint Farmer's Market is located in downtown Flint, MI in the former Flint Journal printing facility. The building was built in 2004 and the market took it over when it returned to downtown in 2014. The building is owned by the City of Flint, and the market is operated by the Uptown Reinvestment Corporation, a non-profit organization.

The building is 32,000 square feet with 10,500 square feet of space for market vendors. The indoor market has 50 vendors and is open three days per week year-round. There is also an outdoor market from May through October with approximately 50 seasonal vendors: 25 produce and flower vendors, and 15 to 20 arts and crafts vendors.

The building has flexible space that is available to rent on evenings and non-market days, as well as an atrium, a rooftop terrace, a commercial kitchen that can be rented for production, a demonstration kitchen, and an event room that seats 200 people.

The building also houses Flint Food Works, a culinary business incubator that provides full-service kitchens for startup businesses. Flint Food Works is targeted towards food entrepreneurs and aims to mitigate the high cost of setting up a commercial kitchen. The organization provides 24-hour access to commercial, licensed kitchen facilities, low-cost refrigerated, freezer, and dry storage, and direct access to suppliers, farmers, and ingredients through the farmers' market. Caterers hired for events at the market hall can also rent the Flint Food Works kitchen to cook onsite.

Indoor vendor space rents for \$1.55 per square foot per month plus utility and advertising surcharges. Outdoor stalls are \$185 per month but more for corner spaces. The market brings in an estimated 270,000 visitors per year.



Halifax Seaport Farmers' Market, Halifax NS



The Halifax Seaport Farmers' Market is located at the Halifax Seaport in Halifax, Nova Scotia, Canada. The building is owned and operated by the Halifax Port Authority, a federal government agency.

The building was purpose-built for the farmers' market in 2010. It is 56,000 square feet with a public plaza, an outdoor area, and a 16,000 square foot green roof and public space. There is a mixture of permanent and flexible vendor space, and the market has 14 permanent storefronts. The layout is semi-flexible, with some indoor space and the rooftop available for rent.



The market was originally run by the City Market of Halifax Cooperative, a coop of market vendors which had raised money to build the new building. This group was responsible for finance and operations of the market, but after running into \$12 million of debt, the group transferred its 40-year lease back to the Halifax Port Authority, which took over management in 2012.

The market is open seven days per week year-round. There are as many as 225 vendors selling in the market on weekends. The market attracts more than 900,000 visitors per year and can see 12,000 people on its busiest days.

Eastern Market, Washington, D.C.

Eastern Market is located in the historic Capitol Hill neighborhood in Washington, D.C. The market is owned by the City of Washington, D.C., and operated by the City's Office of Property Management. The D.C. Department of General Services provides for the operations and management of the market through the revenue generating Eastern Market Enterprise Fund.

The market was built in 1873 and is designated a National Historic Landmark. Eastern Market has always been a "public market," one of four such markets that were part of the original master plan for Washington, D.C. The building underwent a \$22 million renovation in 2009 after fire damage.



The Market Hall has two wings: the 10,000 square foot South Hall and the 4,000 square foot North Hall. The South Hall houses 14 permanent market vendors and a pottery studio. Of the indoor vendors, 12 sell food products, one sells flowers, and one sells arts & crafts. The North Hall is rented out as event space. Rental rates for the North Hall range from \$500 for a community organization or government agency for a weekday event to \$4,300 for a private nighttime event. The market building is open 6 days per week, year-round.



The "Farmers' Line" is the farmers' market that operates adjacent to the Market Hall on weekends and Tuesdays; there is also an outdoor artists' market on weekends. Most of the produce sold at the farmers' market is grown in Maryland, Pennsylvania, Virginia, and West Virginia. Stalls cost \$25 to \$40 per day, depending on location. While the outdoor market operates year-round, outdoor vendors are not required to be present in January and February.



Ferry Building Marketplace, San Francisco CA

The Ferry Building Marketplace is located along the Embarcadero, at the foot of Market Street in San Francisco, CA. The Port of San Francisco owns the building, and Equity Office, which has a 66-year ground lease, operates the facility.



The building was constructed in 1898 and is a National and Local landmark. It has a 65,000 square foot public food market, and 175,000 square feet of Class A office space. The market has 48 permanent indoor vendors, and is open seven days per week, year-round. Market tenants are mostly prepared food vendors and restaurant/café spaces.



The Ferry Building was most recently renovated in 2003 and redeveloped through a public-private partnership. After many decades of disrepair, the Ferry Building Investors LLC (a public-private redevelopment partnership comprised of Equity Office, Wilson Meany Sullivan, Primus Infrastructure LLC, and Banc of America Historic Capital Assets LLC) was formed to restore the property in 1998. The building now attracts over one million visitors per year.

The Ferry Plaza Farmers' Market operates outside of the Ferry Building three days per week year-round. It is a long-term use and attraction that preceded redevelopment of the adjacent Ferry Building. The farmers' market is operated by the Center for Urban Education About Sustainable Agriculture (CUESA), a non-profit, and is independent from the Ferry Building.

Takeaways for the Boulder Market Hall

Each of these comparable markets lies along the market hall spectrum. The form and function of each market are a result of multiple factors with the principle driving force sometimes being mission, available facilities, relationship to an existing farmers' market, and/or connections to local food producer organizations. Some major points of consideration were identified in the examination of the market halls that helped guide the program definition for the Boulder Market Hall. The major considerations are:

- When the farmers' market is the main tenant, the market space is only active when the farmers' market is open. The more uses and functions the market hall has, the closer it gets to seven-day/week functionality, assuming the farmers' market isn't able to operate year-round. Because farmers' markets typically only operate one to three days per week, activation of the market hall is needed through other uses if activity is desired on non-market days.
- Many of these market halls have uses or components that do not generate adequate revenue to support operation. It is fine to have these uses as they contribute to the mission and authenticity of the market halls and farmers' markets, but the losses generated must be recouped through other revenue-generating uses or operating subsidies. The inclusion of more revenue-generating uses can support the market hall's operation and non-revenue generating components, which increases its financial viability.
- When the farmers' market is the sole or prime use, a city tends to be the operator of the venue. As more uses and functions are added, a non-profit or private entity is often involved and may manage the facility. However, for all of these comparable markets, city involvement in some way—whether land ownership, structure ownership, or management—is common.

MEMORANDUM

To: Sam Assefa and Joanna Crean, City of Boulder

From: Dan Guimond and Rachel Shindman, EPS

Subject: Boulder Market Hall Stakeholder Outreach

Date: February 24, 2016

The Economics of Land Use



This memorandum summarizes stakeholder interviews and meetings with the Civic Area Market Hall Working Group. EPS conducted these meetings to gather input and perspective on development opportunities, constraints and community need for a year-round Market Hall. In addition to members of the Working Group, EPS interviewed people involved in or with knowledge of the natural foods industry in Boulder.

The interviews and working group sessions were focused on gathering perspectives on the natural foods market in Boulder, the potential uses for a year-round Market Hall, the role a Market Hall could play in the broader food industry in Boulder, and what challenges may arise for development and implementation. Stakeholders that would potentially be users of the Market Hall space were also asked about their interest in this type of venue, and the needs and requirements they would have for the space.

Conversations focused on the overall vision and mission that should guide a year-round Market Hall, possible uses and vendors for the facility, and the challenges and opportunities to this type of addition to the Boulder food landscape.

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Overall Vision and Mission

There was general agreement that the Market Hall must have a clear, food-focused mission that strengthens the local economy and community health. There was also a strong feeling that it should support and maintain the existing Boulder County Farmers' Market, with complementary uses and space that allows the Farmers' Market to grow and be a focal point and partner. Extending the producer-only focus of the current Farmers' Market into the mission of the Market Hall was mentioned as a way to connect the two.

Many stakeholders felt that flexibility should be a key component of the vision for this space. This includes flexibility for the Farmers' Market to utilize the space in both the regular season and a potential extended/winter season, and for community and other groups to come together in the space as part of the local food community.

The idea was raised of the Market Hall being a shared structure for local food - a place for the local agricultural community, the food artisan community, and the food entrepreneur community to come together. The Farmers' Market currently provides a space for customer interaction and feedback, and there was support for a year-round Market Hall that could expand on that function, as well as providing a space for education, exposure, and experience of local food. Community access was another key piece that stakeholders felt should be included in the Market Hall's mission, that it should serve the full diversity of Boulder residents.

Feedback on the vision and mission for this project fell generally into three major themes - the Market Hall should be food-centric, it should be community-based, and it should have a strong education component. One stakeholder commented that it should have a guiding mission similar to Dana Crawford's "post-it note strategy" for Denver Union Station to "Be Denver's Living Room," that the Market Hall should "Be Boulder's Kitchen."

Vendors and Uses

Much of the discussion around vendors and uses focused on what is already available in the community, what existing needs are, and how those needs fit into the potential mission of this space. There was a lot of enthusiasm for a flexible space that could address multiple needs - particularly the need for education space and event space, as well as a kitchen for demonstrations and education programs, and a catering kitchen to serve use of the flexible hall for other events.

Farmers' Market

There was clear feedback that the Farmers' Market needs to be a partner in the Market Hall, and that there are many ways for that to happen. The Farmers' Market can utilize flexible indoor space both for added capacity during its current season, and to expand its season to include a winter market.

In addition to winter produce, some farmer's products, such as meat, eggs, and honey, can be sold at the Market Hall year-round. The Farmers' Market also has high demand from vendors wanting to sell packaged food, and that may be another need the Market Hall can meet. This can be done only on market days, or in a more permanent retail space where Farmers' Market staff can sell products on behalf of farmers and other vendors. Another idea raised was that the Farmers' Market can expand its café model to this site, and possibly include more local items, such as beverages, in addition to its current offerings.

The Market Hall can also provide office space for the Farmers' Market, creating a permanent home at the market location. This also provides the opportunity to co-locate office space for other agriculture-related non-profit organizations.

Flexible/Event Space

A need for space for large events in general, and for food-related events specifically, was frequently mentioned. There is a need in Boulder for space for events of over 250 people (or space larger than 5,000 square feet), particularly venues with access to a kitchen.

In addition to providing this needed event venue, a flexible space would create the opportunity for the Market Hall to be a multi-purpose food hub – a function that had strong support. Ideas for the space involved it being used as a shared space for community and entrepreneurial functions, while also providing an opportunity for the Farmers' Market to get involved with classes and other educational opportunities. A kitchen space would also provide farmers with the opportunity to expand and do value-added products on the market site.

Some of the feedback received was that people with ideas need implementation space, and the Market Hall could provide that. A manufacturing space or co-op kitchen could also be open for viewing, bringing the community and visitors into the food production process. Visitors would be able to see how things are made, and then have the opportunity to purchase the product. The Market Hall can create a space for the whole chain of farmer, manufacturer, chef, and consumer to come together.

Another idea mentioned was for the Market Hall to be a shared space for food entrepreneurs and manufacturers to connect with consumers. The space could be part of a test market, used for sampling and introduction of new products. Customers could try products and then be directed to retail locations in Boulder where the products are available. The general feeling was that some sort of flexible space that could accommodate multiple types of food-related functions – both from a business and a community perspective – would be welcomed.

Kitchen

A kitchen space that is available for community and event use was a key need identified by stakeholders. Through discussions it became clear that there are many different forms a kitchen space can take, and understanding how it will be used is important for design. Whether it is a test kitchen, a demonstration kitchen, a teaching kitchen, a preparation kitchen for events, or some combination of those will affect its size, configuration and design, however there seems to be demand for any form of kitchen space in the Market Hall. A kitchen space connected to a flexible event space can create a dynamic relationship between farmers, chefs, and the community.

There was also some discussion of demand for production space for start-up businesses, and whether the Market Hall can serve this need. There is also already some shared production kitchen space available in Boulder, and so the feeling was that there may be less of a need for the Market Hall to fill this role.

Education Space

There was strong support and desire for community education space in a food setting. This space could provide opportunities for demonstrations, training, food preparation and processes. It was understood that this should be a space for all populations and groups in Boulder, and would be especially useful for programs such as SNAP and WIC, which currently do not have spaces to do this type of programming. It was noted that education space would also benefit the Farmers' Market, as education is a big component of the organization's growth and future. However, it was unclear what type and amount of education space was needed in addition to the kitchen related uses covered above.

Anchor Tenant and Retail

While concerns were raised about retail competition, there was nonetheless an understanding that the Market Hall will require an anchor tenant and other revenue-producing uses in order to be feasible. This was also seen as important to ensuring that the Market Hall is open and has energy and activity throughout the week. Many food-related anchor ideas were raised, with the general idea being to have a Boulder producer and retailer as an anchor – such as a brewery, a distillery, or cider maker.

In addition to an anchor tenant, the concept of permanent vendor space was discussed. Ideas included a collaboration between vendors and producers to create a space for curated re-selling or a place for various vendors to experiment and interact with each other and with customers. It could also be a café or restaurant space for local food. Outside of production and consumption uses, the idea of including a culinary school in the facility was brought up as a different way to incorporate a permanent food-related use into the Market Hall.

Challenges and Opportunities

The biggest challenge articulated throughout the stakeholder input process was how to create a Market Hall in a "uniquely Boulder" way. There is a desire to not simply replicate what other communities have done, but to do bold, untested things – to do this in a "bolder and Boulder" way. There is both a challenge and an opportunity here to add to the Boulder brand in a unique way.

Competition was a major obstacle that was brought up, with concern that the Market Hall could compete with existing institutions, including the Farmers' Market (on market days) and nearby natural foods retailers. While there was support for some form of retail in the space, stakeholders wanted it to be complementary to the Farmers' Market, and not cannibalize existing retail. It was clear from the feedback received that there is not a need for another natural foods store in Boulder – the Market Hall would need to provide something different.

It was suggested that there may be an opportunity to partner with retailers and tie the various aspects of the food economy together – food culture to natural foods to the Farmers' Market to innovators to retailers. Connecting these components has the potential to make competitors into collaborators.

Revenue generation was recognized as both an important component of a successful Market Hall, as well as a challenge. Having a clear mission and defined goals for the Market Hall was brought up as a way to address this challenge. It is important to consider what need the Market Hall will serve, where it fits in the local food landscape, and how it serves that need in a way unique to Boulder.

The Civic Area location was seen as an opportunity for the Market Hall, as there are not many city-owned parcels of land that can be developed with this proximity to downtown. It is already a known location to residents because of the Farmers' Market, and is also attractive to visitors because of its downtown location. Food is a key marketing message for Boulder, and the Market Hall can be a component of that. Related to the location, parking was raised as an issue that will likely be a challenge.

Accessibility was raised as both a challenge and an opportunity. There was little desire to see high-end food service or retail go into this space – most feedback was in support of more accessible, community-focused uses. There was also the recognition that underserved populations in Boulder should be included and brought into this space, particularly for the education component.

Partnerships were discussed as necessary for success, and as an opportunity for the Market Hall and various food communities to connect. The Farmers' Market was understood to be a primary partner. Other groups identified that could potentially be involved with the Market Hall were higher education organizations, agriculture innovation industries, and local retailers.

List of Interviewees

Willow King, Ozuké
Natasha Holmes, The Barefoot Baker
Mark Guttridge, Ollin Farms
Christian Toohey, Jim Toohey, Toohey & Sons Organic
Brian Coppom, Boulder County Farmers' Market
Buddy Ketchner, Sterling-Rice Group (previous)
Mary Ann Mahoney, Kim Farin, Boulder Convention and Visitors Bureau
Arron Mansika, Naturally Boulder
Sean Maher, Downtown Boulder, Inc.
Ben Mustin, MM Local Foods

List of Working Group Attendees

Mark Retzloff, Alfalfa's
Paul Houle, University of Colorado Boulder
Pete Newton, University of Colorado Boulder
Mayor Suzanne Jones, Boulder City Council
Sean Maher, Downtown Boulder, Inc.
Lenny Martinelli, Three Leaf Concepts/Teahouse
Sylvia Tawse, Fresh Ideas Group
Arron Mansika, Naturally Boulder
Allen Lim, Skratch Labs
Lentine Alexis, Skratch Labs
Jim Toohey, Toohey & Sons Organic
Christian Toohey, Toohey & Sons Organic, Boulder County Farmers' Market
Brian Coppom, Boulder County Farmers' Market
Richard Foy, AIA
Ann Cooper, BVSD
Peter-Christian Olivo, Blackbelly
Jennifer Kemp, Boulder County Parks & Open Space
Kathay Rennels, Colorado State University
Michael Memsic, Sanitas Brewing Company
Dan Hayward, Savory Spice Shop
Jonathan Kates, Foodies Outdoor Market
Kathey Pear, Foodies Outdoor Market
Rachel Arndt, Boulder County Public Health