

Feasibility Study

For a Permanent Farmers' Market Facility on San Juan Island

Prepared for:

San Juan County Economic Development Council

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Executive Summary

The San Juan Farmers' Market Association and supportive citizens have been actively working to create a permanent farmers' market facility since 2004. Earlier efforts have included the Port of Friday Harbor, the Town of Friday Harbor, and the San Juan Island Grange. However, these earlier efforts did not result in successfully securing an appropriate location.

Currently, the San Juan Farmers' Market takes place every Saturday, April through October, at the Courthouse parking lot. However, this current location is not ideal as it is only available on a year-to-year basis and is only available on Saturdays. Most importantly, the Courthouse parking lot has no protection from the elements. Attendance is poor and sales are down in rainy weather. The winter farmers' market does not have a secure location. A year-round covered farmers' market facility is needed to develop, promote, and expand the direct marketing of local farm products, and increase direct marketing revenue, which is essential to the sustainability of small farms.

In early December 2007, a group of people representing a broad range of county agencies, farmers, and local food advocates recommended the formation of the San Juan Islands Agricultural Guild (Ag Guild), a 501(c)(3) Washington State non-profit corporation with the primary purpose to foster sustainable agriculture in San Juan County. The Ag Guild was ratified at a public meeting on February 4, 2008.

The Ag Guild recognizes that development of a comprehensive food system is essential to fostering sustainable agriculture in San Juan County. As part of that greater goal, the Ag Guild's first project is the creation of a Permanent Farmers' Market facility on San Juan Island. This multi-use agricultural facility will

- Address the goals of the San Juan Farmers Market Association for a year-round covered farmers' market facility that will include a mid-week as well as Saturday market
- Be designed to include storage, processing, distribution, and educational facilities
- Address several county goals including farmland preservation, tourism promotion in the off-peak season, and economic development with the greatest local multiplier effect
- Address emergency preparedness goals through facility design and increase the community's capacity for self-sufficiency
- Provide cold and cool storage facilities for San Juan County farmers with no access to public electricity and farmers with limited storage capacity

Nationally, farmers' markets have expanded in number from 1,746 in 1994 to 4,700 farmers' markets today with more than \$1 billion in annual sales. Permanent, year-round facilities are recognized as an important component to the stability and economic success of farmers' markets, as well as a benefit to the

local community in increased economic development with the greatest multiplier effect and increased community food security.

A permanent farmers' market facility is feasible on San Juan Island given the identified need and demand for the facility, the longevity and success of the San Juan Farmers' Market and its strong customer base, and the local population base augmented by part-time residents and tourists. The draft operating budget for the most feasible site demonstrates the feasibility with current actual farmers' market stall fee revenue along with conservative estimates of additional operating revenue compared with detailed, conservatively estimated operating expenses. The feasibility of purchasing property and paying for all the project development costs is not a determining factor in this study. The current goal of the Ag Guild is to raise all the funds needed for the capital development costs through donations, local funds, grants, and other available funding sources.

The San Juan Farmers' Market's customers have demonstrated strong support for a permanent farmers' market facility. In 2004, two-thirds of the customers surveyed said that a year-round covered structure was desirable. By 2008 over 87% supported a permanent farmers' market facility with less than 4% supporting the continuation of an entirely outdoor farmers' market as it currently exists.

The feasibility of a permanent farmers' market facility is also demonstrated by the broad range of community members and local and regional organizations that are engaged in this current effort to make the long desired year-round facility a reality. The San Juan Islands Agricultural Guild (Ag Guild) is working closely with the San Juan Farmers' Market Association on the facility design and in identifying the most feasible location.

The historic Friday Harbor Brick & Tile Company property at 150 Nichols Street has been identified as the most feasible site for the Permanent Farmers' Market facility. A primary reason for the number one ranking of this site is the commitment from the San Juan County Land Bank for \$600,000 towards the purchase of the property, with \$400,000 for an historic preservation conservation easement and \$200,000 that would need to be repaid. This property is the site of the only historical industrial building remaining in downtown Friday Harbor, and both the Town of Friday Harbor and the San Juan County Land Bank are interested in protecting and preserving this building (that manufactured concrete building blocks and bricks for the construction of several downtown historic structures). The 150 Nichols Street historic structure has undergone a thorough structural engineering analysis, and while a number of structural reinforcement and remodeling requirements are needed to bring the building up to code, the building is essentially sound.

The 150 Nichols Street property is large enough to accommodate a 50% increase in the current number of peak season vendors. The historic structure includes a

2,400 square foot open area with large barn-like doors at either end that could accommodate 23 vendors indoors, year-round. Additionally, the 960 square foot 'shed' area could accommodate cool, cold, and dry storage, as well as a small commercial kitchen. The 1,000 square foot second floor apartment would provide additional revenue as a separately rented office suite or vacation rental. The remaining property can accommodate an additional 35 – 39 vendor spaces in the spring, summer, and fall, as well as a stage, and green space.

Another advantage of the Nichols Street site is the Town of Friday Harbor's public restrooms located next door to the property. Both the San Juan County Health Department and the Town of Friday Harbor have said that these restrooms would meet the restroom requirements for the Permanent Farmers' Market facility. The existing public restrooms afford significant savings to both the capital development and operating budgets.

The primary disadvantage of the Nichols Street property is the limited on-site parking. The San Juan Farmers' Market Association anticipates providing a "veggie valet" (curb-side purchase drop off/pick-up booth) and/or a shuttle bus that would bring customers to and from the Courthouse parking lot and the Port of Friday Harbor. Another disadvantage is that while the property is located in the downtown core, it is not highly visible from any of the major roads. The marketing plans for the Permanent Farmers' Market facility will need to specifically address the challenges of limited on-site parking and lack of visibility from major roads.

In spite of the challenges the Nichols Street site presents, the Ag Guild and the San Juan Farmers' Market Association are excited by the vision for the renovation of this currently blighted site into a vibrant and festive downtown community gathering space where the year-round farmers' market can thrive.

Depending on the purchase price yet to be negotiated, the capital development costs are potentially significant, and creating the Permanent Farmers' Market facility in downtown Friday Harbor will require a substantial commitment from local donors in addition to potential grant and public funds. These are challenging times economically, but also the time to focus resources on what is essential to the community. The Permanent Farmers' Market facility will provide the infrastructure local food producers need, provide economic development with the greatest multiplier effect, and increase community food security and access to great local food.

Study Purpose and Background

Study Purpose

The purpose of this study is to assess the feasibility of the Permanent Farmers' Market Multi-Use Agricultural Facility on San Juan Island. In addition, this feasibility study will assess the top three ranked potential locations for this facility.

The Permanent Farmers' Market Multi-Use Agricultural Facility is a phased project. Phase one is a year-round covered farmers' market facility that is designed to include subsequent phases including storage, distribution, and value-added processing facilities, as well as a location for educational programs that will showcase the agricultural heritage of San Juan County while furthering sustainable agriculture. This multi-use agricultural facility will serve as a model for the other farmers' markets in San Juan County, provide economic development opportunities for farmers county-wide, and give San Juan Island residents and visitors year-round access to the freshest and most nutritious local foods.

This study will assess whether the Permanent Farmers' Market facility is feasible given the population base, cost of development and operations, and potential additional revenue sources.

This study will also conduct a detailed assessment of the top three ranked potential sites: the historic Friday Harbor Brick & Tile Company property at 150 Nichols Street, the old Browne Lumber property at 330 Spring Street (both of which are in the Town of Friday Harbor), and the San Juan County Fairgrounds (located just outside the town boundary) (Please see appendix i, "Map of Top Three Potential Sites for the Permanent Farmers' Market Facility"). The assessment of the top two ranked sites includes structural engineering assessments, architectural conceptual plans, and draft capital development and operating budgets.

Background

San Juan County is located in the most northwestern corner of the continental United States midway between Vancouver Island, British Columbia, and the mainland of Washington State. San Juan Island is the most populous island in the San Juan County archipelago and includes Friday Harbor, which is San Juan County's only incorporated town, largest commercial hub, and the location of the county seat. Friday Harbor is also the location of the San Juan Farmers' Market, which is one of the three San Juan County farmers' markets.

San Juan Island is one of only four islands in San Juan County that are served by Washington State Ferries. The approximately hour and a half ferry ride, commercial or private plane, or private boat are the only means of transportation between the islands of San Juan County and the mainland. The mild maritime climate (with winter temperatures ranging from 40 – 60 degrees, 18 – 28 inches of

rain and an average 247 sunny days a year) allows for a year-round growing season.

Agriculture is growing and changing in San Juan County. The San Juan Islands once produced a significant amount of the agricultural products for the Puget Sound region. After the development of agricultural land in Eastern Washington and the economic changes following World War II, San Juan County's agricultural production declined. However, much of the historic pastoral landscape remained, contributing to the scenic beauty of the islands so valued by residents and visitors to this day. In the 1980s and '90s the number of farms and agricultural production began to rise again with more diversified, niche, and sustainable farming. This increase in farming is a result of consumer demand for fresh, local farm products as well as those who have chosen to farm in San Juan County.

San Juan County is experiencing rapidly changing demographics to a wealthier, retirement aged populace, and San Juan County farmers' are facing rising land costs and impinging development. Residents and visitors are simultaneously becoming more aware of the value of San Juan County's pastoral landscape and the value of local food production to community food security, environmental stewardship, and quality of life and health issues.



San Juan Farmers' Market in the early 1980s at its first location in front of the American Legion Photo courtesy of the San Juan Historical Museum

In 2002 (the most current USDA Census of Agriculture data available), the total market value of agricultural production in San Juan County was \$3.1 million, up from \$2.7 million in 1997. That number is expected to rise again in the next USDA census report. There were 225 farms in 2002. Based on community knowledge, this number will also increase at the next reporting, though farm size is decreasing with a 2002 median size of 46 acres (please see appendix ii, "San Juan County Number of Farms and Size of Farms"). Since 2002 there are two newly certified Grade A dairies, and the number of farms/farm vendors at the San Juan Farmers' Market (located in Friday Harbor) has increased from 19 to 28. In addition, the reported gross annual sales of the San Juan Farmers' Market increased over 55% from \$156,653 in 2006 to \$244,044 in 2007. San Juan County has a total population of 15,500 (with 6,822 on San Juan Island) and three farmers' markets.



The San Juan Farmers' Market in 2007

The remote location of San Juan County coupled with the growing expense of transportation off island and increased emergency preparedness awareness has also increased consumer demand for local foods. The draft Economic Development Element of San Juan County's Comprehensive Plan states that San Juan County agriculture "ensures a fresh, healthy, local supply of food – which is a valuable community asset in and of itself, but absolutely critical in times of emergency (i.e. islands are cut off from mainland due to some kind of natural or man-made catastrophe)." The planning and design of the cool and cold storage facility components will be conducted in collaboration the San Juan County /Town of Friday Harbor Department of Emergency Management in order to help address emergency preparedness.

San Juan County identified agriculture as one of the top five economic emphasis areas for the county, focusing on preservation and growth through value-added capacity and marketing. The draft Economic Development Element asserts the need for market infrastructure to develop the viability of island agriculture and food security. Two key recommendations are:

- Purchase and support a new home for a **year-round covered farmers market** on all islands. Consider a public-private partnership model to

- offset initial capital costs for vendors and recoup municipal investment by ensuring a desired “net present value” threshold is met.
- Develop a **cooperative processing, storage and shipping center** on Port properties (all three Ports have property), or at least one of these capacities initially and the others later. A central storage (frozen) and distribution center will enable local farmers to offer products in the winter, enhanced food security, improve off-island export opportunities and provide a greater year-round base of offerings for the farmers market. Preliminary indications suggest this can be done in one building on a half-acre parcel. If successful in Friday Harbor, smaller satellite facilities could be developed on other interested islands.

The San Juan Farmers’ Market includes three Waldron Island farms vendor/members. Waldron Island is a small and remote island in San Juan County that has no Washington State Ferries service and no public electricity. These three farms have extremely limited or no cool and cold storage facilities for their farm products, and are further challenged in bringing their products to market on the same day as the market given that they have no public ferry service.

Through a USDA Food Security Program grant, San Juan County’s WSU Extension and the Lopez Community Land Trust designed and built the first in the nation USDA inspected mobile meat processing unit. The San Juan Farmers’ Market includes five vendor/members of the San Juan Farmers’ Market Association who are also members of the Island Grown Farmers Cooperative that operates the USDA mobile meat processing unit and a USDA inspected meat processing facility, allowing these farmers to sell their meat products directly to consumers. These farmers’ meat products production has been limited in part due to their own farm’s limited cold storage capacity.

The San Juan County Agricultural Resources Committee’s 2006 Producer Survey identified access to markets as a major barrier to farming in San Juan County (second only to regulatory barriers). The San Juan County Agricultural Resources Committee subsequently identified the creation of a permanent farmers' market as a major component for successful marketing of local agricultural goods in the islands.

In early December 2007, a group of people representing a broad range of county agencies, farmers, and local food advocates recommended the formation of the San Juan Islands Agricultural Guild (Ag Guild), a 501(c)(3) Washington State non-profit corporation with the primary purpose to foster sustainable agriculture in San Juan County. The Ag Guild was ratified at a public meeting on February 4, 2008. The Ag Guild’s Board of Directors represents a broad range of local and regional agricultural organizations, and diverse county organizations (please see appendix iii, “San Juan Islands Agricultural Guild Board Members”).

The Ag Guild recognizes that development of a comprehensive food system is essential to fostering sustainable agriculture. As part of that greater goal, the Ag Guild's first project is the Permanent Farmers' Market facility. This multi-use agricultural facility will

- Be designed to include storage, processing, distribution, and educational facilities
- Address the goals of the San Juan Farmers Market Association for a year-round covered farmers' market facility
- Address several county goals including the preservation of agricultural lands identified in San Juan County's Open Space and Conservation Plan, the tourism promotion priority to bring more tourists to the islands in the off-peak season, and economic development with the greatest local multiplier effect
- Address emergency preparedness goals by collaborating with the San Juan County /Town of Friday Harbor Department of Emergency Management on storage facility design and encourage and support increased self-sufficiency
- Provide cold and cool storage facilities for San Juan County farmers with no public electricity access and farmers with limited cold and/or cool storage capacity

Currently, the San Juan Farmers' Market takes place every Saturday, April through October, in the Courthouse parking lot. However, this current location is not ideal as it is only available on a year-to-year basis (with the possibility of construction and/or construction staging which would make the site unavailable), and it is only available on Saturdays. Most importantly, the Courthouse parking lot has no protection from the elements. Attendance is poor and sales are down in rainy weather (which can happen often in the spring and fall). The winter farmers market does not have a secure location (it was held at two different sites in 2007-2008), with some sites accommodating only a limited number of vendors and customers. The Permanent Farmers' Market's facility will encourage the development, promotion, and expansion of direct marketing of agricultural commodities from farmers to consumers and tourists, and increase direct marketing revenue.

Direct marketing venues such as farmers' markets are essential to the economic sustainability of small farms. The majority of farms in San Juan County are small farms. As of 2002, 68% of San Juan County's farms had annual sales less than \$10,000 and only 3% had sales of \$50,000 or more. Direct marketing sales in San Juan County increased 140% from \$174,000 in 1997 to \$418,000 in 2002.

The San Juan Farmers' Market Association and supportive citizens have been actively seeking a location for a Permanent Farmers' Market since 2004. Earlier efforts have included the Port of Friday Harbor, the Town of Friday Harbor, and the

San Juan Island Grange. However, these earlier efforts did not result in successfully securing an appropriate location.

The Ag Guild has been successful in securing significant project development support for the Permanent Farmers' Market project from several local, regional, and national organizations:

San Juan Island Community Foundation: Architectural and/or structural engineering design (\$4,000)

USDA Farmers' Market Promotion Program: Facility planning and design (\$10,000)

Northwest Agriculture Business Center: Technical assistance for planning, design, fundraising, feasibility study, and a business plan (valued at \$34,000).

San Juan Farmers' Market Association: Booth space for outreach, surveys, and fundraising (valued at \$240).

San Juan County Agricultural Resources Committee: Office expenses and promotional materials (valued at \$12,000).

San Juan County Economic Development Council: Office space, phone, and equipment (valued at \$23,500).

San Juan County /Town of Friday Harbor Department of Emergency Management: Technical assistance for design of the cool and cold storage component to increase San Juan County's self-sufficiency and emergency preparedness.

San Juan Islands Conservation District and WSU Extension San Juan County: Planning and design of the educational component.

Local support includes \$28,099 in cash donations (\$23,429 donated specifically for the Permanent Farmers' Market facility's capital costs) and \$17,160 in in-kind donations for a total of \$45,259 received to date.

This feasibility study was prepared by the Ag Guild's Permanent Farmers' Market Project Director, Lovel Pratt. This feasibility study was prepared for the San Juan County Economic Development Council who has funded this study with a Rural Opportunity Fund grant from the Washington State Department of Community, Trade and Economic Development. Matching funds have been provided by the Northwest Agriculture Business Center along with technical assistance from Director David Bauermeister. Bill Watson, San Juan County Economic Development Council; Vance Corum, Farmers' Market America; and Deborah Hopkins, Executive Director of the San Juan Islands Visitors Bureau also contributed to this study.

Organizational Matters

The study is presented in twelve sections: Industry Research, Market Research, Site Selection Process, Preliminary Conceptual Plans and Structural Engineering Analysis, Budget Information, Feasibility Conclusions, Management Plan, Marketing Plan, Job Retention and Creation, Project Impact, Next Steps, and Appendices. The following is presented to familiarize the reader with the contents of the twelve major sections of the study.

1. Industry Research

Vance Corum provided the majority of the material in this section, including overview information on the United States food industry, farmers' market farm vendors, farmers' market customers; and research on farmers' markets that includes 21 case studies.

2. Market Research

This section includes the results of the 2008 San Juan County Food Producer Survey; the results of the San Juan Farmers' Market's customer research conducted in 2004, 2007, and 2008; and the results of the San Juan Islands Visitors Bureau Fall 2007 and Spring 2008 Visitor Exit Surveys.

3. Site Selection Process

This section includes the criteria for a Permanent Farmers' Market facility as identified by the Ag Guild and the San Juan Farmers' Market Association, along with a detailed description of the site selection process and the top three potential sites identified.

4. Preliminary Conceptual Plans and Structural Engineering Analysis

This section provides detailed information on the top two ranked sites for the Permanent Farmers' Market facility, including the conceptual plans prepared by architect David L. Waldron, and the structural engineering analysis conducted by Thomas E. Metke, P.E., P.L.S.

5. Budget Information

David Bauermeister, Director of the Northwest Agriculture Business Center, provided the majority of the information in this section. The budget section

includes both a draft project development budget and a draft operating budget for the top two ranked sites.

6. Feasibility Conclusions

The feasibility conclusions will be in two parts: 1) The feasibility of a Permanent Farmers' Market facility on San Juan Island; and 2) The feasibility of the top three ranked sites: 150 Nichols Street, 330 Spring Street, and the San Juan County Fairgrounds.

7. Management Plan

The management plan identifies options and goals for the long-term property and facilities management structure. Preliminary recommendations from the Ag Guild's Permanent Farmers' Market Long-Term Property Ownership and Facilities Management Committee are included in this section.

8. Marketing Plan

Deborah Hopkins, Executive Director of the San Juan Islands Visitors Bureau, contributed to this section. This section includes preliminary suggestions for consideration in developing both the start-up and on-going marketing plans. The marketing of the Permanent Farmers' Market facility will include the marketing of the farmers' market to both existing and new customers, the marketing of the facility to farmers and food processors, and the marketing of the facility for use by other events and functions.

9. Job Retention and Creation

This section provides information on farmers' market job retention and creation. Local job retention and creation potential is identified through an informal survey of existing San Juan Farmers' Market vendors. This section will also address the creation of new jobs through the Permanent Farmers' Market facility as a business incubator.

10. Project Impact

This section identifies the potential for the Permanent Farmers' Market facility to positively impact the local community.

11. Next Steps

This section identifies the next steps for the Permanent Farmers' Market project. Based on this determination of feasibility and the selection of a site, certain tasks should follow.

12. Appendices

This section contains the following appendices:

- i. Map of Top Three Potential Sites for the Permanent Farmers' Market Facility
- ii. San Juan County Numbers of Farms and Size of Farms
- iii. San Juan Islands Agricultural Guild Board Members
- iv. 2008 San Juan County Food Producer Survey Results
- v. 2004 Rapid Market Assessment
- vi. 2007 San Juan Farmers' Market Customer Survey
- vii. 2008 San Juan Farmers' Market Customer Survey
- viii. Permanent Farmers' Market Site Selection Process Summary
- ix. Comparison Chart: Top Three Permanent Farmers Market Sites and San Juan Farmers Market Association Criteria
- x. 330 Spring Street Architectural Conceptual Plans
- xi. 330 Spring Street Structural Engineering Analysis
- xii. Newspaper Article re. 150 Nichols Street 1-20-1921
- xiii. 150 Nichols Street Structural Engineering Analysis
- xiv. 150 Nichols Street Architectural Conceptual Plans
- xv. Letter from San Juan County Health and Community Services
- xvi. San Juan Farmers' Market Association Meeting 9-27-2008
- xvii. Town of Friday Harbor Parking Map
- xviii. Nichols Street Design Review Meeting 9-15-2008
- xix. Nichols Street Design Review Meeting 11-19-2008
- xx. The Friday Harbor Brick & Tile Building: Considerations and Recommendations for Future Work
- xxi. The Friday Harbor Brick & Tile Building: Elements of Significance
- xxii. Farmers' Market Stall Awning Design
- xxiii. Permanent Farmers' Market Project Draft Budgets
- xxiv. *Farmer in Chief*, by Michael Pollan, The New York Times, 10-12-2008
- xxv. Energy Efficient Design Considerations for Grocery Stores/Markets

1. Industry Research

Industry Overview

The U.S. food system is in constant flux with retail competition continually driving changes that affect the nation's farmers, positive or not. Retail grocery mergers have sped the trend toward direct contracting of produce supplies with the largest farms, leaving a diminished role for wholesale markets and, consequently, negatively impacting small and medium-sized farmers. Faced with fewer markets to buy their products, thousands of farmers have turned to direct marketing. Often with local business, government and consumer support, a loose infrastructure of farmers' markets has been rebuilt across the nation over the last three decades.

Retail food markets are constantly reassessing their strategy, more than doubling their produce offerings over this time. Managers are often imitating local farmers' markets, adding old crates or renaming their produce section "Farmers Market" to jump on the bandwagon of consumer acceptance. Within the natural foods realm, Whole Foods and Wild Oats have spent the last 15 years building their food empires as they bought out local and regional stores – Bread and Circus, Mrs. Gooch's and Fresh Fields, to name a few – and bought suppliers such as Allegro Coffee and Fresh and Wild to add to their supply line. They have established national purchasing practices similar to their retail grocery competitors. With Whole Foods' buy-out of Wild Oats, it has tried to demonstrate support of local small farmers, testing farmers' markets in parking lots of certain locations and holding meetings to reinforce interest in purchasing from regional producers.

Within this larger context of retail mergers, expanded consumer selection and diminished farmer marketing channels, the resurgence of farmers' markets has provided a beacon of hope for America's small farmers. Farmers' markets have expanded in number from 1,746 in 1994, to 2,863 in 2000 and to 4,700 today. This explosion translates into a doubling of volume sold in 14 years to more than \$1 billion of products annually. However, most of these markets do not have locally financed structures established on "Market Street" or on the Commons as in our past. The great majority of farmers' markets operate "open air" on parking lots, city streets, parks, church lots, hospital property, private plazas, mall lots and elsewhere.

Communities have documented numerous benefits from farmers' markets: local food system strengthening, downtown and neighborhood renewal and revitalization, economic opportunities for vendors, local economy building, public health promotion, growth reduced, sprawl minimized, public space enlivened and people diversity celebrated.

Markets serve as anchors for local businesses, encourage spin-off development, enhance real estate values, increase the tax base and keep money in the local area. They are started and operated by local food advocates, have a high degree

of sustainability and address local food security issues including affordability, hunger prevention, cultural responsiveness, social integration and access to fresh products. Markets reduce isolation and depression while increasing nutritional and health information availability.

Traditional economic impact analysis does not account for the expanded consumption, tourism, quality of life, social interaction and cohesion, and entrepreneurship that are so often part of the living fabric of farmers' markets.

One recent study showed that 95% of food consumed in Portland is imported from outside of Oregon. Nearly three-quarters of the direct impact of grocery stores leaks outside the region. Thus, while spending at farmers' markets in Portland is estimated at \$11.2 million, equivalent spending at grocery stores has only \$3.4 million in local economic impact (Bonnie Gee Yosick, 2008).

The three components of economic activity of the 14 Portland farmers' markets – the sale of fresh product at the markets, the sale of prepared food for consumption at the markets, and the management fees and operations – yields an estimated total economic impact of over \$17 million in output, more than 150 jobs, and nearly \$3.2 million in employee compensation.

Farmers' Market Farm Vendors Overview

In 2000 there were 19,000 farmers in farmers' markets across the country. Four-fifths (79%) of farmers have sales under \$10,000 per year and 31% exclusively use farmers' markets (2006). Why do they choose this outlet? They can make more money, have more control over price, test the market for new varieties, sell less perfectly shaped fruit and vegetables, and build relationships with customers as they get cash for their products.

Market vendors generally have multiple outlets for their products. Fewer than one-in-six vendors sell the vast majority of their products through farmers' markets while another one-half sell a majority:

Percentage of Product Sold at Farmers' Markets	Percentage of Vendors
0-10%	38.1%
10-25%	21.9%
26-50%	20.0%
51-75%	51.7%
75-100%	16.2%

In a recent study of five major U.S. cities farmers' market systems (Farmers' Markets America, 2008), the strongest markets were found to have a strong commitment to true producers of food being present in the markets.

VENDOR BREAKDOWN – BEST MARKET IN MAJOR CITIES

	<u>Seattle</u>	<u>St. Paul</u>	<u>Sacramento</u>	<u>S.F. Bay</u>	<u>Santa Monica</u>
Farmers	59%	56%	86%	53%	80%
Ranchers	6%	9%	1%	3%	4%
Cheese/dairy/eggs	15%	12%	3%	5%	9%
Value-added	9%	7%	-	20%	-
Bread/baked goods	9%	5%	6%	7%	3%
Hot/ready-to-eat	-	4%	-	3%	1%*
Fish/seafood	3%	1%	4%	5%	3%
Crafts/artisans	-	3%	-	3%	-
Local business	-	-	-	3%	*

The best market in each market system is focused on local food producers – from 60% to 93% of all market vendors are farmers, ranchers and cheese/dairy/egg producers. Including value-added food producers (jams, vinegars, etc.) and bread makers, the range is 88% to 97% of all vendors; Santa Monica and Sacramento support value-added products from farmers only.

Farmers’ Market Customers Overview

Farmers’ markets are rated less convenient by shoppers than grocery stores, based on distance, parking, hours and selection. However, customers favor the markets because of fresher products, less bland taste, the pleasant atmosphere, knowing the producer personally, learning about agriculture and nutrition, and supporting the local economy.

The leaders of the major city market systems above were nearly unanimous in their perception of the benefits as prioritized by customers: quality, variety, support and personal connection with local farmers and a community experience.

Even the new 6th Avenue Farmers Market in Tacoma (est. July 15, 2008) has found a customer base that is a combination of casual cooks, professional chefs, social butterflies, health-conscious eaters, locavores and independent business supporters that reflect more well-established markets like Santa Barbara (est. 1976). Some customers become embroiled in the intra-market politics around a given issue, e.g. Das Williams blog discussed an excerpt from the Santa Barbara Independent, September 7, 2006, analyzing 1) half the farmers and 5 of 9 board members being from outside the county, and local growers deserving priority in gaining access to the market, and 2) reviewing the new Executive Director’s recommendation of a stall fee increase from 5% to 6% (originally 10%) not being approved and the director being dismissed.

Former populist Texas agricultural commissioner and current radio commentator Jim Hightower has said, “Farmers’ markets are the most democratic institution in America today.” Indeed, customer access to information through traditional and non-traditional methods allows them to weigh in on issues, further democratizing this institution.

According to a 2004 USDA study, customers spend an average of \$312,000 at farmers’ markets. They sometimes travel a fair distance to market (farther than to traditional grocery stores):

	<u>National</u>	<u>Far West</u>
Within 10 miles	67%	73%
Within 10-20 miles	19%	17%
20-50 miles	8%	5%
50+ miles	5%	5%

Customers have varying interests in coming to markets: some come for organic produce, others for hormone- and antibiotic-free meats, ethnic crops, good value (price relative to quality), socializing and community-building, or the chance to make their money count and influence our food system.

Researchers have studied 19 farmers’ markets in San Luis Obispo County, California, the best test market in the United States according to *Demographics Daily*. (Note that non-shoppers are study participants who did not shop at a farmers’ market within the previous month, but may have attended a farmers’ market for entertainment, ready-to-eat food, etc.) They found farmers’ market customers are more likely than non-shoppers to attend for: high quality, good value, specialty items, buying from farmers, socializing, entertainment, shopping area stores, and organic produce. Both shoppers and non-shoppers have two major reasons for not shopping at farmers’ markets: inconvenient times (28%) and problematic parking (20%). These strengths and weaknesses are similar to those found in a North Carolina study. Other lesser reasons for not shopping are distance from home (14%), buying all food at the same time (6%) and no use for such products (4%) (Wolf, Spittler and Ahern, 2005).

Non-shoppers’ reasons for attending a farmers’ market are smaller in number and differently prioritized (than shoppers above) as follows: to eat (45%), socializing (40%), entertainment (38%), high quality (36%), good value (35%), shop area stores (27%), direct from farmers (23%), special events (21%), organic produce (18%) and local wines (9%) (Wolf).

Comparing quick customer intercept research done in various markets (Corum, Neighborhood Farmers Market Alliance), customers indicate that the farmers’ market is the primary motivation for coming downtown in Montpelier, VT (66%), Kirkland (57%), Columbia City (75%), and West Seattle (76%).

Many studies show 30-50% of customers combine their market visit with shopping in other stores. Overall dollars spent downtown exceeded those spent in markets in Montpelier and Kirkland, and in Port Angeles (Corum, 2003) customers reported spending three times more in downtown, perhaps a combination of high tourist activity and low product variety. In other communities like Davis, California (Corum, 2005) and Beaverton, Oregon (Lev, 2002), shoppers spend less downtown because the market is not immediately adjacent to a business district.

One study has shown the following impacts of farmers' markets on consumers:

- 55.7% Eat more fruits and vegetables
- 30.4% Eat more organic produce
- 42.9% Provide enough food for the family
- 48.9% Eat more food from their cultural background

Existing Farmers' Markets Research

The San Juan Farmers Market has been part of the national farmers' market revival, serving farmers and other food entrepreneurs as well as countless thousands of consumers over the years. Like many communities, Friday Harbor is confronted with the question of how to ensure the long-term success of its market. Finding a permanent location that will allow and encourage vendor expansion will be beneficial for stability and growth. The market has responded and must continue to creatively address the heightened consumer demand for a broader selection of local products and for choice among providers that mirrors or betters the offerings of local grocers and big box competition. The alternative is a slow decay based on a belief in maintaining the status quo. Indeed, today's consumers want to support farmers but most will do so only if given choice comparable to other stores in the product areas we serve, especially since farmers' markets are not matching them in the realm of non-local produce.

The search for a new location, thus, should allow for a healthy expansion of the vendor base that will be compelling for existing customers and inspiring to new potential customers. Market loyalists are one consumer sector that some may feel can be taken for granted; even if such is true, far larger consumer sectors are not swayed by current market offerings. Just as a store upgrade includes a facelift and new space, farmers' markets can benefit from a periodic major improvement. The search for a new market site provides the perfect moment for introspection and review of current practices as well as an assessment of preferred consumer changes.

Farmers' markets have the potential to positively affect the number of economically viable and environmentally sustainable farms in a region. Indeed, the existence of well-run markets has caused many people to start farms and numerous other businesses, including bakeries, chocolate shops, goat operations and other value-added food businesses. When markets are open to expansion,

they can significantly strengthen the local and regional food economy. This, in turn, benefits the conservation of local farmland.

The site selection process will hopefully benefit from the exploration here of other farmers' markets around the country. As a caveat, please note the differences in total population and annual household income among the communities compared. No farmers' market's relative success can be transferred to another by inference, even if the demographics are very similar.

The farmers' markets presented here are not meant to be a conclusive list, but were selected based on their ability to shed some light on the feasibility study and the site selection process, with all its attendant issues, challenges and opportunities.

<u>City</u>	<u>Population</u>	<u>Median Household Income</u> <u>(2007 except as noted)</u>
Astoria, OR	9,917	\$37,405
Athens, OH	20,896	\$19,166
Beaverton, OR	89,643	\$53,563
Bellingham, WA	75,150	\$51,014
Davis, CA	60,964	\$53,200
Eau Claire, WI	62,500	\$54,656
Ephrata, PA	494,486 (Lancaster Co.)	\$54,010
Ithaca, NY	30,343	\$26,355 (strong student population)
Knoxville, TN	404,972	\$40,044
Madison, WI	233,389	\$48,751
Marin, CA	248,742 (Marin Co.)	\$80,519 (2005 county)
Montpelier, VT	12,223	\$53,458
Olympia, WA	44,645	\$46,529
Pasco, WA	49,927	\$40,489
Penn Yan, NY	24,732 (Yates Co.)	\$37,127 (2004 county)
Port Townsend, WA	9,000	\$53,458
Portland, OR	537,081	\$46,858
Puyallup, WA	36,605	\$57,322
Saint Paul, MN	287,151	\$38,774
Santa Fe, NM	72,000	\$48,792
Santa Monica, CA	88,050	\$58,735

Note: Many income figures are updated for 2007 from such websites as Money and Sperling's Best Places, representing considerably higher estimates of household income than were initially used in the case studies below. Athens, OH and Ithaca, NY figures may be substantially depressed as a result of strong student populations.

For comparison, San Juan Island has a year-round population of 7,752, with San Juan County's population at 15,900. The median household income for San Juan County is \$43,491.

Case Study #1: Bellingham, WA – Building on Public Lot

Population: 75,150

Median Household Income: \$51,014

Nine farmers and community members met in 1992 to plan the opening of the Bellingham Farmers' Market in the largest city and the county seat of Whatcom County. The City provided a parking lot as the site and money for tents because of its interest in redeveloping downtown. Solid planning led to 50 farmers on opening day in 1993, with the largest sales of any new market in the state at that time. In 1994 they opened a second market day nearby and in 1995 a third market was started.

Soon thereafter they began to envision a market structure to provide weather protection and restrooms. Through community support, planning and laying groundwork, they emerged 10 years later with a building that far exceeds their initial vision. In 2003 the City lobbied heavily to secure the initial state grant that kicked off a \$2.7 million campaign:

- \$450,000 State capital fund special appropriation
- \$900,000 City real estate excise tax
- \$150,000 City parking fund
- \$150,000 City sewer fund (for restrooms)
- \$220,000 County Economic Development Investment Fund grant (State tax rebate)
- \$500,000 Market fundraising



The mayor's funding support was essential; when more funds were needed, additional City real estate excise tax was secured. Community fundraising was critical in meeting the final budget, especially with the increase in the price of steel during the capital campaign. The result: a key Skagit River bridge being torn down was recycled into the project, adding history and design to the main pavilion.

The 1-acre site along Railroad Avenue is a corner parcel approximately 140' deep. There is 31,900 sq. ft. of outdoor space, including two 20' x 125' sheds running parallel to the avenue and one perpendicular, creating 7500 sq. ft. of covered space. The central area hosts another two rows of

vendors with canopies. Another 5,220 sq. ft. is available in the Pavilion (top left of photo) that also hosts restrooms, accessible from outside.

The final \$500,000 was raised due to the leadership of Brian Griffin, chair of the Depot Market Square Committee (including City, Market, local business, etc.) that had to overcome opposition from those opposed to the use of public dollars and to fundraising taking money from other local non-profit causes. Griffin convinced his Rotary to make a \$25,000 donation if he raised the match, and sold bricks at the market each week.

The project was designed with LEED certification in mind. With Seattle Lighting Institute consultation, tall doors and windows fill one side of the Pavilion for natural light penetration, complemented by numerous skylights. The three sheds each have one roof of translucent plastic. The Pavilion has radiant heat, all walls open, exits are accessible when walls close, and the canopy in front expands rain protection.

Market sales, long stagnant at \$500,000, increased to \$740,000 in 2004 and \$900,000 in 2005, largely as a result of the tremendous media coverage due to opposition. Following the 2005 season, core drillings and excavation began on the city parking lot that has always hosted the farmers' market. The multi-use Depot Market was inaugurated on July 18, 2006. In 2006, sales rose to \$1.15 million (a 28% increase) and are projected at \$1.5 million (a 67% increase in two years) in the first full season with construction completed even though no dedicated parking exists.

The market reserves 50% of its 108 spaces for farmers, and fills them with crafters if necessary. During the summer they fit 24 vendors inside, and during the winter 32, right up until Christmas. They now operate two market days, Saturday being the strongest. In 2004, they averaged 63 vendors per day; since construction, it is up 38% to 87 per day.

Under a 10-year lease, the Market pays the City \$246 per day for rent on Saturdays, and \$50 per day for rent on Wednesdays.

Vendors pay:

\$100 annually (\$70 dues, \$30 clean up)

Daily fee - \$28 Saturday/\$20 Wed. or a percent of sales, whichever is greater:

- Farmer or Crafter 6%
- Food Processor 7%
- Service Provider 8%
- E. WA Contract Grower 10%
- Double farm booths extra 1%

Their \$1.5 million in 2007 sales makes the Market a significant downtown economic engine. The City has revived a downtown whose core is just one block away. Market Depot Square has extended the Railroad Avenue upgrade, allowing a connection with a new condominium project developing on the trail to the Fairhaven district of the city.

The City had a caterer who wanted a kitchen on site; she fell through because of costs. Now the Market has helped create a small kitchen that can be used by all events leasing the space. Sound is being added as well. Issues remain to be resolved around access, windscreens, meeting space, garbage, storage, etc. Professional management has done a superior job of marketing the Market and is considering the leasing of the pavilion for the City as well. Flexibility is the key need in the near future.

The Bellingham Farmers' Market is a story of community inspiration that is constantly unfolding. Chicken or egg? Did the community build a market or did the market rebuild a community? Hopefully, the community recognizes the role that the market it created will continue to have as it builds entrepreneurs and community goodwill each week. The Market made \$34,000 in direct market contributions (including a \$11,000 fundraising dinner) and raised a total of \$500,000 for the project. The City parlayed that into a building for all. While the Market justifiably takes some credit, the City must balance the building's use with other entities: a flea market, shows, dances, fundraising events, family gatherings, weddings, and etc.

Comments:

- Market vendors contributed to the fundraising process.
- Varying fees for vendor types and extra for double booths.
- City parking lot and city-owned building means long-term lease.
- Vendor and customer expansion led City to believe in Market and invest in permanent building with multiple uses within 10 years of opening.

Case Study #2: Olympia, WA – Building on Port Property

Population: 44,645

Median Household Income: \$46,529

While not at the Capitol, the Olympia Farmers' Market has grown through relocations over the years until it was invited to Port property, anchoring Capital Avenue at a round-about. The resulting development has surprised many who doubted the effort to build a structure for the Market. When the market board sought approval of a construction bond from the City, the mayor said that would happen when pigs learned to fly.

The market forced a plebiscite that fell short by a narrow margin. However, recognizing the tremendous public support, Council decided to finance the

\$800,000 bond. The weathervane proves that pigs can, indeed, fly. Starting in 1996, the Market now is in its third 5-year lease of the multi-use pavilion with the City passing through 1% of Thursday-Sunday sales to the Port. The Market pays another \$14,000 per year to a City repair and maintenance fund, not to exceed \$100,000.



The Market has two aisles, each with vendors on both sides that go end to end in a soft U fashion. Wood trusses have been left open to view and pigeons have been a problem. While skylights were installed throughout, there is insufficient natural light so most vendors add lighting or go without. Still, four days a week provides \$4 million in sales.

Behind the building is a covered Market stage that is flanked on either side by a total of eight restaurant booths (trailers with permanent facades). People eat ethnically diverse foods from independent operators, while listening to live music. The Market has invested \$22,000 to cover the stage seating. Having only 237 guaranteed parking spaces, with new nearby commercial and residential development, has left customers frustrated. The Port needs more parking for their anchor tenant and Olympia's #1 source of pride to satisfy the 6,000 - 8,000 visitors to Washington's capital market.

Comments:

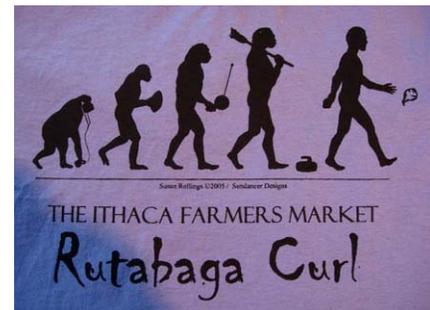
- The Market earned a City bond by building customer loyalty, and political influence, at various sites.
- Ethnic hot food vendors provide a diversified food court.
- Parking (approximately 250 spaces) may limit growth.

Case Study #3: Ithaca, NY – Lakefront Destination

Population: 30,343

Median Household Income: \$26,355

The Ithaca Farmers Market is a 165-member cooperative of farmers, food entrepreneurs and craftspeople living within 30 miles of Ithaca. The market operates on Tuesday at Dewitt Park and Saturday and Sunday at Steamboat Landing on Cayuga Lake. Opened in 1973 along a downtown park sidewalk, it later moved. Growth brought the expansion question to the fore. A city planner out running along an old railroad bed came upon a 6.7-



acre parcel next to a Cayuga Lake inlet. Seeing the potential, the board quickly chose to develop the land, first bulldozing old refrigerators and stoves, and leveling the land.

Leaving downtown was a challenge, but the new Ithaca Farmers' Market is now a destination marketplace. A local architect reduced his rate and market members built the wooden pavilion in lieu of paying stall fees. Though scheduling a phased, 3-year construction, members saw increased sales in the initial building section and sped up construction in Year 2 to complete the 400' main aisle and a 120' T heading down to Steamboat Landing. There are 96 spaces. With free labor, the cost has been limited to about \$600,000, including three major New York State Department of Agriculture and Markets grants.

Members have continued to work on the Pavilion that has a 4' clerestory allowing light to enter either side of the main aisle, and heat to escape. Vendors line either side under the lower roof, about 60% agriculture, 20% food and 20% crafts. Restrooms were part of initial build-out. A wood floor has since been installed. The Market has footed all the bills - structure, electricity, sewer, water, driveways, and annual gravel. Since 1988, they have had a 20-year lease with the City that still owns the property. They currently pay on a daily use basis \$27,000 per year for Saturdays and Sundays, Easter to Christmas.

Berms were formed for a 350-car parking area planted with bushes. That increases to 600 within two blocks. With people generally staying more than an hour, it isn't enough. Local people find parking the market's biggest obstacle to growth along with high vendor prices. The vendors, obviously, don't agree since the crowd is strong enough to create a traffic nightmare. Adding an hour to Saturday hours (9-3) and adding a Sunday market (9-2) lessens the crowd intensity, but parking still limits sales, probably allowing about 3-5,000 customers daily. Sunday has thus become a strong second day; Thursday was phased out.

Proximity to water is a huge asset for tourists. A waterfront trail is in the works. They built a dock where tour boats bring in customers and take others for rides. The Market \$160,000 budget includes sub-lease money with the tour company, weddings and other private functions.

Vendors are from a 30-mile radius of the market:

- 33% of market businesses are located within the City of Ithaca
- 28% in Tompkins County
- 36% in adjacent counties

The market also accepts food stamps, Farmers Market Nutrition Program coupons and Ithaca Hours coupons. The Ithaca Farmers' Market donates products valued at more than \$40,000 to charities.

Comments:

- Vendor sweat equity built a huge structure faster than planned and simultaneously built a sense of companionship among vendors and joint ownership of the facility.
- Even with substantial parking (600 spaces), the market has expanded hours and opened a Sunday market to ease the customer crowds.
- With the expansion of vendors and special attractions, customer visits can expand in time leading to more of a parking need.
- Ownership avoids considerable long-term lease costs.

Case Study #4: Eau Claire, WI – Riverfront Development

Population: 62,500

Median Household Income: \$54,656

The Eau Claire Downtown Farmers Market was created when some vendors split off from an older market that decided to return to their first mall location. The new group created this downtown market in the Railroad Street parking lot in 1994. The City initiated discussion in 1999 about a park development along the Chippewa River.

Throughout four years of planning, farmers' market advocate, manager and blueberry grower Philip Chute attended all of the design meetings. In 2003, the City finally said they would proceed if the farmers' market raised \$100,000. They raised it – half in November, 2003 through a vendor assessment of \$750 each – and then found a \$225,000 HUD grant with a senator's help. In effect, the market got half the funding. The City received a \$50,000 grant and following the 2005 season, the new building took shape after the full \$700,000 was secured.



The U-shaped, multi-use pavilion has a backside of 216' and wings of 96' length, all 32' wide eave to eave. It is primarily wood to minimize bird roosting, with glue-lam wood trusses, 1 ½" tongue & groove roof planking, raised seamless steel roofing, a seamless steel roof and skylights. Within 12' wide spaces, 28 farmers fill the backside, 12 fill either wing, and 10 sneak into the outside and inside corners to total 62 vendors. From any of the expandable 12' aisles, customers can see the 100-yard wide Chippewa meander into the Eau Claire River just downstream. In the U's center is the 28'x28' clock tower, currently housing musicians who are paid to play to the back of trucks. Colored concrete (7") extends outward 42' on either side of the pavilion.

The entire project is a dream whose results the City didn't see coming. With 4,000 weekly customers, the market has sparked a four-square-block redevelopment plan next door. From opening day, July 1, 2006, this market has been "the best thing to happen to Eau Claire in a lifetime." It is strictly about food – fresh and prepared. Open Wednesday 7:30 a.m.-1:00 p.m. and Thursday 1:00-5:00 p.m., the market nevertheless does 70% of its weekly sales on Saturday from 7:30-1:00 from May through October. During the winter they host a monthly market that rotates among area churches. The Market has a 10-year lease with Parks & Recreation at \$500/year for the first five years, increasing to \$1500 in year six and by \$400 annually thereafter. Five hundred parking spaces serve the market.

The City leased the pavilion to 10 events in 2007 including the Taste of Eau Claire with restaurants within and a tent outside in the park. One religious group has hosted concerts in the park, taking advantage of market traffic to evangelize and overwhelming the market band. Hopefully, the City will remember that Downtown Eau Claire's 2006 Outstanding Building Project has prompted a downtown comeback.

Eau Claire's downtown market is a tribute to vision and community spirit, a testimony to sacrifices of many people who have labored for free. With a \$13,000 annual budget, they have tested the limits of volunteerism; they sought their first paid manager in 2008 while increasing their Saturday fees to a more appropriate level.

Comments:

- Vendors raised \$100,000 (half through a self-assessment of \$750 each) which led to a \$700,000 city structure.
- 500 parking spaces are critical to customer convenience.
- The clock tower/musician space in the middle of the U-shaped building was ill-conceived.
- Since the establishment of the multi-purpose structure, the market has led to a remarkable downtown redevelopment plan.

Case Study #5: Pasco, WA – City Downtown Revitalization

Population: 49,927

Median Household Income: \$40,489

As part of a downtown rebuilding effort, the City of Pasco allowed a downtown City parking lot to have a shed built on it in 1985. For \$35,000, a 120' steel shed was built housing 12 farmers on either side of a raised brick customer aisle. It was so successful that the following



year an exact replica was erected for \$45,000 to double the market capacity, allowing a total of 48 vendors to be accommodated with shade cover.

Over the years many vendors have grown into a craft/artisan co-op across the street from the market and the Pasco Downtown Development Association has continued to operate the market as part of its ongoing efforts to revitalize downtown.

Case Study #6: Puyallup, WA – City Downtown Park

Population: 36,605

Median Household Income: \$57,322

The Puyallup Farmers Market has operated for years in Pioneer Park and an adjacent parking lot. The City developed Pioneer Park Pavilion in 2005 as a complement to the market which also could serve numerous local social needs. It has exceeded all city revenue projections, and rates have risen with the strong



rental demand including summer weddings being booked two years out.

The \$2.2 million investment will continue to bring long-term benefits to the City even as the Market has a more permanent home, both inside the pavilion and spread throughout the park which has a water feature, playground, seating and other amenities.

Comments:

- City investment stabilized Market and allowed for growth to 140 vendors.
- Multi-use facility was designed well and is meeting considerable demand.
- The pavilion has met a sped-up repayment schedule.

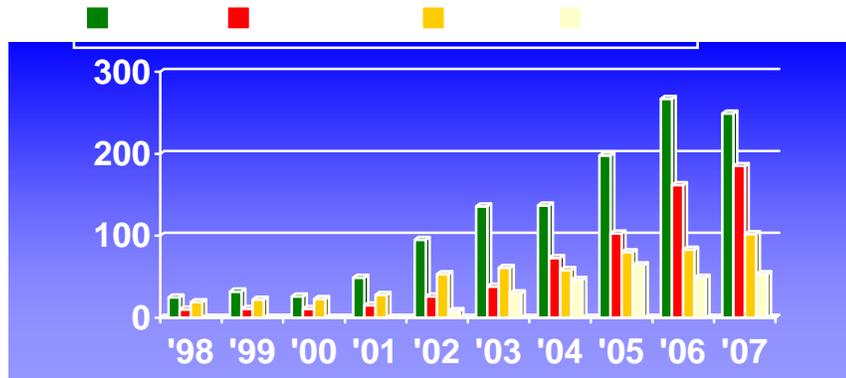
Case Study #7: Port Townsend, WA – Ferry Town

Population: 9,000

Median Household Income: \$53,458

The Port Townsend Farmers' Market struggled through its first ten years, reaching \$100,000 in sales in 2001, 10% of which were at its Wednesday market located at the food co-op. Reflecting on that struggle and determined to grow, it ceased to operate its mid-week market to focus on the Saturday market. With the seasoned dedication of its new manager, Harv Singh, it increased vendor involvement from an average of 20 vendors per week to 37 vendors per week from 2002 to 2004 and then to 47 vendors per week from 2005 to 2007, while consequently expanding their customers. Total annual sales grew from \$100,000 to \$670,000 in just six years, a rise shown below.

Their extensive records reflect their commitment to encouraging various types of local businesses to participate in the market so that together these vendors attract a larger number of customers.



Farmers (green) are the primary focus and have the strongest volume of sales as shown in the chart. However, the combined sales of processed goods (red), crafts (yellow) and ready-to-eat foods (white) exceed those of farmers alone.

Comments:

- Growth has resulted from planning and executing a balanced expansion of the vendor and customer base with specific sales goals.
- Crafts and ready-to-eat foods have added to the base of fresh and processed foods from local farmers in attracting customers, including tourists in this ferry town.
- The promotion campaign has a professional poster that is a collector's item.

Case Study #8: Santa Fe, NM – Railyard Development

Population: 72,000

Median Household Income: \$48,792

Started by a handful of growers in the late 1960s, the Santa Fe Farmers Market moved several times as it expanded. The City of Santa Fe hosted community meetings from 2000-2002 to gather ideas for a 50-acre parcel that would reflect the history, life, and culture of the region. The Market participated in this planning process which resulted in a Railyard Redevelopment Master Plan in which the Santa Fe Farmers Market would retain a central presence. In 2001 the Market generated over \$1.5 million in direct sales, a 25% increase over the previous year as the Market gained visibility through the process. Market members began

creating the Santa Fe Farmers Market Institute, a non-profit that took charge of establishing a the permanent Railyard site and implemented programs to promote agriculture in Northern New Mexico. As of 2002 the Market began year-round operation.

The Market's building will have a footprint of 17,530 square feet, with 25,321 s.f. total. The design is a LEED-certifiable, two-story warehouse in keeping with Railyard building style. The second floor will house offices of the Santa Fe Farmers' Market and Institute, plus 3,200 s.f. leasable office space. The building will feature 5,847 s.f. of restaurant space on the ground floor along with a large, open 10,000 s/f. Market Hall for 50 year-round, indoor vendors. Another 100 vendors (with vehicles) will be accommodated outside along the Alameda walkway and in the Plaza on the building's north side.



The Market now supports 170 producers. It only allows vendors from 15 counties in northern New Mexico. They have strict standards: 100% of the farm products are grown by the seller and 80% of the ingredients in the processed foods and crafts are produced in these 15 counties. After 40 years of operation and work with numerous city administrations, the railyard corporation and Trust for Public Land, they acquired a permanent, affordable site and are nearing completion of a market pavilion. The market operates on Tuesday and Saturday morning from 7:00 to Noon, starting an hour later as of October.

Comments:

- The market hall is being built in 2008 after 40 years of growth, influence and extensive community conversations.
- High standards of integrity with farmers, processed vendors and crafts have helped the market achieve credibility and community support.

Case Study #9: Ephrata, PA – Rural Destination

Lancaster County Population: 494,486

Median Household Income: \$54,010

The Green Dragon Farmers' Market & Auction outside of Ephrata, PA is another example of a market placed outside of town that has long-term success. Opening in 1932, the market now serves 400 local growers, merchants and craftsmen in

seven main buildings, many smaller shops, and outdoors on a 30-acre site including 20 for parking. The Green Dragon comes alive every Friday year-round (except Christmas day on a Friday) from 9 a.m. to 9 p.m. in the heart of Pennsylvania Dutch Country. The market is located about 1.2 miles from the center of downtown Ephrata, which has lost stores to area malls, and 0.5 miles from the town limit. That distance has not been problematic for this private corporation because their varied advertising draws customers an average of 20 miles one-way, they believe. They appreciate being in a rural area.



Developed by the property owner, the Green Dragon Market was purchased by its third and current owner in 1961. Their vendors are about one-third food (farmers, bakers, produce resellers, prepared foods), one-third flea market, and one-third “everything from furniture to you name it.” Only about 5% of their vendors are farmers today due to other marketing options, including roadside stands that have become popular. Because they are a non-conforming use in the township, they are not allowed to expand beyond their 30 acres, although they own another 30 acres that is mostly farmed. They serve tourists and a large regional market, but few locals are regular customers.

Comments:

- A large rural market can be a substantial destination market for people from a great distance.
- The model of a market with food, flea market and general merchandise can work in certain areas.

Case Study #10: Penn Yan, NY – Rural Development

Yates County Population: 24,732

Median Household Income: \$37,127

The Windmill Farm & Craft Market is six miles south of Penn Yan, NY along Highway 14A. Open Saturdays 8:00-4:30 from late April to mid-December, it was inspired by a visit to the Green Dragon (above) by Bill and Ruth Gunderman, their daughter Pat and son-in-law Ron Nissen. They talked with Mennonite and English friends about developing a comparable market in the Finger Lakes region. In February, 1986, they called a meeting, 80 people came and a site committee was formed. They found a 26-acre site but no financing. Unfazed, they opened on June 27, 1987 with 64 vendors in two enclosed buildings and 25 outdoor vendors. The next week they had traffic backed up five miles in either direction.

In 1988, a third enclosed building and an open produce shed were erected. A New York State grant was awarded, allowing construction of sidewalks, concrete floors and restroom facilities. In 1995, 7½ acres of additional parking were bought. From 1997-1999, more outside vendor buildings were built. In 2004, another state matching grant was awarded to enclose the produce area and hay auction barn for permanent vending.

Founder Bill Gunderman was the resident architect, electrician and Board treasurer for countless years. Daughter Pat was president, treasurer, manager for six years, and now is a market consultant. Ron Nissen has been manager and helped develop other markets. All are leaders in a major rural development project that serves 200 vendors and 10,000 visitors weekly. Their latest idea is the Mural Project that is spicing up building exteriors. The Windmill continues to defy economic predictions, not the least of which were bankers, in bringing economic vitality to a small, poor county.

Comments:

- Vendors acting together with a common interest can create a strong market in very little time, based on their own investment.
- Initial success pulls other sources of funding that want to help growth.

Case Study #11: Athens, OH – Small City Market

Population: 20,896

Median Household Income: \$19,166

In 1972 the Athens Farmers Market opened with three farmers and by the end of the summer had a dozen vendors. From the start there has been a strong commitment to having only producers of food involved. The City established an ordinance to confirm the use of space available at the East State Street park.

In 1995 the Market extended from an 8-month season to year-round, and the manager pay doubled from \$25 to \$50 per market day, although no manager was present during the winter months. In 2000 the manager began to be compensated for off-season duties and by 2006, the off-site pay nearly equaled on-site pay.

In 1995 the vendor fee grew to \$10 per day or \$50 per season. In 1999 a change required the full season fee be paid if a vendor sells a second day. In 2000 the fee changed to \$60 per season and in 2002 to \$80 per season, \$135 for 1.5 spaces and \$200 for 2 spaces. Fees expanded in 2005 and in 2006 to \$120 / \$195 / \$320.

In 1995 the City approved a multi-purpose community center on the site, but the market pavilion was dropped from the plan, so in 1998 the market moved a mile east to University Mall. In 2002 (after 30 years) the Market decided to establish a reserve fund. In 2004 hours were extended from 10 – Noon to 10 – 1 on Saturdays. In 2006 plans for a pavilion on the University Mall parking lot were

supported by the City but when planned funding fell through, the mall developed other site plans and in 2008 the Market was forced back to its original park location. Given the 15-week run in 2007 of 50+ vendors, they have been challenged by limited space for vendors and customer parking.

The Market is hoping to establish a pavilion with the City. It has key collaborators, including ACEnet, a kitchen incubator that has helped develop new vendors and Community Food Initiatives that has developed school gardens, seed saving and food for the needy.

Comments:

- A manager is unnecessary on site during weak months.
- Long-term managers have provided stability from 1972-1982 and 1993-2007.
- Fees continue to expand and vendors recognize the value of a paid manager.
- Without a permanent site, the Market has been subject to the whims of the City and the mall, even though both have shown support for a permanent structure.

Case Study #12: Santa Monica, CA – Downtown Revitalization

Population: 88,050

Median Household Income: \$58,735

A recent City of Santa Monica resident survey showed that 85% use the market often; the next highest use category was the Santa Monica Pier at 49%. From its start in 1981, Santa Monica became the premier California market, attracting 10,000 people a day and parking them in four multi-story garages (1,800 spaces) surrounding the site. Hotels have learned not to book events on Wednesday because of parking; businesses accept that employees will return late from lunch on Wednesday (and Saturday). Four downtown restaurants rotate into the “Lunch with a Chef” program. The City pushed revitalization of the Third Street Promenade, adding a 12-cinema complex, new retail and restaurants. This project combined with the Market has breathed a quality of life into the downtown.

The Market runs numerous programs in conjunction with the market activity. Groups of local school children have tours throughout the year, and two busloads visit a local farm each week to learn about growing. Seasonal festivals include Cinco de Mayo, Melon Mania and All-You-Can-Carry Pumpkin Patch. The local NPR affiliate broadcasts a live update of products carried at the market each week.

Since 1995 the Main Street Sunday Market has become the “ultimate community gathering place” along a strip of upscale shops and restaurants, close to the ocean. The bike valet parks 200 bikes per Sunday at an annual cost of \$26,000.

The four farmers' markets – three located in bustling retail-restaurant areas of the city – have total sales of \$11 million, with about 900,000 shoppers each year. With \$20-37 per hour manager salaries plus full benefits (\$12/hr. for set-up contractors), the City breaks even on a \$500,000 budget.

Comments:

- Resident patronage can be extremely high with the consumer desired product mix.
- Tourists will flock to a spectacular marketplace and residents will justify regular visits downtown.
- The Market has inspired or supported considerable millions of downtown reinvestment.

Case Study #13: Astoria, OR – Location Change & Restructuring

Population: 9,917

Median Household Income: \$37,405

In 2000, the Astoria Farmers' Market struggled with seven vendors in the huge parking lot of the Maritime Museum at the mouth of the Columbia River. The board called a consultant to assist with publicity; the consultant recommended four major changes – a new location, a new name, a new market day and a new set of by-laws, along with the desired publicity effort. To do only a publicity campaign would speed the death spiral the market was already experiencing with about 150 shoppers per Saturday.

The board agreed unanimously and the consultant set to work. He found 12th Street to be a key intersection with stoplights, exactly in the middle of the eight-block section of Highway 30 that splits into one-way streets. Never a tourist stop, Astoria was a city of under 10,000 residents known for its seafood and timber industry, both rather decimated. The Astoria Downtown Historic District Association wanted the market to relocate to the town center to encourage businesses to stay open on Sundays. The local monthly arts magazine, Hipfish, donated poster graphics and promotion and the consultant solicited Commercial Avenue and Marine Drive financial support through a market postern while promoting Sunday business in conjunction with the Market.



Drafting new by-laws that stressed integrity – every vendor is required to produce what they sell – the consultant reached out to farmers, crafters and value-added producers in Oregon and Washington to join the new market effort.

Initially, it was important to fill two blocks with 35 vendors capturing 1,700 travelers either direction on Highway 30 through town with a short season, August 6 – October 15, 2007. The following year the market averaged 55 vendors, followed by 95 the third year as more vendors heard of Astoria's success. Then it jumped to 200 vendors participating each Sunday from 10 a.m. to 3 p.m. The market extended to a third block and into the parking lot of the old Safeway adjacent to that block (lower left of photo). The emphasis on farm-fresh produce, local crafts, hot foods and entertainment has built the market reputation. Numerous businesses have opened for Sunday business downtown.

Simultaneously, a 4-mile run of trolley was re-established along the waterfront, and the historic theatre and landmark hotel were both renovated on 12th Street on either side of the market. The 5-story hotel (upper left of photo) allows market visitors to stroll along their rooftop garden and gaze down on the market and four miles of Columbia River water across to Washington State. The Market's immediate economic impact is \$1.5 million, plus a greatly improved downtown environment and local pride.

The Astoria market is now the #2 craft market in Oregon (after Portland), having surpassed the Eugene Saturday Market even though Eugene's population is 15 times that of Astoria. The full street of activity attracts locals and tourists alike to experience the market. Each year seems better with new vendors to meet; the products and personalities ensure that there is always much more to the market than you can fit into a single visit.

Clearly, the previous location was equally visible at a landmark museum along the Columbia River. However, the vendors were set back 60' from the same Highway 30 and dwarfed by a huge parking lot. Unfortunately, it lacked the critical vision and motivation to attract a more substantial mix of vendors.

The new location, just five blocks away, benefits from stoplights that give traffic extra time to look at the vendors, some only 10' away. Businesses line the blocks both before and after the market, providing an intimacy of independent businesses, inside the market and out. And what's good for the market is good for other business – high pedestrian counts. Every week the market looks different, an element not lost on market-goers, even if on a subconscious level. The strong vendor count to start gave the Market drawing power to inspire curiosity, and sales, which led to more vendors and customers.

While the term "Farmers Market" was left behind in the move to the new location, ironically, there are a strong number of Oregon and Washington farmers now that

the market is a Sunday market. The strong local response from crafters ensures a strong base of vendors that are complemented by Northwest farmers. The heavy traffic along the Oregon Coast route guarantees a changing customer base that keeps up the demand for those craft items while the locals provide extra demand for the fresh produce.

Comments:

- A location with immediate visibility for vehicular traffic urges visitors to shop.
- Quality craft numbers may help attract visitors when farmer numbers are low.
- Close work with nearby businesses provides mutual benefit for downtown and market.
- Key closure of downtown street crossing a split highway filled with tourist traffic.
- Changing the market name, location, day and by-laws enabled an expansion from 7 vendors and 150 customers to 200 vendors and several thousand customers.
- In four years the market became Oregon's second largest craft market with \$1.7 million gross sales, and substantial farmer sales where before there were none.

Case Study #14: Madison, WI – Capitol Square

Population: 233,389

Median Household Income: \$48,751

The Dane County Farmers' Market was named the "Nation's Best Farmers' Market" by Eating Well magazine in July, 2007. In the same issue, Friday Harbor was praised among "America's Favorites: Five More Markets." With 300 members, Dane County generally has about 150 sell each Saturday (170 max.) on the curb surrounding Capitol Square in Madison, WI. A 2003 survey determined average attendance at 18,000 customers with a high of 25,000. Even in heavy rain, they will get 8,000. This is rightly America's favorite market.

By agreement, the farmers' market uses all four sides of the Capitol Square (commonly referred to as the "Inner Square"), each two blocks or about 600' long. Because the farmers' market has 18,000 customers, hundreds of non-profits want to distribute their literature. The State allows them each a 3' x 3' card-table space; about 12 non-profits can fit on each of the four corners of the Capitol. The State of Wisconsin maintains their property well with ballards and a single strand of chain link where the sidewalk meets the lawn. Market-goers have limited walking space since farmers have their canopies and displays from the curb inward, taking up much of the 15' of state property from the curb. Thus, customers have come to understand an unwritten rule of one-way, counter-clockwise, pedestrian flow.

The City of Madison has developed complementary sales activities for crafters and food people with extensive rules (see www.cityofmadison.com/BI/regs/regs2006REV.pdf). Since State Street is only 20' wide and the City maintains a 16' fire lane, there are 4' x 8' spaces allowed on the street, and 10' x 12' spaces on sidewalks for food carts. Today, the City has 36 food cart applicants and 50 arts & crafts each season. Sixty-seven vendors fit on the "Outer Square," that is, the city-owned property surrounding the Inner Square" State property permitted to the farmers' market.

The four streets surrounding the Capitol are two-lane, one-way, counter-clockwise plus parking lanes on either side. The inside parking lane is filled on Saturdays during the season with farmers. Customers are able to double-park to pick up items while allowing a lane of traffic to pass them. The Outer Square is filled with arts and crafts, and prepared foods, all on property controlled by the City.

There are four waves of vendors creating a natural flow to fill the Square from the inside out. First, seasonal farmers with fixed spaces arrive to set up in the Inner Square generally by 6:00 a.m. "Daily" farmers (without permanent space) enter from 6:30-7:00. Then the Outer Square begins to fill with prepared food carts (kitchens on wheels) from 7:00-7:30 followed by the arts and crafts at 7:30-8:00, the "dailies" among them being placed by the City vendor coordinator based on their seniority number. These Outer Square vendors are given 20 minutes to unload and get their vehicle off site, but it is not highly regimented. Electricity-dependent vendors, including poultry and meats, are on the Outer Square with an on-call city electrician available.

Comments:

- Local and state government leaders with a cooperative attitude have led to food and artisan markets that complement each other around the Capital.
- Commitment to farmers only has given the Market integrity without parallel.

Case Study #15: Beaverton, OR – Residential Library Site

Population: 89,643

Median Household Income: \$53,563

The Beaverton Farmers' Market opened in June, 1988, and operated for many years in a city parking lot. The board consisted of community members with legal, financial and other skills and a market interest; now two community and three vendor representatives have been added to the nine-member board. It is Oregon's largest farmers' market.

When the City built a new library on the city lot, the Market moved across the street to a library auxiliary lot built next to an expensive park upgrade. The lot and two side streets host four, double-sided aisles with 180 spaces for 110+ farmers and food entrepreneurs (200/yr.), including three wineries. The Market has



18,000+ customers and \$130,000 Saturday sales (Wednesday is small). No crafts are allowed but 60 non-profits have access to space each year. Nearby businesses lose parking but Beaverton Bakery, Starbucks and others gain from ½-mile proximity. The bakery has now begun coming to market. After 20 years the Market operates on a shoestring budget of \$140,000 with a \$35,000 manager and \$12/hr. assistant. Teenagers at minimum wage staff three pick-up

zones on the Market perimeter where people recover their purchases after getting their car from one of 1500 street spaces in the neighborhood. The Market hosts 40 disabled parking spaces and operates without street banners or permanent signage under an annual, free City permit.

Comments:

- A food focus has stirred tremendous community response with low overhead.
- Substantial disabled parking is continuously full.
- Three pick-up zones make up for parking on streets up to six blocks away.
- The immediate park water feature and seating provides a wonderful atmosphere.

Case Study #16: Montpelier, VT – Downtown Development

Population: 12,223

Median Household Income: \$53,458

Following Madison, WI and Olympia, WA, the Capital City Farmers Market in Montpelier, VT may be the third largest market in a state capital city. Similarly, it has been looking for a more permanent location where it could build after years of operation on a downtown parking lot that is set back and somewhat hidden from State Street.

If space is available for parking but there is a desire to avoid the ubiquitous asphalt parking lot, one alternative is grassy pavers that provide the strength of pavement (97,000 lbs/square inch) with the natural beauty of grass while simultaneously eliminating soil compaction (including tree roots), reducing reflective heat and allowing for all weather accessibility.

The Market is considering five principle site options that vary from street closure to outright property purchase at considerable expense.

In a recent Rapid Market Assessment study (Corum, 2006) the Market was found to be a considerable regional marketplace with customers coming from a wide area:

- 48% Montpelier
- 28% Washington County
- 8% Other Vermont county
- 16% Non-Vermonters

Two-thirds (66%) said their primary reason for coming downtown was the farmers' market, and in the end they average \$27.73 in expenditures downtown, resulting in \$40,000/day in retail sales impact.

Comments:

- While the Market is one of Vermont's top markets, conservative thinking has kept the market from growing to its potential for serving both farmers and consumers.
- One-quarter of customers are from outside the county, including one-sixth who are from outside Vermont or the country.
- Customers report spending more in downtown than in the market.

Case Study #17: Portland, OR – Park Relocation

Population: 537,081

Median Household Income: \$46,858

On June 18, 1997, the Portland Farmers' Market opened a second location in Pioneer Courthouse Square, Portland's living room. It hardly needed promotion because it was on a brick plaza at the center of Portland's retail and business district, surrounded by Nordstrom's and Meyer & Frank. In fact, the Square is run by a non-profit entity that rents space on the square for countless events including presidential visits, car shows, major festivals and Portland's 70' Christmas tree each year.

This Wednesday market was significant because from opening day it was larger than the Saturday market it followed by six years. The reason was simple: location. For people leaving their office for lunch, the Square is a key destination with eight carts serving various fast, ethnic foods. Further, people can visit Starbucks or Powell's Travel Store that anchor opposite corners of the plaza. The draw was already there; putting a farmers' market on the Square was a forgone success.

The immediate response had to make the board and co-managers of the Portland Farmers' Market wonder about their hard work in developing their Saturday market over the prior seven years in the parking lot of Albers Mill. While only 1.2 miles north of the Square, downstream along the Willamette River, it was hardly a scenic location, difficult to access, poorly trafficked, and hedged between railroad tracks

and unimproved riverfront. Furthermore, in 1990 the Pearl District was a distant developer's dream; nothing existed in the area to generate activity. Today, "the Pearl" is Portland's development success story with hundreds of millions invested in changing blocks of decayed industrial buildings into high-end residential with the accompanying restaurant and retail (including REI). However, throughout the 1990s the farmers' market struggled to keep 35 vendors and 1,000 "loyalist" customers coming back each week.

During the winter of 1997-98, the owners of Albers Mill notified the Saturday farmers' market of a 300% rent increase for the next season. Furthermore, Pioneer Courthouse Square notified the market of an 800% increase in the Wednesday rent.

Fortuitously, Pioneer Courthouse Square had forced the Wednesday market to move off the Square for a one-day car show in 1997. The Wednesday market consultant had negotiated with Portland Parks & Recreation for use of Shemanski Park that day. Having a positive experience that one day, the City of Portland was responsive to a permanent move of the Wednesday market to Shemanski Park at the north end of the South Park Blocks (only three blocks from Pioneer Square), and to a move of the Saturday market to the south end of the South Park Blocks.

In 2004 the market signed a 5-year lease agreement with City Parks Department – with city council approval – for \$125 per market day (with a cost of living adjustment) plus \$30 per prepared food vendor space (8 on Saturday and 4 on Wednesday), because of the prior existence of contracts with semi-permanent food cart vendors who didn't want competition. There currently is no pro rata share payment of property taxes by the market. The Market agrees to move off the site twice during the market season for other events; when events scheduled on nearby property may have an impact, Parks involves the Market to avoid any conflicts in loading/unloading, traffic flow, etc.

The market also entered a free lease agreement for Portland State University property adjoining the Park Blocks. In return the market advertises the "Portland Farmers Market at PSU" and pays for janitorial and trash service at \$225/week.

In their tenth season at their new location, the Portland Farmers Market is ranked #3 nationally by Eating Well magazine. They average 12,000 shoppers with event highs that exceed 15,000. They have shifted major events during the summer season to their mid-size markets. Expanding from the original six months, they go April until Christmas. Market vendors bring their trucks on site to download but operate generally out of 10'x10' or larger canopies on either side of pedestrian walkways that ring the four sides of the park. An average of 127 spaces (out of 140) were filled throughout the nine-month season in 2006. The Market is still on a growth curve, buoyed by entrepreneurs starting food companies just to sell at the market.

In 2008 there were 120 vendors on the first Saturday in April. Surrounded by high-rise housing, the South Park Blocks is a 6-block long, 1-block wide, urban park with through crossing streets. It hosts numerous festivals including Art in the Park. Parking is \$1.25 per hour at street meters or \$4 in nearby multi-story garages. The market hosts the largest Bread Festival in the nation and other festivals sponsored by local businesses and market farmers. The Market has seasonal sponsors: The Oregonian Foodday, West Coast Bank, EasyStreet (ISP/MSP) and New Seasons Market (a locally owned, nine-store natural food chain). They get prime banner space on one side of the 20' information PFM information booth. The Oregonian newspaper regularly has a mini-booth to give \$25 of market tokens to new subscribers and \$10 for making electronic payments.

While the Portland Farmers Market on Saturday has become a regional success story, it has had its challenges. Dianne Stefani-Ruff, executive director from 1999-2007, points out that the site has been challenging from a visibility standpoint and with somewhat limited or costly parking. Yet, she has expanded the 35 vendors of the first 1998 season at the new location into a market of bounty with strong sponsorships, event partners, an expanded array of farmers, and prepared hot foods including a Hot Lips pizza oven on site, another wood-fired, brick-oven-on-trailer cooking with market ingredients, a chili roaster in the fall, etc.

In its 11th season as well is the Portland Farmers Market on Wednesday at Shemanski Park. While it took almost three years to build back up to the level of business done easily in Pioneer Courthouse Square, the market is a vibrant downtown market hosting about 40 farmers and food businesses. There are six entrances to the market and a decorative water fountain in the center. Two other Thursday market locations are run by the same organization, attempting to spread the wealth and the customer base as their busier sites reach capacity.

Comments:

- Location is everything, but if confronted by poor visibility and expensive parking, use special events and competition to attract the crowds.
- A decorative and functional water fountain feature is a plus.
- Many market entrances are good to encourage access from all sides.
- Once a critical mass is reached, market growth follows naturally with new customer and vendor interest feeding off each other.

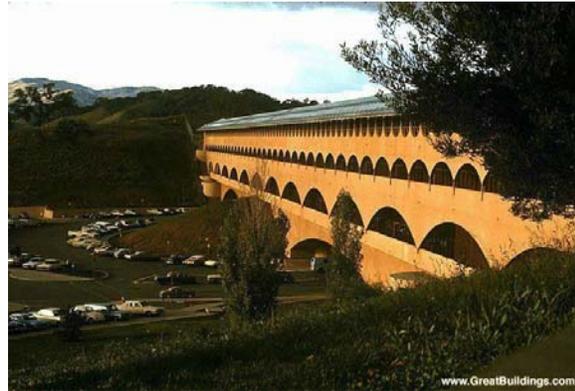
Case Study #18: Marin County, CA – Landmark Destination

Population: 248,742

Median Household Income: \$80,519

The Marin County Certified Farmers' Market was opened in 1983 through the dedicated vision of Lynn Bagley, the daughter of a prominent legislator and a home show operator. She developed a Thursday market at the Veteran's

Auditorium parking lot. By the third year she convinced the county to allow a Sunday market in the 900 parking spaces behind the Marin Civic Center, the county operations center. The landmark building designed in 1957 by architect Frank Lloyd Wright sits just east of Highway 101 about 15 miles north of the Golden Gate Bridge.



Initially, the County provided their parking lot for \$60 per day, then reduced it to \$25 and promised to reduce it to zero based on farmers' historical right to sell their products free of any tax. However, years later the market founder was displaced after a board coup (she went on to establish the Golden Gate Farmers' Market Association) and county staff were able to push through an increase because new management did not have the political support of county supervisors. The rental rate rose to \$36,000 annually. A third executive now operates the market and rates continue to rise. The market has added craftspeople and substantial entertainment in an effort to cover the bills. The market still operates year-round on Thursday at the Auditorium, but the Sunday Civic Center market is the powerhouse with 200 vendors.

The market draws people from the length of Marin County because of the Civic Center's dramatic visibility from the freeway, an architecture that reinforces the beauty of the landscape, easy access, resident demographics (a propensity to search for good food and support local farmers who help maintain the rural landscape), strong market promotion and the best farmers in northern California.

The Marin Farmers' Market board, executive and staff are creatively addressing a variety of issues by hosting school tours, developing a Marin County delivery program and becoming a Bay Area Green Business. They are working toward creating zero waste farmers' markets, which will include replacing plastics with GMO-free, biodegradable products, and encouraging customers to bring their own reusable items to their seven Bay Area farmers' markets. Proposed is a public market building across from the existing parking lot at the Auditorium housing the Thursday farmers' market, but dog owners want the property developed as a dog park. Politics and people yet rule Marin's future.

Comments:

- A good relationship with local government has been valuable in acquiring a site with substantial parking for 200 vendors and 700 customers.
- A strong market can maintain professional management – three over 25+ years.

- Market strength and product diversity determines the distance customers are willing to travel.

Case Study #19: St. Paul, MN – Landmark Downtown Site

Population: 287,151

Median Household Income: \$38,774

The St. Paul Farmers' Market has a 156-year history including having served as a site for the state legislature to meet for a period of time after the Capital burned down. Its history, prime downtown location with 3,000 parking spaces, and 160 vendors annually give justify year-round operation on Saturday and Sunday. Sales total \$10 million, about half of all sales of the 17 markets the organization runs in the area. This destination market is housed in a new \$3+ million building that occupies about 1.5 acres with 154 vendor spaces that are 10 ½' x 30' deep.

St. Paul averages over \$1000 per vendor each Saturday and Sunday year-round. Its other markets operate at a lower scale – two under \$250,000 per year, six between \$250-500,000, four somewhere under \$1 million, and four between \$1-2 million, all with varied season lengths.



Comments:

- Good relationships with government and property owners allow for the leasing of 3,000 parking spaces on nearby downtown lots.
- Market management operates a total of 17 markets in St. Paul and nearby communities, based on the food-focused model of success.

Case Study #20: Davis, CA – Downtown Park Pavilion

Population: 60,964

Median Household Income: \$53,200

The Davis Farmers' Market opened in the early 1970s and moved from downtown to Central Park, several blocks away, partly due to downtown business parking concerns. They later asked the market to return which it did so with their Wednesday market for a while before settling at the park. After more than 15 years of growth and increasing influence in the community, the City decided to upgrade Central Park and build a \$500,000+ multi-purpose pavilion that houses the market

on Wednesday evening and Saturday morning. The pavilion is a 35' x 270' steel, clerestory structure with a multi-colored cement floor.

Customer research (Corum, 2005) shows that the primary motivation in coming to the market is varied:

- 31% atmosphere
- 25% support local farms
- 18% high quality
- 13% organic
- 6% visitors
- 4% ready-to-eat foods

Customers spend \$19.42 on average in the market and \$15.57 in downtown, although early shoppers spend twice as much in the market as downtown, and second-half market shoppers spend more in downtown.

On the May date when the market was studied, market purchases by 4,000 shopping groups were estimated at \$78,000 while an additional \$62,000 was spent in downtown businesses.

Comments:

- Consistent community-connecting efforts led to widespread involvement and support.
- Management focuses on learning customer needs and encouraging vendor response.

Case Study #21: Knoxville, TN – Failed Market Building

County Population: 404,972

Median Household Income: \$40,044

There are numerous cases of failed markets whether due to poor planning, lack of sufficient funding, poor management, lack of committed vendors, poor location or other. Sometimes markets fail because of market conditions; often, new retail food stores force the closing of existing older grocers and certainly the development of Wal-Mart, Costco and other giant stores have forced many a retailer out of business. Similar circumstances have affected farmers' markets, although usually there is substantial planning and history before a market actually begins to construct a structure.

In the late 1980s Knox County was involved in the development of a major \$4 million Knox County Regional Farmers' Market near Interstates 40 and 75 and less than a mile from the Knoxville Center Mall. It proved to be a major boondoggle due to the poor location, poor planning with farmers, resellers allowed inside the

building, farmers situated in an adjacent open-air shed and lack of a farmers' market history pre-dating the building development.

Ironically, a recent grassroots effort – Market Square Farmers' Market – is now located in historic Market Square, the site of Knoxville's original Market House. Every Wednesday and Saturday throughout the season the Square is filled with local farmers, gardeners, bakers, and artisans, as well as performers and musicians. It is producer-only with everything coming from East Tennessee.

Comments:

- Millions of dollars can't overcome poor planning, lack of history and an undesirable location/destination (however inexpensive the land) near two major interstates.
- Public planning doesn't always include the necessary element of farmers and customers committed to a particular location. A beautiful building built at considerable public expense is no guarantee of success without the initial support of farmers and customers.

2. Market Research

San Juan County's farmers' markets have been part of the national farmers' market revival, providing direct marketing venues for farmers and other local food processors as well as consumers (both residents and tourists). Like many communities, San Juan County is confronted with the question of how to ensure the long-term success of its farmers' markets, while its farmers' markets have responded and must continue to creatively address the heightened consumer demand for local products.

Finding a location for the Permanent Farmers' Market facility on San Juan Island will encourage the San Juan Farmers' Market's stability, growth, and success. Successful farmers' markets have the potential to positively affect the number of economically viable farms in a region. Successful farmers' markets encourage the start-up of new farms and related businesses including bakeries, restaurants, and other value-added food businesses. Successful farmers' markets can significantly strengthen the development of a comprehensive food system which is essential to fostering sustainable agriculture.

San Juan County Food Producers Research

Four local and regional agricultural organizations collaborated to develop the 2008 San Juan County Food Producer Survey. The Agricultural Resources Committee of San Juan County, the San Juan Islands Agricultural Guild, Washington State University Extension in San Juan County, and the Northwest Agriculture Business Center are each working to gather information on local food production for the purpose of strengthening local agriculture. The Northwest Agriculture Business Center provided financial support for this effort. (Please see appendix iv, "2008 San Juan County Food Producer Survey Results")

Several questions related specifically to the Permanent Farmers' Market project. Of the 50 respondents:

- 18 answered that they would participate in the Spring/Summer/Fall Saturday market (12 from San Juan Island, 3 from Lopez Island, 2 from Waldron Island, and 1 anonymous); 2 answered maybe (1 from Lopez Island and 1 anonymous); and 2 answered with a question mark (1 from San Juan Island and 1 from Lopez Island)
- 10 answered that they would participate in the Spring/Summer/Fall mid-week market (8 from San Juan Island, 1 from Waldron Island, and 1 anonymous); 5 answered maybe (2 from San Juan Island, 1 from Waldron Island, 1 from Lopez Island, and 1 anonymous); and 2 answered with a question mark (1 from San Juan Island and 1 from Lopez island)
- 15 answered that they would participate in the Winter Saturday market (10 from San Juan Island, 2 from Waldron Island, 2 from Lopez Island, and 1 anonymous); 3 answered maybe (1 from Lopez Island, 1 from San Juan

- Island, and 1 from Orcas Island); and 2 answered with a question mark (1 from San Juan Island and 1 from Lopez Island)
- 10 answered that they would use the cool storage component of the facility (8 from San Juan Island, 1 from Waldron, and 1 from Lopez) with 6 listing 1,044 cubic feet of refrigeration currently needed and an additional 72 cubic feet needed in the future (994 cubic feet from San Juan Island and 50 cubic feet from Lopez Island); 1 answered maybe (Lopez Island) and 2 answered with a question mark (1 from San Juan Island and 1 from Lopez Island)
 - 9 answered that they would use the cold storage component of the facility (7 from San Juan Island and 2 from Lopez Island) with 6 listing a total of 844 cubic feet currently needed (834 cubic feet from San Juan Island and 10 from Lopez Island) and 3 listing an additional 192 cubic feet needed in the future (from San Juan Island); 3 answered maybe (one each from San Juan, Lopez, and Waldron Islands); and 3 answered with a question mark (2 from San Juan Island and 1 from Lopez Island)
 - 7 answered that they would use the root cellar component of the facility (6 from San Juan Island and 1 from Lopez Island) with 3 San Juan Islanders listing a total of 42 square feet currently needed and an additional 170 square feet needed in the future
 - 14 answered that they would use the distribution component of the facility (11 from San Juan Island, 2 from Lopez Island, and 1 from Waldron Island) with a total of 390 square feet currently needed (350 from San Juan Island and 40 from Waldron Island) and 275 additional square feet needed in the future (all from San Juan Island) and 1 Waldron Islander answering future needs with a question mark; no respondents answered maybe; and 2 answered with a question mark (1 from San Juan Island and 1 from Lopez Island)

San Juan Farmers' Market Customer Research

In July, 2004, a study team conducted a Rapid Market Assessment (RMA) at the Market (please see appendix v "2004 Rapid Market Assessment"). They estimated a customer count of 700 adults. Through an intercept process using colored dots, they found that 40% of the Market's customers were tourists. A customer survey in July 2007 (please see appendix vi, "2007 San Juan Farmers' Market Customer Survey Results") showed 44% of market attendees were tourists, and similar research in mid-May, 2008 (please see appendix vii, "2008 San Juan Farmers' Market Customer Survey Results") showed 28% of customers were from off the island, a robust percentage for early season. The San Juan Farmers Market has the potential to be a regional marketplace that draws customers from the mainland or elsewhere.

Strong customer support exists for a year-round covered facility for the San Juan Farmers' Market. Two-thirds of 2004 customers said that they saw a structure as

desirable. By 2008 over 87% supported a covered structure with open walls or sliding doors, and less than 4% supported an open-air market as currently exists.

In 2008 customers were also asked how far they would be willing to park from the San Juan Farmers' Market. Over 68% answered that they would be willing to park three blocks or more from the market.

San Juan Islands Visitors Bureau Surveys

The San Juan Islands Visitors Bureau conducted two unscientific lodging visitor exit surveys:

Fall 2007: 230 surveys were conducted mid September - October; 4% of the visitors visited a farm and/or farmers' market.

Spring 2008: 146 surveys were conducted during April and May; 21% visited a farm and/or farmers' market.

3. Site Selection Process

Site Selection Overview

The San Juan Islands Agricultural Guild identified the following goals for the Permanent Farmers' Market Multi-Use Agricultural Facility:

- Be designed to include storage, processing, distribution, and educational facilities
- Address the goals of the San Juan Farmers Market Association for a year-round covered farmers' market facility
- Address several county goals including the preservation of agricultural lands identified in San Juan County's Open Space and Conservation Plan, the tourism promotion priority to bring more tourists to the islands in the off-peak season, and economic development with the greatest local multiplier effect
- Address emergency preparedness goals by collaborating with the San Juan County/Town of Friday Harbor Department of Emergency Management on storage facility design and encourage and support increased self-sufficiency
- Provide cold and cool storage facilities for San Juan County farmers with no electricity access and farmers with limited cold and/or cool storage capacity

During this feasibility study process it became clear that some components of the multi-use agricultural facility may be most effectively and efficiently developed at multiple locations and/or using existing infrastructure in the community. The San Juan Farmers' Market Association overwhelmingly prefers a location for the farmers' market within the downtown core of Friday Harbor. In looking at potential downtown sites, it became clear that if the farmers' market was to be sited downtown, some components of the multi-use facility may be better sited outside the downtown core. Traffic and pedestrian congestion are potential issues as is the high cost of land in the downtown core. It may prove to be more cost effective to consider development at another location for some of the facility components that do not depend on customer access. Less expensive property on the outskirts of town or land that is publically owned may be more appropriate for needed storage, distribution, and processing facilities that are not integral to the farmers' market, if the farmers' market component of the multi-use facility is sited downtown.

In the 2008-2009 school year, the San Juan Island School District is implementing the Experience Food Project, a comprehensive nutrition and education program that includes an emphasis on local and regional foods in the school breakfast/lunch program. The Ag Guild is working with the Experience Food Project to help facilitate local farmers' participation in the program. In addition, the Ag Guild has identified the school district's kitchen facilities as a potential location for the food processing component of the multi-use agricultural facility. The high

school kitchen (where all the school district's meals are prepared) sits vacant for the majority of the summer, as well as weekends and most afternoons and evenings. There is the potential to increase the processing capacity of the existing facility at minimal cost, as well as the potential to partner with the school district in the development of the facility. There may be processing equipment that is needed for both the agricultural facility's added value processing and the Experience Food Project's new menu items that are primarily made from scratch instead of the heat and serve meals of the past.

The school district is also looking for additional revenue generating means to support the Experience Food Project's increased food and labor costs. The Experience Food Project uses far more fresh fruits and vegetables than the previous school meals program, and wherever possible purchases these fresh ingredients from local growers. The development of a processing facility in the school kitchen could provide the school district with facility use rental/use fees that would support the Experience Food Project's goal to provide students with nutritious meals featuring locally grown foods.

Site Evaluation Process

The Ag Guild's Site Selection Committee conducted site visits at nine potential locations for the Permanent Farmers Market project in May and June of 2008 (please see appendix viii, "Permanent Farmers' Market Site Selection Process Summary"). Potential sites were evaluated for appropriate zoning, location and proximity from the ferry landing/Friday Harbor downtown core, assessed value, existing infrastructure, potential partners (funding and development), access to adjacent facilities, and other relevant information.

The Site Selection Committee also considered each potential site in terms the specific criteria identified by the San Juan Farmers Market Association:

:

- Permanent site available year-round on Saturdays and mid-week day
- Year-round facility (roof at minimum or enclosed structure for winter market for at least 15 – 20 vendors)
- Preferably downtown location visible from major road
- Accommodates existing vendors (40) with room for expansion (60 vendors)
- Water/power accessible as needed for vendors
- Freezer and refrigeration available preferably on-site as needed for vendors
- Meets requirements of San Juan County Health Department (bathroom access, hand-wash facilities, rodent control, appropriate wall/floor surfaces, etc.)
- Meets requirements of local jurisdiction re. zoning, building codes, etc.
- Meets requirements of liability insurance re. pedestrian and vehicle interface on site, etc.
- Meets needs for vendor access for unloading/loading
- Site provides for both vehicle and pedestrian access

- Eating/visiting area
- Children's play area
- ATM
- Stage/presentation space (entertainment, chef demonstrations, etc.)
- Educational/informational display space
- On-site storage for market tables, sandwich board signage, etc.
- Parking
 - 30 - 40 spaces available for vendors on or near site for duration of market
 - 60 - 80 spaces available for customers on or near site – short term parking ok
- If historic structure included, historic preservation requirements are compatible with project development and use

The Site Selection Committee ranked the property on 150 Nichols Street, which includes the historic Friday Harbor Brick & Tile Company building, as the number one potential site. Three sites were ranked in a group as the second tier (the old Browne Lumber property at 330 Spring Street, the San Juan County Fairgrounds located on Argyle Avenue just outside the Town of Friday Harbor limits, and the Boe property located at 450 Argyle Avenue). Five additional properties were evaluated and deemed unsuitable, primarily due to incompatible zoning and location.

The Project Director made presentations to the Ag Guild Board and the San Juan Farmers' Market Association in July 2008, and both organizations agreed to the following ranking of the top three potential sites (please see appendix ix, "Comparison Chart: Top Three PFM Sites and San Juan Farmers' Market Association Criteria").

Permanent Farmers' Market Potential Site #3 – San Juan County Fairgrounds

The 14.06 acre San Juan County Fairgrounds is located just outside the Town of Friday Harbor boundaries, approximately seven blocks from the ferry landing. The San Juan Farmers Market was temporarily located on the porch of the fairground's main building in February of 2008 for a portion of that season's winter farmers' market.

The primary advantage of the San Juan County Fairgrounds as a location for the Permanent Farmers' Market facility is the fact that the property is owned by San Juan County. There would be no property purchase costs associated with the development of the multi-use agricultural facility on this property. The property has room for additional facility development as well as potential use of existing facilities. The fairground provides ample on-site parking (assuming no other concurrent uses of the fairgrounds). Additional public venue amenities includes restrooms, a children's play area, and a skate park.

The disadvantages of the San Juan County Fairgrounds are the location outside the downtown core, and the potential property use conflicts with other events and activities on the fairgrounds. In particular, the San Juan County Fair itself would likely necessitate the farmers' market relocating to another location during the week of the fair.

The San Juan County Fairgrounds property was purchased in 1922 for \$1,200 by the Farm Bureau for the site for the annual county fair. In the early 1970's the fairgrounds property was gifted to San Juan County in order to better steward and preserve the annual San Juan County Fair. At the time that land use zoning and the Comprehensive Plan were implemented in San Juan County, the fairgrounds property was zoned along with surrounding properties as Rural Residential. In 1992 a Conditional Use Permit was issued authorizing the existing uses of the fairgrounds with certain limitations. A request for an amendment to the San Juan County Comprehensive Plan, Unified Development Code, and Official Map was submitted in February of 2006 requesting a new overlay district for the fairgrounds and recognition of the fairgrounds as an essential public facility. San Juan County has not yet addressed this amendment request. The current Conditional Use Permit would not allow a Permanent Farmers' Market facility or components of that facility, which a new overlay district likely would allow.

The San Juan County Fairgrounds is at a transitional stage due to the Comprehensive Plan and Unified Development Code amendment request. The Ag Guild is following the progress of the amendment request and will wait for that to be resolved before further discussions about the possibility of locating the Permanent Farmers' Market facility or components of that facility on the San Juan County Fairgrounds.

**Permanent Farmers' Market Potential Site #2 –
Old Browne Lumber property at 330 Spring Street**

The old Browne Lumber property is located at 330 Spring Street on the main street of downtown Friday Harbor. This 1.43 acre property is also adjacent to property owned by the same owners on Elsworth Avenue which is accessed by Blair Avenue to the west, potentially providing access to the site from two primary town arterials.

This property was the site of Browne Lumber, a locally owned building supply company, which has since moved to a larger facility on the outskirts of town. The property is currently vacant with some equipment and supplies stored on the site. The property is assessed at \$1,550,810, with \$72,810 of the assessed value attributed to an old lumber shed in the northwest corner of the property. The property is otherwise vacant. The property is not currently listed for sale but the owners have given a sale price of \$2.4 million.

The 330 Spring Street property is likely larger than needed to accommodate all the components of the multi-use agricultural facility. Given the high cost of this downtown property, development and/or investment partners and/or subdivision would likely be required for the Permanent Farmers' Market to be located on this site. The conceptual plans (please see appendix x, "330 Spring Street Architectural Conceptual Plans") utilize the existing lumber storage shed to accommodate 22 vendors and a stage in the year-round covered farmers' market facility, along with limited storage and processing facilities. An additional 43 outdoor vendor spaces surrounds the existing structure on two sides (northeast and south east), with a green space (including benches and tables for visiting and eating) fronting the building to the southwest. This property does allow for ample on-site parking, and the conceptual plans include 100 spaces. The on-site parking has revenue generating potential, and could also be shared with the other development/uses of the property.

The primary advantages of this site are the downtown location, visibility from the main street (Spring Street) of town, and the opportunity for ample on-site parking. The existing lumber shed has been inspected by a structural engineer and the building "is in need of only superficial work to make it completely satisfactory if it is used as an open building as it is now." (Please see appendix xi, "330 Spring Street Structural Engineering Analysis").

The primary disadvantages of the old Browne Lumber site are the cost of the property and lack of identified purchase and/or development partner(s). Another disadvantage is the capital development and operating costs associated with restroom facilities. The San Juan County Health Department and the Town of Friday Harbor would require public restrooms to be located within 200 feet of the Permanent Farmers' Market facility. Port-a-potties (used either short-term or long-term) would not be acceptable.

The Town of Friday Harbor was approached to see if there was interest in a purchase and development partnership that would provide additional parking for the town. However, the Town of Friday Harbor does not have an identified need for more parking at this time. The San Juan County Land Bank was also approached; however they had no interest in this property.

There are two local non-profit organizations, the Westcott Bay Institute and the Visual Art Museum, that are in the process of merging their organizations in order to pursue their common mission to create a fine art museum on San Juan Island. These groups are also interested in the old Browne Lumber property as a location for their museum, and are also interested in the possibility of developing this property along with the Ag Guild. Both the Ag Guild and the Westcott Bay Institute/Visual Art Museum see the museum and the Permanent Farmers' Market as compatible uses of the old Browne Lumber property. However, the Westcott Bay Institute/Visual Art Museum is still in the organizational development stage

and is not ready to actively pursue property purchase and/or museum development. This feasibility study will not consider the specifics of developing the old Browne Lumber property with the Westcott Bay Institute/Visual Art Museum.

For the purposes of this feasibility study, a purchase and/or development partner(s) will be assumed. The purchase cost will be based on the percentage of the property needed for the Permanent Farmers' Market facility 'footprint' including the total amount of desired on-site parking.

**Permanent Farmers' Market Potential Site #1 –
Friday Harbor Brick & Tile Company property at 150 Nichols Street**

The historic Friday Harbor Brick & Tile Company property is located at 150 Nichols Street at the corner of Sunshine Alley. The property is .35 acres and is assessed at \$699,030, with \$90,960 of the assessed value attributed to the historic structure located (with no setbacks) on the southeast corner of the property. The property is currently sub-leased to contractors for equipment and supply storage in the 1st floor of the building, and outdoor parking spaces are rented by the month. The second floor apartment is currently vacant.

The building at 150 Nichols Street has historic significance for a number of reasons. It was constructed in 1921 as the new home for the Friday Harbor Brick and Tile Company (please see appendix xii, "Newspaper Article re. 150 Nichols Street 1-20-1921"), which had been producing cement blocks, bricks, and tiles since June of 1917. The building is an advertisement for its products having been constructed of a wide variety of concrete blocks, bricks, and tiles; and it is the only remaining industrial building in downtown Friday Harbor. Concrete building blocks and bricks that were manufactured by the Friday Harbor Brick & Tile Company were used in several significant structures located in downtown Friday Harbor, including Town Hall (1934); the Schuman Building (1916) (currently the Murray Building which houses Kings Video and Vinny's Restaurant); Roark's Dry Goods (1920s) (currently Kings Market); and the columns flanking the path on the south side of the San Juan County Courthouse. A. J. Paxson, Mayor of Friday Harbor from 1928-1930, was the initial owner of the Friday Harbor Brick & Tile Company.

Both the Town of Friday Harbor and the San Juan County Land Bank are interested in protecting and preserving this historic building. The Land Bank would be interested in placing an historic preservation conservation easement on the property, which would protect the historic structure in perpetuity. The Land Bank's approved budget includes \$600,000 for the purchase of this property, with \$400,000 for the historic preservation conservation easement and another \$200,000 (that would need to be repaid) towards the purchase price.

The structural engineering analysis recommends a number of structural reinforcement and remodeling requirements to bring the building up to code

(please see appendix xiii, "150 Nichols Street Structural Engineering Analysis"). The property overall contains a lot of trash and debris that would need to be cleared and hauled to the dump. Currently, 150 Nichols Street is one of a very few blighted properties in downtown Friday Harbor.

A separate party had an option to purchase this property through December 31, 2008. The option holder was willing to transfer the option to the Ag Guild. That option had been negotiated in October, 2007 with a purchase price of \$950,000. The option transfer would also have included a reimbursement of associated costs to the option holder along with a commission. The Ag Guild decided to not pursue the purchase of this property through the existing option due to the fact that the feasibility study was not yet completed as well as the changes in the economy since that option's purchase price had been negotiated.

The primary advantage of the 150 Nichols Street property is the potential property purchase partnership with the San Juan County Land Bank. In addition, public support for the development of the Permanent Farmers' Market facility on this site would extend beyond those already supportive of the farmers' market due to the historic preservation and the revitalization of a blighted property.

The historic structure includes a 2,400 square foot open area with large barn-like doors at either end, and the conceptual plans could accommodate 23 vendors (please see appendix xiv, "150 Nichols Street Architectural Conceptual Plans"). The adjacent 960 square foot 'shed' area could accommodate limited storage and a small commercial kitchen. An additional 12 outdoor market stalls are included on the north and west sides of the building. A green space (including benches and tables for visiting and eating) is north of the building and is also visible through a pedestrian alley from Spring Street. An additional 23 outdoor market stalls, a stage, and a storage shed are on the north end of the property, with 16 angled parking stalls along the west and north edges of the property off of Sunshine Alley. The 1,000 square foot second floor apartment could provide additional revenue if it were separately rented. If it was rented as an apartment, a costly sprinkler system would need to be installed in the entire building (per code), but this would not be required if the upstairs was rented as an office suite.

Another advantage of this site is the Town of Friday Harbor's public restrooms located next door to the property (across Sunshine Alley to the west). Both the San Juan County Health Department and the Town of Friday Harbor have said that these restrooms (within 200' of the entire 150 Nichols Street property) would meet the restroom requirements for the Permanent Farmers' Market facility (please see attachment xv, "Letter from the San Juan County Health and Community Services"). The existing public restrooms afford significant savings to both the capital development and the operating budgets.

The primary disadvantage of this property is the limited area available for on-site parking. The site is also too small to develop all the components of the multi-use agricultural facility, but as with the old Browne Lumber property, it may be more cost effective to consider less expensive property on the outskirts of town or land that is publically owned for the development of those facility components that do not depend on customer access. Another disadvantage is that while the property is located in the downtown core, it is not clearly visible from any of the major arterials.

The Ag Guild requested that the San Juan Farmers Market Association revisit the farmers' market downtown core location criteria, given the potential limitations of on-site parking (please see appendix xvi, "San Juan Farmers' Market Association Meeting 9-27-2008"). The San Juan Farmers' Market Association overwhelmingly confirmed that a downtown core location was preferred even if that meant very limited on-site parking. San Juan Island residents frequent the Town of Friday Harbor for shopping, the Post Office, schools, community functions, etc. and most farmers' market customers coordinate their trips to the market with other errands in town. Farmers' market customer surveys have consistently demonstrated that a significant percentage of customers are tourists. Most tourists who come to the farmers' market are staying at accommodations in town or on their boats moored at the Port of Friday Harbor, and/or are in town for shopping or other tourist activities.

As demonstrated in the Industry Research sections case studies, lack of sufficient parking can be a limiting factor for farmers' market growth. Unlike grocery stores, farmers' markets depend on a heavy turnover of customers in a rather short timeframe. Several of the farmers' markets included in the case studies (including Santa Monica, Madison, Beaverton, Portland, Ithaca, Bellingham, and Olympia) have limited parking that restricts customer access, yet these markets are successful none-the-less.

The 2008 San Juan Farmers' Market customer survey asked participants how far they would be willing to park from the San Juan Farmers' Market. Over 68% answered that they would be willing to park "three blocks or more" away from the farmers' market location. To address the lack of on-site parking, the San Juan Farmers' Market Association anticipates providing a "veggie valet" (curb-side purchase drop off/pick-up booth) and/or a shuttle bus that would bring customers to and from the Courthouse parking lot and the Port of Friday Harbor.

The Courthouse parking lot (where the farmers' market is currently located in the summer) is located 3 blocks from 150 Nichols Street and includes 98 parking spaces. The Courthouse parking lot is primarily used by county workers during the week. This parking lot is open to the public and there is no time limit on parking. Adjacent to the Courthouse parking lot are an additional 59 spaces located on First Street North. This street parking includes both two-hour and

eight-hour parking limits. (Please appendix xvii, “Town of Friday Harbor Parking Map”)

The Ag Guild is also in contact with the Washington State Ferries requesting the use their overflow parking lot B and commuter lot C for customer parking during the farmers’ market. Lot B is located on the corner of A Street and Nichols Street, one block from 150 Nichols Street. Lot B is striped with lanes, not parking spaces, but it is estimated that it could accommodate 36 – 45 parking spaces. Lot C is located off Nichols Street, two blocks from 150 Nichols Street, and includes 45 parking spaces with room for an estimated additional 24 compact spaces.

During the feasibility study, two additional potential locations were brought to the attention of the Ag Guild by the owners of those properties. Upon an initial evaluation it was determined that neither presented an equal or better alternative to the top ranked site, and the Ag Guild decided to not consider these new possible locations further unless the top ranked Nichols Street property is subsequently determined to be unfeasible and/or unavailable.

4. Preliminary Conceptual Plans and Structural Engineering Analysis

This feasibility study addresses the feasibility of developing a Permanent Farmers' Market multi-use agricultural facility on the top two ranked potential sites, 150 Nichols Street and 330 Spring Street.

Both properties have existing structures that could be utilized in the facility. In August 2008, Thomas E. Metke, P.E., P.L.S. conducted a structural engineering analysis on both property's structures (please see appendices xi, "330 Spring Street Structural Engineering Analysis" and xiii, "150 Nichols Street Structural Engineering Analysis").

The lumber shed located at 330 Spring Street was built within the last 30 years in conformance with code standards very close to the code standards of today. The structural engineering analysis concludes that "the building is in need of only superficial work to make it completely satisfactory if it is used as an open building as it is now. If it is desired to fully enclose the building, then additional engineering analysis and possibly structural enhancement would be required."

The conceptual plans for 330 Spring Street were prepared by architect David L. Waldron (please see appendix x, "330 Spring Street Architectural Conceptual Plans") with input only from the Ag Guild's Project Director. The conceptual plans utilize the existing open floor plan of the lumber shed with added enclosed spaces along the interior northeast wall to accommodate a small commercial kitchen, limited cold and cool storage, dry storage, and the required restrooms. A stage that can be viewed from both inside and outside the building is located within the building, at the front, along the southwest side.



The historic structure located at 150 Nichols Street was built in 1921. The structural engineering analysis finds that the “concrete block structure is essentially sound, with only a few damaged blocks...” A further indication of the solid construction was the re-enforcing steel found with a magnetic locator. However, a number of structural reinforcement and remodeling requirements would be needed to bring the building up to code. The most significant remodeling work would be required for the renovation of the upstairs apartment (originally a storage loft) into a separately rented office suite or vacation rental. The structural

engineering analysis states that the “upper floor structure is in very poor condition cosmetically, and stinks besides. If it is to be used as a rental unit, it must be thoroughly gutted as part of a reconstruction project.”

The conceptual plans prepared by architect David L. Waldron (please see appendix xiv, “150 Nichols Street Architectural Conceptual Plans”) included substantial input from a wide range of stake holders. A design review meeting was conducted on site by the architect on September 15, 2008 (please see appendix xviii, “Nichols Street Design Review Meeting 9-15-2008”). Attending were the Town of Friday Harbor Mayor and Historic Preservation Design Review Board Coordinator; the Land Bank’s Director, a Commissioner, and the historic preservation steward; and members of the Ag Guild Board and San Juan Farmers Market Association. A subsequent design review meeting was held on November 19, 2008 (please see appendix xix, “Nichols Street Design Review Meeting 11-19-



2008"). In addition to the architect and project director, four members of the Ag Guild Board (three also being members of the San Juan Farmers' Market Association), four additional members of the San Juan Farmers' Market Association, and a potential artists' market coordinator were in attendance. The conceptual plans prepared for the Nichols Street property have incorporated a substantial amount of input from the various stake holders and potential partners.

The architect has identified three givens for the development of the Nichols Street property:

1. The historic building
2. An east/west pedestrian walk through connecting the property to the public restrooms and the alley to Spring Street to the west, and the Nichols Walk condominium properties to the east
3. Diagonal parking along Sunshine Alley. This would provide parking with the most efficient use of space (as it would not require an access and/or turn around lanes), and it would also require that the one-way portion of Sunshine Alley be reversed so that traffic flows south to north

The architect's conceptual plan utilizes the original 2,400 square foot open area with large barn-like doors at either end for the indoor market area, accommodating 23 vendors. The adjacent 960 square foot area (originally a shed that has since been enclosed) has been designed to accommodate limited cool, cold, and dry storage, and a small commercial kitchen. The conceptual plans do not include any details for the second floor area as its most cost effective and marketable use has not yet been determined. For the purposes of this feasibility study, the operating budget includes the revenue from the separate rental of an office suite; however a vacation rental may prove to be more cost effective and marketable.

The architect's conceptual plans are compatible with the considerations and recommendations for future work regarding the historic preservation of the existing structure (please see appendix xx, "The Friday Harbor Brick & Tile Building: Considerations and Recommendations for Future Work" and appendix xxi, "The Friday Harbor Brick & Tile Building: Elements of Significance").

For the conceptual designs of both the 150 Nichols Street and 330 Spring Street properties, the architect included market stalls that measure 9'W x 8'D for large stalls and 8'W x 7'D for smaller stalls. The San Juan Farmers' Market's current market stall size is 10'Wx10'D primarily due to that standard size of the pop-up tents that most market vendors use. The San Juan Farmers' Market Association members/vendors determined that the current designs' stall sizes would work assuming that the tables and/or other display fixtures were appropriately sized.

For both properties the architect has designed ingenious outdoor market stalls using an awning system. The cost of the market stall awnings would be

substantially less expensive than a roof only structure (please see appendix xxii, "Farmers' Market Stall Awning Design"). Also for both properties, the architect has designed a retractable stage that can be deployed for use or retracted with that space then made available for four additional market stalls.

5. Budget Information

This budget section specifically addresses the top two ranked potential sites for the Permanent Farmers' Market facility, and includes both a project development budget and an operating budget for the 150 Nichols Street and 330 Spring Street properties (please appendix xxiii "Permanent Farmers' Market Project Draft Budgets"). David Bauermeister, Director of the Northwest Agriculture Business Center, provided the majority of the information in this section.

These are preliminary draft budgets. The draft capital development costs budget does not currently include a plan for any debt repayment as the current goal of the Ag Guild is to raise all the funds needed through donations, local funds, grants, and other available funding sources. Detailed costs have not been identified for each component of the multi-use facility due to both the potential for phased development and/or the potential development of some facility components at other locations. In addition, more planning and design work will be needed for the specific site selected to provide more detailed operating and capital development costs. And finally, there is potential for the donation of property development and construction materials and/or services.

The draft operating budget is also subject to revision once the marketing plans have been developed. Property insurance costs as well as property taxes will need to be revised based upon the final facility design and assessed value. The liability insurance costs will depend upon whether or not individual vendors carry their own liability insurance. The property management contract costs will require revisions once the marketing plans identify the producer use of various facility components, as well as the additional facility rentals for events and functions other than the farmers' market.

Estimated Capital Costs

The property purchase cost for 150 Nichols Street is based on the separate party's purchase option that expires December 31, 2008, which includes the sale price of \$950,000 negotiated in October 2007. The property purchase cost for 330 Spring Street is based on the conceptual plan's 'footprint' of 68% of the total property, which assumes a development and/or investment partner. The cost of the property, communicated to the Ag Guild by the owners, is \$2.4 million, with 68% of that being \$1,632,000. No sales price and/or purchase agreements were negotiated by the Ag Guild with the properties' owners to arrive at the property costs included in the draft capital costs budget.

The building renovation cost estimates were prepared by the architect. The cost to renovate the existing historic building at 150 Nichols Street is estimated at \$154,000. This includes all estimated costs to bring the building up to code, and includes the renovation of the upstairs apartment into an office suite (even though

the conceptual plans do not illustrate that detail). If it was determined to be more cost effective and marketable to utilize the upstairs as a vacation rental, the remodeling costs would be increased to account for the installation of a sprinkler system throughout the building, as required by code.

The cost to renovate the existing lumber shed at 330 Spring Street is estimated at \$165,000. This cost includes an estimated \$50,000 for the construction of the required restrooms. The 330 Spring Street property would require an upgrade to a 1" water meter given the installation of the required restrooms. That cost is estimated at \$15,914.

The architect also provided the estimated costs for the parking lot paving (\$43,000 for 150 Nichols Street and \$144,000 for 330 Spring Street), the park pavers (\$90,000 for each property), and landscape features (\$5,000 for each property). The cost to install an irrigation system for the green space has not yet been identified.

The estimated costs of the outdoor vendor awning system (for use in the spring/summer/fall) have also been provided by the architect (\$34,500 for 150 Nichols Street and \$42,000 for 330 Spring Street). Alternatively, the cost of a roof only structure is estimated at \$200,000. These capital costs could be identified for a subsequent development phase, with market vendors using their market pop-up tents and/or umbrellas in the interim.

The capital cost for the development of the commercial kitchen/value added processing facility has not been identified. The conceptual plans for both properties include space for a small commercial kitchen as is likely to be needed specifically for the farmers' market and the use of the market facility. The Ag Guild is currently in conversation with the San Juan Island School District's Experience Food Project about the potential development and use of the existing school kitchen for a value added processing facility. There may also be other potential partnerships for development and use of other existing community infrastructure. Additional planning and design work will be needed to identify the most appropriate location(s) and costs of development of the commercial kitchen/value added processing component of the Permanent Farmers' Market facility.

Based on the demand identified in the results of the 2008 San Juan County Food Producers Survey, an 8'x10' freezer and an 8'x10' cooler would provide the needed cold and cool storage. The costs (including delivery and set-up) are \$5,000 for a used cooler and \$7,000 for a used freezer. Further planning and design of the selected facility location may determine that larger cold and/or cool storage would be appropriate to address identified increased demand. A cost benefit analysis has yet to be conducted to see if an upgrade to three phase electricity, which would provide for more cost effective operating costs, would be appropriate. The cost of an upgrade has not yet been identified.

The total estimated capital costs for 150 Nichols Street is \$1,288,500, and the total estimated capital costs for 330 Spring Street is \$2,105,914.

Payment of Capital Development Costs

The current goal of the Ag Guild is to raise all the funds needed for the capital development costs through donations, local funds, grants, and other available funding sources. The Ag Guild has received local donations dedicated for the Permanent Farmers' Market project's capital costs in the amount of \$23,429 to date. The San Juan County Land Bank has committed \$600,000 towards the purchase of the 150 Nichols Street property, with \$400,000 for an historic preservation conservation easement and \$200,000 to be repaid. The total balance needed for repayment of the estimated capital costs for 150 Nichols Street is \$865,071 (which includes the repayment of the \$200,000 to the Land Bank) and for 330 Spring Street is \$2,082,485.

Estimated Annual Income

The estimated annual income assumes that the farmers' market stall fees that are currently paid to the San Juan Farmers' Market Association will be included in the Permanent Farmers' Market facility's operating budget. The farmers' market stall fees included in the draft operating budget are based on the most current actual revenue totals of \$6,450 for summer full-time, summer part-time, and winter market vendor fees. For the mid-week market the estimated amount of \$2,000 in market stall fees is based on 10 vendors paying \$10 per week for 20 weeks.

The 150 Nichols Street property has the potential operating revenue from the separate rental of the historic building's upstairs as either an office suite or a vacation rental. The estimated annual income includes the conservatively projected income from an office suite at \$1,200 per month for 1,000 square feet (\$.83 per square foot) or \$14,400 annually. The rental fee would not include the cost of utilities (or be adjusted to include those costs) and more planning will be needed to determine what provisions would be made regarding parking. For comparables, the San Juan Preservation Trust recently moved into three office units of a recently remodeled historic home on Argyle Avenue. They pay \$2,100 per month for 1,575 square feet (\$1.33 per square foot). No utilities are included in the rent, and three parking spaces are provided (with some additional spaces available as needed). The lease is for two years with a potential for annual rental fee increases based on the Consumer Price Index. The San Juan County Economic Development Council office (which includes access to a conference/meeting room and bathrooms) is \$2.00+ per square foot. This rent includes utilities. Parking is not limited with a lot provided behind the building and street parking (two hour limit) in front.

Operating revenue from the rental of parking spaces is included in the draft operating budget. Confirmed rental income includes the \$930 which the three

Waldron Island farms will pay annually (based on their parking rental fees paid to the Port of Friday Harbor (\$310 per space per month)). Potential parking revenue has been included at 10 spaces for \$40 per month or a total of \$4,800 annually. According to Town of Friday Harbor Administrator, the going rate for parking space rentals is \$50 - \$60 per month. The parking rental has been estimated at a reduced rate of \$40 due to potential restrictions so that parking space rentals would not conflict with market customer use of the parking spaces. The 330 Spring Street property clearly has far more parking revenue potential than the 150 Nichols Street property. More planning work will be needed to insure the compatibility of parking space rental with the use of the Permanent Farmers' Market facility, and to determine demand and specific revenue potential for parking space rentals.

Rental of the Permanent Farmers' Market facility for other events and/or functions has been conservatively estimated at \$1,800 annually based on one rental day per month at \$150 per day. For comparables, the San Juan Island Grange is available to the public for rent with no special rates for Grange members (there had been a member discount rate in the past). The rental fee includes use of Grange Hall, kitchen facility, dishes, utensils, misc. cooking/serving items, and bathrooms. A damage deposit is required, \$25 of which is non-refundable, making the rental fees \$175 for 0-8 hours and \$275 for 8-24 hours. The damage deposit if no alcohol is served is \$200 (with \$175 refundable), and if alcohol is served the damage deposit is \$400 (with \$375 refundable). There is a 30% discount on rental fees if three or more events are booked simultaneously.

The Mullis Center can only be rented out to non-profits except for 15 days each year when it can be rented to private and/or for-profit groups.

Mullis Center non-profit rental rates:

- Craft Room rents for \$45 per day or \$75 per night
- Half of the dining room rents for \$45 per day or \$75 per night
- The entire dining room rents for \$115 per day or \$175 per night
- The craft room is contiguous with the dining room and the entire facility can be rented for \$160 per day or \$250 per night
- The kitchen rents for \$25 per hour up to a maximum of \$200 per day
- Dining room rental includes use of dishes, utensils, (and all rentals include use of bathrooms).
- Kitchen rental includes use of all kitchen appliances and cooking/serving items.
- The damage deposit for non-profits is discretionary.

For private/for-profit groups the Mullis Center's rental rate is for the entire facility only at a cost of \$450 for a full day/night plus a \$250 refundable damage deposit.

Not included in the estimated operating budget is potential revenue from producers for the use of various facility components including cool and cold storage, the commercial kitchen/added value processing facility, etc. More planning will be needed to identify this potential operating revenue. For a commercial kitchen rental comparable, the San Juan Island Grange has a kitchen that is certified with WSDA for wholesale processed food products sales (subject to specific product approval by WSDA). The Grange kitchen only rental fee is \$100 for four hour increments.

Additional annual income is projected from the sale of market merchandise such as tote bags, t-shirts, cookbooks, and etc. The San Juan Farmers' Market has generated income from merchandise sales over the years, but does not have specific data on that income. An estimate of \$2,500 annually has been included, but more work is needed to determine more accurate revenue potential from merchandise sales.

The estimated annual income budget includes the goal for 100 Friends of the Farmers' Market who would each commit to supporting the Permanent Farmers' Market facility with an annual donation of \$100. These tax deductible donations would generate \$10,000 in annual income for the operating budget. Proceeds from an ATM machine and sponsorships are additional potential revenue sources that have not yet been specifically identified.

The total estimated annual income for 150 Nichols Street is \$42,880. The total estimated annual income for 330 Spring Street is \$28,480.

Estimated Annual Operating Expenses

The estimated annual operating expenses assumes that the costs currently paid by the San Juan Farmers' Market Association related to the management of the farmers' market would be included in the management costs of the Permanent Farmers' Market facility.

The advertising costs are based on current costs of approximately \$1,800 per year paid by the San Juan Farmers' Market Association. These costs will need to be revised based upon the specific start-up and on-going marketing plans yet to be developed. Bank charges are also based on San Juan Farmers' market Association actuals and are subject to revision.

The custodial costs take into consideration the costs associated with restroom cleaning. The Nichols Street property will not incur those costs whereas the 330 Spring Street property will. Custodial fees are based on an estimate provided by J.B. Herren Real Estate Company (which provides property management services) of \$35 to \$45 per hour. The total estimated custodial cost for the 150 Nichols Street is \$4,160 annually (based on \$40 per hour for an average of two hours per week). The total estimated custodial cost for 330 Spring Street is

\$8,320 annually (based on \$40 per hour for an average of four hour per week). Any identified increased usage of the facility will require a corresponding update to the custodial costs.

The costs for landscape maintenance have not been identified. Professional fees have been estimated at \$1,500 annually. The cost associated with website maintenance has not been identified. Currently, Suzy Pingree has created and maintained the San Juan Farmers' Market website at no charge. Landscape maintenance, professional services, and website maintenance are all operating expenses that have been identified as having the potential to be donated. Further work is needed to finalize these costs and/or donations. Currently there are no costs identified for dues and subscriptions, travel, mileage reimbursement, and miscellaneous.

Equipment maintenance costs are estimated at \$250 annually, which would cover the cost of one service call. Property repairs have been estimated at \$1,500 annually. Further work is needed to specifically identify both equipment and property maintenance and repair costs.

Insurance costs are currently estimated. The property insurance will need to be revised based upon the final development design and associated costs. The liability insurance costs will depend upon whether or not individual vendors carry their own liability insurance.

Property management costs assume a management contract that would manage the farmers' market use of the facility, producers' use of the various facility components, and facility rental for additional events and/or functions. In the case of the Nichols Street property, the separate rental of the upstairs office suite or vacation rental would also be included in the management contract. The San Juan Farmers' market Association currently pays the farmers' market manager \$20 per hour for 260 hours per year. The draft operating budget's property management contract is estimated at \$25 per hour for 80 hours a month for seven months of the year (\$14,000) and 40 hours a month for five months of the year (\$5,000), for a total of \$19,000 annually. Revisions will be needed based on the marketing plans, identified producer facility rentals, and identified additional facility rentals for other events/functions.

Office expenses and postage, annual permits and fees (city and state), and utility costs are all estimated and subject to revision. Phone and internet costs will need to take into consideration the possible need for internet access at some or all market stalls.

Finally, property taxes are currently based on 2007 actual costs for each of the properties. Current property taxes for 150 Nichols Street are \$4,113.62. Current property taxes for 330 Spring Street are \$9,116. Property taxes will increase with

any remodel/property improvements. The Ag Guild contacted Sindy Parchall at the Washington State Department of Revenue and it appears that the AG Guild (a 501(c)(3) Washington State non-profit corporation) does not qualify for a property tax exemption.

The total estimated operating expenses for 150 Nichols Street are \$43,111. The total estimated operating expenses for 330 Spring Street are \$52,273.

Projected Annual Cash Flow

Based upon the estimated annual income and operating expenses, the projected annual net cash flow for the 150 Nichols Street property is -\$231, and the projected annual net cash flow for the 330 Spring Street property is -\$23,793. As stated above, the projected annual cash flow does not currently include the repayment of any capital costs. The goal of the Ag Guild is to identify a location for the Permanent Farmers' Market facility which has an operating budget that is at the least revenue neutral.

6. Feasibility Conclusions

The feasibility conclusions will be in two parts: 1)The feasibility of a Permanent Farmers' Market facility on San Juan Island per se, and 2)The feasibility of the top three ranked sites: 150 Nichols Street, 330 Spring Street, and the San Juan County Fairgrounds.

The Feasibility of a Permanent Farmers' Market Facility on San Juan Island

The Permanent Farmers' Market is clearly the centerpiece of the multi-use agricultural facility. Currently, there is limited demonstrated demand for the other components of the facility (storage, distribution, and processing), and their development would likely not be feasible without their combined use with the Permanent Farmers' Market component of the facility.

The population of the local community is one consideration in assessing the feasibility of the Permanent Farmers' Market facility. The population of San Juan Island is 7,752, with San Juan County's population at 15,900. Compared with the populations of farmers' market locations included in the Industry Research section's case studies, San Juan Island has the smallest population, closest to Port Townsend (9,000) and Astoria at (9,917). The small population of San Juan Island may indicate a lack of feasibility, however, an unknown number of part-time residents spend portions of the year on San Juan Island, and San Juan Island is also a major tourist destination. In 2006, there were 258,801 visitors to the San Juan Island National Historical Park. The San Juan Farmers' Market customer surveys show a significant percentage of both part-time residents (12%-13%) and tourists (39%-44% in summer and 28% in spring). (Please see appendix v, "2004 Rapid Market Assessment", appendix vi, "2007 San Juan Farmers' Market Customer Survey Results", and appendix vii, "2008 San Juan Farmers' Market Customer Survey Results"). While the small year-round population of San Juan Island is a consideration, the part-time residents and tourists augment the population base such that a permanent farmers' market facility is feasible.

The Industry Research section's case studies show common themes for those farmers' markets that are successful in building permanent structures/facilities. The most common theme of success is the existence of an established farmers' market with a successful track record and strong customer base. The San Juan Farmers' Market is a well established and thriving farmers' market with a strong and loyal customer base. Since 2002 the number of farms/farm vendors at the San Juan Farmers' Market has increased from 19 to 27. In addition, the reported gross annual sales have increased over 55% from \$156,653 in 2006 to \$244,044 in 2007. With a permanent year-round facility, the San Juan Farmers Market is poised to grow in positive directions.

Another common theme demonstrated in the case studies is that successful permanent farmers' market facilities are developed with extensive participation in

selecting a site and designing the facility by the farmers' market vendors. The Ag Guild includes three board members who are farmers' market vendors/members of the San Juan Farmers' Market Association. Another Ag Guild Board member officially represents the Island Grown Farmers Cooperative, and is also a farmers' market vendor/member of the San Juan Farmers' Market Association. Another Ag Guild Board member (representing the San Juan County Agricultural Resources Committee) was the San Juan Farmers' Market Manager for seven years, and has been actively involved over these many years in every effort to establish a permanent farmers' market facility. The Ag Guild has worked in partnership with the San Juan Farmers' Market Association to achieve their common goal of developing a Permanent Farmers' Market facility. While there has not yet been active customer participation in the site selection and design process, the customer surveys conducted at the San Juan Farmers' Market over the past five years have clearly demonstrate their increased support for a permanent farmers' market facility. Communications with customers regarding the feasibility study process have received positive support. In August 2008, the Ag Guild held a fundraising event for the Permanent Farmers' Market project which raised over \$30,000, with \$23,429 donated specifically for the Permanent Farmers' Market facility's capital costs.

Another form of market vendor participation common to many famers' markets that have successfully transitioned into permanent facilities is vendor sweat equity and/or financial investment or donations for the capital development of the facility. This subject is in the initial stages of discussion and specific plans have not yet been made.

Demand for the Permanent Farmers' Market facility is clearly demonstrated. The existence of the farmers' market is threatened by the lack of a stable and secure location, as well as the challenges associated with an open air market exposed to the elements. Demand is also demonstrated by the many county priorities and goals that would be addressed by the Permanent Farmers' Market facility. Without a permanent facility, the San Juan Farmers' Market will not be able to expand into a thriving year-round market.

An operating budget that is revenue neutral at the least is critical to the feasibility of a permanent farmers' market facility on San Juan Island. The draft operating budget currently includes revenue from local producers based on current actual farmers' market stall fees, without projections for the growth in market vendors that is anticipated. Revenue from the demonstrated demand and potential increased demand for the storage, distribution and processing has not yet been calculated and included in the draft operating budget.

A number of factors are bringing nation-wide attention to the importance of regional food systems in general, and specifically year-round farmers' markets. Given the indicators for success of the existing farmers' market with a successful

track record and strong customer base, the active participation of market vendors during the design and site selection process, and assuming an operating budget that is at least revenue neutral, a permanent farmers' market facility on San Juan Island is feasible.

The Feasibility of Permanent Farmers' Market Potential Site #3 – San Juan County Fairgrounds

The San Juan County Fairgrounds is currently an unfeasible site for the Permanent Farmers' Market facility, or any of its components, due to incompatible zoning. Other disadvantages to address if this site is reconsidered are the location outside the downtown core, and the potential property use conflicts with other events and activities on the fairgrounds. If zoning incompatibility is addressed through an amendment to the San Juan County Comprehensive Plan, Unified Development Code, and Official Map or other means, this publically owned property may prove to be a feasible location for the Permanent Farmers' Market facility or some components of the facility.

The Feasibility of Permanent Farmers' Market Potential Site #2 – Old Browne Lumber property at 330 Spring Street

The 330 Spring Street property would likely be identified as the most feasible site were it not for the cost of the property combined with the lack of identified purchase funding partner(s), and the lack of identified development and/or investment partner(s). This site would be ideal for the Permanent Farmers' Market facility given its downtown location, visibility from the main street (Spring Street) of Friday Harbor, and the opportunity for ample on-site parking. The 330 Spring Street property should be reconsidered and potential partnerships revisited if the most feasible site proves to be unfeasible and/or unavailable.

The Feasibility of Permanent Farmers' Market Potential Site #1 – Friday Harbor Brick & Tile Company property at 150 Nichols Street

The most feasible location for the Permanent Farmers' Market facility is the 150 Nichols Street property. A primary reason for the number one ranking of this site is the commitment from the San Juan County Land Bank for \$400,000 towards an historic preservation conservation easement and another \$200,000 (that would need to be repaid) towards the purchase price. The 150 Nichols Street historic structure has undergone a thorough structural engineering analysis, and while a number of structural reinforcement and remodeling requirements are needed to bring the building up to code, the building is essentially sound.

The 150 Nichols Street property is large enough to accommodate a 50% increase in the current number of peak season vendors. The historic structure includes a 2,400 square foot open area with large barn-like doors at either end that could accommodate 23 vendors indoors, year-round. Additionally, the 960 square foot 'shed' area would accommodate cool, cold, and dry storage, as well as a small commercial kitchen. The 1,000 square foot second floor apartment would provide

additional revenue as a separately rented office suite or vacation rental. The remaining property can accommodate an additional 35 – 39 vendor spaces in the spring, summer, and fall, as well as a stage, and green space.

Another advantage of the Nichols Street site is the Town of Friday Harbor's public restrooms located next door to the property. Both the San Juan County Health Department and the Town of Friday Harbor has said that these restrooms would meet the restroom requirements for the Permanent Farmers' Market facility. The existing public restrooms afford significant savings to both the capital development and the operating budgets.

The primary disadvantage of the Nichols Street property is the limited on-site parking. The San Juan Farmers' Market Association anticipates providing a "veggie valet" (curb-side purchase drop off/pick-up booth) and/or a shuttle bus that would bring customers to and from the Courthouse parking lot and the Port of Friday Harbor. Another disadvantage is that while the property is located in the downtown core, it is not highly visible from any of the major roads. The marketing plans will need to specifically address the challenges of limited on-site parking and lack of visibility from major roads.

The feasibility of purchasing property and paying for all the project development costs is not a determining factor in this study. The current goal of the Ag Guild is to raise all the funds needed for the capital development costs through donations, local funds, grants, and other available funding sources. If the Ag Guild is not successful in securing the necessary capital development funding for this site, it is likely that the project will not proceed at this location.

In spite of the challenges the Nichols Street site presents, the Ag Guild and the San Juan Farmers' Market Association are excited by the vision for the renovation of this currently blighted site into a vibrant and festive downtown community gathering space where the year-round farmers' market can thrive.

7. Management Plan

The Ag Guild's Permanent Farmers' Market Long-Term Property Ownership and Facilities Management Committee identified the following options, goals, and recommendations for the long-term property and facilities management structure. The recommendations are based upon information currently available and are preliminary. More work is needed once a Permanent Farmers' Market facility location is identified and further planning is conducted, including identification of all ownership and/or development partnerships. The following recommendation is meant to provide a basis for further development of the final management plan.

Property Ownership Options

Nichols Street property: The Land Bank would likely have initial ownership or joint ownership in order to place an historic preservation conservation easement on the property (\$600,000 budgeted for property purchase - \$400,000 for the easement). The Ag Guild would be required to commit to reimbursing the Land Bank for \$200,000. The Land Bank is not interested in long-term property ownership and/or joint ownership.

Spring Street property: There have been initial conversations with the Visual Arts Museum/Westcott Bay Institute (VAM/WBI) about joint development of the old Browne Lumber property for both a Permanent Farmers' Market facility and a fine arts museum. It has been determined that due to the size of the property being larger than is needed for the Permanent Farmers' Market facility, and given the value of the Spring Street property, a development and/or investment partner would be required.

Property Ownership Options Include:

Nichols Street Property

- Ag Guild
- New non-profit (i.e. Friends of the PFM)
- New co-operative (i.e. IGFC)
- Non-profit subset of the Ag Guild
- (Land Bank and SJFMA apparently not interested in property ownership but need to confirm)

Spring Street Property

- Ag Guild
- VAM/WBI or other development/investment partner
- Ag Guild & VAM/WBI
- New non-profit (i.e. Friends of the PFM)
- New co-operative (i.e. IGFC)
- Non-profit subset of the Ag Guild
- (SJFMA apparently not interested in property ownership but need to confirm)

Goals and Preliminary Recommendations Regarding Property Ownership

It is recommended that property development include the San Juan Farmers Market Association through both sweat equity and financial contributions, and that the ultimate property ownership be an inclusive model that includes San Juan Farmers Market Association representation and access to decision making.

At this time there is not enough information about the Spring Street property to make a specific recommendation about property ownership. For the Nichols Street property it is recommended that a new non-profit or a new co-operative not be considered. The number one recommendation for the ownership of the property is a non-profit subset of the Ag Guild with representation from the SJFMA (with a 3-5 member Board i.e. if 4 member Board: 2 SJFMA members, 2 Ag Guild).

A priority recommendation is that regardless of the structure of the property ownership, a long-term and secure lease and/or contract must be paramount. It must be clear that the property is first and foremost a Permanent Farmers' Market facility with dedicated days of each week and times in each of those days for the farmers' market and other related uses of the facility to occur. Also included must be all costs and/or fees associated with the Permanent Farmers' Market facility with all allowable fee/cost increases specified and restricted.

Goals and Preliminary Recommendations Regarding Property Management

The committee recognized that management includes both facilities and events.

Facility Management:

- Maintenance, utilities, taxes
- Rental (second floor) management
- Freezers, refrigerators, dry storage, distribution, processing
- Bookings (other events and use of processing facilities)

Events Management:

- On-site management during events (including FMs)
- Marketing of events
- Bookings (other events and use of processing facilities)

The facility and events management could be one job or two and/or certain components of the job could be 'farmed out' (i.e. bookings done by Girl Friday).

It is recommended that the detailed property manager job description include the following:

- Farmers' Market advocate
- Passionate
- Business builder

- Stated minimum number of hours to address accountability/job commitment
- New bookings could generate a percentage/incentive fee

It is recommended that the same property ownership structure (non-profit subset of the Ag Guild with representation from the San Juan Farmers' Market Association), as the decision-making body, hire the property (facilities and events) manager(s) and provide oversight of their management of the property as well as oversight of the property and facilities.

8. Marketing Plan

The marketing of the Permanent Farmers' Market facility will involve both start-up and on-going marketing. The marketing of the facility will include the marketing of the farmers' market to both existing and new customers (full and part-time residents as well as tourists), the marketing of the facility to farmers and food processors, and the marketing of the facility for use by other events and functions. In addition, marketing plans will be needed for the paid parking and office lease and/or vacation rental accommodations that will provide additional operating revenue. The following, focused primarily on farmers' market and related events and product promotion marketing, are preliminary suggestions for consideration in developing a comprehensive marketing plan.

1. **Website** – the new San Juan Farmers' Market website developed in 2008 by Suzy Pingree is an excellent marketing resource. Existing advertising funds should be utilized to increase the website's exposure as well as direct linkage to the website via web advertising on local news and info websites. The San Juan Farmers' Market website will need to be kept as up-to-date as possible in order to provide the best possible information to existing and potential resident customers, as well as tourists.
2. Utilize the existing resources of the **San Juan County Agricultural Resources Committee's Islands Certified Local Campaign** that promotes local agricultural products: <http://www.sjcarc.org/certified.asp>.
3. Produce a **rack card** to be distributed at the farmers market and for display by local accommodations and businesses, in the Chamber visitor information center, and (if funding permits) on the WA State Ferries (via a contract with Certified Folder Display).
4. Continue to post **fliers** around the island on major bulletin boards, in shop windows, etc. and consider changing out the fliers at least monthly in order to increase their effectiveness.
5. Publish an **E-newsletter**, and have a location at the farmers' market where people can sign up to receive it (possibly at various vendor booths). Include a means to sign up for the newsletter on the San Juan Farmers' Market website. E-mail the newsletter once a month (including, for example, recipes for those crops currently in season along with news from various farms) and highlight all market related events, entertainment, activities, and etc.
6. Contact regional **media** from different perspectives, including agritourism writers, culinary tourism writers, arts & entertainment writers, etc. Media includes newspapers, magazines, online and radio, event TV.
7. Continue local media **advertising** and consider regional media as well, from Seattle to Bellingham, and in regional visitors guides such as the Tulip Festival guide, etc. This may include newspapers, magazines, online and radio.

8. Utilize local and regional **calendar of events** to list the dates of all farmers markets and other events and functions: local print and online media, San Juan Islands Visitors Bureau and Chamber calendars, new library community calendar, to islands print and online media, and the regional media calendars.
9. Get a complimentary listing on the **Washington State Tourism website:** www.experiencewa.com.
10. Join the **San Juan Islands Visitors Bureau** for only \$100 annually, which would entitle the San Juan Farmers' Market to:
 - a. A "free" listing under Farms/Farmers' Markets on www.visitsanjuans.com . Even though they aren't members, all three farmers' markets are currently mentioned in the editorial portion of these listings. Last year this website received over 1,125,000 unique visits.
 - b. A "free" listing in the 2009 Visitors' Guide under Farms/Farmers' Markets. All 3 farmers' markets are currently listed in the editorial portion of this section. Approximately 160,000 visitors' guides will be printed in 2009.
 - c. Paid display advertisement in the 2009 Visitors' Guide.
 - d. Receive various advertising opportunities via email related to regional media.
 - e. Receive specific media relations leads via media relations efforts with travel writers and editors. Rack cards can be included in specific media packets.
 - f. Inclusion of any special events and/or functions, new products promotion, etc. on the website.
 - g. Become more involved with "Savor the San Juans" (see below) and other cultural tourism programs.

San Juan Farmers' Market customer surveys have consistently shown a high percentage of tourist customers, with consistently 40% in the summer. In the one survey conducted in the off-peak season, 28% of respondents were from off-island. Tourism marketing will be an important component of the comprehensive marketing plan.

Tourism Marketing Overview

San Juan County is one of the most desirable tourist destinations in the country due to its natural beauty and variety of outdoor activities, and agritourism is increasingly a tourism destination criterion for those tourists San Juan County values most – tourists that "leave only footprints", tourists who come to experience and appreciate San Juan County's agricultural pastoral landscape.

Agritourism

Agritourism is the crossroads of tourism and agriculture: when the public visits working farms to buy products, enjoy entertainment, participate in activities, eat a

meal, or make overnight stays. Agritourism is a fast growing segment of tourism. People are looking for positive and new experiences when they travel, and there is interest in re-connecting with where food comes from through farm visits. Parents want their children to know how food is grown. Visiting a farm, ranch or winery offers unique experiences.

According to the Travel Industry Association of America:

1. Tourists are increasingly traveling by cars
2. Tourists are taking shorter trips & planning at the last minute
3. Travelers are looking for new experiences as part of their trips, and
4. Families want to strengthen their relationships by being together

Agritourism offers farmers revenue generating opportunities and can increase existing direct marketing sales. Agritourism is actually saving thousands of small farms across the country. (For more information go to:

<http://www.eckertagrimarketing.com/agritourism.html>

and <http://www.nationalgeographic.com/travel/sustainable/sustainable.html>)

The Permanent Farmers' Market will provide a tourism-related venue that will expand agritourism in San Juan County. In addition to enhancing the farmers' market experience year-round, the Permanent Farmers' Market will provide a venue to showcase and promote, to tourists and residents alike, the agricultural bounty and heritage of San Juan County. The Permanent Farmers' Market will address San Juan County's tourism promotion priority to bring more tourists to the islands in the off-peak (fall, winter, spring) season. The year-round covered facility with additional market days along with its educational component will provide a year-round tourism venue.

Agritourism & Culinary Tourism Marketing by the San Juan Islands Visitors Bureau

San Juan County contracts for tourism promotion services with the San Juan Islands Visitors Bureau, which is paid for with local lodging tax funds. The San Juan Islands Visitors Bureau primarily promotes "geotourism" which is tourism that sustains, enhances, and supports the geographical character of a place – its environment, culture, heritage, aesthetics and well-being of its residents.

Agritourism and culinary tourism fit into the larger tourism theme of geotourism. These two niches are important tourism trends due to visitors wanting an authentic experience in the islands (or their destination of choice), which includes seeing how/where local products are grown -- whether it be at a farm or farmers' market -- and tasting them via these venues or in local restaurants. (For more information on geotourism go to

<http://www.nationalgeographic.com/travel/sustainable/sustainable.html>)

The San Juan Islands Visitors Bureau currently markets agritourism and culinary tourism through its Visitors Guide which currently lists the farmers' markets in all three islands sections, as well as the farm members, and a farmers' market photo is found on page 24.

The San Juan Islands Visitors Bureau website includes farms and farmers' markets as one of many categories:

<http://www.visitsanjuans.com/listings/index.cfm?action=showSub&catID=3&subcatID=74&startrange=All&endrange=All&substart=M&subend=S¬ify=1>

The website also includes a link to the farm guides from Washington State University Extension in San Juan County. A website mapping system is being developed (due to be completed by October 1, 2008), which will map each member listing using a Google map.

Agritourism and culinary tourism are promoted via travel writers and editors, and through Emily's Guides, a local resource map-based guide, which is including more information from the San Juan Islands Visitors Bureau to promote agritourism and culinary tourism.

The San Juan Islands Visitors Bureau encourages the San Juan Farmers' Market to add more local artists' booths in order to enhance the market and help attract even more visitors and residents. Salt Spring's Saturday Market is cited as an example of a wonderful combination of farmers and arts & crafts.

The San Juan Islands Visitors Bureau plans to mature its marketing programs in these areas by working more closely with the farmers' markets, local farmers and restaurants. Such partnerships take time and participation, in order to strategize creative ways to market the islands' bounty of fresh foods and the restaurants that serve them.

Savor the San Juans – A Medley of Food, Art & Culture

<http://www.savorthesanjuans.com/>

During the month of October, 2008, the San Juan Islands Visitors Bureau is promoting "Savor the San Juans – A Medley of Food Art & Culture". The goal is to attract more visitors to San Juan County during the month of October. Seventeen restaurants on Lopez, Orcas and San Juan Islands are taking part by offering 3-course dinners for \$30, featuring fresh island ingredients. Over 40 events and festivals are taking place during the month, including the San Juan Farmers' Market. Other events and activities include art gallery exhibits, winemaker's dinners, a wine harvest festival, Oktoberfest, theatre performances, historic walking tours, cooking classes, etc. "Savor" is being promoted through advertising on radio, newspapers, magazines, and online, in addition to media relations. The San Juan Islands Visitors Bureau would like all three farmers' markets to

participate more fully during next October's promotional event with special events and/or activities during the markets.

9. Job Retention and Creation

This section provides information on farmers' market job retention and creation. Local job retention and creation potential is identified through an informal survey of existing San Juan Farmers' Market vendors. This section will also address the creation of new jobs through the Permanent Farmers' Market facility as a business incubator. The Permanent Farmers' Market facility's expanded product development and marketing opportunities will increase consumer demand for local foods and encourage the creation of new farms and new value-added products, thus creating more jobs.

The following study from the Ithaca (New York) Farmers' Market provides an example of farmers' market job retention and creation. It also demonstrates how farmers' market vendors can create direct benefits for numerous other local suppliers and businesses.

A December, 2007 study showed that of 153 businesses at the Ithaca Farmers' Market, 140 are white-owned and 13 (9%) minority-owned; 54 (35%) are female-owned and 4 minority-owned businesses. They provide:

- 19 year-round full-time jobs
- 11 year-round part-time jobs
- 49 seasonal full-time jobs
- 120 seasonal part-time jobs
- The total is about 200 jobs with an estimated payroll of \$1.5 million

Vendors have \$12,000 median annual gross sales, with 7% of vendors under \$5,000 and 8% over \$40,000 annually. From 2004 to 2007, 44 new jobs were created as:

- 58% of vendors increased sales
- 31% stayed the same
- 12% lowered sales

The Ithaca Farmers' Market is the primary source of income for 35% of vendors and a secondary source for 52%. Annual sales are estimated at \$2.7 - 3.6 million, leading to a \$120,000+ annual sales tax.

The top three uses of market income are:

- Business operating costs: 93%
- Business reinvestment: 78%
- Essential bills: 68%

Vendors have a substantial impact on other local businesses:

- Vendor purchases from 7 Ithaca businesses: \$480,520
- Vendor purchases from 7 County businesses: \$462,000
- Vendor purchases post-market: \$318,400

Total Direct Impact: \$1,260,420

The San Juan Farmers' Market Association currently includes 36 member/vendors. The San Juan Farmers' Market Association is committed to local farmers, and 28 of their current member/vendors are San Juan County farms (which includes seafood producers). The San Juan Farmers' Market Association also includes eight food processors who are required to use "a significant percentage of locally grown or gathered products". To augment the local food products available, the San Juan Farmers' Market Association makes three booths available to juried artisans on a rotating basis for the sales of locally made arts and crafts. One booth is made available for a local non-profit organization on a rotating basis for public outreach and education.

With the development of the Permanent Farmers' Market, current vendor/members of the San Juan Farmers Market Association will have the opportunity to increase their production to meet the expanded marketing opportunities. Current food processor vendor/members will have the opportunity to increase their production and thereby expand their use of locally grown ingredients to meet the increase in marketing opportunities (and thereby increase their use of local ingredients). It is anticipated that the Permanent Farmers' Market will encourage existing farms, which may not currently use direct marketing, to sell at the Permanent Farmers' Market, thus providing additional farm revenue and further economic stability. It is also anticipated that the marketing opportunities of the Permanent Farmers' Market will also encourage the development of new farms, which will further preserve farmland in San Juan County.

An informal survey was conducted by the San Juan Farmers' Market Association. Of the 16 member/vendors who responded, current employment numbers are 29.75 FTEs (Full Time Equivalents). With the development of the Permanent Framers' Market, these businesses estimate that their employment numbers will increase by 12 FTEs for a total of 41.75 FTEs.

The Permanent Farmers' Market Facility as a Business Incubator

The San Juan Farmers' Market is already a proven business incubator. The low cost of a market stall (\$20 per week plus the \$15 annual dues) with exposure to numerous customers provide the ideal environment for getting a new business off the ground and/or test marketing a new product line. Several farms started out selling produce at the San Juan Farmers' Market before expanding their business to include additional crops and/or value-added products. Other businesses started out at the San Juan Farmers' Market before opening their own store front.

The Market Chef started out as a food processor vendor at the San Juan Farmers' Market in 1999. In 2002 The Market Chef opened on A Street in downtown Friday Harbor. For the three years at the San Juan Farmers' Market, The Market Chef

had .75 FTE. The Market Chef now has 8 FTEs in peak season (summer) and 6 FTEs in the off-season (fall/winter/spring). In addition, The Market Chef purchases between \$2,000 and \$5,000 of local produce, meat, and seafood each month (amount varies due to seasonal availability). Owners Laurie Paul and Tom Barrette anticipate that their purchases of local farm and seafood products will increase with the development of the Permanent Farmers' Market facility due to mid-week availability of products as well as the planned distribution facility.

Café Demeter got its start at the San Juan Farmers' Market as a food processor vendor in 2007 with .5 FTE. In 2008, Café Demeter opened on Nichols Street currently with 4 FTEs. Purchases of local farm products average \$600 per month.

Due to the requirement that San Juan Farmers' Market Association vendors' processed food products include a significant percentage of locally grown or gathered ingredients and the subsequent positive response from farmers' market customers, these food processor vendors have gone on to establish restaurants and bakeries that feature locally grown ingredients, thus further increasing farm sales and consumer access to local foods.

The Permanent Farmers' Market facility's expanded product development and marketing opportunities will increase consumer demand for local foods and encourage the creation of new farms and new value-added products, thus creating more jobs.

10. Project Impact

This section identifies the potential for the Permanent Farmers' Market facility to positively impact the local community through

- A stable, year-round location for the San Juan Farmers' Market to thrive
- Availability of the freshest, most flavorful, and most nutritious local farm-raised and prepared foods all year
- A mid-week and winter Farmers' Market location that can include farmers from all of San Juan County
- A fun and festive community gathering space
- Increased opportunities for residents and tourists to buy local food and reduce their carbon footprint
- Successfully addressing several San Juan County goals
- Increased self-sufficiency which is important for local emergency preparedness
- Increased farmland preservation through the increased economic stability of existing farms and the encouragement of new farms
- The retention and creation of jobs through the Permanent Farmers' Market facility's expanded product development and marketing opportunities
- The creation of new jobs through the Permanent Farmers' Market facility as a proven business incubator
- Providing cold and cool storage facilities for San Juan County farmers with no electricity access and farmers with limited cold and/or cool storage capacity
- Increased economic development with the greatest multiplier effect

The Permanent Farmers' Market facility will help to fulfill the Ag Guild's goal to develop a comprehensive community food system and foster sustainable agriculture in San Juan County. The Permanent Farmers' Market facility will address the goals of the San Juan Farmers Market Association and the San Juan Farmers' Market's customers for a year-round covered farmers' market facility.

The San Juan Farmers' Market includes three Waldron Island farms. Waldron Island is a small and remote island in San Juan County that has no Washington State Ferries service and no electricity provided by the county utility cooperative. These three farms have extremely limited or no cool and cold storage facilities for their farm products, and are further challenged in bringing their products to market given that they have no public ferry service. One goal for the cool and cold storage facility component of the Permanent Farmers' Market is to provide Waldron Island farmers with appropriate storage facilities so they can further enhance the value of their products, increase their options for the transportation of their products, increase their production and variety of product, and increase their revenue.

The cold storage will also provide increased efficiency in access and increased production potential for San Juan County livestock producers. Through a USDA Food Security Program grant, San Juan County's WSU Extension and the Lopez Community Land Trust designed and built the first in the nation USDA inspected mobile meat processing unit. Five vendor/members of the San Juan Farmers' Market Association are also members of the Island Grown Farmers Cooperative that operates the USDA mobile meat processing unit and a USDA inspected meat processing facility. Members of the Island Grown Farmers Cooperative are thereby able to sell their meat products directly to consumers. These farmers' meat products production has been limited in part due to their own farm's limited cold storage capacity. The cold storage component of the Permanent Farmers' Market facility will increase the efficiency of their product transportation, their capacity for production, and their revenue.

The Permanent Farmers' Market facility will positively impact the community by addressing several county goals. The Permanent Farmers' Market will contribute to the preservation of agricultural lands identified in San Juan County's Open Space and Conservation Plan. The Permanent Farmers' Market will increase farmland preservation through the increased economic stability of existing farms and the encouragement of new farms. The Permanent Farmers' Market will address economic development goals identified in the draft Economic Development Element of the San Juan County Comprehensive Plan, which asserts the need for market infrastructure to develop the viability of island agriculture and community food security. The Permanent Farmers' Market facility will address San Juan County's tourism promotion priority to bring more tourists to the islands in the off-peak season. The Permanent Farmers' Market facility will provide a year-round venue for agritourism, which is increasingly a tourism destination criterion for those tourists San Juan County values most – tourists that "leave only footprints", tourists who come to experience and appreciate San Juan County's agricultural pastoral landscape.

As a remote and rural community comprised of islands, San Juan County residents are particularly vulnerable to the vagaries of a 'just in time' economy and the potential disruption of ferry service, natural disasters, or other infrastructure failures that impact the ability to bring essential supplies to the community. The Permanent Farmers' Market facility, which will increase local food processing, distribution, and storage, will increase the community's capacity to feed itself and help to achieve San Juan County's emergency preparedness goal to improve the community's capacity for self-sufficiency.

The Permanent Farmers' Market facility will create economic development with the greatest return on investment and the greatest multiplier effect. The San Juan Farmers' Market already serves as a proven business incubator that promotes and increases the production and use of local agricultural products. The Permanent Farmers' Market facility's expanded product development and marketing

opportunities will increase consumer demand for local foods and encourage the creation of new farms and new value-added products. The Permanent Farmers' Market facility will retain existing jobs and create new jobs with year-round, increased opportunities for consumers to purchase island grown and/or value-added products directly from resident producers.

Viki Sonntag conducted the Local Food Economy Study for Sustainable Seattle: <http://sustainableseattle.org/Programs/LFE%20Files/LFE%20REPORT%20FINAL.pdf>. The Local Food Economy Study (which counts King, Kitsap, Pierce, and Snohomish counties as local) demonstrates the significance of economic development in the local food economy through the benefits of local money circulation and the economic linkages that create a more diverse, resilient, and sustainable local economy. The study finds that for every \$100 spent at a conventional grocery store, only \$25 goes back into the local economy, while for every \$100 spent at a farmers' market, \$62 goes back into the local economy, and \$99 of that \$100 stays in the state.

In the current economic crisis, regional food systems have gained increased importance given their ability to successfully address economic development, community food security, and global warming. In Michael Pollan's October 12, 2008 New York Times article (please see appendix xxiv, "*Farmer in Chief*, by Michael Pollan, The New York Times, 10-12-2008"), government support for year-round indoor farmers' markets is the number one recommendation for promoting regional food systems.

Permanent farmers' market facilities have had an impressive impact on the number of farmers and total sales of markets. For example, in Washington State, the Bellingham Farmers' Market's vendor numbers rose 38% from 63 per day in 2004 to 87 per day in 2007, and vendor sales have tripled from \$.5 Million to \$1.5 Million annually. The Olympia Farmers' Market, with the move into their permanent facility, has grown to \$4 million in annual sales with a nine-month market Thursday through Sunday. Here in Friday Harbor, the Permanent Farmers' Market facility will positively impact the farmers' market, islands' farmers and food producers, and the local residents and tourists.

11. Next Steps

This study has determined the feasibility of a Permanent Farmers' Market facility on San Juan Island per se, and has further identified the 150 Nichols Street property as the most feasible site. The 330 Spring Street and San Juan County Fairgrounds sites, as well as other potential sites, should be reconsidered if the Nichols Street property, upon further planning and design work, proves to be unfeasible or unavailable. Based on this determination of feasibility and the selection of a site, certain tasks should follow.

Planning and Design Next Steps

The Ag Guild received a grant in the amount of \$10,000 from the USDA's Farmers' Market Promotion Program for the planning and design of the Permanent Farmers' Market facility. These funds will facilitate the further work that is needed to finalize the plans for and design of the Permanent Farmers' Market facility.

The USDA Agricultural Marketing Service provides the following services that will be instrumental in the completion and success of the Permanent Farmers' Market facility. Next steps should include the utilization of these USDA services:

- Farmers' Markets and Direct-to-Consumer Marketing: works to improve direct market access for operators of small and medium-size farms.
- Marketing Channel Research and Development: develops market intelligence and information to help agricultural producers, processors, and manufacturers better connect with commercial buyers.
- Marketing Information and Education: enhances our ability to inform and educate operators of small and medium-size farms about marketing opportunities.
- Postharvest and Marketing Technology: advises operators of small to medium-size farms on food handling issues and practices used on-farm and at market outlets.
- Wholesale Markets and Facility Design: provides guidance and technical support to customers considering the construction or remodeling of wholesale markets, farmers markets, and public markets.

Further project planning and design should gather input from farmers' market customers, Permanent Farmers' Market facility neighbors, and any other stakeholders that have not yet participated in the planning and design review process.

Additional surveys should be considered. The 2008 San Juan County Food Producers Survey was comprehensive and large number of questions may have been a deterrent to potential survey participants. Once a specific location is identified, shorter surveys that address specific stakeholder groups and/or specific components of the facility may prove to be more effective and better able to identify producer and customer participation, and current and future demand for the various facility components.

Facility Design Next Steps

The final facility design will need to determine the appropriate location(s) for each component of the Permanent Farmers' Market facility. Some components of the multi-use agricultural facility may be most cost effectively and efficiently developed at multiple locations and/or utilizing existing infrastructure in the community. The 150 Nichols Street property provides the downtown location preferred by the San Juan Farmers' Market Association. Final planning and design may determine that some components of the multi-use facility would be better sited on less expensive property on the outskirts of town or land that is publically owned. It may also be determined that the identified need for all storage, distribution, and processing facilities can be co-located with the farmers' market component of the facility at 150 Nichols Street.

The next step for the facility design should be a request for the expertise available from the USDA's Agricultural Marketing Service to provide technical assistance. David L. Waldron, the architect who has prepared the project's conceptual plans, has requested a peer review from architects who specialize in farmers' market design. Making sure that the design for this new facility makes use of lessons learned from existing farmers' markets and multi-use agricultural facilities will be invaluable.

Expert review should include the general facility components and lay-out including customer pedestrian and vehicle traffic flow and interface, and vendor loading and unloading traffic flow, as well as a review of details including the stage and vendor awning designs; market stall sizes; aisle widths; and market stall access needs regarding electricity, water, internet, and phone.

The conceptual plans for 150 Nichols Street do not currently include any details for the second floor. A cost benefit analysis and a marketing plan need to be conducted to determine whether an office suite or a vacation rental would be the most cost effective and marketable use of the property. In addition, more planning will be needed to determine what provisions are most appropriate regarding on-site parking space use by the second floor tenants.

Further surveys, planning, and design may determine that larger cold and/or cool storage would be appropriate. In addition, a cost benefit analysis needs to be conducted to see if an upgrade to three phase electricity (which would provide for

more cost effective operating costs) would be appropriate. Continued collaboration with the San Juan County /Town of Friday Harbor Department of Emergency Management on the design of the storage facility components is needed.

The architect and project director met on October 8, 2008 with Mark Larson, Field Energy Analyst for the EnergySmart Grocer Program at Portland Energy Conservation, Inc. He provided information on energy efficient design (see appendix xxv, "Energy Efficient Design Considerations for Grocery Stores/Markets"). At this meeting it was agreed that after selecting a site and while finalizing the facility design, Mark would provide site specific recommendations.

The final design for the Permanent Farmers' Market facility will need to meet all the requirements of the Town of Friday Harbor (zoning, building codes, etc.) and the San Juan County Health and Community Services Department (bathroom access, hand-wash facilities, rodent control, appropriate wall/floor surfaces, etc.). The final design will also need to meet the requirements of the San Juan County Land Bank's historic preservation conservation easement (which will likely be based on appendix xx, "The Friday Harbor Brick & Tile Building: Considerations and Recommendations for Future Work" and appendix xxi, "The Friday Harbor Brick & Tile Building: Elements of Significance").

Marketing Next Steps

The marketing plans (both start-up and on-going) for the Permanent Farmers' Market facility need to be developed. Specific plans needed include the marketing of the facility to both existing and new customers (full and part-time residents as well as tourists), the marketing of the facility to farmers and food producers, and the marketing of the facility for use by other events and functions. The marketing plans need to specifically address the challenges inherent in the Nichols Street property which are the limited on-site parking and lack of visibility from major roads.

The draft operating budget does not include potential revenue from producers for the use of various facility components including cool and cold storage, the commercial kitchen/added value processing facility, etc. Both additional surveys and a marketing plan will be needed to identify current demand and potential future facility use as well as potential revenue.

Marketing plans will be needed for the paid parking and office lease and/or vacation rental accommodations that will provide essential operating revenue. With regards to the marketing plan for parking space rentals, more planning work is needed to insure the compatibility of parking space rental with the use of the Permanent Farmers' Market facility.

Other potential operating revenue sources will require marketing plans, including farmers' market merchandise sales (such as t-shirts, tote bags, cookbooks, etc.) and an ATM machine.

Project Budgets Next Steps

The draft budgets included in this feasibility study are preliminary. Further work is needed to identify the location(s) of all the facility components, finalize the facility design, and finalize the phased development schedule of the facility. These steps will provide detailed capital development costs for each component of the multi-use facility.

The marketing plans will assist in finalizing the project budgets. The facility components will affect the capital development costs (for example a vacation rental will cost more than an office suite due to the required sprinkler system). Identified facility use will more accurately determine the operating costs of custodial and maintenance services. Further work is needed to specifically identify both equipment and property maintenance and repair costs.

Project budget next steps should include further work identifying donated materials and/or labor to address some of the development costs. Further work is needed to identify any operating budget costs that could be donated, including landscape maintenance, website maintenance, and professional services.

Property insurance costs as well as property taxes will need to be revised based upon the final facility design and assessed value. The liability insurance costs will depend upon whether or not individual vendors carry their own liability insurance. The property management contract costs will require revisions once the marketing plans identify the producer use of various facility components, as well as the additional facility rentals for events/functions other than the farmers' market. Further work will be needed to more accurately identify office expenses and postage, annual permits and fees (city and state), and all utility costs. Phone and internet costs will need to take into consideration the possible need for internet access at some or all market stalls.

Addressing San Juan County Goals Next Steps

Next steps in planning and design should include input from relevant county departments in order for the Permanent Farmers' Market facility to best address county priorities and goals. Included are the San Juan County Open Space and Conservation Plan, San Juan County Comprehensive Plan draft Economic Development Element, San Juan County /Town of Friday Harbor Department of Emergency Management, and San Juan County's tourism promotion priority.

Existing and Potential Partnerships Next Steps

The Permanent Farmers' Market project presents several opportunities for a wide variety of partnerships. Some partnerships are already in process. The Ag Guild

has worked extensively with the San Juan Farmers' Market Association in the organizations' mutual goal to develop a Permanent Farmers' Market facility. Ongoing work is needed to maintain good communications between the organizations and to insure that the final facility design, the property ownership structure, and long-term management plan meet the goals of both organizations. With the completion of the facility development, the Ag Guild's continued partnership with the San Juan Farmers' Market Association will be crucial for the success of the Permanent Farmers' Market facility.

The Ag Guild is also developing a partnership with the San Juan County Land Bank for the purchase of the Nichols Street property. Even though the Land Bank's approved budget specifically includes \$600,000 towards the property purchase (with \$200,000 to be repaid), there is ongoing work needed to insure that the design process as well as the ultimate property ownership structure and management plan addresses the Land Bank's goals for the property.

A potential partnership exists with the San Juan Island School District. Further work is needed to determine the feasibility of the development and use of the school kitchen as a location for the processing component of the Permanent Farmers' Market facility. It may be that additional storage and/or distribution facility components that are not dependent on customer access would be best sited on less expensive property on the outskirts of town or land that is publically owned. A potential partnership/location includes the San Juan County Fairgrounds. Further work is needed to identify any other potential partnerships regarding facility development.

The following are a few national examples provided by Vance Corum of additional partnership potential for the Permanent Farmers' Market facility:

- Kaiser Permanente (a health care organization) first hosted a farmers' market operated by the Pacific Coast Farmers' Market Association at their Oakland facility in 2003. Since then they have developed 33 farmers' markets in California, Colorado, Georgia, Hawaii and Oregon using varied development models. Other hospitals are following their nutrition-focused lead.
- Sustainable Economic Enterprises of Los Angeles (SEE-LA) reached 500+ people through its Good Cooking Program with information about food and good nutrition. A Kaiser Permanente \$80,000 grant allowed them to teach classes in South Central Los Angeles.
- "Ask the Dietitian" is a program of the University of California Cooperative Extension that does outreach in the 95 farmers' markets in Los Angeles County. As the obesity epidemic grows across the country, similar nutrition

education programs will be necessary to help two-thirds of the U.S. population that is overweight or obese.

More work is needed to identify potential partners that may be interested in sponsoring farmers' market educational programs and/or activities. More work is also needed specifically regarding the educational component of the Permanent Farmers' Market facility. Potential partnerships for development of the educational component of the facility include WSU Extension San Juan County, the San Juan Islands Conservation District, and the historical museums in San Juan County.

Identifying Project Funding Next Steps

Creating a Permanent Farmers' Market in downtown Friday Harbor will require a substantial commitment from local donors. Informational packets requesting donations for capital development costs were sent to potential major donors in December 2008. These potential donors had specifically asked to be contacted for financial support once a site for the Permanent Farmers' Market facility was identified. The development and implementation of a fundraising campaign for the capital development costs is needed.

The Ag Guild has received a grant in the amount of \$4,000 from the San Juan Island Community Foundation. These funds will address the continued work needed for the architectural and/or structural engineering design work. The San Juan Island Community Foundation is a potential source of additional grant funds, a resource for consultation regarding the development and implementation of a fundraising campaign, and is also a potential partner for a local fundraising campaign.

The draft operating budget includes operating income from tax deductible donations. The final operating budget may not require annual operating revenue from donations. If that revenue source is required, further work is needed to identify 'Friends of the Farmers' Market' who would each commit to supporting the Permanent Farmers' Market facility with an annual donation.

In April of 2008 the Ag Guild applied to the San Juan County Lodging Tax Facilities Grant Program for tourism capital facilities funds for the Permanent Farmers' Market project. The application was unsuccessful due to lack of readiness. Lodging tax funds have been used successfully for the construction of farmers' market facilities in Washington State. Local lodging tax funds or other identified tourism capital facilities funds would be an appropriate local funding source for the Permanent Farmers' Market project, and further applications to San Juan County and the Town of Friday Harbor should be considered.

The historic preservation component of the Nichols Street property may provide tax deductions or other financial advantages for a development partnership with a potential project donor. More work is needed to determine the feasibility of this

type of development partnership, and if it is determined to be feasible for this project, outreach to potential donors will also be needed.

The USDA has various grant programs that could potentially provide funds for the project's capital development costs. Applications to the 2009 Farmers' Market Promotion Program and the Rural Development Rural Business Enterprise Grant program should be considered. Further work is needed to identify additional grant funding sources for the Permanent Farmers' Market facility's capital development costs.

Additional work is needed to identify donations of property development and construction materials and/or services. The San Juan Farmers' Market Association should continue their discussions and make specific plans regarding market vendor sweat equity and/or financial investment or donations for the capital development of the facility.

Securing the Permanent Farmers' Market Facility Site Next Steps

Now that the 150 Nichols Street property has been identified as the most feasible location, and with the expiration of the separate party's purchase option agreement (on 12-31-2008), the Ag Guild can now communicate directly with the Nichols Street property owner. The next step would be to negotiate a purchase agreement that meets the goals of the Ag Guild Board, including the completion of the next steps identified, a successful fundraising campaign for the capital development costs, and a successful environmental site assessment.

12. Appendices

- i. Map of Top Three Potential Sites for the Permanent Farmers' Market Facility
- ii. San Juan County Numbers of Farms and Size of Farms
- iii. San Juan Islands Agricultural Guild Board Members
- iv. 2008 San Juan County Food Producer Survey Results
- v. 2004 Rapid Market Assessment
- vi. 2007 San Juan Farmers' Market Customer Survey
- vii. 2008 San Juan Farmers' Market Customer Survey
- viii. Permanent Farmers' Market Site Selection Process Summary
- ix. Comparison Chart: Top Three Permanent Farmers Market Sites and San Juan Farmers Market Association Criteria
- x. 330 Spring Street Architectural Conceptual Plans
- xi. 330 Spring Street Structural Engineering Analysis
- xii. Newspaper Article re. 150 Nichols Street 1-20-1921
- xiii. 150 Nichols Street Structural Engineering Analysis
- xiv. 150 Nichols Street Architectural Conceptual Plans
- xv. Letter from San Juan County Health and Community Services
- xvi. San Juan Farmers' Market Association Meeting 9-27-2008
- xvii. Town of Friday Harbor Parking Map
- xviii. Nichols Street Design Review Meeting 9-15-2008
- xix. Nichols Street Design Review Meeting 11-19-2008
- xx. The Friday Harbor Brick & Tile Building: Considerations and Recommendations for Future Work
- xxi. The Friday Harbor Brick & Tile Building: Elements of Significance
- xxii. Farmers' Market Stall Awning Design
- xxiii. Permanent Farmers' Market Project Draft Budgets
- xxiv. *Farmer in Chief*, by Michael Pollan, The New York Times, 10-12-2008
- xxv. Energy Efficient Design Considerations for Grocery Stores/Markets