

Eau Claire Public Market Feasibility Study



Steering Committee Meeting 5
September 12, 2016

Market Ventures Inc.

Agenda

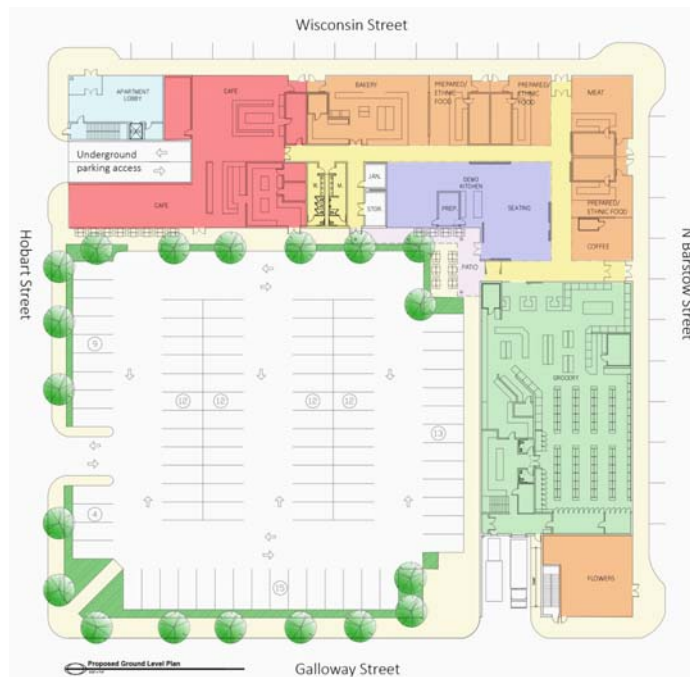
1. Development concept recommendations
2. Block 7 design concept refinement
3. Financial analysis
4. Next steps

Development Concept Recommendations

- Create daily fresh and specialty food facility on Block 7 within private mixed-use development
 - Ground floor program
 - Specialty grocer such as a food coop to anchor multi-vendor market hall
 - 6-7 independent fresh and specialty food businesses along with a café
 - Common seating, restrooms, flexible event and education facility, including a demo kitchen
 - Parking
 - Upper floors – housing
 - Private development with some public economic development funding
- Establish Downtown Market District around the Downtown Farmers’ Market and the proposed market hall
 - Market District is a branding and management concept
 - Geography
 - Centered around Market Pavilion in Phoenix Park
 - Span Chippewa River to include the breweries on Oxford Avenue
 - Include restaurants along Farwell Street, community gardens, and Confluence Arts Project
 - DECI or North Barstow/Medical BID could provide organizational structure and funding mechanism
 - Market District management supports programming/marketing for indoor market

Block 7 Design Concept

Element	~SF
Grocery mezzanine	9,375
Café	5,985
Retail 1	1,800
Retail 2	900
Retail 3	900
Retail 4	1,200
Retail 5	900
Retail 6	600
Retail 7	1,520
Seating/Event	3,600
Footprint	35,000
Surf. parking	89 spaces



Financial Analysis – Indoor Market

- Individual operating statements prepared for each proposed vendor
- Base rents vary based on product offering (range from \$8 - \$24/sf; average \$15.85)
- Each vendor profitable if meets sales and expense projections

Category	Stall sf	Sales - On premises	Sales - Off premises	Net Income	Base rent/mo	Base rent/sf	Occupancy as % Sales
Baked goods	1,800	\$312,000	\$156,000	\$82,869	\$1,800	\$12.00	5.4%
Prepared food	900	\$260,000	\$0	\$50,048	\$1,500	\$20.00	7.6%
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Meat	1,200	\$468,000	\$130,000	\$80,908	\$800	\$8.00	2.0%
Prepared food	900	\$260,000	\$0	\$50,048	\$1,500	\$20.00	7.6%
Coffee	600	\$338,000	\$0	\$49,704	\$1,200	\$24.00	4.6%
Flowers	1,520	\$468,000	\$0	\$66,531	\$2,027	\$16.00	5.8%
Total	7,820	\$2,366,000	\$286,000	\$430,158	\$10,327		5.3%
Average	1,117	\$338,000	\$40,857	\$61,451	\$1,475	\$15.85	5.3%
Minimum	600	\$260,000	\$0	\$49,704	\$800	\$8.00	2.0%
Maximum	1,800	\$468,000	\$156,000	\$82,869	\$2,027	\$24.00	7.6%

Financial Analysis – Indoor Market

- Grocery and café rent = \$12/sf + CAM \$2/sf
- Winter farmers' market
 - 15 tables
 - 16 weeks/year
 - \$20 per day
- Special events
 - 20 events/year
 - 30 people/event
 - \$7.50 fee/person
- No independent management
- Marketing and programming support from Downtown Market District staff

	Year 1
Rental Income	
Market vendors	123,920
Grocer and café	196,320
Subtotal	320,240
CAM	
Market vendors	15,640
Grocer and café	32,720
Subtotal	48,360
Other Income	
Special event rental	4,500
Winter farmers' market	4,800
Subtotal	9,300
Gross Operating Income	377,900

Financial Analysis – Market District

- Staffing
 - Half-time Market District manager
 - Half-time marketing assistant
 - Full-time cleaning and maintenance
- District-wide events
- Marketing
- Supplies
- Total annual budget: \$182,500
- Funding from BIDs and/or city appropriation

Expenses				
Staff	\$	87,507		
Events	\$	60,000		
Marketing	\$	30,000		
Supplies	\$	5,000		
Total	\$	182,507		
Staffing				
	FT Salary	FTE	Cost	BLS Code
District manager	\$46,960	0.5	\$ 23,480	11-9141
Marketing assistant	\$28,380	0.5	\$ 14,190	21-1099
Cleaners	\$27,150	1	\$ 27,150	11-1021
Fringe benefits			\$ 16,205	
Payroll tax			\$ 6,482	
Total			\$ 87,507	
Fringe benefits	25%			
Payroll tax	10%			
	Number/yr	Cost/event	Total	
Events	3	\$ 20,000	\$ 60,000	

Indoor Market Financing

- Expect private developer to identify a funding gap to create proposed ground-floor food retail
- Economic development funds will likely be needed to implement the project
- Potential funding sources
 - State funds – WEDC Community Development Investment Grant (up to \$250,000, utilized by Menomonie Food Coop)
 - Local government – TIF, CDBG
 - Federal government – USDA Healthy Food Financing Initiative, Homeland Security EB-5
 - New Market Tax Credits (used by Menomonie Food Coop; Block 7 appears to be in qualifying census tracts)
 - Capital campaign focused on regional foundations and individual or corporate donors (hospital support for community wellness under ACA)

Conclusion

- Proposed year-round indoor market meets the project goals while being appropriately scaled for Eau Claire, offers improved home for winter farmers' market, and provides facilities for programming with wellness partners
- Private sector-led development, with modest public investment leveraging substantial private investment
- Downtown Market District builds on existing assets, including city investment in market pavilion, and can expand over time
- District can be implemented when daily food sales are in place; requires modest annual investment for staff and programming



Next Steps

- DECI & N. Barstow/Medical BID meeting
- City Council presentation
- Conversations/negotiations with private developer
- Fundraising

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