

June 2, 2016

**To** | Downtown Public Market Resource Group  
**From** | Emily Brown, Warren Clauss, Sadie DiNatale, Kevin Gilbride, Corum Ketchum,  
Andrew Martin and Bob Parker  
**SUBJECT** | PRELIMINARY DOWNTOWN PUBLIC MARKET FINANCIAL ANALYSIS

---

This memorandum summarizes Community Planning Workshop's (CPW) research efforts since the last Resource Group meeting in April. We intend for this information to support the Resource Group discussion at our June 2<sup>nd</sup> meeting. CPW will present preliminary conclusions from the space program and financial feasibility analysis. Key objectives of the June meeting include discussing key assumptions built into the financial modeling and mapping out next steps for the Resource Group.

The memorandum is organized in three sections as follows:

- Summary of findings
- Details of the financial analysis
  - Review of existing space conditions
  - Space Program and Facility Concepts
  - Estimates of operating expenses
  - Modeling of revenue potential
- Next steps

During the June 2 meeting, CPW hopes that the Resource Group can answer a number of questions. Answers to these questions will allow CPW to further refine the operational details and clarify next steps:

1. When should CPW meet with and present to market boards again?
2. Does the Resource Group want CPW to feature a "Resource Group Preferred" facility concept in the report?
3. Ideally, how many indoor vendors would the market facility accommodate and how many vendors would continue vending outdoors?
4. How does this model's ratio of open and circulation space to leasable space compare to the open space allocation during current LCFM and SM events?
5. Can CPW assume that both market events will continue to be collocated?
6. CPW has calculated operating expenses for a public market as a standalone event. Is this the right approach?
7. How does proposed FTE relate to the current FTE for both markets?
8. How much does the market pay to rent the Quonset hut?

9. Is the Resource Group supportive of the fee structure CPW has modeled? Are there others that they would like to see modeled?
10. Proposed fees are the same for both indoor and outdoor vending. Should they differ?
11. Will market members be willing to pay fees for market operation?

The CPW team will provide an overview of our analysis and findings. If you have limited time, we recommend you review the summary. If you have more time, review the results section—it includes details about the key assumptions built into our models.

## **I. SUMMARY**

In May, CPW finished the preliminary financial modeling for a downtown public market. That modeling incorporates the assumptions about the size of the facility, the number of vendors, and the fee structures we documented in previous memoranda. It also incorporates research CPW conducted to estimate operational expenses of a public market. Based on the modeling, CPW arrived at the following conclusions in regard to the feasibility of a downtown public market.

It is important to underscore that these conclusions are based on a set of assumptions about how a downtown market would be operated and governed. Substantial deviations from these assumptions would require additional modeling and would potentially generate different conclusions. Moreover, our results are preliminary at this point due to the conceptual nature of the space program. A common concern voiced among stakeholders related to specifics of the market: location, size, configuration, etc. All of these issues will need to get addressed in a more detailed design phase if the project moves forward.

### **A downtown public market is financially feasible.**

CPW's financial models show that most variations of market concepts are feasible.

Foundational to our analysis are assumptions that (1) both the Lane County Farmers Market and Saturday Market would use the facility year-round at rates found in CPW's surveys; (2) that vendors would be willing to pay a booth fee and a percentage of gross sales; (3) that fees would be assessed to all event vendors, not just those that occupy the market building; (4) that a site that is acceptable to all groups could be acquired and developed; (5) that the site would be large enough to accommodate the entire event (approximately 400 vendors and associated open space and amenities); and (6) that local government partners would pay for the capital costs of the facility.

CPW modeled the events based on the assumptions listed above. The models assume a total event size of 86,000 sq. ft. and provide space for approximately 400 vendors. For contrast, the existing Lane County Farmers Market and Saturday Market use approximately 67,500 sq. ft. The number of vendors and fee rates are held constant in all of the models. The key variables that change are the size of the building and the number of vendors housed in the building.

Table 1 shows that when charging only a booth fee, both the Willamette Concept (15,000 sq. ft.) and the McKenzie Concept (22,000 sq. ft.) are financially feasible. The Columbia Concept (29,000 sq. ft.) is not financially feasible when charging only a booth fee at the current booth

fee rate. All concepts are financially feasible when charging a booth fee and a percentage of sale (the table shows revenues at five percent; the modeling suggests that lower rates would be sufficient to cover operating expenses). Note that Columbia Concept and Event would require charging vendors a percentage of sale (at least one percent) to maintain financial viability while Willamette and McKenzie could feasibly operate without charging a percentage of sale. For details of the financial models, see Appendix D.

**Table 1: Financial Feasibility of Public Market Concepts and Event**

		<b>Willamette Concept</b>	<b>McKenzie Concept</b>	<b>Columbia Concept</b>
Key Points	Total Event Size	86,000	86,000	86,000
	Total Facility Size	15,000	22,000	29,000
	Total Vendors	400	400	400
	Total Vendors in Building	71	131	191
<b>Fee Structure 1</b>				
Fee Structure 1	Estimated Operating Expense	\$310,000	\$445,000	\$554,000
	Estimated Revenue ( <i>Booth Fee Only</i> )	\$464,000	\$463,000	\$463,000
	<b>Net Operating Income</b>	<b>\$154,000</b>	<b>\$18,000</b>	<b>(\$91,000)</b>
<b>Fee Structure 2</b>				
Fee Structure 2	Estimated Operating Expense	\$310,000	\$445,000	\$554,000
	Estimated Revenue ( <i>Booth Fee and 5%</i> )	\$1,106,000	\$1,105,000	\$1,105,000
	<b>Net Operating Income</b>	<b>\$796,000</b>	<b>\$660,000</b>	<b>\$551,000</b>
* Estimated Revenue = Annual rent for all vendors at event - Vacancy - 2% Transfer to reserves				

Both the Lane County Farmers Market and Saturday Market currently assess both fees. CPW's research suggests that the revenues go to supporting the respective organizations. In our financial models, all of the fees would go to supporting the public market.

**A facility size of 15,000 square feet with potential to expand is optimal.**

Based on current expressed interest from potential vendors, a facility of 15,000 square feet would be able to maintain a full and vibrant market atmosphere. This assumes a total site size of 80,000 to 90,000 square feet (approximately two acres). Starting with a smaller facility would reduce risk. We recommend that the building be designed and sited in a manner that allows future expansion, should demand support expansion. The public market facility should also include flexible indoor-outdoor convertible space to respond to seasonal and daily weather changes. For example, the public market could include retractable roofs and awnings to provide shelter from the sun and rain. Design considerations should be given to make the facility an aesthetically appealing example of downtown identity. The public market facility should strengthen the vibrant, lively, airy feel of an outdoor market, accessible to all members of the public.

**Events will be collocated and have a footprint of 80,000-90,000 square feet.**

The CPW team assumes the Saturday Market and Lane County Farmers Market events will be collocated and occupy more space than the current conditions allow. The models produced by the team indicate that having both events collocated on the same site is the most financially sustainable option. CPW's space and financial models demonstrate that an event occurring at a public market of this size would provide enough leasable space for vendors and generate a sustainable operating income for the facility. A public market site of this size would also provide room for circulation, commercial businesses, an office, permanent restrooms, and open spaces.

**A percentage of sales in combination with a booth fee will generate enough revenue to cover operating and maintenance expenses while ensuring financial stability.**

The Willamette and McKenzie public market concepts are feasible using a fee based on booth size; however, collecting a percentage of sales in addition to a booth fee provides a greater revenue stream and a safety net until occupancy levels are stable. As a reminder, the financial modeling is based on a number of assumptions—all of which have some margin of error. One of the key assumptions is facility use, which we expect will fluctuate seasonally. The market space needs to be large enough to accommodate peak season with the majority of vendors preferring to be outside or in flexible building space. While the survey data shed some light on how operations might vary by season, it is difficult to determine without a more concrete facility proposal.

Higher revenues will ensure the success of the market and allow a level of operation that provides greater amenity to vendors and consumers. While only Columbia Concept requires that vendors be charged a percent of sale (of at least one percent) in order to cover the high estimate of operating expenses, the ideal fee structure for all concepts would include a fee ranging from one to five percent which can be structured in a manner that is responsive to expenses.

**Two or three days of market operation year round is optimal.**

Responses from surveys sent to potential vendors, as well as discussions with the Resource Group, indicate that vendors would be unable to participate in a potential public market much more frequently than current operations. The financial models suggest that two days of operation per week would be financially sustainable for the public market. Expansion to more days would be possible if it were desirable to vendors.

**The ideal governance structure is a collaboration between both of the Markets.**

Vendor surveys and case studies suggest that the strongest form of governance for a public market involves input from both producers and crafters. All of the markets studied as part of CPW's research include both producer and craft vendors. CPW suggests that Lane County Farmers Market and the Saturday Market collaborate to identify a preferred governance structure that includes both organizations.

## II. DETAILS OF THE FINANCIAL ANALYSIS

This section provides details of the key assumptions built into CPW's financial analysis. The assumptions build from our previous memoranda to the Resource Group. Additional details are provided in the appendices.

### Existing Space Conditions

Currently, the Saturday Market and Lane County Farmers Market (LCFM) events take place on the Park Blocks in downtown Eugene. Figure 1 shows the configuration of the Saturday events on the current Park Block site in downtown Eugene. The Saturday Market event (shown in the two bottom polygons on Figure 1) occurs on the blocks bound by West Park Street, 8<sup>th</sup> Ave., East Park Street, and South Park Street. This space covers approximately 1.1 acres (around 48,000 square feet). In addition to leasable vending space, these tax lots also include space for a large fountain, grassy areas, and a large covered seating area (totaling between 4,000 and 8,000 square feet). This area of the site does not include the sidewalks surrounding the space.

The LCFM event (shown with the L-shaped polygon on the map) occurs on the sidewalk along Oak St. and the north side of 8<sup>th</sup> Ave., as well as within the north portion of East Park Street. The LCFM event occurs within an area of approximately .45 acres (20,000 square feet). Together, both events occupy approximately 1.5 acres or roughly 67,500 square feet.

**Figure 1: Map of Downtown Eugene showing location and size of market events**



### Market Infrastructure

CPW's case studies indicate that sufficient access and parking are a critical element for success. Seven public parking garages and two surface lots exist within three blocks of the events. Several of these parking garages are within one block of the Park Blocks. Additionally, private parking lots are available within a similar distance.<sup>1</sup>

Transportation options, outside of vehicular access, include the LTD Downtown Bus Station, approximately two blocks away, and valet bicycle parking provided during the events. Temporary restrooms and hand washing stations are available on site, with permanent public restrooms open within the parking garages.

<sup>1</sup> Visit <https://www.eugene-or.gov/778/Downtown-and-Event-Parking> for more information.

## Space Program and Facility Concepts

A key question raised in the preliminary discussions was how much space is optimal for a downtown public market? The space program looks at how much space the public market would require to operate, and what type of space it should provide. The space program is foundational to the financial modeling. It is important to note that CPW assessed space needs outside any particular site or design constraints. To evaluate different configurations, CPW developed three public market concepts at varying facility sizes. The concepts pertain to the size of the public market building; we hold the total event size constant in all three concepts. Appendix A: Detailed Space Program provides more information on the space concepts.

The size of the public market buildings was developed based on the expressed demand for vending space by vendors that responded to the LCFM and Saturday Market vendor surveys. If all current vendors (including Lane County Farmers Market and Saturday Market vendors) continue to vend at the public market event, the market site would require space for approximately 400 vendors. Because of the uncertainty associated with expressed demand (e.g., some vendors that expressed interest in space may not actually lease space), CPW developed three different public market facility concepts, each designed to provide space for a different number of vendors. CPW based these calculations on vendor survey responses, case study research, input from the Resource Group, and existing conditions of the currently operating markets.

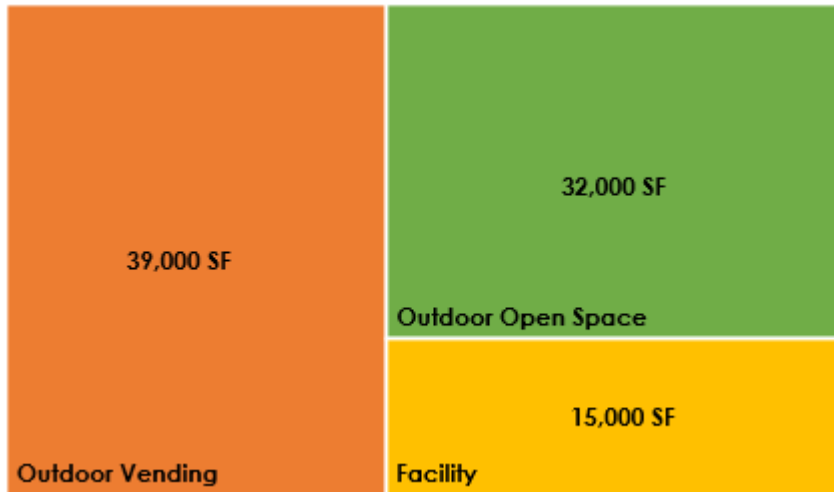
In addition to space for vendor stalls, the facility concepts include space for circulation around the vending stalls, space for anchor businesses, an open area, public restrooms, and an office.

### Facility Concepts

For orientation, the small facility concept (15,000 sq. ft.) will be referred to as the Willamette Concept, the medium (22,000 sq. ft.) as the McKenzie Concept, and the large facility concept (29,000 sq. ft.) as the Columbia Concept.

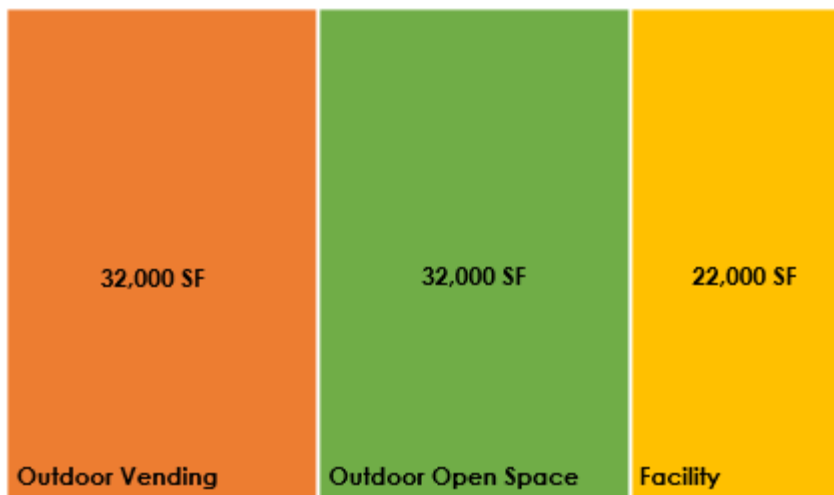
Concept 1, **Willamette Concept** is a small facility of 15,000 gross square feet (GSF). The entire event would be approximately 86,000 GSF making the facility (indoor space) approximately 17% of the total event. The indoor space included in this concept is based on the assumption that only survey respondents who indicated “very high interest” in vending at a permanent public market would lease space. Approximately 37% of the total event site would be open/recreational space which also provides space for future market expansion. This concept accounts for 329 vendors vending outdoors in 10x10 stalls and 71 vendors vending indoors in a 4x4, 10x10, or 10x20 stall. Included within the facility is space for bathrooms, anchor businesses, vendor booths and office space. Figure 2, shows the proposed division of space by usage.

**Figure 2: Proposed use of space in Willamette Concept**



Concept 2, **McKenzie Concept**, is a mid-sized facility providing 22,000 GSF. CPW developed this facility concept by averaging the Willamette Concept and Columbia Concept. With a total event size of 86,000 GSF, this facility (indoor space) would use approximately 26% of the total event space. Approximately 37% of the total event site would be open/recreational space which also provides space for future market expansion. Approximately 269 vendors could vend outdoors in 10x10 stalls. Inside the facility there would be additional space for 132 vendors to vend in a 4x4, 10x10, or 10x20 stall. Figure 3, below, shows the apportionment of space by type of usage.

**Figure 3: Proposed use of space in McKenzie Concept**

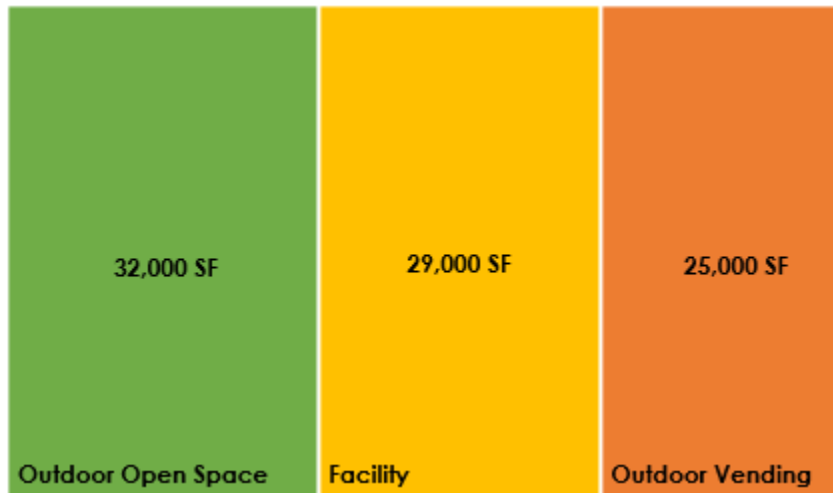


Concept 3, **Columbia Concept**, is a large facility estimated at 29,000 GSF. This facility will accommodate survey respondents who indicated “moderate”, “high” or “very high” interest in vending at a permanent public market. As the event space is 86,000 GSF, the facility (indoor space) would account for approximately 34% of the entire event space. Approximately 37% of the total event site would be open/recreational space which also provides space for future market expansion. Outdoors, 209 vendors could vend in 10x10 stalls. Inside the facility there



would be room for 191 vendors to vend in a 4x4, 10x10, or 10x20 stall. Figure 4, below, shows the proposed allocation of space by usage.

**Figure 4: Proposed use of space in Columbia Concept**



### **Suggested Facility Size**

Based on case study research, expressed vendor interest, and discussions with the Resource Group, **CPW's evaluation is that the Willamette Concept, at 15,000 GSF, is the most feasible and desirable public market concept.** This concept includes the smallest facility, which will result in the lowest vacancy rates. This relatively small facility may also be expanded upon in the future if demand to vend inside the public market increases. This concept is most comparable to the Olympia Farmers Market case study (14,000 GSF), a successful market with a low vacancy rate. We also recommend that the facility be designed in a way that makes it easy to expand.

At this point, CPW and the Resource Group are continuing to discuss the optimal size and configuration of the public market. These, and other factors, directly impact the financial feasibility of a public market and provide the basis on which CPW is conducting financial modeling for the concepts. We anticipate a discussion with the Resource Group to determine an appropriate or ideal public market size to recommend in the final report.

### **Operating Expenses**

As a general principal, we modeled operational expenses to reflect the full cost of operating and maintaining the facility, without any capital costs (capital costs would require that debt service be a part of the operational expense). At this point, the City and County provide maintenance support for the market events. That support may continue in the future, but it is informative to isolate the various expenses for the purpose of discussion.

CPW identified several categories of operational expenses that the market will need to consider. These categories are based on case study research and are not intended to be a comprehensive list, but rather to identify the main areas of expense at a level that incorporates the majority of expenses but does not go beyond our ability to document the expense

assumptions. Without exact details regarding space and amenities (e.g., a full design program), it is difficult to produce accurate estimates for some categories, however, we have estimated costs based on the operation of other markets. The expenses broadly fall into the following categories:

- **Personnel expenses:** This will be one of the largest expenses and as market operations scale, so do personnel expenses. At a minimum, the market will require a director and maintenance staff. Fringe benefits should also be considered in this category. These costs are stable throughout the year.
- **Advertising and Marketing:** Regardless of whether there is dedicated marketing staff, the market will have marketing and public relations expenses of some sort. These expenses may be modest and can be easily scaled to market operations. The marketing budget can be scaled greatly. As such, these expense estimates have a large range.
- **Professional services:** These expenses include insurance and legal services.
- **Insurance:** Insurance will be required for the entity that owns the physical market site.
- **Utility costs:** Water, electric, other utilities, and waste removal will be required for market operations. Some utility expenses may be passed on to tenants through usage fees, however, the market will have energy consumption beyond what vendors require. These costs will vary throughout the year and will likely increase with scale of amenity.
- **Maintenance and repair costs:** Regardless of the ownership model of the physical structure of the market, the operating entity will have maintenance and repair costs of some sort. This expense category will be highly variable, based on both the physical size of the market and the governance model of the facility itself.
- **Supplies:** This category includes general supplies necessary to operate the market. Also included are the expected office expenses incurred by the management of the facility.

Table 2 summarizes estimated costs for these categories. Costs are presented in terms of a high and low estimate.

**Table 2: Estimated operational expenses by category**

Expenses	Willamette Concept		McKenzie Concept		Columbia Concept	
	Low	High	Low	High	Low	High
Personnel	\$132,000	\$162,000	\$191,000	\$233,000	\$236,000	\$288,000
Advertising/Marketing	\$8,000	\$23,000	\$11,000	\$33,000	\$15,000	\$44,000
Legal/Professional	\$5,000	\$10,000	\$10,000	\$15,000	\$10,000	\$15,000
Insurance	\$8,000	\$15,000	\$10,000	\$18,000	\$10,000	\$18,000
Utilities/Waste	\$30,000	\$60,000	\$44,000	\$88,000	\$58,000	\$116,000
Maintenance/Repair	\$11,000	\$23,000	\$17,000	\$33,000	\$22,000	\$44,000
Supplies	\$14,000	\$17,000	\$21,000	\$25,000	\$24,000	\$29,000
<b>TOTAL</b>	<b>\$208,000</b>	<b>\$310,000</b>	<b>\$304,000</b>	<b>\$445,000</b>	<b>\$375,000</b>	<b>\$554,000</b>

## Preliminary Revenue Estimates

Revenue potential for a public market will depend on a number of factors. Some key factors include: the facility's size, the number of vendors, the fee structure, and sales. Demand for vendor space is the key determinant in the revenue models. Assuming a constant vacancy rate, the larger the facility is, the more vendors the market can hold and therefore the more fees/revenue the market can obtain. Additionally, if the market uses a fee structure based on sales, the volume of gross revenue from vendors will also determine overall revenues.

The following sections present aspects of revenue potential. Appendices C and D provide detailed tables of the different aspects of each revenue model and the assumptions CPW used to develop our preliminary revenue estimates. CPW provides nine revenue estimates: three different revenue models for three different facility sizes. We also show how these revenue models compare with revenue estimates based on Lane County Farmers Market's and Saturday Market's current fee structures. It is important to note that these are preliminary estimates of the market's revenue potential.

### Assumptions

CPW made a number of assumptions to develop the preliminary revenue estimates. Appendix B provides more details on the input assumptions used for the preliminary revenue estimates. The key assumptions include:

- The market will operate at a constant vacancy rate of 30%. This percentage is an average of assumed seasonal vacancy rates – at this time, seasonal fluctuation for the current markets are unknown and require feedback from the resource group.
- The market will operate 52 weeks per year and two days per week for a total of 104 operating days per year.
- The amount of non-leasable space (e.g. circulation space, restrooms, open space) included in each model varies by size of facility (larger facilities include more non-leasable space) (as shown in Table 2).
- The number of indoor vendor booths varies by size of facility (as shown in Table 2).
- The revenue model was based on 4x4, 10x10, and 10x20 booth sizes for consistency. Presently, however, the Lane County Farmers Market and Saturday Market have differently sized booths.
- The fee structure will be the same for both indoor and outdoor vendors. This structure could be different for each group, but this would likely impact demand for each type of vendor space.

Finally, CPW calculated a potential daily vending fee based on the market rate of commercial space in downtown Eugene. This is approximately \$1.25 per square foot per month which is equivalent to \$2.50 per day for a 4x4 booth, \$15.63 per day for a 10x10 booth and \$31.25 for a 10x20 booth (Table 3). These daily vending fees are different than what either market currently charges for participation, but are not substantially different. These numbers represent one way that the market could charge vendors. Appendix C provides a more complete breakdown of

revenues generated by this fee structure. CPW hopes to talk with the Resource Group about different ways that the daily vending fee could be calculated.

### Revenue Option 1: Booth Fee Only

The market would charge vendors a daily rate based on the size of their booth. This fee is calculated based on the square footage of each booth space, charging \$1.25 per square foot per month. The market's revenue potential would be approximately \$667,000 per year for each public market concept. Revenue coming from inside facility only (with this fee structure), would be approximately \$182,280 per year from Willamette Concept, approximately \$271,470 per year for McKenzie Concept, and approximately \$360,660 per year for Columbia Concept.

### Revenue Option 2: Booth Fee and Five Percent of Sales

The market would charge vendors a daily rate based on the size of their booth plus five percent of vendor sales. Anchor businesses and office space, while leasable space, would not be charged the additional percentage of sale fee. The percentage modeled was five percent of sales. With this fee structure, the market's revenue potential would be approximately \$1,603,800 per year for each public market concept. Revenue potential earned from the indoor facility alone (with this fee structure) would be approximately \$348,420 per year for Willamette Concept, approximately \$578,010 per year for McKenzie Concept, and approximately \$807,600 per year for Columbia Concept.

The approach for the separate fee structures is based on the ways in which other markets charge fees and how existing markets in downtown Eugene charge fees. CPW can model other fee structures if the Resource Group believes there are other viable options.

As a final comment on revenues, our modeling is based on fee structures vendors indicated they prefer, but are not necessarily consistent with existing structures. Our understanding is that Lane County Farmers Market vendors pay a flat fee based on size of space and that Saturday Market vendors pay a flat fee based on booth size and a percentage of sales. Most of the revenue earned by these two entities is used to support the organizations; little goes to pay for maintaining the park blocks.

The revenue estimates present in this model provide an indication of the revenue potential of the various facility sizes based on different fee models, assuming a 30% vacancy. It is clear that vendors and the two markets will have to provide funds for operating and maintenance expenses. Finding a balance between providing funds for the organizations and operating the market will need to be the topic of future discussions.

### Recommended Fee Structure

Following our analysis of potential fee structures, revenue generation, and facility expenditure, CPW considers a booth fee combined with a percentage of vendor earnings to be the best and most equitable option for a new permanent market.

Our case study analysis shows that successful markets, such as Olympia, use a percentage based fee in order to ensure that all members are contributing a fee in proportion to the

business that the market is allowing them to engage in. In this way, vendors and the market are able to maintain a fiduciary relationship that is mutually beneficial.

A booth fee combined with a percentage based fee is also the most flexible fee structure available. Under this structure the market would be able to charge a variable percentage rate for certain types of goods, or for differing vendor types, and would be capable of raising or reducing fees dynamically based on market needs.

Only one of the facility concepts that CPW modeled would require a percent of sales charged to vendors in order to break even. Columbia Concept would require that vendors pay around one percent of sales to cover operating costs. However, CPW recommends that vendors be charged five percent of sales despite which concept is selected. This additional revenue will provide a financial safety net that will allow the market to maintain a high level of operation regardless of fluctuations in occupancy and operating costs.

### **III. NEXT STEPS**

Our financial models make a number of assumptions on which we would like input from the Resource Group. CPW hopes that the members of the Resource Group will be willing to continue meeting throughout the summer. Between the June 2 meeting and any future meetings, CPW will finalize recommendations for a proposed range of percentage charged in the fee structure and refine operating details. Over the summer, CPW hopes to work with the Resource Group to craft a final action plan that will see the Public Market project into the next phases.

## APPENDIX A: DETAILED SPACE PROGRAM

The following tables outline how CPW calculated space needs for the three facility concepts. The space program accounts for circulation space in addition to vending space. CPW calculated indoor circulation based on 20% of GSF of indoor stalls and anchor businesses and outdoor circulation was based on 20% of GSF of outdoor stalls. Also accounted for in each public market concept were six anchor businesses at 600 GSF each, an open area at 70% of the total leasable space, public restrooms at 400 GSF, and an office space at 920 GSF. The office space more specifically was calculated based on 300 SF for a 12-seat conference room, 200 SF for a management office, four workstations at 80 SF, and 100 SF for a private restroom. CPW focused on essential space needs but additional amenities are possible.

Table 3 shows space estimates (square footage) for a conceptual public market event, referred to as Willamette Concept. The table portrays both leasable and non-leasable space. Willamette Concept is an indoor facility of approximately 15,000 GSF with a total event size (indoor and outdoor space) of approximately 86,000 GSF.

**Table 3: Space program for Willamette Concept**

Willamette Concept	SF/Stall	# of Stalls	Total Net SF
<b>Total Leasable Space</b>			<b>45,052</b>
10x10 -outdoor	100	329	32,900
4x4	16	2	32
10x10	100	62	6,200
10x20	200	7	1,400
Anchor Business	600	6	3,600
Office Space	920	1	920
<b>Total Non-Leasable Space</b>			<b>40,762</b>
Bathrooms	200	2	400
Open Space -outdoor	31,536	1	31,536
Circulation -outdoor	6,580	1	6,580
Circulation	2,246	1	2,246
<b>Total Facility Size (excludes outdoor)</b>			<b>15,000</b>

Table 4 shows space estimates (square footage) for a conceptual public market event, referred to as McKenzie Concept. The table portrays leasable and non-leasable space. McKenzie Concept is an indoor facility of approximately 22,000 GSF with a total event size (indoor and outdoor space) of approximately 86,000 GSF.

**Table 4: Space program for McKenzie Concept**

McKenzie Concept	SF/Stall	# of Stalls	Total Net SF
<b>Total Leasable Space</b>			<b>44,998</b>
10x10 -outdoor	100	269	26,900
4x4	16	8	128
10x10	100	112	11,150
10x20	200	12	2,300
Anchor Business	600	6	3,600
Office Space	920	1	920
<b>Total Non-Leasable Space</b>			<b>40,715</b>
Bathrooms	200	2	400
Open Space -outdoor	31,499	1	31,499
Circulation -outdoor	5,380	1	5,380
Circulation	3,436	1	3,436
<b>Total Facility Size (excludes outdoor)</b>			<b>22,000</b>

Table 5 shows space estimates (square footage) for a conceptual public market event, referred to as Columbia Concept. The table portrays both leasable and non-leasable space. Columbia Concept is an indoor facility of 29,000 GSF with a total event size (indoor and outdoor space) of approximately 86,000 GSF.

**Table 5: Space program for Columbia Concept**

Columbia Concept	SF/Stall	# of Stalls	Total Net SF
<b>Total Leasable Space</b>			<b>44,944</b>
10x10 -outdoor	100	209	20,900
4x4	16	14	224
10x10	100	161	16,100
10x20	200	16	3,200
Anchor Business	600	6	3,600
Office Space	920	1	920
<b>Total Non-Leasable Space</b>			<b>40,666</b>
Bathrooms	200	2	400
Open Space -outdoor	31,461	1	31,461
Circulation -outdoor	4,180	1	4,180
Circulation	4,625	1	4,625
<b>Total Facility Size (excludes outdoor)</b>			<b>29,000</b>

## APPENDIX B: REVENUE ASSUMPTIONS

Outlined in this Appendix are the assumptions used to demonstrate the different revenue options for the market project. Assumptions made were based on survey results and the data collected from comparable market projects. Following is a list of assumptions:

- **Operating Days per Year:** CPW's calculations assume two days of operation per week for 52 weeks.
- **Vendor Interest:** Calculations are based off of question 1 in the vendor survey which asked about interest in vending at public market.
- **Demand for Space:** CPW's calculations of demand for space were based off survey data: percent of vendors who currently operate a booth (by booth size) multiplied by the number of vendors interested in vending at a public market and rounded to the nearest whole number. In these calculations 8x8 booths are generalized to 10x10 booths while 10x15 and 10x30 booths are generalized as 10x20 booths.
- **Open [event/recreation/informal] Area:** Calculations for open space were calculated as 70% of leasable space.
- **Permanent Restrooms:** Calculations for restrooms were based on standard dimensions for restrooms in commercial uses.
- **Circulation Space:** CPW calculated needed indoor circulation space as 20% of indoor vending stalls and anchor businesses and outdoor circulation was based on 20% of outdoor vending stalls.
- **Management Office Space:** This calculation was based on 300 SF for a 12-seat conference room, 200 SF for a management office, four workstations at 80 SF, and 100 SF for a private restroom.
- **Non-Leasable Space:** This space includes permanent restrooms, open space, and circulation space.
- **Leasable Space:** Leasable space includes indoor and outdoor vendor stalls, anchor businesses, and office space.
- **Anchor businesses:** Sizes for anchor businesses were based on a size comparison to food trucks (average 200 sf) (source: *Food Carts as Retail Real Estate*, PSU Center for Real Estate, 2010).
- **Number of Booths:** The number of booths was based on booth demand expressed in surveys.
- **Occupancy:** CPW based occupancy calculations on an annual average of assumed vacancy by season (January-March at 45% vacancy, April-October at 15% vacancy, October-November at 45% vacancy, Thanksgiving-December at 15% vacancy for an average of 30% vacancy).
- **Rent/sf:** Monthly market rent is \$1.25 per square foot.
- **Average Daily Revenue per Vendor:** Calculations for average daily vendor revenue were based off of Saturday Market and Lane County Farmers Market survey data and rounded to nearest \$50.
- **Daily % of Sales/Vendor:** Daily percent of sales charged to vendors can vary. The revenue model currently showcases a 5% fee.



## APPENDIX C: REVENUE MODEL

The following tables summarize the potential revenues generated by each market concept. Tables 6, 7, and 8 show various potential revenue earnings for the leasable space inside the different indoor public market facility concepts. Revenues are shown using (1) a booth fee only, and (2) a booth fee plus a percentage of sales. These tables assume that the percentage-based fee is five percent of individual vendor's revenues.

Table 6 shows potential revenue earnings for leasable space inside Willamette Concept (smallest indoor facility). Two fee structures are portrayed. The first fee structure simply uses a standard fee of \$1.25/square foot for all leasable space. The second fee structure uses both the \$1.25/square foot fee and five percent of sales (from vendors only).

**Table 6: Revenues for Willamette Concept**

Willamette Concept	Booth Fee Only				Booth Fee & Percent of Sale		Revenue
	Fee/SF per Month	Fee/SF per Year	Monthly Rent per Booth	Gross Booth Fee	Daily % of Sales/Vendor	Gross % of Sale	
<b>Total Leasable Space</b>							
4x4	\$1.25	\$15	\$20	\$480	\$22.50	\$4,680	
10x10	\$1.25	\$15	\$125	\$93,000	\$22.50	\$145,080	
10x20	\$1.25	\$15	\$250	\$21,000	\$22.50	\$16,380	
Anchor Business	\$1.25	\$15	\$750	\$54,000			
Office Space	\$1.25	\$15	\$1,150	\$13,800			
Booth Fee				\$182,280			\$182,280
Percent of Sale						\$166,140	\$166,140
<b>Total Revenue</b>							<b>\$348,420</b>

Table 7 shows potential revenue earnings for leasable space inside McKenzie Concept (mid-size indoor facility). Two fee structures are portrayed. The first fee structure simply uses a standard fee of \$1.25/square foot for all leasable space. The second fee structure uses both the \$1.25/square foot fee and five percent of sales (from vendors only).

**Table 7: Revenues for McKenzie Concept**

McKenzie Concept	Booth Fee Only				Booth Fee & Percent of Sale		Revenue
	Fee/SF per Month	Fee/SF per Year	Monthly Rent per Booth	Gross Booth Fee	Daily % of Sales/Vendor	Gross % of Sale	
<b>Total Leasable Space</b>							
4x4	\$1.25	\$15	\$20	\$1,920	\$22.50	\$18,720	
10x10	\$1.25	\$15	\$125	\$167,250	\$22.50	\$260,910	
10x20	\$1.25	\$15	\$250	\$34,500	\$22.50	\$26,910	
Anchor Business	\$1.25	\$15	\$750	\$54,000			
Office Space	\$1.25	\$15	\$1,150	\$13,800			
Booth Fee				\$271,470			\$271,470
Percent of Sale						\$306,540.00	\$306,540
<b>Total Revenue</b>							<b>\$578,010</b>

Table 8 shows potential revenue earnings for leasable space inside McKenzie Concept (the largest indoor facility). Two fee structures are portrayed. The first fee structure simply uses a standard fee of \$1.25/square foot for all leasable space. The second fee structure uses both the \$1.25/square foot fee and five percent of sales (from vendors only).

**Table 8: Revenues for Columbia Concept**

Columbia Concept	Booth Fee Only				Booth Fee & Percent of Sale		Revenue
	Fee/SF per Month	Fee/SF per Year	Monthly Rent per Booth	Gross Booth Fee	Daily % of Sales/Vendor	Gross % of Sale	
<b>Total Leasable Space</b>							
4x4	\$1.25	\$15	\$20	\$3,360	\$22.50	\$32,760	
10x10	\$1.25	\$15	\$125	\$241,500	\$22.50	\$376,740	
10x20	\$1.25	\$15	\$250	\$48,000	\$22.50	\$37,440	
Anchor Business	\$1.25	\$15	\$750	\$54,000			
Office Space	\$1.25	\$15	\$1,150	\$13,800			
Booth Fee				\$360,660			\$360,660
Percent of Sale						\$446,940	\$446,940
<b>Total Revenue</b>							<b>\$807,600</b>

Table 9 shows potential revenue earnings for the entire public market event without the determination of any one particular facility size. As such, vendor stalls have all been generalized at 10x10 sq. ft. booths with 400 stalls total (spaces for existing market vendors). The first fee structure simply uses a standard fee of \$1.25/square foot for all leasable space. The second fee structure uses both the \$1.25/square foot fee and five percent of sales (from vendors only).

**Table 9: Revenue for Entire Public Market Event**

Public Market Event	Booth Fee Only				Booth Fee & Percent of Sale		Revenue
	Per SF per Month	Per SF per Year	Monthly Rent per Booth	Gross Booth Fee	Daily % of Sales/Vendor	Gross % of Sale	
<b>Total Leasable Space</b>							
10x10	\$1.25	\$15	\$125	\$600,000	\$22.50	\$936,000	
Anchor Business	\$1.25	\$15	\$750	\$54,000			
Office Space	\$1.25	\$15	\$1,150	\$13,800			
Booth Fee				\$667,800			\$667,800
5 Percent of Sale						\$936,000	\$936,000
<b>Total Revenue</b>							<b>\$1,603,800</b>

## APPENDIX D: FINANCIAL MODELS

The following tables summarize operating expense and revenue for different facility concepts (Willamette, McKenzie, and Columbia) at the public market event. The models summarize all three concepts at two different fee structures: (1) booth fee only; and (2) booth fee plus a percentage of sale. The tables portray revenue and operating expenses increasing each year at two percent. The tables also model two percent of revenue [= **(gross rent – vacancy) \* .02**] being transferred into a fund annually. Money being incorporated into a reserve fund, although optional, can provide additional money for amenities, programming, maintenance, or capital improvements. The idea for a reserve fund was acquired from the Olympia Farmer’s Market case study who have used their reserve funds to develop an events stage and outdoor picnic area. Finally, understanding that seasonal occupancy levels will fluctuate vacancy rates have been generalized at 30% for the year.

Table 10 shows the financial model of Willamette Concept and Public Market Event. Based on the inputs, this concept maintains a positive net operating income (NOI) in the first five years of operation. This model shows that Willamette Concept is the most financially feasible public market concept.

**Table 10: Willamette Concept Financial Model**

<b>Willamette Concept and Event: Booth Fee Only</b>						
Year	0	1	2	3	4	5
<b>Operating Costs &amp; Revenues</b>						
Gross Revenue		\$675,800	\$689,316	\$703,102	\$717,164	\$731,508
-Vacancy		\$202,740	\$206,795	\$210,931	\$215,149	\$219,452
-Operating Expenses		\$310,000	\$316,200	\$322,524	\$328,974	\$335,554
-transfer to reserves (2%)		\$9,461	\$9,650	\$9,843	\$10,040	\$10,241
<b>Net Operating Income</b>		<b>\$153,599</b>	<b>\$156,671</b>	<b>\$159,804</b>	<b>\$163,000</b>	<b>\$166,260</b>
<b>Willamette Concept and Event: Booth Fee &amp; Percentage of Sale</b>						
Year	0	1	2	3	4	5
<b>Operating Costs &amp; Revenues</b>						
Gross Revenue		\$1,611,800	\$1,644,036	\$1,676,917	\$1,710,455	\$1,744,664
-Vacancy		\$483,540	\$493,211	\$503,075	\$513,137	\$523,399
-Operating Expenses		\$310,000	\$316,200	\$322,524	\$328,974	\$335,554
-transfer to reserves (2%)		\$22,565	\$23,017	\$23,477	\$23,946	\$24,425
<b>Net Operating Income</b>		<b>\$795,695</b>	<b>\$811,609</b>	<b>\$827,841</b>	<b>\$844,398</b>	<b>\$861,286</b>

Table 11 (next page) shows the financial model of McKenzie Concept and Public Market Event. Based on the inputs and while not as high as the Willamette Concept, this concept maintains a positive NOI in the first five years of operation.

**Table 11: McKenzie Concept Financial Model**

McKenzie Concept and Event: Booth Fee Only						
Year	0	1	2	3	4	5
<b>Operating Costs &amp; Revenues</b>						
Gross Revenue		\$675,000	\$688,500	\$702,270	\$716,315	\$730,642
-Vacancy		\$202,500	\$206,550	\$210,681	\$214,895	\$219,193
-Operating Expenses		\$445,000	\$453,900	\$462,978	\$472,238	\$481,682
-transfer to reserves (2%)		\$9,450	\$9,639	\$9,832	\$10,028	\$10,229
<b>Net Operating Income</b>		<b>\$18,050</b>	<b>\$18,411</b>	<b>\$18,779</b>	<b>\$19,155</b>	<b>\$19,538</b>
McKenzie Concept and Event: Booth Fee & Percentage of Sale						
Year	0	1	2	3	4	5
<b>Operating Costs &amp; Revenues</b>						
Gross Revenue		\$1,611,000	\$1,643,220	\$1,676,084	\$1,709,606	\$1,743,798
-Vacancy		\$483,300	\$492,966	\$502,825	\$512,882	\$523,139
-Operating Expenses		\$445,000	\$453,900	\$462,978	\$472,238	\$481,682
-transfer to reserves (2%)		\$22,554	\$23,005	\$23,465	\$23,934	\$24,413
<b>Net Operating Income</b>		<b>\$660,146</b>	<b>\$673,349</b>	<b>\$686,816</b>	<b>\$700,552</b>	<b>\$714,563</b>

Table 12 shows the financial model of Columbia Concept and Public Market Event. Based on the inputs, this concept maintains a negative NOI in the first five years of operation for the first fee structure (booth fee only). When modeling the second fee structure (booth fee plus 5% of sales) the concept maintains a positive NOI for the first five years of operation. Nevertheless, this concept maintains a lower NOI than the Willamette and McKenzie Concept.

**Table 12: Columbia Concept Financial Model**

Columbia Concept and Event: Booth Fee Only						
Year	0	1	2	3	4	5
<b>Operating Costs &amp; Revenues</b>						
Gross Revenue		\$674,200	\$687,684	\$701,438	\$715,466	\$729,776
-Vacancy		\$202,260	\$206,305	\$210,431	\$214,640	\$218,933
-Operating Expenses		\$554,000	\$565,080	\$576,382	\$587,909	\$599,667
-transfer to reserves (2%)		\$9,439	\$9,628	\$9,820	\$10,017	\$10,217
<b>Net Operating Income</b>		<b>(\$91,499)</b>	<b>(\$93,329)</b>	<b>(\$95,195)</b>	<b>(\$97,099)</b>	<b>(\$99,041)</b>
Columbia Concept and Event: Booth Fee & Percentage of Sale						
Year	0	1	2	3	4	5
<b>Operating Costs &amp; Revenues</b>						
Gross Revenue		\$1,610,200	\$1,642,404	\$1,675,252	\$1,708,757	\$1,742,932
-Vacancy		\$483,060	\$492,721	\$502,576	\$512,627	\$522,880
-Operating Expenses		\$554,000	\$565,080	\$576,382	\$587,909	\$599,667
-transfer to reserves (2%)		\$22,543	\$22,994	\$23,454	\$23,923	\$24,401
<b>Net Operating Income</b>		<b>\$550,597</b>	<b>\$561,609</b>	<b>\$572,841</b>	<b>\$584,298</b>	<b>\$595,984</b>