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Eau Claire Public Market Feasibility Study

Client: City of Eau Claire, Wisconsin

August 26, 2016

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Executive summary

In February 2016, the City of Eau Claire retained Market Ventures, Inc. (MVI) to assess the feasibility of creating a year-round, indoor public market in the city's downtown or adjacent neighborhoods. The indoor market is intended to build on the success of the Eau Claire Downtown Farmers' Market and the city's other local food system components such as its farmers' markets, community gardens, and farm-to-table restaurants. Funding to support this study was provided by a USDA Local Food Promotion Grant and generous donations from Group Health Cooperative of Eau Claire, Marshfield Clinic, and Mayo Clinic Health System Northwest Wisconsin Region.

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

Proposed goals for the Eau Claire public market are to:

1. Support the northwest Wisconsin food system
2. Provide entrepreneurial opportunities and jobs
3. Help revitalize downtown and adjacent neighborhoods
4. Contribute to community wellness
5. Become a community asset that attracts and retains talented people

Market research

MVI designed and implemented an internet-based survey to gather input from area residents about their current food purchasing habits and preferences, and to explore potential interest in a new market facility in Eau Claire. The survey received a very strong response (3,602 surveys completed) with an outsized proportion of respondents who are higher income, women, and aged 30-39. Nearly all survey respondents are active shoppers at the Downtown Farmers' Market and a small but significant subset (20%) are not satisfied with existing grocery options around Eau Claire. They want to see more variety at the Downtown Farmers' Market as well as improved parking. The respondents expressed broad enthusiasm for a public market and said they would shop there regularly, particularly younger respondents.

Trade area analysis explored demographic patterns and purchasing power within two, five and 40 mile bands. Based on the residents' demographic characteristics and key informant insights, demand for products at an indoor market will be suppressed by a small population that is not expected to grow, generally low household incomes, and an expectation that food should be inexpensive. However, education levels in the first two trade areas surpass national averages, suggesting more interest in high quality and local foods. The analysis identified \$3.6 million in demand potential for fresh and specialty foods sold by vendors in a public market. This level of demand could support about 7,100 square feet of net vendor rental space in a public market.

National trends suggest that a year-round indoor market with a focus on locally grown and produced food will attract the growing sector of consumers interested healthier lifestyles, high quality food, sustainability, and direct purchases from farmers. There are currently no indoor, year-round public markets in northwest Wisconsin. There have recently been substantial changes to the area's supermarket sector, with the entry of a low-priced, large format Woodman's Market and the consolidation of Mega Foods into Gordy's Market. Just Local Food Coop is seeking a new location, preferably in the downtown, to substantially expand its operation, along the lines of the recently expanded Menomonie Market Food Coop.

The supply analysis found a number of area farmers and food producers who are seeking short-term, inexpensive direct marketing selling opportunities. The research found limited interest among existing businesses to operate in a public market on a daily basis. As a result, the number of permanent vendor stalls in an indoor market needs to be limited while space should be provided for short term rentals.

Site analysis

There are a number of existing food- and event-related assets near the farmers' market pavilion in Phoenix Park, including the Downtown Farmers' Market, community gardens, breweries, and restaurants. The former site of Indianhead Foods in the Cannery District will likely become the expanded home for the Brewing Projekt. Analysis of ten sites in the downtown area determined that Block 7, owned by the Eau Claire Redevelopment Authority (RDA), holds the highest potential for an indoor market. Block 7 is currently used as a surface parking lot while the RDA seeks a private developer willing to purchase the property and generate sufficient property tax revenues. Since the RDA has already issued two RFPs for private developers for Block 7, there is now increased flexibility to negotiate with a developer that meets the RDA's requirements.

Development concept

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

- Capitalize on existing food and event-related assets, particularly maximizing use and success of the farmers' market pavilion in Phoenix Park
- Complement and be in close proximity to the Downtown Farmers' Market
- Target incremental projects that expand the public market experience over time, leading to year-round market activity
- Focus on private sector investments and modest public or philanthropic investments

The research and analysis suggest that a "traditional" public market hall populated with numerous, small, independent food retailers and with dedicated market management (like the Milwaukee Public Market) is not a feasible approach for Eau Claire. Rather, the goals for the public market can be achieved most efficiently and realistically through two interrelated strategies:

1. Developing a local food-focused, multi-tenant **indoor market** on the ground floor of

a new building on Block 7, with an independent specialty grocery such as a food coop as the anchor tenant, several independent prepared and fresh food retailers as complementary tenants, and common event and education space.

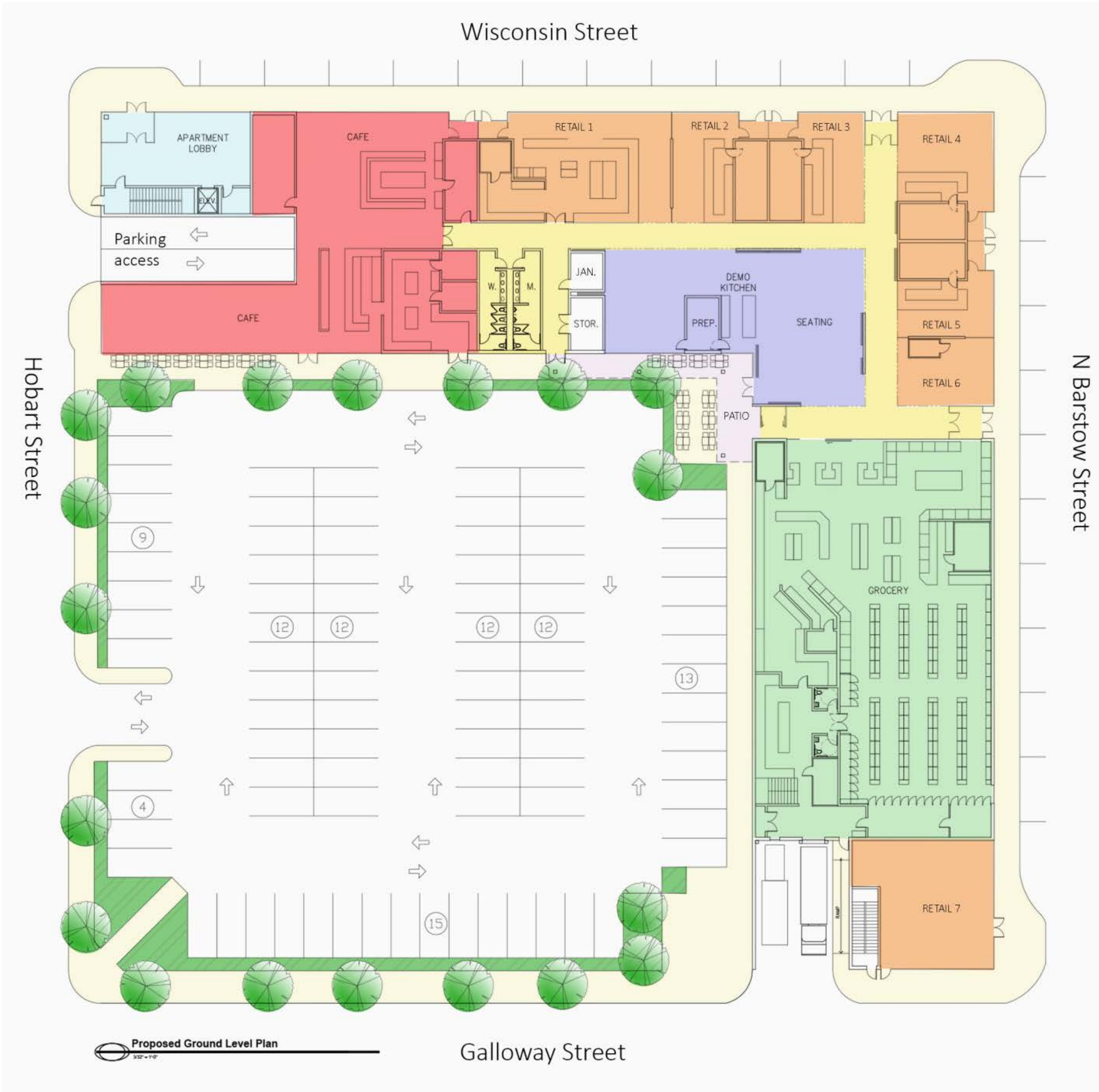
2. Creating a multi-block **market district** around Phoenix Park which highlights the area's existing and proposed food- and event-related assets while adding new market-related functions over time.

Indoor market

The development program for the indoor market on the first floor includes:

- Specialty grocery of approximately 10,000 square feet with a broad range of fresh and natural foods, with a strong focus on locally grown and produced products
- Independent retailers that complement the grocery, such as bakery, butcher, coffee roaster, florist, and prepared ethnic foods, and café
- Indoor and outdoor public space/seating area
- Education and event space, with adequate room for the indoor winter farmers' market
- Parking (underground for residents and at-grade for retail)

A potential design for the indoor market on Block 7 is suggested below:



The L-shaped building in this layout has an approximately 35,000 square foot footprint, with 75 foot wide sections that should be appropriate for apartment units on the upper levels. The ground floor design includes a partial mezzanine within the specialty grocery space of about 1,000 sf to accommodate the store's offices and meeting rooms.

The site layout includes 89 parking spaces. Parking for residents is provided below ground, while substantial additional parking is available in the adjacent parking garage.

Market district

A market district is essentially a branding and management concept, with indoor and outdoor components that knit together public and private spaces with food and related businesses. In terms of branding, key "brand promises" include:

- Providing a "market experience" every day. At minimum, this means availability of fresh and prepared foods within the market district from multiple locally-owned businesses or vendors that sell foods grown and produced in the region. The proposed indoor market on Block 7, or some other food store, is therefore essential to provide daily fresh, local food sales.
- Both indoor and outdoor public spaces and activities which contribute to the market experience. The Downtown Farmers' Market provides this experience on a seasonal basis and should be complemented with other market activity on other days and times.

Existing elements that should be highlighted in the market district include:

- Phoenix Park, the farmers' market pavilion, the Downtown Farmers' Market, and the Artists Market
- Restaurants and the breweries
- The Confluence (including programmed plaza)
- Community gardens
- Food trucks

Over time, other improvements and additions can be made to the market district to help it reach its full potential. Potential elements include:

- New outdoor markets that take place under the farmers' market pavilion on days when the Downtown Farmers' Market is not in operation, such as Sundays. These outdoor markets might include a Vintage Market (upscale flea market) or a Makers Market (craft and value-added products market)
- Relocate and expand the indoor winter market to make it every Saturday, perhaps within the Block 7 project
- Additional education, cultural, and event facilities
- Additional music and other performance venues
- Activities such as district-wide food festivals to promote local food history and unique agricultural assets, such as horseradish
- Additional restaurants

The Downtown Market District experience should be reinforced through targeted design elements that create a sense of arrival and place. Key locations for design elements include the entrances to the district, along the district's streets and bridges, and within Phoenix Park and the trails. These elements might include light pole banners, murals or other public art, signage, and interpretive elements within the district zone.

Ownership and operations

A designated organization is needed to oversee district management and branding. Principle tasks include:

- Programming/events
- Marketing
- Business recruitment
- Maintenance to keep the district "clean & green"
- Strategic planning and partnerships

One of several existing organizations might be the sponsor of the Downtown Market District. The North Barstow/Medical Business Improvement District (BID) has overlapping geography to the proposed market district and can raise funds from property owners to help pay for start-up and ongoing programmatic efforts. The success of the Downtown Market District in terms of attracting people to the area and increasing land values will directly benefit property owners. However, the BID does not currently have any staff and would need to expand its purview to undertake this responsibility. The BID could create a Market District Committee with representatives from key organizations to oversee the district's operation. Alternatively, Downtown Eau Claire, Inc. (DECI) could oversee the market district along with its other responsibilities.

The RDA intends to sell Block 7 to a private developer so the developer would become the owner of the indoor market. Before this transfer of ownership takes place, the city, RDA and developer should come to a written understanding of the indoor market development concept and the contributions each organization will make toward its establishment and operation. The developer, specialty grocer, and independent vendors will each take oversight and management roles for the facility.

Partnerships provide an opportunity to help achieve the project's goals while also building the customer base and creating community good will. The education and event spaces within the market hall, along with public spaces around the market district, provide opportunities for partnerships related to food systems, wellness, entrepreneurship development, and downtown revitalization. In particular, the city's health organizations can sponsor cooking and nutrition classes within the market's demonstration kitchen. Partners can also encourage purchases of fresh, healthy foods by low income residents through expansion of SNAP Market Match and implementation of a Prescription Bucks program, where health care providers "prescribe" fruits and vegetables to their patients and provide certificates that can be redeemed at the market.

Financial analysis

Since oversight of the Downtown Market District is proposed to be part of an existing organization, the operating budget does not include costs for office rental, communications, or professional services. Rather, estimates are made for the direct costs of operating the district: dedicated staffing, events, marketing, and supplies. The principle investment will be a half-time district manager, half-time marketing assistant, and full-time cleaning and maintenance worker for "clean and green" functions. Other costs include events, marketing, and supplies. The total annual cost is estimated at $182,500.

Pro forma analysis for the seven proposed vendors in the indoor market (not including the specialty grocer) identified sales potential, operating costs, and profitability. Gross retail sales for the seven vendors are estimated at $2.37 million and wholesale sales are estimated at $286,000. Rents, common area maintenance (CAM), and special event incomes for the market hall is estimated at $378,000. Tenant improvement allowances are estimated at $290,000 or $37 per sf.

Financing to support the indoor market is most likely to come from donations and local and state sources, along with private investment from the indoor market's developer. A Community Development Investment Grant from the Wisconsin Economic Development Corporation could provide up to $250,000 for the project.

Conclusion

The proposed indoor market and Downtown Market District are appropriately scaled to be successful in the near term and offer the potential to grow over time. Implementation of these two strategies will substantially increase access to fresh, healthy, and local foods in Eau Claire, bring new vitality to the North Barstow area and thereby support downtown revitalization efforts, create facilities for nutrition and cooking education, and provide opportunities for area entrepreneurs while creating new jobs.

To move forward, the city and RDA will need to work with private developers to refine an appropriate development model on Block 7 that includes fresh and prepared food businesses and education/event space. Once a daily fresh food retailer is in place, then the city can designate the Downtown Market District and work with the North Barstow/Medical BID and DECI to develop a long-term funding and management model.

Introduction

In February 2016, the City of Eau Claire retained Market Ventures, Inc. (MVI) to assess the feasibility of creating a year-round, indoor public market in the city's downtown or adjacent neighborhoods. The indoor market is intended to build on the success of the Eau Claire Downtown Farmers' Market, which has operated under a city-owned pavilion in Phoenix Park since 2006, and the city's other local food system components such as other farmers' markets, community gardens, and farm-to-table restaurants. Funding to support this study was provided by a USDA Local Food Promotion Grant and generous local donations from Group Health Cooperative of Eau Claire, Marshfield Clinic, and Mayo Clinic Health System Northwest Wisconsin Region.

The feasibility study follows a 2012 case study from the Mayor's Institute on City Design that linked the region's food system and downtown revitalization, as well as policy considerations from the city's Comprehensive Plan – Health Chapter. In order to develop an impactful and sustainable concept for the indoor market, this planning and feasibility process provides a firm foundation of market research, community engagement, and best practices from similar facilities around the country.

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

- Small independent specialty food vendors that feature foods grown and produced in the region. Chain stores are generally prohibited within authentic public markets; the most successful public market vendors are often owner-operated businesses.
- Active public spaces that welcome all elements of the community.
- Engaged on-site professional management that provides a range of services to ensure the public market meets its goals and supports the vendors.
- Community linkages that help the public market meet the evolving needs of the local population and leverage resources.

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

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

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

1. A **great site** with excellent visibility, access, parking, and supportive adjacent uses.
2. Sufficient **consumer demand** to support all of the businesses in the market.
3. The ability to attract **high quality vendors** to the market.

4. The ability to create a highly functional and attractive **physical environment** that offers a rich sensory experience of sights, sounds, smells, and tastes within an architecturally distinct setting.
5. The capacity to **develop and manage** the public market efficiently and effectively.

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

- Proposed public market goals
- Demand analysis, including determination of trade areas and consumer segmentation
- Competitive analysis, including research into existing and proposed grocery and fresh food options in the city
- Supply analysis, exploring the likelihood of attracting desired vendors to the public market
- Development program, including core strategies, program elements, and design considerations
- Site analysis
- Ownership and operational structure, including a staffing plan and potential partnerships
- Financial analysis
- Conclusion and next steps

Consultant team

The consultant team was led by Ted Spitzer, President of Market Ventures, Inc. MVI is a specialty urban planning and economic development firm that assists public, non-profit, and for-profit clients with planning, creating, and managing innovative food-based projects and programs, including public markets and retail and wholesale farmers' markets. Information about MVI can be found at www.marketventuresinc.com.

The team included Hugh Boyd, FAIA, a Senior Associate of MVI and the nation's most experienced public market architect. Hugh prepared the design concept.

Study approach and methods

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

A Steering Committee of government, community and business leaders met periodically throughout the study to review the research and development concepts and offer feedback and insights. Members of the Steering Committee are identified by asterisk on the interview list in Appendix A.

Goals

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

Proposed goals for the Eau Claire public market, which were reviewed and approved by the Steering Committee, are:

1. Support the northwest Wisconsin food system
2. Provide entrepreneurial opportunities and jobs
3. Help revitalize downtown and adjacent neighborhoods
4. Contribute to community wellness
5. Become a community asset that attracts and retains talented people

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

Key informant interviews

In small groups and one-on-one interviews, a wide range of key informants provided input into the planning process. An interview list is found in Appendix A. Themes that emerged from the interviews include:

- Eau Claire area consumers are very frugal. Some area growers go to the Twin Cities because consumers there are much less price sensitive.
- The Eau Claire area appears to be saturated with grocery stores, particularly with the recent arrival of the large Woodman's store, which likely led to Mega Foods exiting the grocery sector. More grocery chains are exploring opportunities to enter the Eau Claire market. However, the downtown does not have a grocery store except for the very small Just Local Food Coop, located on the southern downtown fringe.
- The local food scene is evolving, with more independent restaurants including the city's first farm-to-table restaurant, The Informalist, which recently opened in the new Lismore Hotel. A second, higher-end hotel and restaurant is also scheduled to open downtown, aiding in the downtown's revitalization. In general, key informants felt that restaurant options are very limited in Eau Claire and the food scene is not sophisticated.
- Breweries in Eau Claire have been successful and are growing. The Brewing Projekt recently won approval from the city's RDA to purchase the former Indianhead Foods warehouse in the Cannery District and greatly expand its production, distribution and on-site food and beverage operation.
- The Downtown Farmers' Market is a big success and consistently draws large crowds. The area's Hmong farmers are a majority of the vendors and help account for the Market's rapid growth. Additional vendors are looking to participate in the Downtown Farmers' Market; some who have not been accepted expressed concern about the vendor selection process. The indoor winter market at the L.E. Philips Senior Center is reportedly successful but on a much smaller scale.
- Some key informants expressed concern that an indoor public market might negatively affect sales at the Downtown Farmers' Market, while others see it as a strong potential benefit.
- Phoenix Park has been very successful, with well-attended musical events during the summer as well as the Downtown Farmers' Market. Some informants noted that downtown needs more activities that function year-round because of the long winter.
- Downtown rents are currently low and there is concern that rents in an indoor market might outprice the local real estate market.
- The University of Wisconsin Eau Claire is a major presence in the community and has interested faculty and other resources that might contribute to educational programming at an indoor market, although the university has been constrained by recent budget cuts.
- The health care sector in Eau Claire is very large and strong, with increased interest in

"community wellness" and population health, which provides a strong potential link to food and fitness activities associated with an indoor fresh food market.

- The Confluence Arts Center and adjacent public plaza are moving forward and will have outdoor public spaces that might include pop-up vendors or other activities. The public funding for the project generated some controversy, which could influence the ability to devote public funding to an indoor market. Some key informants felt that the Confluence project and the new UWEC event center will absorb a substantial portion of the area's philanthropic capacity, perhaps making it challenging to find donors for a public market.
- Informants expressed interest in integrating Hmong vendors into an indoor market, thinking that value-added sales opportunities in an indoor facility might ameliorate the concern that the next generation of Hmong are unlikely to farm or to participate in a seasonal farmers' market.
- Just Local Food Coop is evolving and will soon need an expanded facility. The Coop's leadership would like to remain downtown and is interested in being part of an indoor market.
- Banbury Place is providing incubator space for start-up businesses, including numerous food businesses. Forage (located within Banbury Place) has identified and filled some demand for start-up food production space. Some of these start-ups are looking for larger locations.

Demand analysis

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

Community internet survey

MVI designed and implemented an internet-based survey to gather input from area residents about their current food purchasing and potential interest in a new market facility in Eau Claire. The survey was promoted by the local project team through social media, print and online advertising, press releases and emails to the media, list serves, and neighborhood organizations. The survey received a very strong response, with 3,602 surveys completed during March and April 2016. Respondents represented about 9,000 people based on the reported average household size of 2.74.

While the survey was promoted widely, the people who took the survey were self-selected and therefore cannot be considered a random sampling of the general population. However the large size of the dataset provides the statistical power to explore how different groups of people perceive and experience food shopping in Eau Claire and the proposed public market.

A full analysis of survey findings was provided to the City of Eau Claire as a separate report. Highlights of the survey are presented here.

Survey respondents have the following demographic qualities:

- 96% of respondents identified as the primary shopper for fresh foods in their households
- Women represented 71% of the respondents, men 29%. While women are clearly oversampled compared to the general population, they are typically more likely to shop at a public market.
- Respondents live in 109 different zip codes, although the large majority (76%) comes from the two Eau Claire zip codes, followed by the two adjoining towns of Altoona and Chippewa Falls (12%).
- Survey respondents generally have higher incomes than the general population, which is typical of public market shoppers. The largest group of respondents reported annual household income between $50,001 - $75,000. The survey included residents from all income groups, spanning from below $25,000 per year to over $150,000.
- The largest group of respondents was in the 30-39 year old bracket, which reflects a much larger proportion of survey respondents than residents of that age group in Eau Claire County. The survey was taken by proportionally fewer young adults (between age 20-29) and older residents (age 70 plus) than the general population.
- The largest group of respondents work full-time (66%), followed by retirees (12%) and part

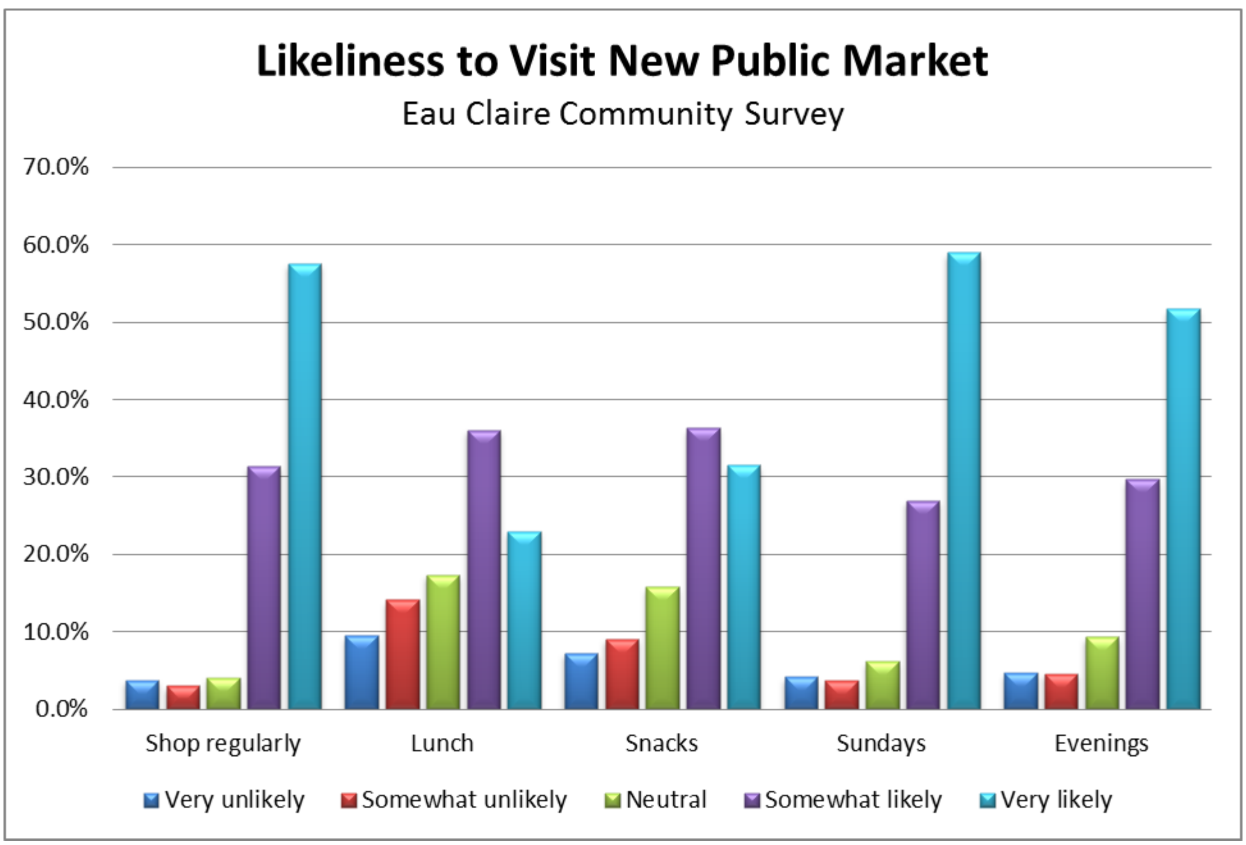
time workers (10%).

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

- When asked where their households purchase most of their fresh foods during the summer months, two-thirds mentioned the Eau Claire Downtown Farmers' Market. 89% of those respondents also buy at other area stores. The most popular grocery stores are Woodman's and Festival Foods at 32% each, followed by Gordy's at 29%.
- Mean household incomes were highest for those selecting Festival Foods, followed by the Downtown Farmers' Market and then Gordy's and Just Local Food Coop.
- To test resident satisfaction with existing food stores around Eau Claire, a series of questions probed how well these stores meet respondents' needs. The largest group of respondents "somewhat agree" that the existing stores meet their needs for quality, selection, prices, service and access, while nearly a quarter somewhat or strongly disagree that existing stores meet their needs for selection and quality. Since so many respondents did not "strongly agree" that existing stores meet their needs, this suggests a possible opportunity for food vendors in a public market or other grocery options.
- The existing stores scored lowest for meeting respondents' needs for prices. This is an important finding, since the area's supermarkets are all large, efficient facilities that focus on or strive for low prices. Vendors in new indoor public markets are generally not low-price sources of food. Therefore, the respondents' dissatisfaction with prices is not likely to be overcome by a public market concept.
- For each question about satisfaction with existing food stores, respondents who reported higher household incomes had higher levels of satisfaction than respondents from lower income households. Men and residents of Eau Claire provided slightly higher rankings than women or residents from outside Eau Claire.
- The vast majority of respondents (93%) reported having visited a farmers' market in the past 12 months, with women, older, and higher income respondents being even more likely.
- Nearly all respondents said they have visited the Eau Claire Downtown Farmers' Market (94%) and, among those who have visited, nearly all have visited in the past year (94%).
- The largest group of respondents (44%) travel 5-10 minutes to reach the Downtown Farmers' Market, followed by those who take 11-30 minutes (33%). A small group (7%) travel more than 30 minutes to get there. Most (45%) are frequent although not every week shoppers, having visited 4-10 times in the past year, with about a quarter visiting more than 10 times and a quarter visiting 1-3 times.
- Among the small group of respondents who had not visited the Downtown Farmers' Market in the past year, the most common reason for not visiting is "parking," followed by "inconvenient hours of operation" and "too crowded."
- The Downtown Farmers' Market is ranked highly by respondents. Nearly all would recommend it to friends or relatives, they feel safe walking around the market, they find it fun to shop there, it is easy to get to, the vendors are friendly and provide good service, and

the quality is better than other places with similar products. The lowest rankings, although still reasonably high, were for selection of products and then prices. While prices are determined by each vendor, the Downtown Farmers' Market could take steps to diversify the selection of products through its vendor recruitment efforts.

- When asked what changes they would like to see at the Downtown Farmers' Market, the most frequent response was for it to have more variety/more vendors, followed by improvements to parking and accessibility. Four of the five top responses reflect expanding the Farmers' Market, either with more vendors, a larger facility, longer or more hours, or by creating an indoor market facility.
- In a new indoor market facility, respondents expressed interest in all of the suggested fresh and specialty foods. The greatest interest is in the sale of fruits and vegetables, cheese/dairy, baked goods, local specialty foods and meats.
- For prepared foods, respondents were most interested in Mediterranean, East Asian, and Latin American foods.
- Respondents expressed strong likelihood in shopping at a new indoor public market in downtown Eau Claire on a regular basis, with 89% saying it was somewhat or very likely they would visit regularly. Respondents also expressed strong interest in visiting on Sundays and in the evenings. Respondents gave fairly strong but lower scores to visiting for lunch on a regular basis (see chart labeled "Likeliness to Visit New Public Market," below).



- Analyzing these data by age, younger respondents (below age 30) showed much higher interest in visiting an indoor market, especially in the evenings, while the oldest group showed the lowest (though still substantial) interest. Women showed higher interest than men. Perhaps surprisingly, respondents with lower incomes showed greater interest than respondents with higher incomes. This can partially be explained by the positive correlation with age and income: younger adults generally have lower household income than older adults, so younger adult's interest in an indoor market influences an analysis of income level. Over time, these younger adults could provide a long-term core shopping group for a public market.
- Overall, the community survey found strong support and enthusiasm for the indoor public market. The open-ended final comments were generally very positive and enthusiastic, saying this was a great idea for Eau Claire. Some were negative, expressing concern about public funding, the size of Eau Claire and therefore its ability to sustain an indoor market facility, parking, and the potential harm to the Downtown Farmers' Market.

Consumer demand

According to research that MVI has conducted at public markets around the country, markets attract a wide range of shoppers in terms of age, ethnicity, and income level. In general, families buy more fresh food than individuals or people living in unrelated households, and people with higher income levels ($75,000 and above) are more frequent shoppers and spend more than people with lower incomes. Education level is an important indicator of interest in high quality and local foods – people with higher levels of educational attainment are generally better customers. The highest spending customer is typically a 40 to 55 year old, higher income, well-educated woman.

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

Trade area analysis

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

1. A close-in area in which the market is the most or very convenient place to buy fresh food and in which there is limited, if any competition;

2. A nearby area in which the market is reasonably convenient and accessible, but where there is competition; and
3. An extended area where the market is not convenient yet can regularly attract a small percentage of residents who appreciate the unique shopping experience and products available at the market.

"Visitors" are defined as anyone who lives outside the three trade areas. Based on these definitions and the area's geography, the proposed trade areas for the indoor public market are a two mile ring around the downtown, the band between two and five miles, and the band between 5 and 40 miles (see maps in Appendix C).

1. **Residents of a two mile ring around the site.** This ring includes downtown Eau Claire and the immediately surrounding neighborhoods, including the area around the University of Wisconsin Eau Claire to the south, to the Eau Claire Golf & Country Club to the east, past Route12 to the west, and slightly past Rout 312 to the north. Sites in downtown Eau Claire are easily accessible for residents in this trade area: some will be able to walk to the public market and for others it will be a short drive, bike ride, or bus trip. There is limited competition within this area for quality fresh foods.

2. **The band between the two and five mile rings.** This band encompasses the City of Altoona to the east, up nearly to Highway 29 to the north, and past I-94 to the south and west. A site in downtown Eau Claire is reasonably convenient to residents in this area although it might require a 10 to 15 minute drive. There are numerous supermarkets and several specialty grocers in this trade area.

3. **The area between the 5 and 40 mile rings**. This band represents the greater Eau Claire region. Based on our research at numerous public markets, this represents a reasonable extended catchment area for a large downtown public market and reflects the catchment area for major existing Eau Claire institutions. The Eau Claire public market will not be convenient to residents of this area but rather could draw customers who care about high quality foods and a unique shopping destination.

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

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

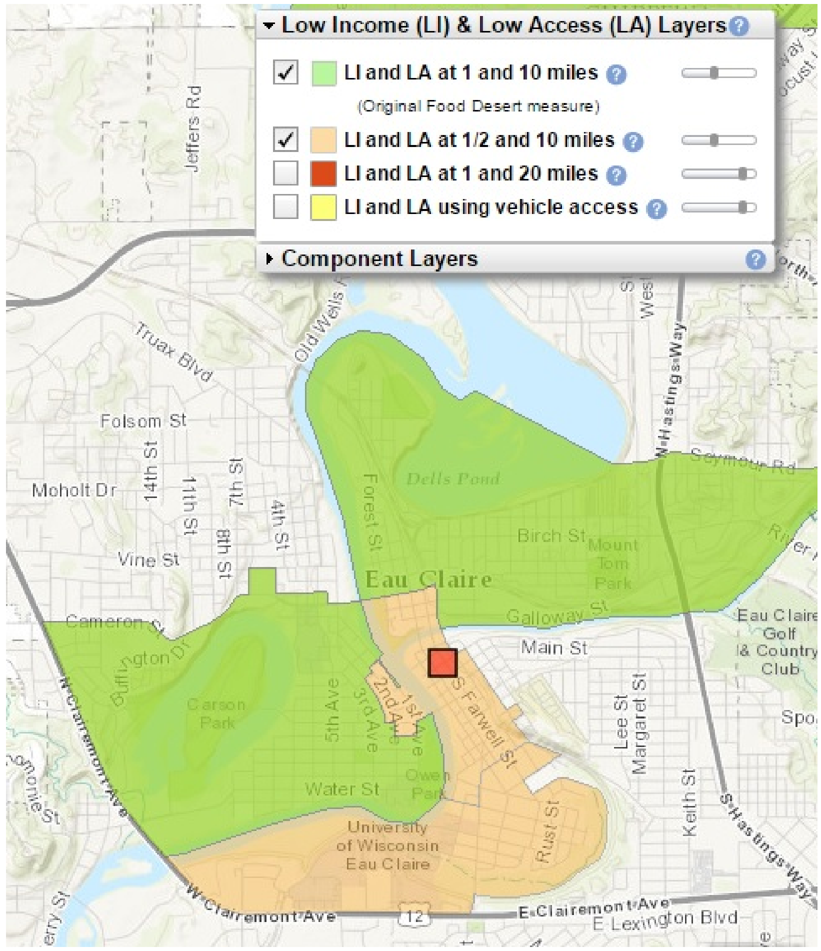
Demographics	2 m ring	2-5 m band	5-40 m band	Total	USA
Population 2010 census	34,492	47,211	193,487	275,190	
Population 2016 estimate	34,834	49,320	196,140	280,294	
Population 2021 projection	34,966	50,803	198,744	284,513	
Population change 2010-2016 (%)	1.0%	4.5%	1.4%	1.9%	3.5%
Population change 2016-2021 (%)	0.4%	3.0%	1.3%	1.5%	3.5%
Population change 2016-2021	132	1,483	2,604	4,219	
Racial diversity (% non-white)	10.0%	8.4%	5.1%		28.9%
Percent Hispanic 2016	2.7%	2.6%	2.7%		17.6%
Households 2016	13,919	20,622	77,391	111,932	
Average household size	2.50	2.39	2.53	2.50	2.55
Median age	27.7	38.0	40.3		37.9
Average household income 2016	$51,448	$73,061	$64,065		$74,165
Median household income 2016	$37,763	$58,618	$52,019		
Household income >$75,000/yr	2,980	7,557	23,624	34,161	
Household income >$75,000/yr (%)	21.4%	36.6%	30.5%	30.5%	
Household income <$15,000/yr	2,534	1,532	8,624		
Household income <$15,000/yr (%)	18.2%	7.4%	11.1%		
Family households	6,091	13,475	52,352	71,918	
Family households	43.8%	65.3%	67.6%	64.3%	66.4%
Residents age 35-64	9,432	18,667	75,906	104,005	
Targeted age range (35-64)	27.1%	37.8%	38.7%	37.1%	39.5%
Residents with bachelor's or higher	5,717	10,654	25,408	41,779	
Bachelor's Degree	19.9%	20.8%	13.1%		18.1%
Master's, Professional or Doctorate	10.3%	11.0%	6.2%		10.7%
No Vehicles	8.8%	4.1%	5.0%		

Trade Area 1: Two mile ring

The two mile ring has a land area of 12.6 square miles. 2016 population for the two mile ring is estimated at 34,834 people, which represents a 1.0% increase from the 2010 Census count of 34,492. The population is expected to increase slightly by 2020, with a gain of 132 people, or a 0.4% increase. By comparison, the population of the United States is expected to grow 3.5% between 2016 and 2010. This trade area has the slowest projected growth rate among the three trade areas. As a result, demand for fresh food will not increase because of population growth.

The trade area is estimated to have 13,919 households in 2016, with an average household size of 2.50 people, which is slightly below the national average of 2.55. A small percentage is families (43.8%), well below the other trade areas and the national average of 66.4%. Typically, larger household sizes and larger percentages of families suggest higher than average purchases for fresh food at a public market.

The median age of the population is only 27.7, far below the national median of 37.9. This is due to the large number of students living here. A very low 27.1% of the population is in the targeted age range of 35 to 64, compared to the national average of 39.5%. This will likely serve to lower potential fresh foods sales at a public market.



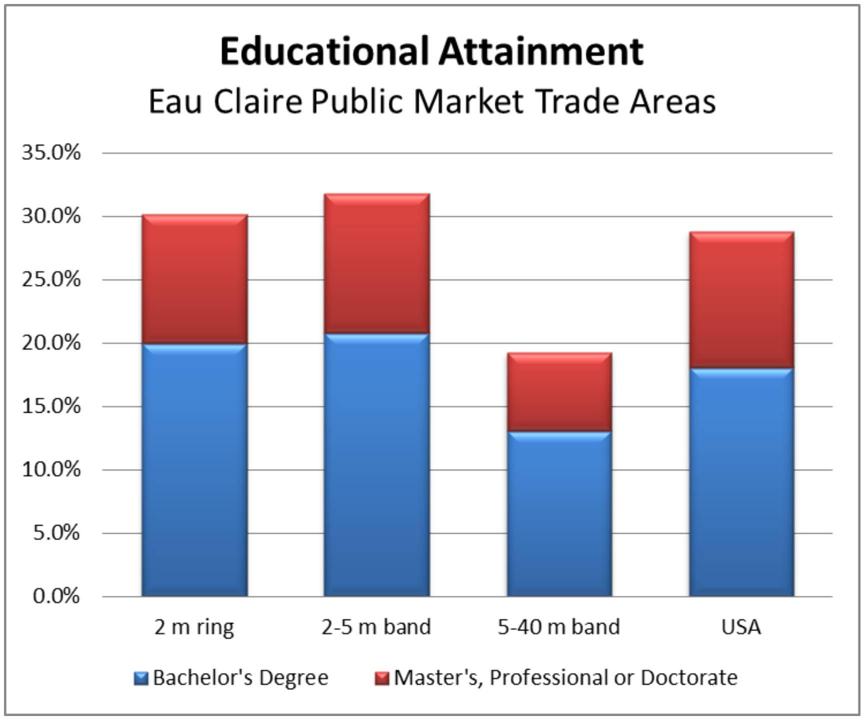
Low Income and Low Food Access in Eau Claire

Average household incomes in this area are by far the lowest of the three trade areas and far below the national average. Average household income in the first trade area is $51,448 compared to $73,061 in the second area and $64,065 in the third area. This is certainly influenced by the large number of young adults in this area, as well as low income families. 18.2% of households have income less than $15,000 per year. At the upper end of the spectrum, there are 2,534 households with income above $75,000, or 21.4% of the total.

The map above, labeled "Low Income and Low Food Access in Eau Claire," identifies the census tracts in Eau Claire where a significant number of households are both low income and more than one mile from a grocery store (green), USDA's original measure of a "food desert," and more than ½ mile from a grocery store (tan).[1]

1 Source: http://www.ers.usda.gov/data-products/food-access-research-atlas/go-to-the-atlas.aspx

Educational attainment in the first trade area is fairly high, above the national average and only slightly less than the second trade area: 19.9% of those 25 years or older have a bachelor's degree, while 10.3% hold a master's professional, or doctorate degree. The chart labeled "Educational Attainment" shows the high educational attainment in the first two trade areas compared to the national average, while the third trade area is far below national averages. Educational attainment can be strongly correlated with higher spending for quality food, so this demographic quality suggests that sales might be higher in the first and second trade area than the income levels would suggest.



The population in the first trade area is the most diverse of the three trade areas but much less diverse than the country. 10.0% of residents identified themselves as non-white compared to 28.9% nationally. Only 2.7% of the population identified as Hispanic, compared to 17.6% nationally. In communities with large populations of recent immigrants, these residents can be frequent public market shoppers because of their familiarity with market trade in their countries of origin, assuming the market offers products that appeal to this group of consumers and prices are within their means.

Overall, the first trade area is densely populated but has a fairly small total population that is not projected to grow much. The area has a number of demographic characteristics which suggest that sales might be lower than typical, including low household income and many young people, but it does have high educational attainment.

The Eau Claire Downtown Farmers' Market accepts SNAP EBT, utilizing a wooden token script system, as is common at many farmers' markets. Some markets in accessible downtown locations have similar programs that are very large, providing valuable income to farmers and other fresh food vendors as well as nutritious food to low income consumers. The Rochester Public Market in New York has the country's largest SNAP token program, with $1 million in tokens redeemed annually. Nearly 12,000 residents of Eau Claire County received over $14.5 million in SNAP EBT allocations in 2015, so there is a fairly large potential pool of local funds.[2]

2 https://www.dhs.wisconsin.gov/foodshare/rsdata.htm

Trade Area 2: Area between two and five mile rings

This band has a land area of 66 square miles, which is five times the land mass of the three mile ring. The population is estimated at 49,320 people in 2016 and it is expected to grow to 50,803 people by 2021, a 3.0% expansion, according to Nielsen.

The second trade area is divided into 20,622 households, with an average household size of 2.39, which is the smallest of the three trade areas and well below the national average of 2.55. This population is older than the first trade area with a median age of 38.0 years and about the same as the national average of 37.9. The percentage of family households (65.3%) is below the national average of 66.4% but well above the first trade area. 37.8% of residents are within the targeted age range of 35-64, again above the first trade area but below the national average.

Average household income in this area is $73,061, slightly below the national average of $74,165 but the highest of the three trade areas. 36.6% of the households have income of more than $75,000, or 7,557 households, while only 7.4% have household income below $15,000, the lowest of the three trade areas.

Educational attainment in this trade area is also in the highest of the three trade areas, with 20.8% having attained a bachelor's degree and 11.0% a higher degree, well above the national averages.

The demographic characteristics of residents in the second trade area are the strongest of the three areas and suggest reasonably good patronage of a public market: average household incomes are fairly high and there is high educational attainment, plus the area is growing.

Trade Area 3: Area between 5 and 40 mile rings

This band has a land area of nearly 5,000 square miles, which is 75 times larger than the second band. The trade area contains 196,140 people divided into 77,391 households. Population density is by far the lowest of the three trade areas with only 40 people per square mile. According to Nielsen, this area will experience very slow population growth of 1.3% over the next five years, far below the national population growth rate of 3.5%.

This trade area has the largest proportion of family households (67.6%), slightly above the national rate of 66.4%. Average household size of 2.53 is about the same as the national average of 2.55. The median age of 40.3 is the highest of the three trade areas and is well above the national average of 37.9. 38.7% of residents are within the desired 35-64 age band, below the national average but above the other two trade areas.

Average household income in the third trade area is $64,065, below the second trade area and well below the national average of $74,165. Less than one-third (30.5%) of the households have income of more than $75,000, which translates into 23,624 households.

Educational attainment in this trade area is by far the lowest of the three trade areas and far lags the national average: 13.1% have a bachelor's degree and 6.2% have an advanced degree. There are only 25,408 residents with a bachelor's or higher.

The demographic characteristics of residents in the third trade area suggest limited interest in a public market. Household incomes are below average and educational attainment is particularly low. Of course, residents of this trade area are the furthest from downtown Eau Claire and therefore the public market will not be convenient for them to shop on a regular basis.

Visitors

In some public markets, visitors make up a significant percentage of the clientele. Tourists are attracted to public markets because they are unique places, offering a window into the culture of the region where they are located. As Americans have become more interested in food and cuisine, they are searching out public markets when they travel. Tourists are often well educated and higher income, and willing to spend significantly at a market.

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

According to Visit Eau Claire, tourists have generally been attracted to the city by leisure and sports. Historically, Eau Claire has functioned as a gateway to summer vacations in northwestern Wisconsin. About 20% of visitors come for meetings and conventions, which is limited by the lack of adequate meeting facilities for state-wide conferences. Recently the city has gained a reputation for festivals and music, primarily in the summer. The University attracts visitors, as does the medical community. The introduction of new, upscale hotels in the downtown will help serve wealthier visitors. The city is looking to create more winter attractions to help draw visitors throughout the year. Until more attractions are in place and the city can accommodate more conventions and meetings, visitors are not likely to be a large segment of a public market's customer base but will get a boost during the summer months.

Sales potential

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

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

Index to USA Score	Eau Claire Study Area		
Year 2016 Estimate	**2 m ring**	**2-5 m band**	**5-40 m band**
Food at Home - overall	97	96	96
Food away from Home - overall	103	91	90
Market categories			
Bread	96	94	99
Dairy	101	98	102
Cheese	105	104	108
Meat	94	93	97
Poultry	76	69	74
Prepared foods	107	102	105
Produce - fresh	84	84	87
Seafood - fresh	61	59	67
Specialty food (jams, jellies)	108	112	115
Sweets (candy)	108	112	117
Beverages - nonalcoholic	105	97	100
Beer	135	98	105
Wine	68	76	74

Since the food purchasing index generally correlates to household income, the scores are somewhat higher than expected for the first trade area, with about half above 100. The highest scores are for beer (as expected when there is a large population of students and young adults), specialty foods and sweets. The lowest scores are for fresh seafood (typical in the Midwest), wine, poultry, and fresh produce. The second and third trade areas also have a mix of scores above and below 100, with very low scores for seafood, poultry and wine, and low scores for fresh produce.

These findings suggest that area residents might be lower users of a public market for core fresh food items, such as fresh produce, poultry, and seafood, but be more interested in specialty products and prepared foods.

The charts below show Nielsen estimates for aggregate annual food and beverage expenditures divided between the types of products typically found in fresh food markets, in thousands of dollars. These charts show the magnitude of demand in the three trade areas and how that demand might change in the next five years. Nielsen predicts that demand will increase 3.3% in the first trade area (with the largest increases for fresh produce and meat) and 4.3% in all three trade areas by 2021.

Consumer Expenditures: Food & Beverage, Eau Claire Public Market				
2 mile ring	2016 Estimate	2021 Projection	Δ $	Δ %
Market categories	(000s)	(000s)	(000s)	
Bread	$2,419	$2,459	$40	1.7%
Dairy	$5,407	$5,601	$194	3.6%
Cheese	$2,014	$2,099	$85	4.2%
Meat	$7,301	$7,516	$215	2.9%
Poultry	$1,974	$2,025	$51	2.6%
Prepared foods	$2,925	$3,015	$90	3.1%
Produce - fresh	$6,520	$6,772	$252	3.9%
Seafood - fresh	$600	$615	$15	2.5%
Specialty food	$5,163	$5,353	$190	3.7%
Sweets (candy)	$1,462	$1,508	$46	3.1%
Coffee/Tea	$1,825	$1,896	$71	3.9%
Wine/Beer	$3,586	$3,701	$115	3.2%
Total	$41,196	$42,560	$1,364	3.3%
All Food at Home	$58,716	$60,660	$1,944	3.3%
All Food Away Home	$34,109	$35,050	$941	2.8%

In the second trade area, demand is expected to increase most rapidly at 6.0%, with an aggregate increase among the fresh and specialty food categories of $3.6 million, to a total of $63 million of demand for these foods:

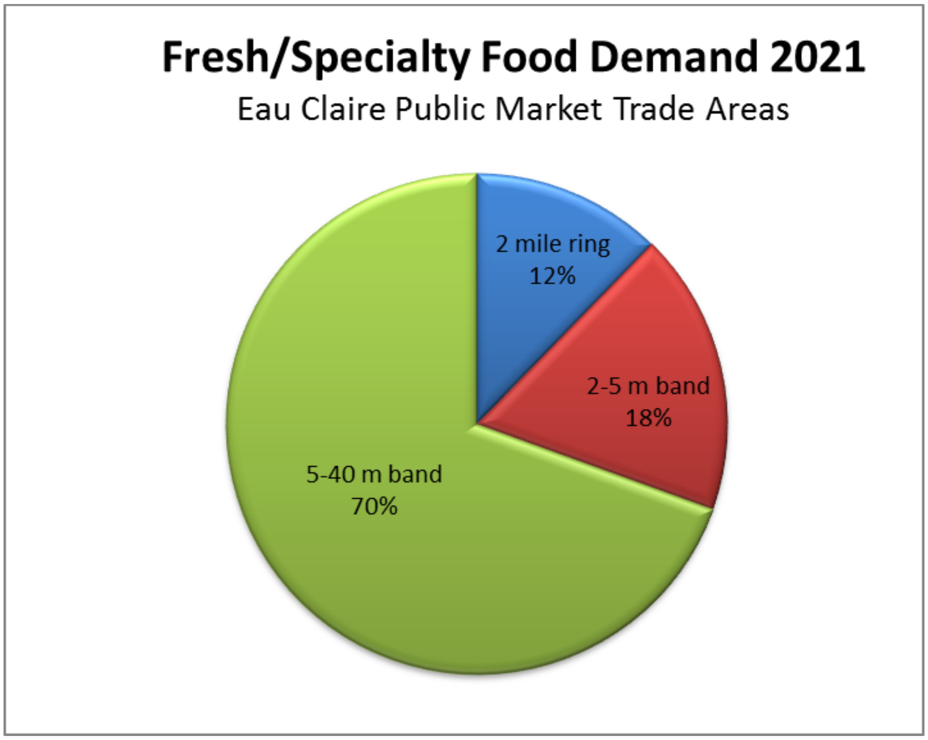
Consumer Expenditures: Food & Beverage, Eau Claire Public Market				
2-5 mile band	2016 Estimate	2021 Projection	Δ $	Δ %
Market categories	(000s)	(000s)	(000s)	
Bread	$3,517	$3,660	$143	4.1%
Dairy	$7,753	$8,219	$466	6.0%
Cheese	$2,974	$3,174	$200	6.7%
Meat	$10,796	$11,372	$576	5.3%
Poultry	$2,650	$2,796	$146	5.5%
Prepared foods	$4,011	$4,270	$259	6.5%
Produce - fresh	$9,685	$10,327	$642	6.6%
Seafood - fresh	$867	$927	$60	6.9%
Specialty food	$7,616	$8,080	$464	6.1%
Sweets (candy)	$2,245	$2,367	$122	5.4%
Coffee/Tea	$2,729	$2,898	$169	6.2%
Wine/Beer	$4,496	$4,834	$338	7.5%
Total	$59,339	$62,924	$3,585	6.0%
All Food at Home	$84,232	$89,174	$4,942	5.9%
All Food Away Home	$44,380	$47,369	$2,989	6.7%

In the third trade area, demand will increase 4.1% to slightly above $240 million for the fresh and specialty food categories.

Consumer Expenditures: Food & Beverage, Eau Claire Public Market				
5-40 mile band	2016 Estimate	2021 Projection	Δ $	Δ %
Market categories	(000s)	(000s)	(000s)	
Bread	$13,872	$14,212	$340	2.5%
Dairy	$30,042	$31,303	$1,261	4.2%
Cheese	$11,542	$12,066	$524	4.5%
Meat	$41,953	$43,397	$1,444	3.4%
Poultry	$10,740	$11,161	$421	3.9%
Prepared foods	$15,781	$16,500	$719	4.6%
Produce - fresh	$37,507	$39,499	$1,992	5.3%
Seafood - fresh	$3,689	$3,962	$273	7.4%
Specialty food	$28,972	$30,076	$1,104	3.8%
Sweets (candy)	$8,782	$8,989	$207	2.4%
Coffee/Tea	$10,426	$10,881	$455	4.4%
Wine/Beer	$17,347	$18,163	$816	4.7%
Total	$230,653	$240,209	$9,556	4.1%
All Food at Home	$326,938	$340,186	$13,248	4.1%
All Food Away Home	$165,520	$173,217	$7,697	4.7%
Total Fresh/Specialty Food (3 Trade Areas)	$331,188	$345,693	$14,505	4.4%
All Food at Home	$469,886	$490,020	$20,134	4.3%
All Food Away Home	$244,009	$255,636	$11,627	4.8%

Combined, the three trade areas are expected to see an increase of $14.5 million in demand for fresh and specialty foods over the next five years, a 4.4% increase. Overall demand for food eaten away from home will increase slightly more rapidly at 4.8% to $256 million.

The pie chart labeled "Fresh Food Demand" shows the relative size of the demand in the three trade areas, with the two mile ring representing the smallest share at 12% and the third trade area representing the largest demand for fresh and specialty foods at 70%.



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

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

The fourth column, labeled "Sales," is the product of multiplying the potential by the capture percentage. For example, in the Baked Goods category, Nielsen estimates $2.4 million in consumer demand for baked goods within the first trade area. Market Ventures, Inc. estimates

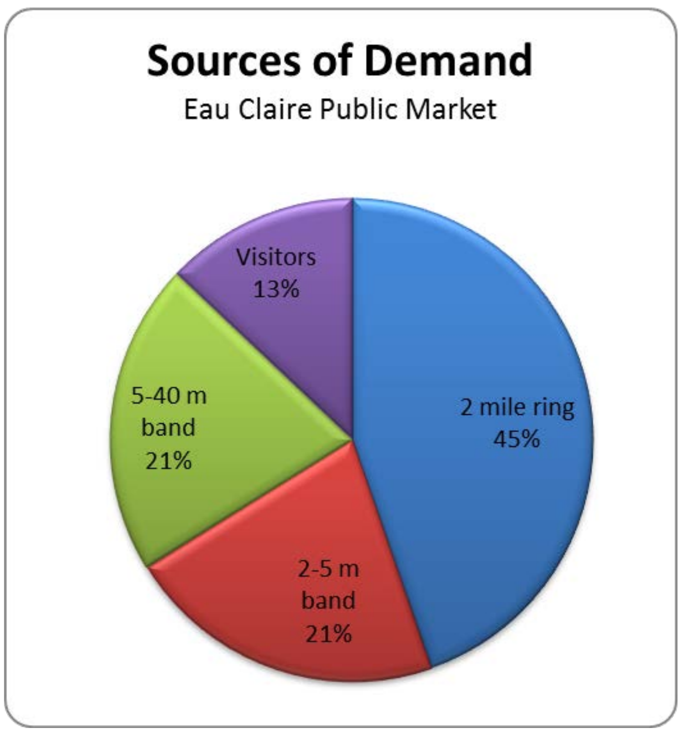
3. These estimates have been developed and refined by the Market Ventures, Inc. through its work planning, developing, and operating public markets and its research of other public markets around the country. The potential suggests what accomplished vendors in a well located, designed, and managed public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

that vendors in the Eau Claire Public Market could reasonably capture 5.0% of those sales, based on our experience and research. This results in the potential for $121,000 in annual baked goods sales at the public market from residents in the first trade area. Adding the sales for baked goods across all three trade areas, we estimate that the demand for bakery products within the public market is reasonably $238,000.

The capture rates for the first trade area are influenced upward by the close proximity of the public market to residents and the lack of competing stores nearby, but downward by the somewhat weak demographics in this area. In the second area, the demographics are better but there is more competition and the indoor market would not be as convenient. Capture rates are estimated at one-third of the first trade area. The third trade area has more favorable demographics but the downtown site is not convenient for these residents. Capture rates are estimated at one-quarter the amounts of the second trade area.

Summing the sales total column for the two mile ring, a reasonable estimate of demand is $1.59 million, which represents 3.9% of the demand for all fresh and specialty food sales in this trade area. The demand estimate for the second trade area is $765,000 (1.3% of the demand for fresh and specialty food in this region) and $744,000 from the 5-40 mile band, which is 0.3% of demand for that region. Taken as a whole, the three trade areas reflect $3.1 million in demand for fresh and specialty food at the public market out of the region's $331 million of total demand, or 0.94% of the total. Again, actual sales could be much higher or lower depending on the quality of the vendors, the attractiveness of the facility, the convenience of parking, new competition, and a host of other factors.

Given the wide variation in tourist purchases, a capture rate methodology has not been developed for visitors so a mark-up factor over the sales to local residents is used instead. For this analysis, sales to visitors have been projected at 15% of the local consumer demand for fresh and specialty foods. Shoppers from outside of the 40 mile ring are expected to generate annual sales of $465,000, which brings total market sales potential to $3.6 million.



As the chart labeled "Sources of Demand" shows, the two mile ring represents the largest share of potential demand at 45%, followed by 21% each for the 2-5 mile ring and the 5-40 mile band. Visitors represent 13% of sales potential.

These demand estimates are only for retail sales and do not include prepared foods or restaurants. Often public market vendors have wholesale accounts, such as bakeries selling bread to restaurants or fish vendors acting as distributors to local accounts. If retail demand is not adequate to support an independent food vendor, then the vendor might need a business model that includes both wholesale and retail trade.

Based on demand of $3.6 million and average vendor sales of $500 per square foot[4] (which would provide the basis for vendor profitability), the demand for fresh and specialty foods at a public market in downtown Eau Claire could be met with 7,100 leasable square feet. Based on a typical efficiency factor, this would require about 10,800 sf of gross building area devoted to fresh and specialty foods.

Demand Summary	
Resident demand	$3,098,000
Visitor demand %	15%
Visitor demand $	$464,700
Total demand	$3,562,700
Average sales per sf	$500
Supportable sf (net)	7,100
Supportable sf (gross)	10,800

4 Sales per square foot in a public market are often at least two times comparable sales per square foot in nearby properties because public market vendor stalls are small and the vendors' rental area does not include common areas such as customer circulation paths, hallways, and amenities such as restrooms. Sales of $500 per square foot in a public market would therefore equate to $250 per square foot in typical retail stores.

Competitive analysis

National trends

Consumption trends suggest that Americans are consuming more fresh fruit and vegetables, although much less than recommended. An analysis of USDA Economic Research Service data from 1976 to 2009 revealed that fresh fruit consumption grew by 25% and fresh vegetable consumption grew by 54%.[5] A recent W.K. Kellogg Foundation survey of 800 American adults found that 68% reported eating more whole grains, fruits and vegetables than they did five years ago.[6] However, there is a long way to go before Americans consume the recommended quantity of fresh fruits and vegetables. According to recent research form the Centers for Disease Control and Prevention, 38% of US adults consume fruit less than once daily while 23% consume vegetables less than once daily.[7] With 2/3 of adults and 1/3 of US children categorized as overweight or obese and with national attention to health issues and food rising (through new federal school food guidelines and the national *Let's Move* campaign, for example), industry and policy efforts toward increased consumption of fresh fruits and vegetables are on the rise. In Eau Claire County, 75% of the adult population does not eat the recommended five servings of fruits and vegetables daily.[8] The Eau Claire public market can potentially play an important role in providing access to fresh fruits and vegetables to area residents and helping to educate and inspire people to eat a more healthy diet, while positioning itself to take advantage of growing demand for fresh produce.

Interest in **healthy foods** is right in line with trends in the food industry. In a recent Deloitte study, 79% of industry executives interviewed noted that health and nutrition are the key issues that are driving the food industry.[9]

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

An important dimension of food safety is **product traceability** from point of origin to point of final purchase. The Hartman Group called 2013 the "Year of Traceability and Good Stewardship," noting that traced and sustainably produced foods are no longer just an "upmarket offering" but increasingly part of the cost of doing business now.[10] While product traceability can connect a food product back to its farm and field anywhere in the world, locally grown products can benefit as a positive point of differentiation from products grown overseas or across

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

6 http://www.washingtonpost.com/blogs/all-we-can-eat/post/americans-eat-more-fresh-foods-than-they-did-five-years-ago/2012/05/22/gIQAyPS1gU_blog.html

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

8 http://eauclaire.wi.networkofcare.org/ph/indicator.aspx?id=121&c=4

9 Deloitte "Food and Beverage 2012: A Taste of Things to Come," Deloitte: 2008

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

the country.

The food industry is seeing increasing demand for products considered **"sustainable"** (a broad term that includes social, environmental, economic impacts along the food supply chain). In part, this trend is consumer driven, as one study from market research firm Datassential found that 30% of consumers had bought food they would describe as sustainable in the past month. It is also industry driven: in that same study, 29% of retail and food service operators indicated a willingness to pay more for sustainably produced foods.[11] Environmental sustainability was the #4 trend in the National Restaurant Association's "What's Hot in 2013" survey.[12] With this focus on sustainability, production methods are taking center stage, and a labyrinth of claims, certifications and certifiers have emerged to underwrite sustainable production claims.

A key driver of sustainability in the food industry is **local food**, with consumers and industry players (food service and retail sectors in particular) willing to search out and sometimes pay more for local foods.[13] The Eau Claire public market can potentially distinguish itself as the region's primary source for locally grown products, with farmers and vendors who are a trusted source for purchasing fresh products.

While the dominant trend in the supermarket and distribution industries has been consolidation, there have been some noticeable countertrends. According to a 2012 W.K. Kellogg national survey, 14% of respondents use farmers' markets as a regular source for fresh produce purchase and 70% said that they have purchased local foods from farmers' markets or farm stands over the past year.[14] According to USDA, the number of retail farmers' markets made up of small and medium family farmers has increased in the US from 1,755 in 1994 to 8,476 in 2015 and are becoming a common source of fresh food for many households.[15]

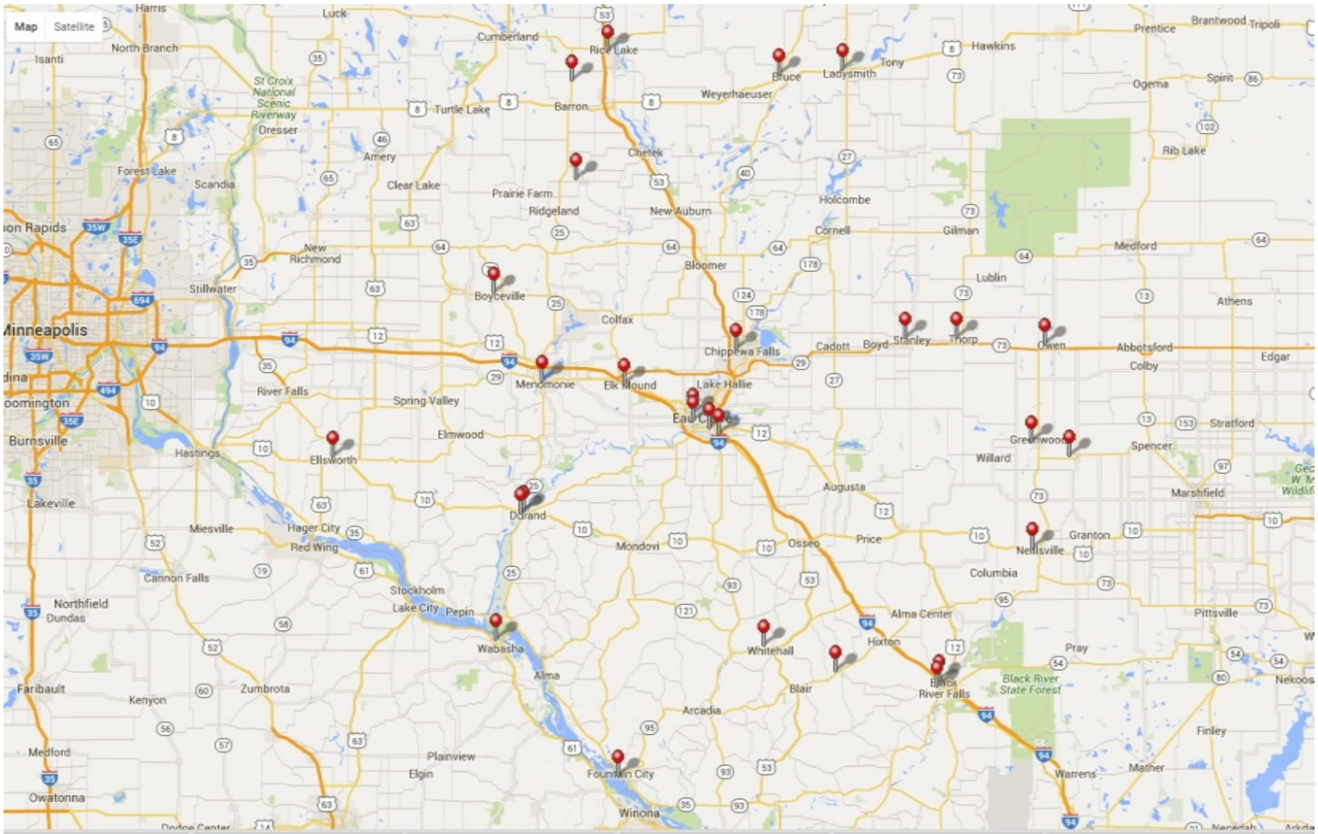
Public and farmers' markets

There are no indoor, year-round public markets in northwest Wisconsin. Minneapolis has the Midtown Global Market, which is primarily a place to purchase prepared food although it has a few vendors selling fresh and specialty foods. On the eastern side of Wisconsin, the Milwaukee Public Market opened in 2005 in the city's Historic Third Ward, on the southern edge of downtown. The Milwaukee Public Market is a mission-driven, nonprofit operation and includes events and educational components, including a well-used demonstration kitchen. The City of Madison is attempting to develop a new indoor public market, as is the City of Kenosha.

While these public markets are too far away to offer competition, they have given some Eau Claire area residents a point of reference for what a public market is. The Milwaukee Public Market was mentioned by several community Internet survey respondents. However, other Eau Claire residents are not familiar with indoor public markets and therefore not accustomed to shopping for fresh food in this manner.

11 The Packer, "Local Food Still Rules," 10/25/2012
12 The Packer, "Chef survey says: Local produce hot in 2013," 12/6/2012
13 The Packer, "Local Food Still Rules," 10/25/2012
14 http://www.washingtonpost.com/blogs/all-we-can-eat/post/americans-eat-more-fresh-foods-than-they-did-five-years-ago/2012/05/22/gIQAyPS1gU_blog.html
15 https://www.ams.usda.gov/services/local-regional/farmers-markets-and-direct-consumer-marketing

According to USDA, there are 27 farmers' markets operating within 50 miles of downtown Eau Claire.[16] The Eau Claire Downtown Farmers' Market is the largest of these markets. As the map below shows, the markets are spread out throughout the region, with a few clustered in Eau Claire.



Farmers' markets within 50 miles of Eau Claire. Source: USDA Agricultural Marketing Service

The City of Altoona is reportedly planning to create a farmers' market at its new waterfront park location, which is only a few miles from downtown Eau Claire. The City of Menomonie plans to construct a farmers' market pavilion and relocate its downtown farmers' market to a site near the Menonomie Market Food Coop. Increased competition for area farmers' markets suggests that Eau Claire should be concerned about maintaining its comparative advantage at the Downtown Farmers' Market and take steps to ensure it is still perceived as the premier market in the region.

Supermarkets and specialty food stores

Attracting and maintaining high quality retailers can be the greatest challenge in creating a successful indoor public market, in large part because so few independent specialty food

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16 http://search.ams.usda.gov/farmersmarkets/default.aspx#

retailers currently exist. Today supermarkets and groceries dominate food retailing in the United States. Among all food and beverage stores (NAICS 445), grocery stores capture 90.3% of market share nationally, compared to 2.8% for specialty food stores and 6.9% for beer, wine and liquor stores. Looking at just grocery stores and specialty food stores (defined as stores that are primarily engaged in the retail sale of a single food category such as meat and seafood markets, dairy stores, candy and nut stores, and retail bakers), the groceries capture 97.0% compared to 3.0% for specialty food stores.[17] This drop in market share for specialty food stores has been taking place over decades: their share dropped from 6.6% in 1980 to 5.3% in 2000 to 3.0% in 2012. In the wake of the recession, all food stores faced increased competition from mass-merchandisers and warehouse club outlets and long term trends toward more eating out, resulting in increased competition for a smaller pie.[18]

The past 25 years have seen radical changes in the grocery business, commencing with the first Walmart supercenter in 1988 which offered fresh and grocery food items in addition to its large selection of discounted department store merchandise. Along with the growth of warehouse clubs such as Costco and Sam's Club, these nontraditional food stores have grown from controlling 13.8% of the national share of food purchases for at-home consumption in 1986 to a staggering 32.6% in 2006.[19] In less than 20 years, Walmart became the country's single largest seller of food for at-home use. Having saturated the country with supercenters, Walmart is now moving aggressively into smaller format stores with grocery components, including a 15,000 sf neighborhood format.

Walmart is not only the nation's largest food retailer, it has also expressed commitment to local foods, as do many supermarket chains. Walmart has stated that its goal is "to support farmers and their communities, through a combination of sourcing more directly from them and providing training in agricultural practices." By the end of 2015, Walmart expected to sell $1 billion globally in food sourced directly from small, medium, and local farmers. In the U.S., Walmart plans to double its sale of locally sourced produced.[20] While these trends suggest that the largest buyers are looking for locally grown products, they also require large quantities, uniformity, and low prices.

Another major development has been the indirect competition that food retailers have felt from the food-away-from-home sector. In 1988, Americans spent 45.4% of their food dollars on food away from home; in 2015, data from the Department of Commerce showed for the first time that Americans spent more on food away-from-home than for groceries. This trend is particularly evident for younger consumers.[21]

A third major development has been the growth of "fresh format" stores which emphasize perishables and natural or organic products. From 1999 to 2006, Whole Foods Market, the industry leader, experienced 275% growth in sales while the second largest chain, Wild Oats, saw sales grow 64%. This compares to 22% increase for all grocery stores during the

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17 2012 Economic Census access at www.factfinder.cenus.gov

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

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

20 Wal-Mart Sustainable Agriculture: Fact Sheet, www.walmartstores.com

21 http://www.bloomberg.com/news/articles/2015-04-14/americans-spending-on-dining-out-just-overtook-grocery

same period.

According to government statistics, the Eau Claire-Menomonie Consolidated Statistical Area (Eau Claire, Chippewa and Dunn counties) had 52 food and beverage stores in 2012, a 13% drop from 60 stores in 2007.[22] The Economic Census shows that the CSA's 36 grocery stores represent 97.2% of food sales. The census counted 11 specialty food stores and five beer/wine/liquor stores but does not report sales for either of them because the number of firms is too small. Nationally, grocery stores represent 90.3% of food and beverage sales, compared to 2.9% for specialty food stores and 6.7% for beer, wine and liquor stores, so grocery stores exceed the national average in terms of their domination of the Eau Claire food market.

One problem with the Economic Census is counting very small firms, which can constitute a number of independent specialty food businesses. According to the 2013 Nonemployer Statistics database, there are 32 specialty food stores in the Eau Claire CSA. This method counts the smallest firms using IRS data, including only micro businesses without employees.[23]

Key informants noted the recent changes in the supermarket sector in Eau Claire, with the arrival of Woodman's and the consolidation of Mega Foods into Gordy's. Other grocery chains are rumored to be eyeing locations around the city, including upscale natural foods supermarkets. The arrival of a natural foods supermarket could provide substantial challenges to vendors in a public market so the development concept should anticipate the potential arrival of such a competitor.

Just Local Food Coop, which started as a milk delivery service, is currently located at the southern side of downtown Eau Claire. The coop recently transitioned from worker-owned to member-owned and has about 600 members. It operates from a very small space and has limited parking. The coop intends to find a new location, preferably in the downtown, and expand substantially. The Menonomie Market Food Coop, with 7,500 square feet, provides a nearby model for this expansion. The leadership of the Just Local Food Coop has expressed openness to being part of the Eau Claire Public Market.

22 2002 and 2007 Economic Census of the United States and 2013 County Business Patterns, accessed via American Factfinder at www.factfinder.census.gov
23 2013 Nonemployer Statistics accessed via American Factfinder at www.factfinder.census.gov

Restaurants

Eau Claire-Menonomie CSA contained 324 restaurants and other eating places (NAICS 7725) in 2012 with sales of $224.5 million.[24] Key informants noted recent improvement in the diversity and quality of restaurants in downtown Eau Claire, although the number of independent restaurants is still small. Restaurateurs have expressed interest in seeing more independent restaurants open in the downtown to create a bigger magnet that attracts patrons from the region.

Shared commercial kitchens/kitchen incubators

Banbury Place, a former factory complex on the northeastern side of downtown Eau Claire, provides reasonably priced spaces for small businesses and houses several food businesses. One independent business within Banbury Place called Forage provides commercial kitchen access to several start-up food producers but the facility is limited because the space does not have commercial gas stoves or exhaust hoods. Forage also provides food education and events, such as cooking and wellness classes. The Eau Claire area does not currently have a full-service kitchen incubator program which provides a range of production, marketing, and distribution assistance and services to start-up food businesses.

[24] 2012 Economic Census, accessed via American Factfinder at www.factfinder.census.gov

Supply analysis

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

Sources of vendors

Indoor market vendors might come from four principal sources:

1. Existing Eau Claire area businesses that relocate or expand to the public market
2. Participants in area farmers' markets
3. Existing businesses from outside the region that move to Eau Claire
4. New start-ups

The research focused on exploring existing businesses in the Eau Claire but was informed by the experience of new public markets in other cities that have attracted outside vendors and new start-ups.

As noted in the competition section above, the federal 2012 Economic Census database includes only 11 specialty food businesses in the Eau Claire-Menomonie Consolidated Statistical Area, while the Nonemployer Statistics database for 2013 includes 32 specialty food stores in the Eau Claire CSA. A review of on-line listings for specialty food businesses on www.yellowpages.com for the Eau Claire area found listings for seven meat markets/butchers and 14 bakeries. Even the larger list on yellowpages.com compared to the census data suggests that there is a very limited pool of existing businesses upon which a new public market might draw.

An indoor public market in Eau Claire will likely need to recruit specialty food businesses from a wider geographic area, including the Twin Cities and other areas of Wisconsin. This wider region has many more existing specialty food businesses: the 2012 Economic Census counts 260 specialty food businesses in the Minneapolis-St. Paul MSA and 443 in Wisconsin. In order to draw businesses from these places the Eau Claire Public Market will need to be a very compelling facility and have a strong operational and marketing plan, as well as substantial tenant allowances to offset the costs for equipping vendor stalls in the market. Other new public markets have successfully attracted a small number of vendors from other regions, including people who originate in the host city and are interested in returning home to start their own business with skills they have learned elsewhere. However, it is unlikely that a large number of vendors would relocate to Eau Claire to have a business in a public market.

Vendors in the public market can be start-up businesses, although the percentage of start-ups should be kept to no more than one-third so there are not too many inexperienced operators. To help start-ups succeed, the public market could provide business assistance and training both directly by management staff and in partnership with small business assistance organizations.

The Just Local Food Cooperative is planning to relocate to a larger facility, similar in scale to the recently expanded Menonomie Market Food Coop which has 6,500 square feet of retail area and a total building area of 13,300 square feet. Just Local's leadership prefers that the Coop stay in or around downtown Eau Claire. Many of the farmers and food producers interviewed for this study currently sell to Just Local and would potentially benefit from a bigger and stronger Coop. The Coop's leadership has expressed interest in potentially being a part of or co-located with the Eau Claire Public Market. Since the Coop focuses on securing products from local food producers, an expanded and more successful food coop would meet this project's goal of supporting the local Wisconsin food system.

Vendor focus groups

To gain vendors' input into the proposed indoor market and to explore their potential interest in becoming tenants in a year-round market facility, City staff reached out to farmers and small food businesses throughout the region and invited them to participate in focus group meetings with the consultant.[25] Four focus group meetings were conducted:

- One meeting was held for Eau Claire Downtown Farmers' Market vendors and included a presentation on the community internet survey as well as discussion about the public market. Participants included the Market's board members.
- One meeting was organized for Hmong-language speakers (with a Hmong-English interpreter) at the offices of the Eau Claire Area Hmong Mutual Assistance Association in downtown Eau Claire. This meeting attracted one Hmong farmer, who did not express personal interest in participating in a year-round facility but mentioned that the Downtown Farmers' Market is not accepting new Hmong producers and felt that an indoor market might provide opportunities for some.
- Two meetings targeted at small-scale food producers and retailers attracted six and two participants, respectively.

Some of the participating food producers had formerly sold at the Downtown Eau Claire Farmers' Market but no longer do because of changes in the Market's rules. These rules place limitations on ingredients for value-added products that are not grown in the region. These vendors are generally small businesses that are looking for outdoor or similar low-cost direct marketing opportunities, not full time retail locations. Some are also looking for other retailers to sell their products.

A number of the vendors interviewed currently rent space in Banbury Place, which provides affordable food production space. Banbury Place has become an important business incubator in Eau Claire, with food producers benefiting from a flexible landlord who can help businesses adjust their leaseholds as their business grows and from synergies created between the small businesses located there. Banbury Place is currently playing the role of some public markets in providing affordable production space for start-up food businesses. While some of

25. The original work plan included an Internet-based survey of Downtown Farmers' Market vendors and other farmers or food producers in the region. Given the Downtown Market's large number of foreign-born vendors with limited English proficiency and no consistent Internet access, the client and consultant agreed to conduct interviews and focus group meetings instead of an on-line survey.

these food businesses sell on a retail basis within Banbury Place, the facility is currently not well designed for retail trade since there are few visible retail spaces on the ground floor and the facility is not located in a retail area.

Farmers' markets

As described above, the Eau Claire area is home to several farmers' markets and a new farmers' market is expected to open in nearby Altoona soon. Festival Foods supermarket sponsors an open-air farmers' market within its parking lot on Mall Drive. This market operates on Sundays from June to October from 8 am to 2 pm. Oakwood Mall runs a farmers' market in its parking lot on Wednesdays and Saturdays from 7:30 am to 1 pm.

The Eau Claire Downtown Farmers' Market is the largest outdoor farmers' market in the region and an important community asset that supports the Northwest Wisconsin food system and brings significant vitality to the downtown. While there have been farmers' markets in the city for decades, the current Downtown Farmers' Market began in 1993 in a parking lot. In 2006, the Market vendors incorporated as Eau Claire Downtown Farmers' Market Inc. and relocated to Phoenix Park, where the City had constructed a farmers' market pavilion. The cost of constructing the facility was paid, in part, by the participating farmers. The Downtown Farmers' Market has become increasingly popular and now reportedly attracts 4,000 to 5,000 people on busy Saturday mornings.

From May through October, the Downtown Farmers' Market operates on Saturday mornings. From June through October, the Downtown Farmers' Market also operates on Wednesday mornings and Thursday afternoons. These weekday markets are reportedly much less busy and attract far fewer vendors and customers.

Once the outdoor season ends in October, there is a smaller indoor winter market which takes place one Saturday per month from November through April at the L.E. Philips Senior Center on Bellinger Street. While a key informant mentioned that the winter market attracts few customers or vendors, the market's manager (one of the Downtown Farmers' Market board members) reports that sales have been increasing.

Based on the vendor list found on the Downtown Farmers' Market web site, the majority of the Market's vendors (44 out of 65, or 68%) sell fruits and vegetables. The spelling of the vendor names suggests that nearly all of the vegetable sellers (32 of 44, or 73%) are Hmong farmers. The Market also has five vendors selling proteins (meat, poultry, seafood), four selling cheese or other dairy products, two bakeries, and six selling specialty food products such as maple syrup and salsas.

Eau Claire Downtown Farmers' Market, Inc. holds a nonexclusive ten year lease, renewed in January 2016, with the City of Eau Claire to use the pavilion facility for its three days of operation. The organization pays the city $3,300 per year for this purpose. The city maintains control of the pavilion on other days and times and rents the space for private functions such as weddings.

Conclusion

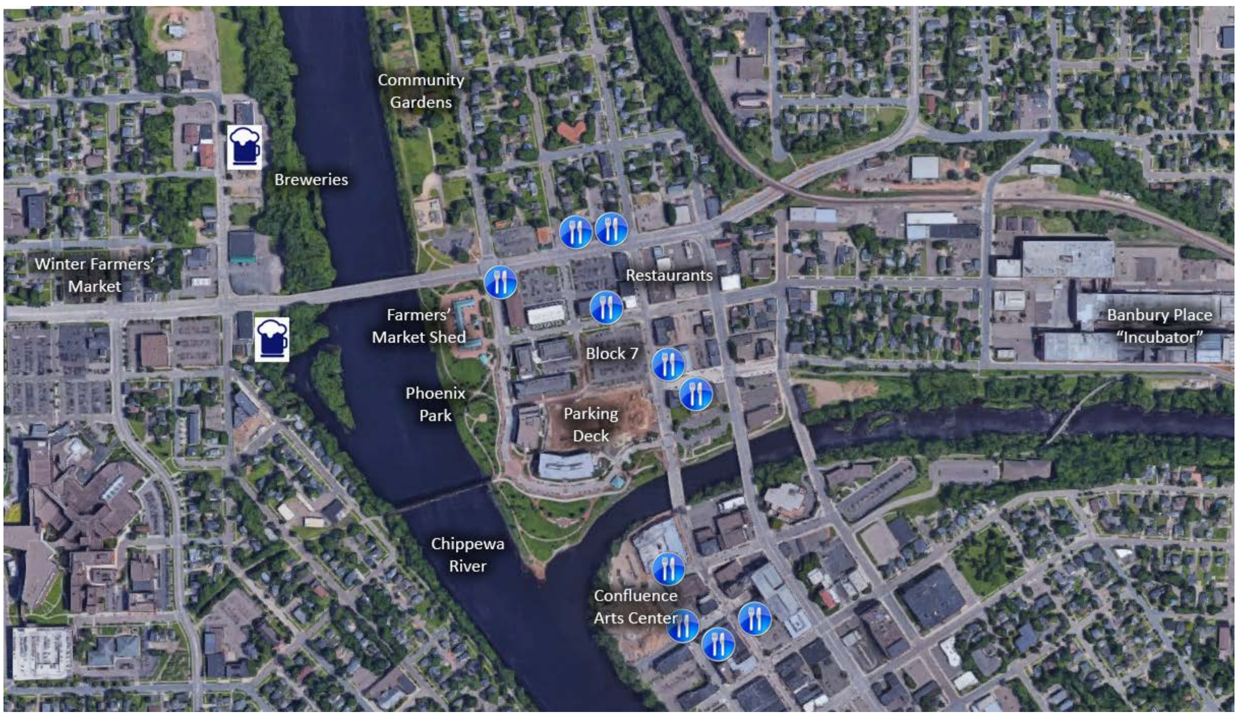
The research identified a number of local farmers and food producers who are seeking short-term, inexpensive direct marketing selling opportunities. Several vendors interviewed identified their desire to sell at the Downtown Farmers' Market and the barriers they have faced in trying to sell there. Some vendors have discussed creating another open-air farmers' market in the downtown, near Phoenix Park, in order to provide more retailing opportunities on Saturdays for local farmers and food producers who are not participating in the Downtown Farmers' Market.

The supply analysis found limited interest and few established businesses that might become core, permanent tenants of a year-round, indoor public market, selling products such as produce, meat, fish, poultry, cheese, baked goods, or other essential public market items on a daily basis. Recently created public markets in other cities have attracted both start-up vendors and experienced operators from outside the region. The relocation and expansion of Just Local Food Coop provides an opportunity to meet the goals for the public market by integrating this community-owned business into the public market concept.

Site analysis

Food and event-related assets near Phoenix Park

The map below shows existing food and event-related assets near the farmers' market pavilion in Phoenix Park. These assets include the farmers' market pavilion and outdoor event spaces within Phoenix Park, the site of the winter farmers' market, the Confluence Performing Arts Center (under development), the two breweries on the west side of the Chippewa River, community gardens, and a number of restaurants:



Potential sites

As with all retail, location is a critical factor. The consultant team explored sites within and near downtown Eau Claire that could be feasible locations for the indoor market. The pros and cons of the highest potential sites were then identified for their impact on Eau Claire tourism, pedestrian connectivity, and the project's sustainability. This was done through determination of site criteria, identification of sites that met some or many of the criteria, and systematic evaluation of those sites.

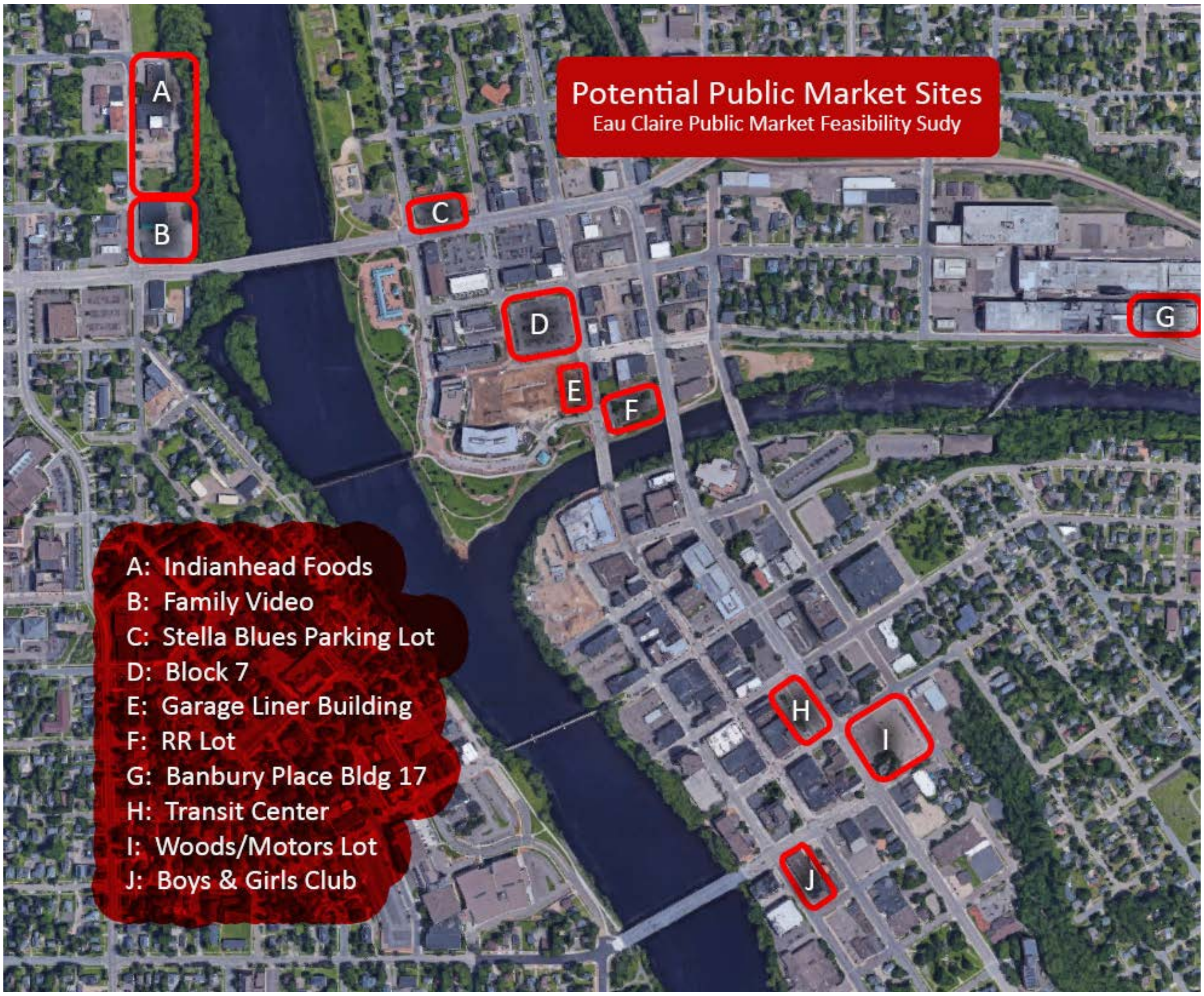
Based on national experience with successful public markets and the project goals, the recommended site evaluation criteria for the Eau Claire public market include:

- Adequate size to accommodate at least 8-12 indoor vendors and education/event space (minimum 10,000 – 12,000 sf)

- Proximity to the farmers' market pavilion in Phoenix Park
- Substantial convenient parking, ideally free and at-grade, for both vendors and customers
- Reuse of a landmark structure with good retail characteristics (storefront visibility, large open floor plan, loading dock area, etc.) or ability to create a landmark structure
- Visibility and accessibility from major thoroughfares
- Potential revitalization impact on Eau Claire's downtown
- Supportive context of other nearby independent local businesses, including food-related businesses and restaurants
- Availability
- Cost

In its request for proposals for the public market feasibility study, the City of Eau Claire stated that it is looking to revitalize a central neighborhood called West Riverside and that the City's Redevelopment Authority has been assembling properties along the Chippewa River/Oxford Avenue in the Cannery Redevelopment District to create a future mixed-use redevelopment with public parkland. The feasibility study was directed to look at the potential for locating the public market facility within this area.

The map below shows the location of ten potential sites that were identified for the public market. Sites A and B (former home of Indianhead Foods and the current home of Family Video, respectively) are within the Cannery Redevelopment District. The other eight sites are on the east bank of the Chippewa River:



The following matrices include information about each site in terms of ownership, size, availability, asking price, assessed value, and condition:

SITE	A	B	C	D	E
AKA	Indianhead Foods	Family Video	Stella Blue's Parking Lot	Block 7	Garage Liner Building
OWNER	RDA	K&E Limited	John Mogensen	RDA	RDA
ADDRESS	1807 Oxford Ave	10 W. Madison St	222 E Madison	301 Wisconsin St	150 N. Farwell
TYPE	Abandoned	Improved	Vacant	Vacant	Vacant
CURRENT USE	Vacant	Retail & parking	Parking	Temporary	Vacant
LOT SIZE	2.68	~2.5	0.63	1.67	0.53
BLDG. SIZE	36,000	17,000	N/A	N/A	N/A
PARKING	On-site	On-site	Limited	On-site & garage	Garage
AVAILABILITY	Under contract	Not for sale	Unknown	Available	Available
ASKING PRICE	Negotiable	Unknown	Unknown	Negotiable	Negotiable
ZONING	I-1/I-2	CBDP	CBD	CBDP	CBDP
CONDITION	Poor	Fair	Good	Fair	Fair

SITE	F	G	H	I	J
AKA	RR Lot	Banbury Place Building 17	Transit Center	Woods/Motors Lot	Boys & Girls Club
OWNER	City	Cigan Properties	City	City	Benny Haas
ADDRESS	100 N. Farwell	800 Wisconsin St.	402 S.Farwell	418 E Lake St.	201 E Lake St.
TYPE	Vacant	Improved	Vacant	Vacant	Improved
CURRENT USE	Parking	Improved	Improved	Temporary	Improved
LOT SIZE	1.5	26.7	0.76	1.4	0.28
BLDG. SIZE	N/A	1.8 ml.	N/A	N/A	12,166
PARKING	Garage	Limited	Limited	On-site	Limited
AVAILABILITY	Available	For lease	Available	Available	For lease
ASKING PRICE	Negotiable	Negotiable	Negotiable	Unknown	Unknown
ZONING	P/CBD	I-1P/I-2P	CBD	CBD	CBD
CONDITION	Good	Fair	Poor	Poor	Good

A. Indianhead Foods, Cannery District

The RDA has agreed to sell a portion of this property to a private brewery, the Brewing Projekt, which is seeking to expand its production and storage capacity and also add a larger tasting room along with event and restaurant functions. The new owner has the option to purchase the remainder of the property. The brewery owner's proposed concept aligns with the goals of the public market, including supporting the regional food system, providing entrepreneurial opportunities and jobs, and helping to revitalize downtown and adjacent neighborhoods.

B. Family Video

This privately owned building is not for sale. Should it become available, the site could function well alongside the redevelopment of the Indianhead Foods Building into a mixed use facility with a food or beverage focus (such as the proposed brewery expansion). The site has good visibility on a major street (Madison Street) and is fairly close to Phoenix Park.

C. Stella Blue's Parking Lot

This privately owned building is not for sale. Should it become available, the site is in close proximity to the farmers' market pavilion in Phoenix Park. However, it is small (0.63 acres) and would not be able to offer adequate on-site parking once a building is constructed.

D. Block 7

This property (currently a surface parking lot) is owned by the RDA, which is actively marketing the property to developers. The RDA has previously issued two RFPs, which did not lead to a development agreement, and now has increased flexibility to select a developer that meets its criteria. This site holds the highest potential for the public market, since it is reasonably large (1.67 acres), publicly owned, adjacent to the new parking ramp, and in close proximity to Phoenix Park and the Downtown Farmers' Market. In order to provide the financial return required by the RDA, a public market at this site would need to be part of a mixed use development, with remunerative uses on the upper floors such as housing. Since it will be all new construction, the design of the public market will need to create the landmark structure.

E. Garage Liner Building

The site for the new parking garage includes room for a liner building of approximately 25,000 square feet on the North Farwell Street side. While parking within the garage might be plentiful, experience has shown that retail customers prefer surface lot parking. The site is farther from the farmers' market pavilion than Block 7 but still in reasonably close proximity.

F. Railroad Lot

A fairly narrow property between Barstow and Farwell Streets along the Eau Claire River, the Railroad Lot has limited street frontage because of the two bridges on the east and west sides of the site. The Chippewa River State Trail connects the site to Phoenix Park, providing good pedestrian and bike access to the farmers' market pavilion. The site has a significant slope which makes it more challenging for retail. This site has been identified as a potential new home for the city's public transit hub.

G. Banbury Place Building 17

Building 17 is a multistory structure that was built fairly late in the evolution of the industrial warehouse complex. It appears to be in very good condition, with the ground floor offering high ceilings and large windows but a grid of massive columns. Other buildings within Banbury Place currently house several start-up food businesses. The challenge to this site is its lack of parking and distance from the downtown core and Phoenix Park.

H. Transit Center

The Transit Center is a small and narrow lot on South Farwell Street, far from Phoenix Park. There is not room for adequate parking on-site and there is little supportive context of other related retail.

I. Woods/Motors Lot

Like the Transit Center across the street, the Woods/Motors lot is far from Phoenix Park and has little supportive context of other related businesses. However, it is much larger and could provide adequate parking.

J. Boys & Girls Club

The developer of the former Boys & Girls Club building is looking for ground floor uses in this older brick building. The site is far from Phoenix Park and has no parking.

Site rating

Each of these ten sites is rated on a scale of one to four in the following chart. If the site meets the criteria strongly, it is labeled in dark green and receives a score of +2. If it moderately meets the site criteria, it is labeled in light green and receives a score of +1. If the site meets the criteria weakly or is not applicable, it is labeled in yellow and receives a score of 0. If the site fails to meet the criteria, it is labeled in red and receives a score of -1.

SITE	A	B	C	D	E
Criteria	Indianhead Foods	Family Video	Stella Blue's Parking Lot	Block 7	Garage Liner Building
Adequate size					
Proximity to Phoenix Park					
Parking					
Landmark structure					
Visibility & accessibility					
Revitalization impact on downtown					
Supportive context of other related businesses					
Availability					
Cost					
Score	4	5	3	12	7

SITE	F	G	H	I	J
Criteria	RR Lot	Banbury Place Bldg 17	Transit Center	Woods/Motors Lot	Boys & Girls Club
Adequate size					
Proximity to Phoenix Park					
Parking					
Landmark structure					
Visibility & accessibility					
Revitalization impact on downtown					
Supportive context of other related businesses					
Availability					
Cost					
Score	7	5	1	7	3

Based on this scoring scheme, Block 7 is clearly the highest rated site, followed by the Parking Garage Liner Building, RR lot, and Woods/Motors lot.

Development program

Development principles

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

The proposed development principles are:

- Capitalize on existing food and event-related assets, particularly maximizing use and success of the farmers' market pavilion in Phoenix Park
- Complement and be in close proximity to the Downtown Farmers' Market
- Target incremental projects that expand the public market experience over time, leading to year-round market activity
- Focus on private sector investments and modest public or philanthropic investments

Development concept

The research and analysis suggest that a "traditional" public market hall populated with numerous, small, independent food retailers and with dedicated market management (like the Milwaukee Public Market) is not a feasible approach for Eau Claire. Rather, the goals for the public market can be achieved most efficiently and realistically through two interrelated strategies:

1. Developing a local food-focused, multi-tenant **indoor market** on the ground floor of a new building on Block 7, with an independent specialty grocery such as a food coop as the anchor tenant, several independent prepared and fresh food retailers as complementary tenants, and common event and education space.
2. Creating a multi-block **market district** around Phoenix Park which highlights the area's existing and proposed food- and event-related assets while adding new market-related functions over time.

Indoor market

The proposed concept for the year-round, indoor market is to make the facility part of a mixed-use building created by a private developer. The first floor would be devoted to food retail, food service, and event spaces, and the upper levels would be housing.

The development program for the first floor includes:

- Specialty grocery of approximately 10,000 square feet with a broad range of fresh and natural foods, with a strong focus on locally grown and produced products
- Independent retailers that complement the grocery, such as bakery, butcher, coffee roaster, florist, and prepared ethnic foods, and café
- Indoor and outdoor public space/seating area

- Education and event space, with adequate room for the indoor winter farmers' market
- Parking (underground for residents and at-grade for retail)

The Design section, below, proposes a potential layout of this indoor market.

Downtown market district

The idea for creating a foods system strategy for downtown Eau Claire emerged from the Mayor's Institute for City Design in 2012, linking together and building off of the city's existing food assets. The notion of a "food district" was identified in a presentation by the Eau Claire City Council president in October 2012. This study defines and elaborates on these ideas by proposing creation of a market district in downtown Eau Claire.

A "market district" is essentially a branding and management concept, with indoor and outdoor components that knit together public and private spaces with food and related businesses. In terms of **branding**, key "brand promises" include:

- Providing a "market experience" every day. At minimum, this means availability of fresh and prepared foods within the market district from multiple locally-owned businesses or vendors that sell foods grown and produced in the region. The proposed indoor market on Block 7 is therefore essential to provide daily fresh food sales.
- Both indoor and outdoor public spaces and activities which contribute to the market experience. The Downtown Farmers' Market provides this experience on a seasonal basis and should be complemented with other market activity on other days and times.

The neighborhood around the farmers' market pavilion does not have a clear brand identity now. It is commonly referred to as the North Barstow area or the Phoenix Park neighborhood. Since this area has undergone so much redevelopment recently, including construction of Phoenix Park and development of both office and apartment buildings, there is an opportunity to establish a concrete and new identity for this part of downtown. The "Eau Claire Downtown Market District" (or a similar name) can provide a unique and distinctive attraction that serves residents and tourists.

In addition to branding, the other key element of a market district is **district management**, which is needed to develop and sustain the district concept. Some key roles of market district management include:

- Marketing and events
- Coordination with and support of existing district assets
- Business recruitment that further enhances the market district experience
- Strategic planning

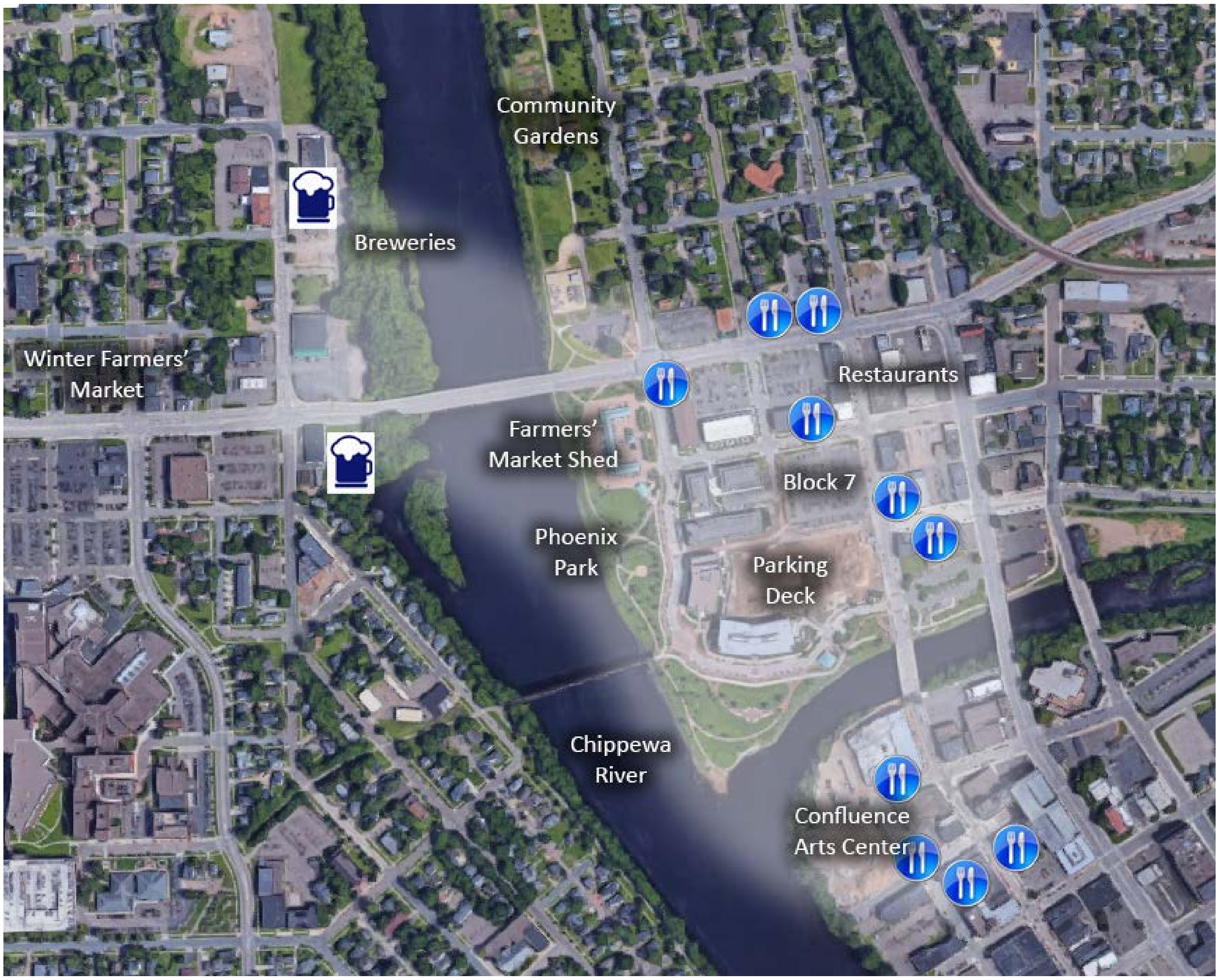
Responsibility and ongoing resources for the Eau Claire Downtown Market District management are proposed below.

Green Bay, Wisconsin has a market district and BID that is similar to the proposed district in Eau Claire. The mission of On Broadway, Inc. is to champion the historic Broadway District as the vibrant, engaging business and residential urban center of Northeast Wisconsin by focusing on strategic marketing and staffing, funding and sustainability efforts, event development and coordination of promotions, business and residential recruitment and retention, and the redevelopment/management efforts of Larsen Green. The organization runs a large farmers' market as well as food-focused special events such as Taste On Broadway and Food Truck Friday. The district includes breweries and the Cannery District Public Market, which is a privately-owned specialty food store and restaurant.

Market district boundaries

The downtown's existing food and event related assets suggest a logical area that can initially be branded as the market district. As identified in the Site Analysis (above), area assets include the farmers' market pavilion and outdoor event spaces within Phoenix Park, the site of the winter farmers' market, the Confluence performing arts facilities (under development), community gardens, two breweries, and a number of restaurants.

West of the Chippewa River, the district should include the two existing breweries: the Brewing Projekt on North Oxford Avenue or its new location across the street in the Indianhead Building, and Lazy Monk Brewing on West Madison Street. North Farwell Street provides a logical boundary to the east, along with Madison Street to the north and Grand Avenue to the south. The boundaries should intentionally be left somewhat "fuzzy" so they can grow over time as more market-related functions move into the area.



The Chippewa and Eau Claire Rivers are within the market district boundaries and should be treaty as an integral part of the market district experience. In this conceptualization, the rivers act not as boundaries but part of the district and need to be embraced to support the entire concept, with events that take advantage of the rivers.

Market district elements

Existing elements that should be highlighted in the market district include:

- Phoenix Park, the farmers' market pavilion, the Downtown Farmers' Market, and the Artists Market
- Restaurants and the breweries
- The Confluence (including programmed plaza)
- Community gardens
- Mobile food trucks

Before the market district can be launched, there needs to be daily fresh food sales within the district boundaries. The proposed indoor market facility on Block 7 – or another means to bring daily food sales to the area – is therefore a necessary addition to the market district.

Over time, other improvements and additions can be made to the market district to help it reach its full potential. Potential elements include:

- New outdoor markets that take place under the farmers' market pavilion on days when the Downtown Farmers' Market is not in operation, such as Sundays. These outdoor markets might include a Vintage Market (upscale flea market) or a Makers Market (craft and value-added products market)
- Relocate and expand the indoor winter market to make it every Saturday, perhaps within the Block 7 project
- Additional educational, cultural, and event facilities
- Additional music, event, and performance venues
- Activities such as district-wide food festivals to promote local food history and unique agricultural assets, such as horseradish
- Additional restaurants

While Banbury Place is located outside of the proposed market district, it plays a critical role in continuing to incubate start-up food businesses.

Design

Downtown Market District design elements

The Downtown Market District experience should be reinforced through targeted design elements that create a sense of arrival and place. Key locations for design elements include the entrances to the district, along the district's streets and bridges, and within Phoenix Park and the trails.

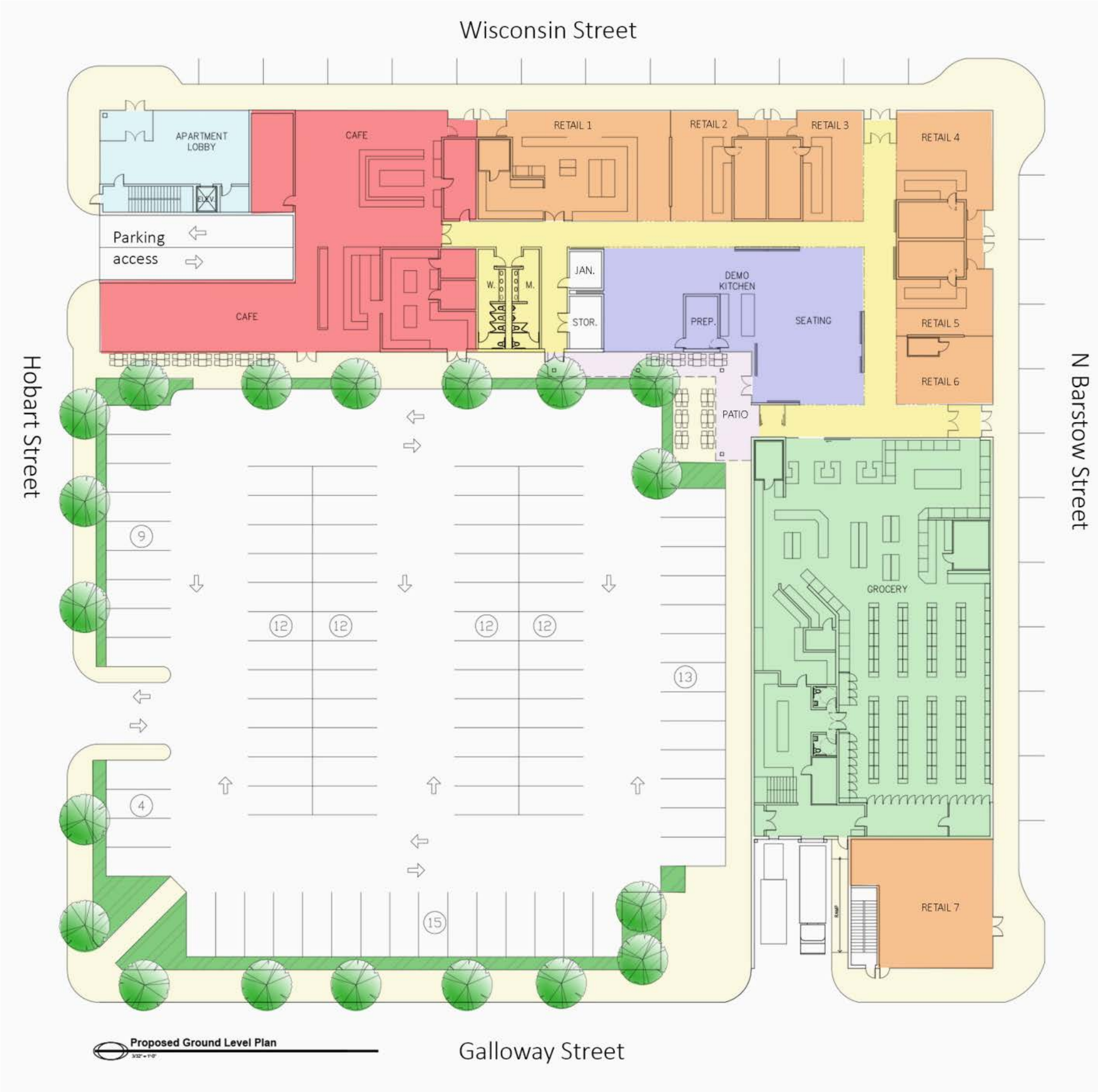
While some public market districts have clearly defined boundaries and use archways and other boundary markers to define the district's edges, this is not recommended for Eau Claire because the district boundaries should be somewhat fuzzy so they can expand over time. Instead, the market district will benefit from light pole banners, murals or other public art, signage, and interpretive elements within the district zone.

The photographs to the right show banners within the Kerrytown Market District in Ann Arbor, Michigan, and an information kiosk at the City Market district in Kansas City, Missouri. A graphics and signage package will need to be developed for the Eau Claire Market district.

Indoor market design

As noted in the Site Analysis section above, Block 7 provides a prime opportunity to introduce daily fresh food sales into the Eau Claire Downtown Market District and create indoor community gathering and event/education space as part of a private, mixed-use development. The following map shows the site's location, particularly its close proximity to the farmers' market pavilion:

The following page shows a potential layout that meets the development program described above:



The L-shaped building in this layout has an approximately 35,000 square foot footprint, with 75 foot wide sections that should be appropriate for apartments. The ground floor design includes a partial mezzanine within the specialty grocery space of about 1,000 sf to accommodate the store's offices and meeting rooms.

The surface parking lot has 89 spaces; parking for the residential units is underground, accessed from ramps next to the apartment lobby from Hobart Street. Additional parking is easily accessible in the adjacent parking garage and with on-street spaces.

The building's program elements and square footages include:

Element	Approx. Sq. Ft.
Grocery mezzanine	9,375 1,000
Restaurant/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 space	3,600

The proposed design offers some compelling features:

- The café, retail spaces 1-6, and the specialty grocer can all be reached directly from exterior doors or via the market hall's internal corridor. This allows tenants to be open either earlier or later than market hall hours. For example, a bakery or coffee roaster might want to open earlier than a prepared food business, so each business can have flexibility to maximize its profitability.
- The center seating area/event space is designed with roll-up garage doors so the space can flow seamlessly with the circulation area or be closed off for classes or private events. A demonstration kitchen with a prep room is located within the space to facilitate cooking or nutrition classes.
- Outdoor seating is provided in a patio and along the building edge. The plan shows 72 seats although the number can be increased or decreased, depending on demand.
- The seven retail spaces are large enough to accommodate cooking operations and storage but small enough for independent retailers. If the specialty grocer requires

additional space or wishes to take over the operation of a particular product line (such as a bakery), the plan allows this evolution.

- Bathrooms are shared between all of the businesses, helping to reduce operating costs for the retail tenants.

Ownership and operational structure

The organizational functions of a new public market can be divided into four main categories:

- Owner: the title holder to the real property and facilities
- Developer: entity that oversees the project's financing, design, and construction, in preparation for opening
- Sponsor: organization with legal and fiduciary responsibility for operating the market. The sponsor primarily does the following:
  - Ensures the market meets its goals and operates in a business-like, prudent manner
  - Sets policies and strategic direction
  - Hires, oversees and evaluates management
  - Ensures legal and accounting compliance
  - Approves and signs leases and large contracts
  - Ensures strong community and government relations,
  - Initiates and develops partnerships
  - Raises funds for major capital projects
- Manager: team that operates the market on daily basis
  - Recruits vendors and oversees leasing; provides vendor business assistance
  - Manages the property (stall assignment, rules enforcement, cleaning, security, waste removal, emergency planning, etc.)
  - Performs marketing and oversees programming and educational activities
  - Maintains good vendor and customer relations
  - Performs financial management
  - Fundraises for special activities

For Eau Claire, the Downtown Market District and the indoor market facility will each have its own organizational structure.

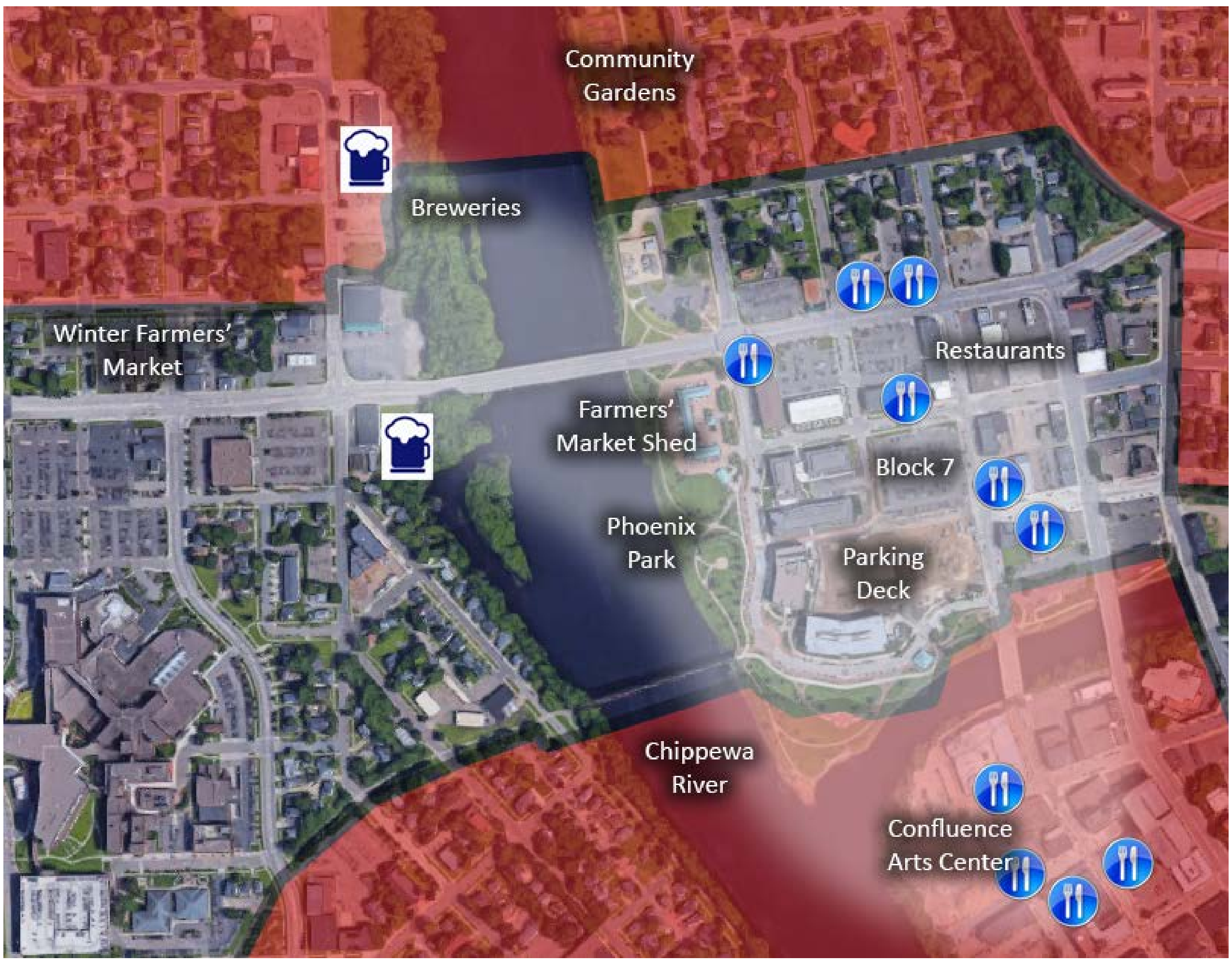
Downtown Market District

The Downtown Market District does not have an owner or developer: rather, it is a geographic area designated by the city. To implement this concept, the City of Eau Claire would determine the boundaries of the market district and assign the organization that will have oversight of district functions.

One of several existing organizations might be the sponsor of the market district, overseeing district management and branding. Principle tasks would include:

- Programming/events
- Marketing
- Business recruitment
- Maintenance to keep the district "clean & green"
- Strategic planning and partnerships

The North Barstow/Medical Business Improvement District shares boundaries that are similar to the proposed market district boundaries, although the proposed market district extends into the South Barstow Business Improvement District, which includes the area south of Railroad Street. The map below shows the area of the North Barstow/Medical BID (the blocks within the red area) along with the approximate area of the market district.



In addition to overlapping geography, the BID can raise funds from property owners to help pay for start-up and ongoing programmatic efforts. The success of the Downtown Market District in terms of attracting people to the area and increasing land values will directly benefit property owners. However, the BID does not currently have any staff and would need to expand its purview to undertake this responsibility. The BID could create a Market District Committee with representatives from key organizations to oversee the district's operation.

A second option would be Downtown Eau Claire, Inc. DECI, founded in 2002, is a non-profit 501(c)6 organization dedicated to promoting the development of business, housing, cultural resources, and activities within downtown Eau Claire. The organizational has (limited) staff, sponsors events, recruits businesses, and promotes the area (including an active web site). DECI staff also support the city's downtown districts.

The best option might be a combination of DECI and BID participation, utilizing the BID's ability to raise funds with the management and marketing capacity of DECI. A Memorandum of Understanding or other formal agreement could spell out each entity's responsibilities and participation.

Indoor market facility

Owner

The RDA intends to sell Block 7 to a private developer so the developer would become the owner of the indoor market. Before this transfer of ownership takes place, the city, RDA and developer should come to an understanding of the indoor market development concept and the contributions each organization will make toward its establishment and operation.

Developer

A private real estate developer will be the developer of the indoor market. The RDA and city have significant leverage over the shape of the project as part of the sales and use agreement. Furthermore, the RDA and city can help bring public resources (and potentially philanthropic support) to the project to offset some development cost and to ensure the community is well served by the project.

Sponsor

The sponsor provides the durable, long term leadership that helps drive success. To accomplish the duties described above, sponsoring organizations should have the following characteristics:

- A dual focus on economic sustainability and accomplishing the market's mission
- Capacity to oversee and evaluate market management
- Access to resources to create a strong, successful market, particularly if it requires additional capital investment or additional leadership
- Ability to make good decisions efficiently and thoughtfully, without being swayed by self-serving interests (which can happen, for example, if vendors are deciding questions of rents or operating policies), political considerations, or hampered by bureaucratic rigidity

- Sensitive to the history, accomplishments, and practices of the Eau Claire Downtown Farmers' Market and other elements of the local food system
- Responsive to community and public interest, yet capable of maintaining independence in order to do what is best for the market and an entrepreneurial mien to take advantage of income producing opportunities for the market
- A broad view that encompasses the market's role in advancing the needs of the community and the city

Since the proposed development in Block 7 is not a traditional public market but a hybrid private development with a specialty grocer and independent vendors, the sponsoring organization is unlikely to be similar to other public markets. Rather, the options for the sponsoring entity include:

1. **Building owner.** The owner/private developer can take responsibility for running the indoor market, providing property management services and leasing spaces when vacant; private developers typically do not get involved in marketing. The market tenants might organize a vendor association for joint marketing, in coordination with the market district organization.

   Several successful indoor markets around the country are run by private developers, including Ferry Plaza Marketplace in San Francisco and Main Street Market in Charlottesville, Virginia. Private developers are typically less focused on mission than profitability, and less open to community input. The developer needs to be personally committed to the indoor market idea.

2. **Specialty grocery operator.** The specialty grocer could have a master lease for the entire first floor retail area and take responsibility for running the indoor market as part of its operation. If the specialty grocer is a coop or other community-owned entity, than this sponsorship structure provides community control of the indoor market. The Everyday Public Market in Bellingham, Washington essentially has this structure: the large natural foods grocery leases the entire building and oversees several independent prepared food vendors who have stalls in the market (although the natural foods grocer is not a coop but rather is privately owned).

   Alternatively, by creating a market management agreement, the specialty grocer could be responsible for property management and marketing activities while the developer retains control over leasing. Since the grocer is large enough to have a management hierarchy, the operation of the indoor market could be seen as an extension of its primary operation.

3. **Downtown Market District organization**. The Downtown Market District organization (such as DECI or the North Barstow/Medical BID) could oversee operation of the indoor market, in partnership with the private developer.

Management

The management team is responsible for operating the market on a daily basis. Typically, management staff members:

- Recruit vendors and oversee leasing
- Provide property management services including stall assignment, rules enforcement, cleaning, security, waste removal, emergency planning, etc.
- Develop and implement marketing programs and special events
- Oversee programming and educational activities
- Maintain good vendor and customer relations
- Perform financial management
- Fundraise for special activities and programs
- Work with partnering organizations
- In some cases, step in to operate businesses in the public market to prevent vacancies and ensure the availability of core products for customers

Given its small size and ownership structure, the indoor market cannot afford to have dedicated management staff. Therefore these functions will need to be done by the property owner or the vendors, with assistance from the Downtown Market District organization.

Days and hours of operation

The indoor market, anchored by the specialty grocery, is envisioned as a daily operation. Just Local Food Coop is currently open daily from 8 am to 9 pm. Since each market vendor has its own exterior entrance, stores can vary their hours.

Partners

Partnerships provide an opportunity to help achieve the goals of the Eau Claire public market while also building the customer base and creating community good will. Various public and private agencies around Eau Claire have overlapping interests with the public market, including support of the northwest Wisconsin food system, community wellness, entrepreneurship, and downtown revitalization. Partnerships can potentially attract funding for both capital development and ongoing programs, and allow the public market to build on existing community assets.

Based on the proposed goals for the public market and drawing from best practices at other public markets, some areas of potential partnership include:

Food system

The proposed Eau Claire Public Market goal statement includes: “Support the northwest Wisconsin food system.” Partnerships to accomplish this goal might include:

- Area breweries, encouraging them to feature locally grown ingredients in their beers and featuring those beers at festivals and programs within the Downtown Market District
- The Downtown Farmers’ Market and UW Extension, working on opportunities to expand the winter farmers’ market and the mid-week farmers’ markets in Phoenix Park

Wellness

The proposed Eau Claire Public Market goal statement includes: "Contribute to community wellness." Partnerships to accomplish this goal might include:

- Creation of a "Prescription Bucks" program by area hospitals and health care organizations that encourages health care providers to prescribe free healthy fresh foods at the Downtown Farmers' Market and the indoor market, particularly for low income families or seniors. A program at the public market might combine this type of financial incentive with cooking classes for families and other shopping and nutrition information.
- Nutrition and cooking classes within the demonstration kitchen provided and/or sponsored by health care providers.
- Point-of-sale information provided by indoor and outdoor market vendors to customers about healthy options and cooking suggestions.
- Programs offered at the market by area food organizations such as UW Cooperative Extension, food banks such as the Feed My People Food Bank, and the city-county health department.

Entrepreneurship development

The proposed goals include: "Provide entrepreneurial opportunities and jobs." This goal can be accomplished by working with a variety of partners, including:

- Organizations with a small business and entrepreneurship focus, such as the Chamber, UW Extension, and the UW-EC business school, to provide business and expansion planning, market research, marketing and branding assistance, employee training, networking, accounting, or assistance with buying insurance and other services.
- Coordinating with Banbury Place to provide low-cost food production space within that warehouse facility and retail opportunities within the indoor market.

Downtown revitalization

The proposed goals include: "To help revitalize downtown and adjacent neighborhoods." These goals can be accomplished by working with partners to:

- Ensure all community members feel welcome and comfortable in Downtown Market District by holding programs and tours that bring low income, minority, and other underserved groups into the district, highlighting the diverse range of vendors and the opportunities to purchase high quality and low cost foods.
- Having district-wide events and festivals the feature Eau Claire's culinary, social, and ethnic traditions.

Financial analysis

Market district

Since oversight of the Downtown Market District is proposed to be part of an existing organization such as DECI, the operating budget does not include costs for office rental, communications, or professional services (such as accounting). Rather, estimates are made for the direct costs of operating the district. These costs are expected to be staffing, events, marketing, and supplies.

For staffing, the Downtown Market District can be supported by a half-time market district manager, a half-time marketing assistant, and one FTE for “clean and green” functions. Local salaries were estimated using wage data of similar positions from the federal Bureau of Labor Statistics for the Eau Claire metropolitan areas.[26]

District-wide festivals can attract sponsorships and rental income from vendor booth fees. The budget includes a $20,000 investment per festival.

Marketing funds are needed to promote the market district through social media, print, and other strategies. The initial budget for this function is $30,000 per year.

The following chart shows the annual cost of supporting the Downtown Market District based on these assumptions. The total cost is estimated at $182,500:

26 May 2015 Metropolitan and Nonmetropolitan Area Occupational Employment and Wage Estimates, Eau Claire WI, at http://www.bls.gov/oes/current/oes_20740.htm#21-0000. Occupation code 11-9141: Property, Real Estate, and Community Association Managers; Occupation code 21-1099: Community and Social Service Specialists; Occupation code 37-1021: Janitors and Cleaners

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 facility

Individual operating pro forma were prepared for the seven proposed vendors in the indoor market (not including the specialty grocer, which was outside the scope of this study). The pro forma are found in Appendix E. The vendor pro forma include estimates for retail and wholesale sales, costs of goods, and typical operating expenses. The vendors are expected to operate on a daily basis although, because each business has its own door, they can be open different hours. Gross retail sales for the seven vendors are estimated at $2.37 million and wholesale sales are estimated at $286,000. Based on the experience of similar businesses in public markets around the country, a particular vendor's sales could be either considerably more or less than these estimates. These numbers represent solid, good performance based on the demand potential that was explored in the Demand Analysis, above.

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

Category	Stall sf	Sales - On premises	Sales - Off premises	Retail sales/sf	Net Income	Base rent/year	Base rent/mo	Base rent/sf
Baked goods	1,800	$312,000	$156,000	$173	$82,869	$21,600	$1,800	$12.00
Prepared food	900	$260,000	$0	$289	$50,048	$18,000	$1,500	$20.00
Prepared food	900	$260,000	$0	$289	$50,048	$18,000	$1,500	$20.00
Meat	1,200	$468,000	$130,000	$390	$80,908	$9,600	$800	$8.00
Prepared food	900	$260,000	$0	$289	$50,048	$18,000	$1,500	$20.00
Coffee	600	$338,000	$0	$563	$49,704	$14,400	$1,200	$24.00
Flowers	1,520	$468,000	$0	$308	$66,531	$24,320	$2,027	$16.00
Total	7,820	$2,366,000	$286,000		$430,158	$123,920	$10,327	
Average	1,117	$338,000	$40,857	$303	$61,451	$17,703	$1,475	$15.85
Minimum	600	$260,000	$0	$173	$49,704	$9,600	$800	$8.00
Maximum	1,800	$468,000	$156,000	$563	$82,869	$24,320	$2,027	$24.00

The vendor pro forma analysis assumes that these are owner-operated businesses. The net income column essentially represents the owner’s salary. In addition to employment for the seven business owners, the pro forma analysis estimates 25 full time-equivalent positions for these businesses.

Rents in downtown Eau Claire are currently quite low, typically ranging from $6-8 per square foot for buildings that are not own-occupied. Developers report some recent deals in new buildings with rents from $12-14 per sf but with substantial tenant improvement (TI) allowances. Rents in public markets are typically twice the rate of surrounding properties because spaces are small and rents do not include substantial common areas such as walkways, restrooms, and seating areas. The public market developer often provides substantial infrastructure so the space is near “move-in ready” for the vendor, minus specific equipment. Since this will be new construction and assuming generous TI allowances (estimated at $290,000, or $37 per sf), the vendor rents are assumed to be between $8 and $24 per square foot, depending on the vendor, with rents averaging $15.85 per sf. As the chart above shows, the lowest rents are proposed for the butcher. Prepared food vendors can pay significantly more ($20 per sf) while the highest rent per square foot (but smallest space) is for the coffee vendor.

These rent levels will only be possible if a specialty grocer signs on for the project. The grocer needs to come first, then the smaller vendors can follow.

Total annual base rents and CAM of $2.00 per square foot equals about $140,000 for all seven vendor spaces. Assuming the café and specialty grocer each pay $12 per sf and CAM of $2.00 per sf, then rental income from these two tenants equals $196,320, plus CAM of $32,720.

Income will also come from event space rents and programs such as the winter farmers’ market (if it relocates here). Assuming 20 events per year with 30 people and a site fee of $7.50 per person, the event space generates $4,500 in rent. Assuming 15 winter market vendors use the space on 16 Saturdays per year and pay $20 per day, the winter farmers’ market rent equals

$4,800.

Gross operating income from all of these sources is nearly $378,000 per year:

	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**

Expenses

The largest expense in operating a public market is typically management salaries, followed by utilities and marketing. In the proposed model, there is no independent market management but rather the management functions are shared between the private landlord, the specialty grocer's management team, and the Downtown Market District staff. Utilities can be individually metered for each tenant, with common area utilities passed on through CAM charges. Marketing will be conducted by each business individually or through a vendors association, in cooperation with the Downtown Market District

Financing

Public markets in other communities have used a range of funding sources to pay for implementation. In some cases there has been a single source of funding that paid all development costs, which happened at the Portland Public Market which opened in 1998. More typically there is a complex range of funds that make up the capital stack. Sources include:

- Foundations that give on the local, regional, and national levels have all invested in public markets. The funding has included both grants (which do not need to be repaid) and PRIs (program related investments), which are loans (sometimes forgivable) or other equity investments into the project. Foundation involvement can work nicely with other types of funding to provide bridge loans or paying down other debt. Key informants felt that other projects in Eau Claire, such as the Confluence and the new UW-EC events center, will likely absorb most local philanthropic funds. However, there might be local donors interested in the public market and willing to make some donation.

- Individual or corporate donors have given to public market capital campaigns. Sometimes these gifts have included naming opportunities within the facility. Some companies have provided gifts in-kind, such as kitchen equipment for a demonstration kitchen. The federal Affordable Care Act has changed the ways in which hospitals must demonstrate support for their communities, providing opportunities for hospital investments into wellness programs at public markets.
- Public markets have utilized a variety of tax credit programs at the federal and state levels, including Historic, Brownfield, and New Market Tax Credits. New Market Tax Credits were utilized by the Menomonie Food Coop and could be appropriate for the market hall. Census tracts 55035000600 and 55035001101 (which straddle the Block 7 area) both appear to qualify for New Market Tax Credits.[27]
- State and local governments have been involved with funding public markets. Sometimes their role is to provide long term ground leases at nominal cost or to pay for infrastructure or streetscape improvements in and around the public market site. For local government, funding tools include Community Development Block Grant allocations and Tax Increment Financing. The Wisconsin Economic Development Corporation offers Community Development Investment Grants, which provide up to $250,000 for projects that create jobs, increase property values, and leverage investment by local and private partners. This grant was utilized by the Menonomie Market Food Coop for its new facility.
- The federal government has funded public markets through a variety of agencies, although without earmarks federal funding has become increasingly difficult to attain. Some funding sources include:
    - US Department of Agriculture and its Healthy Food Financing Initiative (in partnership with Treasury Department and Health and Human Services).
    - The US Department of Commerce, Economic Development Administration (EDA) was the conduit for funding the Milwaukee Public Market ($2.5 million) and Eastern Market in Washington, DC ($2 million).
    - Department of Health & Human Services through its Community Food & Nutrition Program
    - HUD through its Section 108 loan program and Choice Neighborhoods programs
    - Department of Energy for energy efficiency initiatives
    - Department of Homeland Security through its EB-5 Visa Program

  Given the proposed private sector development model, federal funding is not likely.
- Some public markets have assumed some private debt in the form of bank loans. Since the proposed market will be part of a mixed use project, there should be opportunities for equity positions.

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27 NMTC 2006-2010 American Community Survey Eligibility Data (updated July 17, 2015) accessed at https://www.cdfifund.gov/research-data/Pages/default.aspx

Conclusion

The proposed indoor market and Downtown Market District are appropriately scaled to be successful in the near term and offer the potential to grow over time. Implementation of these two strategies will substantially increase access to fresh, healthy, and local foods in Eau Claire, bring new vitality to the North Barstow area and thereby support downtown revitalization efforts, create facilities for nutrition and cooking education, and provide opportunities for area entrepreneurs while creating new jobs.

To move forward, the city and RDA will need to work with private developers to refine an appropriate development model on Block 7 or another appropriate location that includes fresh and prepared food businesses and education/event space. If daily retail food sales are established in the area, then the city can designate the Downtown Market District and work with the North Barstow/Medical BID and DECI to develop a long-term funding and management model.

Appendix A. Interviews and steering committee

Name & Title	Organization
Lisa Aspenson, Owner	Mona Lisa restaurant
Maria Bamonti, General Manager	Just Local Food Coop
Deidra Barrickman, Manager*	Eau Claire Downtown Farmers' Market
Nancy Coffey, Nutrition Coordinator*	UW Extension, Eau Claire County
Trish Cummings, Owner*	Forage
Peter Farrow, President*	Group Health Cooperative of Eau Claire
Carlos Garcia-Ruiz, Professor*	UWEC
Miriam Gehler, Administrator*	Marshfield Clinic
Will Glass, Owner	Brewing Projekt
Crystal Halvorson, General Manager	Menomonie Market Food Coop
Rachel Hart-Brinson, President*	Just Local Food Coop
Linda John, Executive Director*	Visit Eau Claire
Julia Johnson, Project Coordinator*	JAMF Software
Jack Kaiser, Owner	Banbury Place
Paul Kaldjian, Professor	UWEC
Tom Kemp, Member*	Eau Claire Redevelopment Authority
Erin La Faive, Horticulture Educator*	UW Extension
Caleb Langworthy, Owner	Blue Ox Organics
Eric Larsen, City Councilor*	City of Eau Claire
Guy Logan, Chef*	Houligans Steak & Seafood Pub
Jim Lucas, Owner	Chip Magnet
Nick Meyer, Owner	Volume One
Emily Moore, Executive Director	Feed My People Food Bank
Ned Noel, Associate Planner	City of Eau Claire
Nik Novak, Storekeeper	Just Local Food Coop
Tom Quinn, Executive Director*	Wisconsin Farm Union
Blythe Rinaldi, VP Operations*	Mayo Clinic Health System
Mike Rindo, Assistant Chancellor	UWEC
Scott Rogers, Gvt Affairs & Workforce Director*	Eau Claire Chamber of Commerce
Stuart Schaefer, President	Commonweal Development Corp.
Mike Schatz, Economic Development Director	City of Eau Claire
Pa Thao, Director*	Hmong Association
Darryl Tufte, Director	Eau Claire Dept of Community Development
Adam Wehling, Dean	CVTC Horticulture Program
Andrew Werthmann, City Councilor*	City of Eau Claire

* Steering Committee

Appendix B. Public market mission statements

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

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

Reading Terminal Market, Philadelphia:

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

Eastern Market, Detroit: We manage operations, develop programs, build facilities, provide critical infrastructure, and collaborate with community partners to:

- Strengthen the Eastern Market District as the most inclusive, resilient, and robust regional food hub in the United States.
- Fortify the food sector as a pillar of regional economic growth
- Improve access to healthy, green, affordable, and fair food choices in Detroit and throughout Southeast Michigan

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

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

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

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

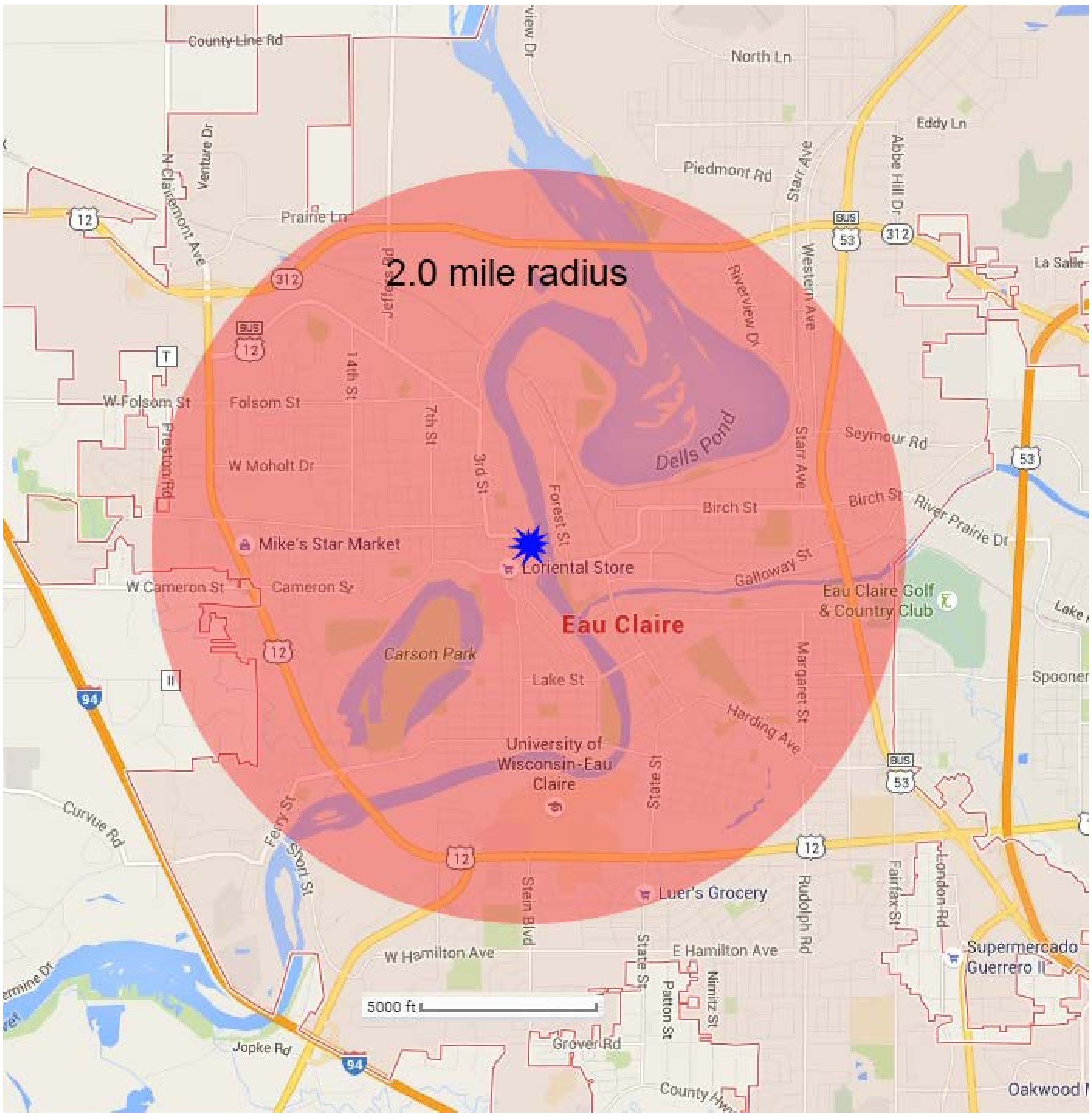
1. a place for local farmers and food producers to connect with diverse customers,
2. opportunities for independent entrepreneurs, and
3. education about farming, food, nutrition, and healthy lifestyles.

Portland Public Market (Oregon):

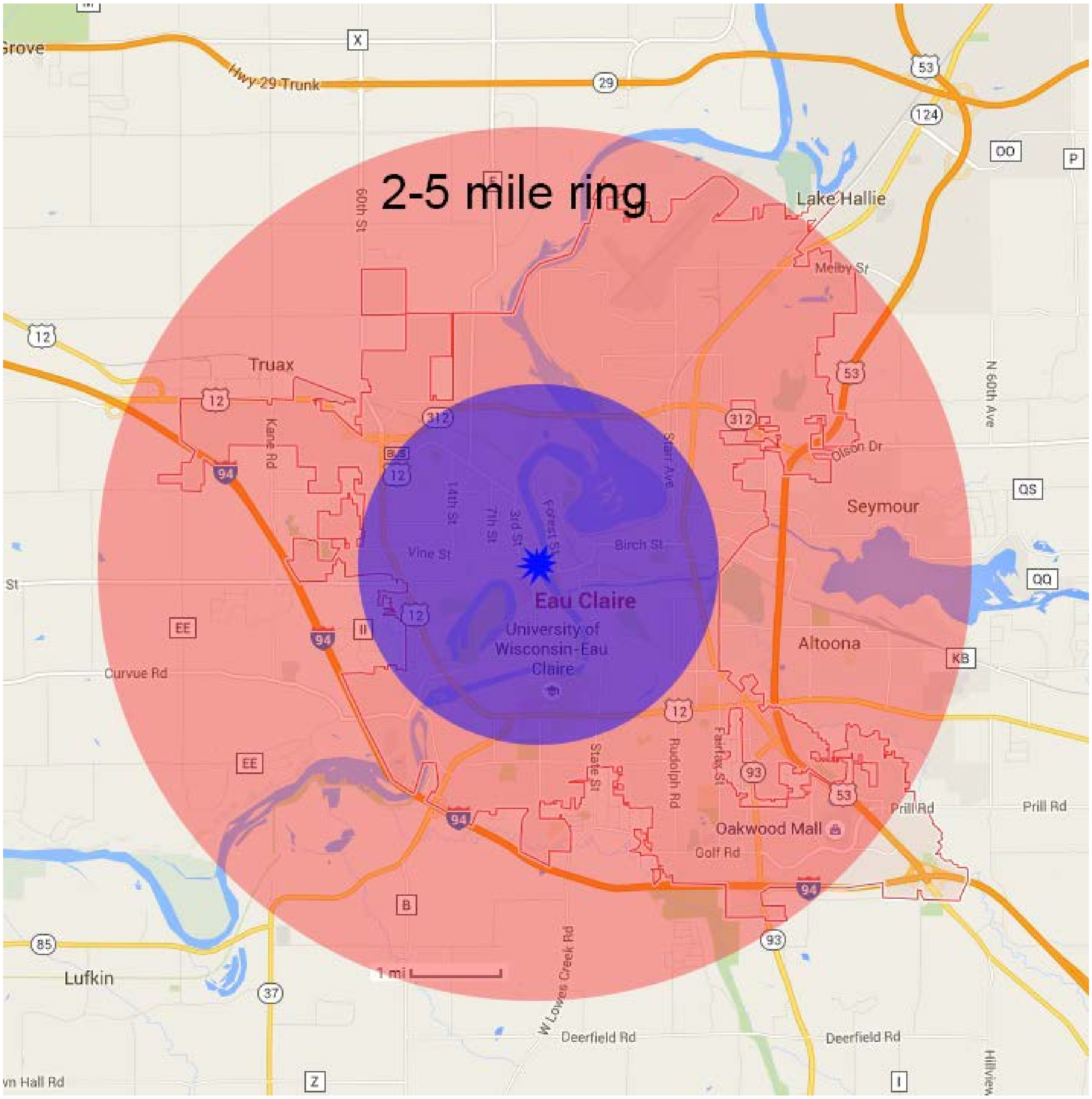
- The Portland Public Market is a showcase for all the best food products from our region, from fresh produce to prepared meals.
- The foods we offer fit our commitment to supporting local growers, promoting the sustainability of our agricultural resources, and encouraging all Portlanders to eat fresh,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

Appendix C: Trade area maps

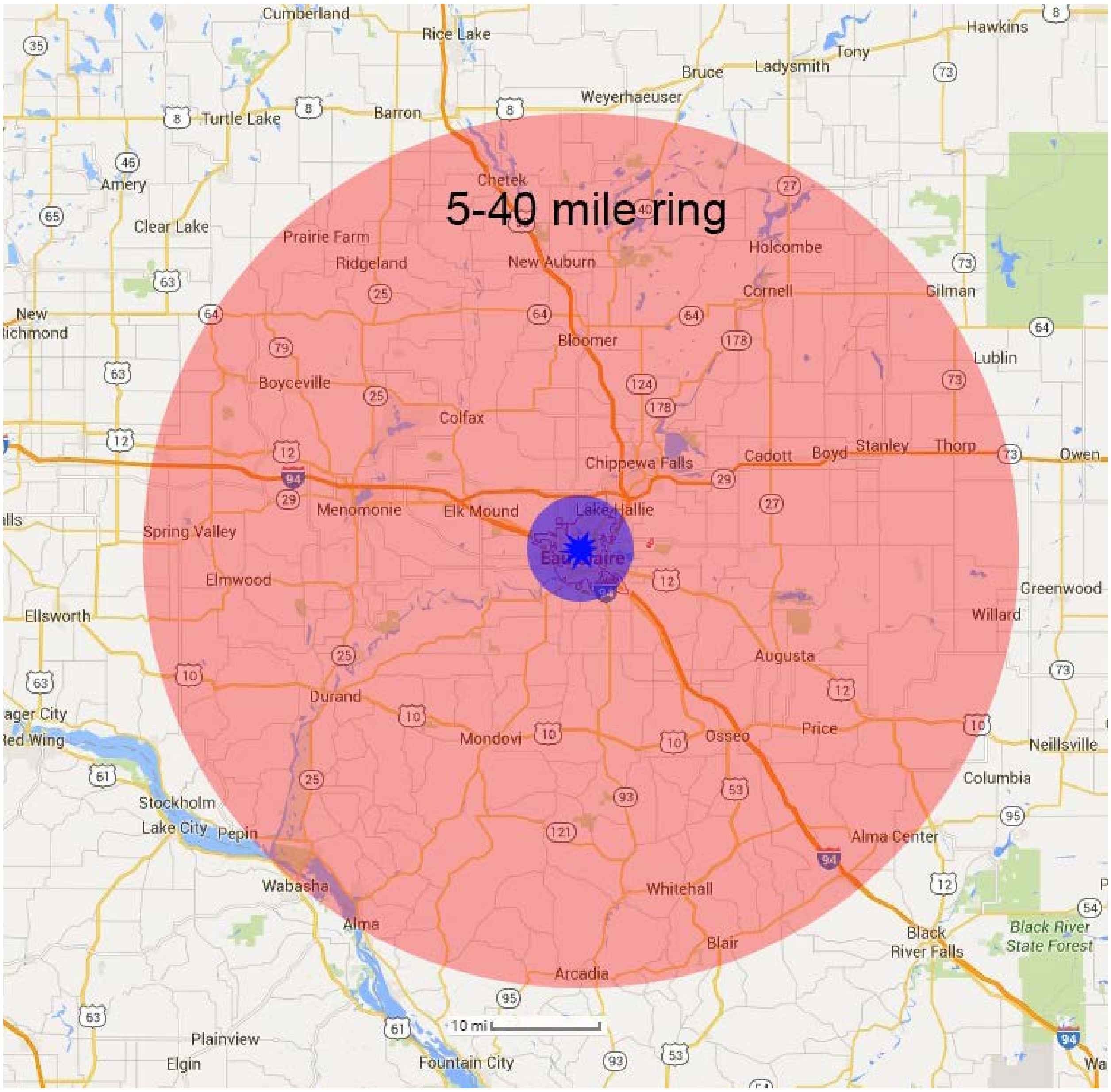
Trade Area 1: 2 mile radius



Trade Area 2: Band between 2 and 5 mile radius



Trade Area 3: Band between 5 and 40 mile radius



Appendix D: Sales analysis

Sales Analysis

Nielsen: Eau Claire, WI

Market categories	2 mile ring			2-5 m band			5-40 m band			Total		
Population	34,834			49,320			196,140			280,294		
	Demand (000s)	Capture rate	Potential (000s)	Demand (000s)	Capture rate	Potential (000s)	Demand (000s)	Capture rate	Potential (000s)	Demand (000s)	Demand Total (000s)	% of total
Bread	$2,419	5.0%	$121	$3,517	1.7%	$59	$13,872	0.4%	$58	$19,808	$238	7.7%
Dairy	$5,407	3.0%	$162	$7,753	1.0%	$78	$30,042	0.3%	$75	$43,202	$315	10.2%
Cheese	$2,014	4.0%	$81	$2,974	1.3%	$40	$11,542	0.3%	$38	$16,530	$159	5.1%
Meat	$7,301	4.0%	$292	$10,796	1.3%	$144	$41,953	0.3%	$140	$60,050	$576	18.6%
Poultry	$1,974	4.0%	$79	$2,650	1.3%	$35	$10,740	0.3%	$36	$15,364	$150	4.8%
Prepared foods	$2,925	4.0%	$117	$4,011	1.3%	$53	$15,781	0.3%	$53	$22,717	$223	7.2%
Produce - fresh	$6,520	4.0%	$261	$9,685	1.3%	$129	$37,507	0.3%	$125	$53,712	$515	16.6%
Seafood - fresh	$600	5.0%	$30	$867	1.7%	$14	$3,689	0.4%	$15	$5,156	$59	1.9%
Specialty food	$5,163	4.0%	$207	$7,616	1.3%	$102	$28,972	0.3%	$97	$41,751	$406	13.1%
Sweets (candy)	$1,462	4.0%	$58	$2,245	1.3%	$30	$8,782	0.3%	$29	$12,489	$117	3.8%
Coffee/Tea	$1,825	4.0%	$73	$2,729	1.3%	$36	$10,426	0.3%	$35	$14,980	$144	4.6%
Wine/Beer	$3,586	3.0%	$108	$4,496	1.0%	$45	$17,347	0.3%	$43	$25,429	$196	6.3%
Total/Average/Total	$41,196	3.9%	$1,589	$59,339	1.3%	$765	$230,653	0.3%	$744	$331,188	$3,098	100.0%

Notes

Nielsen estimates for 2016 Consumer Spending Patterns

Assumes no growth in food expenditures when public market is in place

Appendix E: Market hall vendor pro forma

Vendor pro formas		Sales multiplier:		100%									10-Aug-16
Eau Claire Public Market													Page 1
	Retail 1			Retail 2			Retail 3			Retail 4			Total
	Baked goods			Prepared food			Prepared food			Meat			4
Square footage	1,800			900			900			1,200			4,800
Total sales/s.f.	$260			$289			$289			$498			
Income		sales/wk			sales/wk			sales/wk			sales/wk		
Annual sales - on premise	$312,000	$6,000		$260,000	$5,000		$260,000	$5,000		$468,000	$9,000		$1,300,000
Annual sales - off premise	$156,000	$3,000		$0	$0		$0	$0		$130,000	$2,500		$286,000
Annual sales - total	$468,000			$260,000			$260,000			$598,000			
Cost of Goods - retail/on premise	$109,200	35%		$78,000	30%		$78,000	30%		$257,400	55%		$522,600
Cost of Goods - wholesale/off premise	$70,200	45%		$0	45%		$0	40%		$84,500	65%		$154,700
Gross Profit	$288,600			$182,000			$182,000			$256,100			$908,700
Expenses													
Advertising	$5,000			$3,000			$3,000			$4,000			
Credit Card	$4,680	3.0%	50%	$3,900		50%	$3,900		50%	$8,424		60%	
Depreciation	$25,923	$150,000		$15,554	$90,000		$15,554	$90,000		$15,554	$90,000		$72,584
Dues, licensing	$1,000			$1,000			$1,000			$1,000			
Insurance	$2,500			$2,500			$2,500			$2,500			
Miscellaneous	$5,000			$4,000			$4,000			$5,000			
Office expenses	$2,500			$2,000			$2,000			$2,500			
Payroll (1)	$91,520			$54,600			$54,600			$85,800			$286,520
Payroll taxes	$9,152	10%		$5,460			$5,460			$8,580			$28,652
Payroll benefits	$2,746	3%		$1,638			$1,638			$2,574			$8,596
Professional fees	$4,000			$4,000			$4,000			$4,000			
Rent - retail space	$21,600	$12.00	per sf	$18,000	$20.00		$18,000	$20.00		$9,600	$8.00		$67,200
Rent - CAM	$3,600	$2.00	per sf	$1,800			$1,800			$2,400			$9,600
Repairs & Maintenance	$2,500			$3,500			$3,500			$1,500			
Supplies	$9,360	2.0%		$5,200			$5,200			$11,960			
Telephone	$1,800			$1,800			$1,800			$1,800			
Uniforms and laundry	$1,250			$0			$0			$1,000			
Utilities/waste	$3,600			$4,000			$4,000			$4,000			
Vehicle/Transportation	$8,000			$0			$0			$3,000			
Subtotal	$205,731			$131,952			$131,952			$175,192			$644,826
Net Operating Income	$82,869			$50,048			$50,048			$80,908			$263,874
Notes													
Rent/total sf		$12.00			$20.00			$20.00			$8.00		
Rent		$21,600			$18,000			$18,000			$9,600		
Cost of occupancy (rent, % rent, CAM)		$25,200	5.4%		$19,800	7.6%		$19,800	7.6%		$12,000	2.0%	
52													
1. Payroll	Hrs/wk	Rate/hr	Total/wk	Hrs/wk	Rate/hr	Total/wk	Hrs/wk	Rate/hr	Total/wk	Hrs/wk	Rate/hr	Total/wk	
Rate 1 - retail clerk	80	$9.00	$720	70	$9.00	$630	70	$9.00	$630	70	$9.00	$630	
Rate 2 - senior clerk/asst mgr	40	$12.00	$480	35	$12.00	$420	35	$12.00	$420	35	$12.00	$420	
Rate 3 - manager/skilled	40	$14.00	$560	0	$15.00	$0	0	$15.00	$0	40	$15.00	$600	
	160		$1,760	105		$1,050	105		$1,050	145		$1,650	
FTE	4.6			3.0			3.0			4.1			14.7
35													
Labor as % gross sales	22.10%			23.73%			23.73%			20.72%			24.91%
Break even sales = fixed costs / (1 - variable costs as percent)													
Break even sales			$316,509			$188,503			$188,503			$389,315	$1,082,829
Break even sales/sf			$176			$209			$209			$324	
Equipment/construction costs	$200,000	$111		$100,000	$111		$100,000	$111		$140,000	$117		$540,000
Working Capital	$30,000			$20,000			$20,000			$30,000			$100,000
Total start-up costs	$230,000			$120,000			$120,000			$170,000			$640,000
Tenant allowance	$80,000	$44		$30,000	$33		$30,000	$33		$80,000	$67		$220,000
Tenant contribution	$150,000			$90,000			$90,000			$90,000			$420,000
Cost of capital	5.0%												

Vendor pro formas	Sales multiplier:		100%							10-Aug-16
Eau Claire Public Market										Page 2
	Retail 5			Retail 6			Retail 7			Total
	Prepared food			Coffee			Flowers			3
Square footage - stall	900			600			1,520			3,020
Total sales/s.f.	$289			$563			$308			
Income		sales/wk			sales/wk			sales/wk		
Annual sales - retail	$260,000	$5,000		$338,000	$6,500		$468,000	$9,000		$1,066,000
Annual sales - wholesale	$0	$0		$0	$0		$0	$0		$0
Annual sales - total	$260,000			$338,000			$468,000			$1,066,000
Cost of Goods - retail	$78,000	30%		$135,200	40%		$234,000	50%		$447,200
Cost of Goods - wholesale	$0	45%		$0	50%		$0	55%		$0
Gross Profit	$182,000			$202,800			$234,000			$618,800
Expenses										
Advertising	$3,000			$2,000			$6,000			
Credit Card	$3,900		50%	$5,070		50%	$5,616		40%	
Depreciation	$15,554	$90,000		$13,826	$80,000		$13,826	$80,000		$43,205
Dues, licensing	$1,000			$1,000			$1,000			
Insurance	$2,500			$1,500			$1,500			
Miscellaneous	$4,000			$4,000			$4,000			
Office expenses	$2,000			$2,500			$2,500			
Payroll (1)	$54,600			$78,000			$68,900			$201,500
Payroll taxes	$5,460			$7,800			$6,890			$20,150
Payroll benefits	$1,638			$2,340			$2,067			$6,045
Professional fees	$4,000			$4,000			$4,000			
Rent - retail space	$18,000	$20.00		$14,400	$24.00		$24,320	$16.00		$56,720
Rent - CAM	$1,800			$1,200			$3,040			$6,040
Repairs & Maintenance	$3,500			$2,000			$3,500			
Supplies	$5,200			$6,760			$9,360			
Telephone	$1,800			$1,200			$1,200			
Uniforms and laundry	$0			$1,000			$750			
Utilities/waste	$4,000			$2,500			$3,000			
Vehicle/Transportation	$0			$2,000			$6,000			
Subtotal	$131,952			$153,096			$167,469			$452,516
Net Operating Income	$50,048			$49,704			$66,531			$166,284
Notes										
Rent/total sf		$20.00			$24.00			$16.00		
Rent		$18,000			$14,400			$24,320		
Cost of occupancy (rent, % rent, CAM)		$19,800	7.6%		$15,600	4.6%		$27,360	5.8%	
52										
1. Payroll	Hrs/wk	Rate/hr	Total/wk	Hrs/wk	Rate/hr	Total/wk	Hrs/wk	Rate/hr	Total/wk	
Rate 1 - retail clerk	70	$9.00	$630	100	$9.00	$900	80	$10.00	$800	
Rate 2 - senior clerk/asst mgr	35	$12.00	$420	0	$12.00	$0	0	$12.00	$0	
Rate 3 - manager/skilled	0	$15.00	$0	40	$15.00	$600	35	$15.00	$525	
	105		$1,050	140		$1,500	115		$1,325	
FTE	3.0			4.0			3.3			10.3
35										
Labor as % gross sales	23.73%			26.08%			16.64%			21.36%
Break even sales = fixed costs / (1 - variable costs as percent)										
Break even sales			$188,503			$255,159			$334,937	$778,599
Break even sales/sf			$209			$425			$220	
Equipment/construction costs	$100,000	$111		$80,000	$133		$70,000	$46		$250,000
Working Capital	$20,000			$20,000			$30,000			$70,000
Total start-up costs	$120,000			$100,000			$100,000			$320,000
Tenant allowance	$30,000	$33		$20,000	$33		$20,000	$13		$70,080
Tenant contribution	$90,000			$80,000			$80,000			$250,000
Cost of capital										
Amortization (years)										