

Charlottesville City Market – David K. O’Neil, Market Consultant – Site Visit, May 2011

Overall Observations and Comments

The market is vibrant, growing, healthy, well run and well loved.

The current site has many nice features – yet still feels like a parking lot. The market deserves better.

The vacant buildings in the middle of the lot are an obvious, unused asset.

The market is not well connected (visually or physically) to downtown and feels like an isolated attraction.

Research opportunities abound: consumers, vendors, economics, etc. This will help make your case as you move forward and strategize. UVA is a great partner here.

Outreach to partners whose missions overlap with yours (community health, downtown development, agricultural preservation, nutrition education, etc) would yield good results.

While the market has some vendor diversity – more representation would help build the market’s customer base, particularly among African- Americans.

The future of the market’s potential was unclear to me. Do you want to operate with permanent indoor spaces or continue with only open-air vending? How much supply is there in the agricultural community now and in the future? How much do you want to move into value-added, ready to eat and non-food products? You need a better sense of this in order to plan for your future site.

As you plan – and it may take a while to get where you want to be – you should definitely work on some short term, low-cost, easy-to-do improvements to show progress and keep your customer base engaged.

Also, keep your customer base engaged – they are your best political ally.

Market Location

Clearly, the current site is the best of all options (although other sites were mentioned at the Sunday meeting that we did not visit). There are many ways to integrate the market within the context of a commercial development on the site as evidenced by the submissions in the design contest and from our discussion on Sunday. Keeping as much of the site ‘open-air’ will be critical to maintaining the viability and atmosphere of the market.

Moving the market to an outlying location and removing it from downtown will rob the city of an asset that is not fully appreciated as the valuable social and economic development tool it is.

Types of Markets

This was covered in the presentation and is being provided here again in written form.

Markets have been developed or redeveloped in a wide variety of physical shapes and configurations. These forms can be viewed along a spectrum, from simple and temporary at one end, to complex and permanent at the other. These different forms are not necessarily cast in stone, as a market can evolve from the simpler open-air approach to the more complex indoor market hall over time.

While many combinations and variations exist in between, there are four basic forms:

Open Air Markets

At the simple end of the spectrum are markets which take place on a seasonal basis and meet once or twice a week in the open air. The site might be a plaza, street, or parking lot with little or no site improvements. Vendors bring their own tables and umbrellas or canopies and all trace of the market is removed at the end of the day. Most of the country's nearly 6,000+ farmers markets take this form, as well as many craft and flea markets (which may or may not be considered public markets, depending on whether they have public goals and meet the other established criteria). On days when open-air markets do not operate, there might be little or no physical indication of their existence. Without buildings or the need to own property, open-air markets can be inexpensive to develop and operate.

Covered Markets

A more complex form of market includes some kind of overhead structure, similar to a shed roof. In this form, the market retains an open air orientation, but vendors and customers are protected from the weather, and the market assumes an air of permanence because the structure remains in place even if the market operates only several days each week. Sometimes shed roof structures are used in other ways on days when the market does not operate, such as covering a parking area. In other cases, a market will use an existing structure, such as a highway overpass or the portico of a building. The Davis (CA) Farmers Market, Ann Arbor Farmers Market, Toledo Farmers Market in Toledo, OH and the Richmond Farmers Market in Richmond, VA are examples of markets with open structures.

Market Halls

Public market halls or enclosed buildings--often of historic significance--represent a significant step forward in terms of complexity, risk, and potential reward. Indoor markets must be on property that is completely devoted to the market activity. Merchants generally sell throughout the year, six days per week, although some indoor markets operate only several days per week. To supplement their full-time tenants, many indoor markets have part-time vendors, such as farmers and crafts people, who sell from "day tables." Day tables are spaces within the market that can be rented by the day or for the short-term. They serve to bring new or seasonal products into the market and encourage fledgling entrepreneurs to get started in retailing by offering inexpensive space without the need for commitment to a lease.

In large indoor public markets, customers can find a tremendous selection of produce, dairy products, bakery goods, meat, poultry, seafood, coffees, teas, and spices. On this large scale, the number and diversity of vendors creates a critical mass that can attract customers from throughout the city. However, successfully operating a large market hall generally necessitates long hours and operation on the weekend, when most shopping at public markets takes place. Complex building systems, storage,

and refrigeration make market halls a considerable investment for sponsors and merchants alike. While the costs and effort needed to maintain these large markets are great, the potential benefits to the community are considerable and can justify the large expenditures of time and money.

Most public markets in traditional buildings somehow managed to survive the post-World War II shift of food buying to supermarkets. Market halls in Philadelphia, PA (Reading Terminal); Lancaster, PA; Baltimore, MD; Washington, DC (Eastern Market); Cleveland, OH; Buffalo, NY; and Los Angeles, CA (Grand Central Market) are examples of market halls largely built over 50 years ago which are still operating and, in most cases, thriving today. Many cities have developed new public market halls over the past 20 years. One of the most successful is the Granville Island Public Market in Vancouver BC, Canada, the centerpiece for a major waterfront redevelopment of a dilapidated industrial island adjacent to the downtown. Other new downtown markets have opened in Milwaukee, WI; Nashville, TN; Little Rock, AK, and San Francisco, CA; and cities such as Portland, OR are now in the planning stages.

Market Districts

In their most evolved state, public markets become the centers of districts where related businesses choose to locate, creating a highly synergistic and dynamic economic zone. Once the market activity is established, and people are drawn to it on a regular basis, complementary businesses such as restaurants, specialty food stores, and neighborhood services will locate nearby, filling vacant storefronts and, thereby, renewing urban areas.

Some market districts have strict and legally enforceable use and architectural controls to maintain the district's flavor and purpose, as well as common management and marketing efforts. In these cases, preference is given to fresh-food and related businesses and those serving a diversity of economic and ethnic groups, as well as start-up businesses. Pike Place Market in Seattle, WA, generally recognized as the premier public market in the United States and the Roanoke City Market in Roanoke, VA are both examples of thriving market districts in historic areas, which have been revitalized by the market activity.

Market Square

We discussed the idea of the market being integrated into a commercial development, but did not talk much about a market square. Personally, I think that would be the most auspicious use of the land and the best outcome for the market and the city. By this, I mean the entire two block area could be developed as a park with minimal building(s) that could accommodate a wide variety of uses.

I worry that if the parking lots were developed with large or even semi-large buildings, they could inadvertently quash the energy and atmosphere of the market.

Project for Public Spaces worked with the City of Detroit to create a new square, Campus Martius (http://www.campusmartiuspark.org/park_siteplan.htm) that has proven to be an extremely popular gathering place and a surprisingly strong economic engine as well. Here is a piece from the PPS website about the economic impact of the project:

<http://www.pps.org/pdf/Campus%20Martius%20Case%20Study.pdf>

The slope of your site is remarkably similar to the topography of Pioneer Courthouse Square in Portland, Oregon – one of the most successful and enjoyable public squares in this country which regularly hosts markets. <http://www.pioneercourhousesquare.org/>

Market Size and Growth

I like the size of the market – it is definitely on the bigger side, has good product variety (and it is still early in the season) and scales well to the site and surroundings. There is room for growth on South Street and the two or three streets that connect to the Mall. The market could also grow towards SOSO

The market could add another day in this location earlier in the week, say Tuesday or Wednesday.

You could think of some night markets too – particularly on the half blocks that connect to the mall with book markets or other themed markets. I think books would work well because Charlottesville has so many students and intellectuals.

I would be careful about adding too much non-food to the market, as you don't want to erode the basic fresh food, locally raised component that is the heart of the market's drawing power.

You could also think about enlarging the market system – it seems to be occurring already with the two new markets – with the City Market as the central market.

You should definitely start stretching your season and go to year-round. You could probably achieve this within two years once the vendors catch on and start planning ahead. Many markets in more northern climates are already doing this – so there is no reason you cannot do it too! The market will not have the variety of the summer – but with innovation and extended season growing techniques you can have enough there to keep customers interested. Plus, you will still have all your cheeses, poultry, fish, wine, meat, coffee, baked goods etc. I would suggest you have a meeting (or survey) the vendors and ask them who would be interested and how soon could they be ready.

Markets and Economic Development

Market sales have shown steady growth every year, with a quintupling of revenues over the past 10 years. The market can continue to build direct sales through season extension, more days and adding vendors. It is difficult to get an accurate picture of the 'cash' sales at markets.

After expenses, market revenue is not that significant (I don't actually know what the number is) but what is economically significant is job creation, agricultural preservation, positive health impacts and bringing people into the city who spend money at other businesses, restaurants, etc. And perhaps the

biggest impact of all is the creation of value in the surrounding area and the positive perception of downtown as a vibrant place to live, work, invest and spend quality time.

If you want to use a simple tool to measure your direct economic impact try this:

<http://www.marketumbrella.org/marketshare/>

In terms of measuring your larger impact, it would be worth looking at the economic impact study that Pike Place Market used to justify the expenditure of \$70 million in public funds to renovate the market.

http://www.pps.org/pdf/pike_place_economic_impact_study.pdf

Market Organization and Assessment

Here is an overview of management systems – and specific market examples - as a primer for the Task Force:

MANAGEMENT CONTRACT

The city establishes an oversight committee, but the actual operation of the market is undertaken by a private or non-profit corporation, usually selected through competitive bid. Generally the city must periodically re-bid the management contract competitively.

Examples

City Market – Kansas City, Missouri

City Market is located on the site of the original trading post that became Kansas City. City Market itself has been established for over one hundred and thirty five years, and was recently renovated by the city. Its central shed structures for farmers are surrounding by a variety of retail food businesses and restaurants; an art market now occurs on Sundays throughout the summer.

Following its renovation, the city issued an RFP to solicit qualified outside management. There is also a nine member Oversight Committee that acts as a watchdog for the market's interest. Seven of the seats are occupied by the City and two were recently added (see synopsis)

Although the market has greatly increased revenues under private management, the city continues to subsidize market operations and pay for capital improvements.

Broad Street Market – Harrisburg, Pennsylvania

The Broad Street Market, located in downtown Harrisburg, was established in 1861 and still occupies the same handsome stone market hall. The market was historically operated by the city.

After making nearly \$3 million dollars in capital improvements, the city decided to get out of the market management business and awarded a management contract to Historic Harrisburg Association (HHA), a 501 c(3) corporation. A lengthy negotiation hammered out a management agreement specifying the responsibilities of each party.

PRIVATE, NON-PROFIT (501C3)

Many markets have converted to private, non-profit management over the past twenty years. Under this system, the city retains ownership and control over the facility, and establishes a long-term lease with an independent, 501 c(3) corporation to operate the market. The lease spells out the terms of the agreement, and varies according to each city. The structure of most of the non-profits includes a broad-based board of directors, including citizens, vendors, nearby businesses, and usually one or more representatives of the city government.

Examples

Lexington Market – Baltimore, MD

The historic Lexington Market, located on the edge of downtown Baltimore, traces its beginnings back to the late 1700's. The current market complex was built in the 1950's and encompasses 260,000 square feet.

The city established the non-profit Lexington Market Corporation in 1979 and wrote a Lease and Charter Agreement establishing the parameters of control and obligation for the city and the corporation. The agreement contains a renewable 20-year lease for \$10 a year. All operating profits go to the city. However, prior to the 1979 agreement, there were many years of losses which are now depreciated against market revenues and the corporation has not paid the city any rent over the \$10. This allows the market to put operating profits into a capital fund. The market still, on occasion, receives capital assistance from the city.

The Market Corporation board has eleven members who were originally appointed by the mayor. There are three city appointed seats on the board and the remaining eight seats are filled by the board itself. There are no market tenants on the board.

The market does receive some "off the books" help from the city. They get free trash pickup and all of the revenues from the market parking garage. Combined, these are equivalent to nearly half a million dollars a year in revenue to the market.

North Market – Columbus, Ohio

North Market, a public market founded in 1876, is located near downtown Columbus and the new convention center. Located for nearly 50 years in a Quonset hut after a disastrous fire destroyed the original market building, North Market underwent a multi-million relocation and expansion program, which was completed in 1995.

The City of Columbus owns North Market and leases the market to the North Market Development Authority, Inc. (NMDA). NMDA is a non-profit 501 c(3) corporation organized in 1987 to preserve and

promote the market. The city, which was considering closing the market and tearing it down, gave NMDA a five year lease on the market in 1988, although the city continued to subsidize its operations. Beginning in 1989, a master planning process was initiated. Following the city's purchase of a vacant two story brick warehouse to house the relocated market in 1992, NMDA entered into a Memorandum of Understanding with the city, describing the roles of the city and the authority in the development of the expanded North Market. In 1994, the city entered into a development agreement with NMDA authorizing the Authority to go out for public bid as the developer of the project. The new home for the market along with an enlarged farmers market and parking facilities cost \$5.2 million. NMDA signed a new 20-year lease of the market with the city in 1995.

NMDA has as seventeen member volunteer board. In addition to revenues from the market vendors, North Market splits revenue from an adjacent parking lot with Capitol South Urban Redevelopment Corporation; in this lot, shoppers pay \$1-2 for the most convenient parking spaces.

PUBLIC, NON-PROFIT

Example *Pike Place Market – Seattle, Washington*

When Pike Place Market opened in 1907, farmers originally met in this downtown location to sell their wares from the backs of their wagons; as trade grew, individual stalls were constructed. Near death in the 1970's, the market almost closed, but residents rallied together and in 1976 the market was saved, preserved as an Historic District and has continued to grow in popularity, size and selection. The current indoor/outdoor market encompasses more than seven acres, three floors and over 300 stalls, 100 farmers, more than 200 artists and craftspeople, many businesses and restaurants and approximately 450 residents.

The Pike Place Market Preservation and Development Authority (PDA) is a non-profit public corporation chartered by the City of Seattle in 1973 to serve as caretaker and steward of the city's historic public market center. The market also has a 501 c(3) – The Market Foundation – which works to support human service agencies, advocate for low income and needy residents, and raise funds to support the public purposes of the PDA.

PDA staff activity is governed by the PDA Council, a 12-member volunteer board consisting of four mayoral appointees, four members elected by the Market constituency and four members appointed by the PDA Council itself. Council members serve four-year terms.

PDA serves as the landlord and manager for 80% of the properties located within the nine-acre Market Historical District. Various private interests own the remaining properties. All buildings and activities within the Pike Place Market, regardless of ownership, are governed by the covenants and ordinances designed to protect and preserve the traditional commercial and cultural uses of the market. Revenues for the market are derived through property management activities. The market is not tax supported.

The Pike Place Market Historical Commission is an arm of the City of Seattle Department of Neighborhoods. The Historical Commission has authority over allowable design and use of space within the market, in accordance with city guidelines and policies designed to maintain and preserve the market's historic character. Commission members are appointed from property owners, merchants and residents within the Historic District.