

Snohomish County Growers Alliance Charter Business Plan



March 2010
Prepared for USDA Submittal



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- Neil Landaas, Flying Tomato Farm
- Richard Lesker, local farmer
- Bobbi Lindemulder, Snohomish Conservation District
- Jeff Miller, Willie Greens Produce
- Dale Nelson, 21 Acres
- John Postema, FlowerWorld
- Keith Stocker, Stocker Farms
- William Von Scheidau, Bill the Butcher
- Rick Write, Sunbreak Nursery



Community Attributes tells data-rich stories about communities that are important to decision-makers.

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This project made possible with grant funding from the United States Department of Agriculture. The USDA required some specific elements to be addressed as part of this business plan. Those elements are asterisked in page headings.



Summary of Findings and Recommendations*

Summary

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With implementation of this Business Plan, Snohomish County farmers will support an organization tentatively referred to herein as the Snohomish County Growers Alliance (SCGA). The SCGA is a non-profit organization devoted to advancing economic growth among Snohomish County farmers.

The SCGA will pursue the following actions:

- Continue to lead local farmers' participation in a permanent farmers market to be located in Snohomish County
- Assess and rank additional projects for planning and implementation
- Seek grant funding for operations support

Immediate next steps include:

- Identify leadership committee, director and volunteers for SCGA
- Submit filing requirements to form 501c3
- Pursue grant funding to support start up costs, marketing and further research
- Establish a sub-committee focused on galvanizing farmers for participation in a permanent farmers market, consistent with the criteria outlined in this business plan.



Summary of Findings and Recommendations (cont.)*

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Concurrently, the SCGA will seek representation from farmers interested in leading local farmers' participation in a permanent farmers market in Snohomish County.

- This group, tentatively referred to as the Snohomish Market Team (SMT), will work closely with the SCGA to ensure the market serves the SCGA's broader economic interests.
- The SMT should choose one or both of the following options for moving forward with the farmers market:
 - 1) Commit to the Everett site and continue to work with Oliver McMillan to locate the market there; or,
 - 2) Begin a formal search for an alternative site and developer within Snohomish County.
- If the SCGA chooses to commit to the Everett Riverfront site at this time, then the SMT should proceed with working with Oliver McMillan with the intent to sign a master lease with Oliver McMillan. In that capacity, the SMT would:
 - Prove financial capacity to underwrite the master lease.
 - Manage farmer stalls leasing and coordinate farmer sales at the market.
 - Work with the market operator (tentatively Oxbow Markets) to establish roles and responsibilities for market operations.

Immediate next steps may include:

- Seek funding to pursue key projects.
- Formal site selection process.
- Retain real estate advisory counsel for continued dialogues with the market developers.
- Submit an RFP to developers for construction of a permanent market.

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General Setting and Project Description*

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Background and Setting

Snohomish County seeks to build on past projects and economic development activities with its farmers to establish an agriculture business organization.

Project Description

Establish an independent farmer-controlled organization designed to assist in supporting the long-term viability of Snohomish County Agriculture.

Project Approach

Develop a business plan for the agriculture business organization of Snohomish County, tentatively entitled, *Snohomish County Growers Alliance*.

- SCGA's purpose is to "support, represent, and provide a voice for agriculture industry within Snohomish County."
- Core constituency includes farmers in Snohomish County
- Preliminary goals of SCGA outlined in this business plan include:
 - Action steps for farmers to support a permanent farmers market
 - Select a organizational structure and form organization
 - Quantify and raise required start up capital
 - Develop an investment schedule, goals and actions
 - Formalize leadership and managerial roles



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Need for Project*

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Snohomish County and its citizens have acknowledged that farming is important to the economic, cultural and environmental health of the County. The future of this great industry is often called into question due to the many factors that continue to press against it.

The Snohomish County Agriculture Economic Development Team Report (SAEDAT) called for the development of an agriculture business organization to provide support, represent and provide a voice for the agriculture industry within Snohomish County. The call for the organization as written in the SAEDAT report is as follows:

Snohomish County does not have an organization or entity whose primary purpose is to support, represent, and provide a voice for the agriculture industry. Such an organization could play a significant role in working to improve agriculture's economic viability, educating consumers about the value of local food production, advocating with elected officials on behalf of agriculture, and generally promoting local agriculture. The goal of this strategy is to create a Snohomish County-based, private sector not-for-profit organization to support and represent the agriculture industry.

Additional support comes from Agriculture Action Plan, SAEDAT and the Agriculture Sustainability Plan.

Snohomish County farmers face ever-growing challenges to continue farming in the county. Formal collaboration with pooled investments of time and resources, responds to the following needs:

- Steady housing growth in the central Puget Sound region continually pressures land values upward. The increasing value of farmland for housing creates increased opportunity costs associated with choosing to continue to farm. Local farmers will have increased strength in numbers when speaking in a common voice via a formal organization.
- County farmers have worked together in recent years to define key projects and programs expected to help local farmers. These projects require continued collaboration to enlist stakeholders, along with commitment and investments.

Sources: Snohomish County and the SAEDAT Report.



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Mission: Provide economic vitality to the farming industry in Snohomish County.

- Provide support, represent, and provide a voice for the agriculture industry within Snohomish County.
- Organize farmers and coordinate to maximize profitability of a full-time farmers market.
- Coordinate with a full list of local, regional and national organizations for technical assistance, financial assistance, and policy and regulatory guidance with the prime mission for economic development and returning economic vitality to the farming industry in Snohomish County.
- Lead farmer coordination for infrastructure development, such as farm-product processing and slaughter facilities
- Lead farmer coordination for farm-policy advocacy

Sources: Snohomish County and the SAEDAT Report.

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SCGA Stakeholders and Influencers

Summary	Overview	Charter	Organizational Structure	Farmers Market	Other Projects	Implementation
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SCGA success requires that the organization coordinate with local, regional and national organizations for technical assistance, financial assistance, policy and regulatory guidance with the prime mission for economic development and returning economic vitality to the farming industry in Snohomish County. This section presents key stakeholders for coordination, along with the why and how to engage with each.

Who	Why	How
Local Stakeholder Organizations		
Snohomish County Executive	<ul style="list-style-type: none"> The executive influences county policy and public investments that affect agriculture assets and operations. 	<ul style="list-style-type: none"> Review executive objectives, decision-making, press releases and activity. Develop regular outreach to the executives office.
Snohomish County Council	<ul style="list-style-type: none"> The Council influences county policy and public investments that affect agriculture assets and operations. 	<ul style="list-style-type: none"> Present findings and progress. Review public policy and funding with Council.
Snohomish County Ag Board	<ul style="list-style-type: none"> The Ag Board has formal appointment as the advisory body to the executive, Council and other government bodies. 	<ul style="list-style-type: none"> Maintain formal presence at Ag Board meetings.
Snohomish County Office of Economic Development	<ul style="list-style-type: none"> Implementation of county policies with priorities for agricultural advancement 	<ul style="list-style-type: none"> Seek assistance for focus meetings and events, connections to other business sectors.
Snohomish County Economic Development Council	<ul style="list-style-type: none"> Strong network of public and private leaders in Snohomish County. Supports public private partnership. 	<ul style="list-style-type: none"> Connect with other business sectors and county leaders.



SCGA Stakeholders and Influencers (cont.)

Summary	Overview	Charter	Organizational Structure	Farmers Market	Other Projects	Implementation
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Who	Why	How
Regional organizations		
Cascade Land Conservancy	<ul style="list-style-type: none"> • Expertise and resources in conservation and agricultural development strategies. 	<ul style="list-style-type: none"> • Seek grant writing assistance for start up and operations funding.
Northwest Agriculture Business Center (NABC)	<ul style="list-style-type: none"> • Connections to state and federal decision makers and funding sources. • Expertise and experience working with local farmers and market development. 	<ul style="list-style-type: none"> • Pursue expertise and support for business development plan implementation, market operations.
Washington State Farmers Market Association	<ul style="list-style-type: none"> • State network of farmers markets. 	<ul style="list-style-type: none"> • Seek representation and market exposure for SCGA and market.
National Organizations		
United States Department of Agriculture	<ul style="list-style-type: none"> • Federal funding sources and technical assistance for business development for farmer organizations and markets. 	<ul style="list-style-type: none"> • Pursue grant funding and low costs financing for start up investments.



Organizational Structure

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The SCGA will be a non-profit 501(c)3 organization. The non-profit structure will position the SCGA optimally to pursue the following objectives:

- Apply for and manage grants and donations
- Distribute grants for operation support and key projects that serve agriculture in Snohomish County
- Serve leadership role at County and market
- Pursue land preservation and agricultural enhancement goals
- Support broad participation and decision making focused in Snohomish County
- Sell products commercially (expected to be promotional in nature)

In addition, the SCGA will actively lead the formation of a for-profit entity to lead a master lease with a market developer or existing building property manager. The master lease group, referred to herein as the Snohomish Market Team (SMT) would have the following attributes:

- A small group (2 – 4 individuals) with high net worth
- Responsible for overseeing operations and leasing stalls to farmers and vendors from around the region
- Organizing financial incentives for the developer and farmers to participate in the market
- Supportive of the SCGA mission and operations
- Recommended to form as an LLC or For-Profit Cooperative Corporation



Market Technical Characteristics and Specification*

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A permanent facility for a farmers market presents a catalytic opportunity to organize the SCGA. Developers and local officials are considering such a facility for a site in Everett, but other sites may also factor into an SCGA strategy for farmers markets. Details of the market project's feasibility are provided in Attachment A. The market fits within the operations of the SCGA as follows:

- The farmers market is the top priority of the SCGA and a top focus of this business plan.
- Various potential roles exist for SCGA to participate in the market. Roles could include the following:
 - Coordinate volunteers for market-based activities
 - Marketing and outreach to farmers and community members
 - Host and plan events at the market to support agricultural enhancement
 - Advise market managers, owners and SMT on farmer needs and interests
- Management and operations of distribution and food processing facilities at the market may be an optional role for SCGA, however further research is required for this opportunity.
 - Farmers cite high demand for processing facilities. Future research is under way to identify what types of services are demanded.
 - Member and user fees could be used to cover the costs of operation as well as purchase and maintenance of equipment.



Market Potential for Goods and Services*

- SCGA offers services primarily to Snohomish County farmers.
- The following statistics from the 2007 Agricultural Census represent the potential users or the “market” for SCGA services in Snohomish County.
 - There were 1,670 farms in Snohomish County in 2007 encompassing nearly 79,000 acres of land.
 - Total market value of agricultural products totaled \$125.6 million, and averaged \$75,000 per farm.
 - Total net income produced by farmer operations totaled 17.7 million and averaged under \$11,000 per farm.
- Opportunities to improve the profitability of agricultural production either through increased sales or reduced costs is fundamental to the mission of SCGA.

Exhibit 1.

Market Profile of Snohomish County Agriculture

Total Farms	1,670
Farms by Land Area	
1 to 9 acres	600
10 to 49 acres	762
50 to 179 acres	220
180 to 499 acres	59
500 to 999 acres	26
1,000 acres or more	3
Total Farm Acres	76,837
Market value of agricultural products sold (Millions)	\$125.6
Average per farm	\$75,221
Crops, including nursery and greenhouse crops	\$58,876
Livestock, poultry, and their products	\$66,743
Total farm production expenses (millions)	\$115.1
Average per farm dollars	\$68,922
Total Net cash farm income of operation (millions)	\$17.7
Average per farm dollars	\$ 10,597

Census of Agriculture, 2007



Other Projects

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Other potential projects

The following projects are based on strategies outlined in the SAEDAT report. These strategies represent potential projects which SCGA could participate in, either as a leadership or supporting role.

- Support the County's health and wellness program and objectives by educating local consumers on the benefits of eating locally (M2-4)
- Promote and encourage use of Snohomish County agricultural products in local institutions and restaurants (M2-3 and M2-6)
- Help educate farmers on new financial resources and training opportunities. Team with other entities such as the Northwest Agricultural Business Center and Cascade Land Conservancy to help connect farmers needs with financial resources (I-1)
- Support investment and management of agricultural processing facilities (I-2). As mentioned previously, this project could also serve as one potential option for SCGA to participate in farmers market, if processing facilities operate in conjunction with the farmers market.
- Help identify farmers and agricultural organizations that may be willing to participate in or support land preservation programs such as TDR and PDR programs (LB-1B and LB-1C)



Management*

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- SCGA non-profit management requirements will evolve as the non-profit grows and takes on additional responsibilities and projects. Fundamental operations include meetings, marketing, finances and fundraising, volunteer coordination and farmer events and activities.
- This business plan outlines costs and resources required for operations over three phases of business growth. Phases of business development include:
 - **Phase 1. Start up.** The start up phase is typical of a grass-roots initiative. Resources are almost entirely provided on a volunteer basis. Start up costs average approximately \$12,500 annually, which includes costs for essential office supplies and marketing. Major projects include an e-newsletter to build capacity, interest and involvement. Any further research initiatives or professional services will result in added costs.
 - **Phase 2. Preparing for project implementation.** Planning and preparing for project implementation requires dedicated staff and resources. Annual costs average \$123,000, which includes salaries for a full-time director, and part-time administrator and marketing positions as well as rent for office space.
 - **Phase 3. Fully operational, seeking new Initiatives.** Projects are in full swing and require dedicated staff for project management. New initiatives are in the planning phases. Additional staff are hired and part-time employees are employed on a full-time basis. Purchases increase. Annual costs average \$244,000



Management Requirements*

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- Operations

- Monthly and annual meetings
- E-mail newsletter and marketing
- Website
- Ag Board representation
- Finances and accounting
- Fundraising and grants
- Volunteer coordination
- Farmers market events and activities

- Resources required

- Manager
- Administrator, Bookkeeper
- Marketing specialist
- Meeting and operation space
- Printing and publishing
- Office supplies
- Volunteers

Operations and resources cited here reflect the fundamental management requirements needed for SCGA. Options exist for taking on additional operational responsibilities or placing greater or less emphasis on certain components of operations.



Financial Plan for Project Implementation*

Summary	Overview	Charter	Organizational Structure	Farmers Market	Other Projects	Implementation
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	Phase 1		Phase 2		Phase 3	
Time Period	<ul style="list-style-type: none"> Start Up Exploring feasibility of projects Business development and outreach 		<ul style="list-style-type: none"> Projects are taking off Real activities needed to prepare for project implementation 		<ul style="list-style-type: none"> Projects fully operational Seeking growth and expansion through other initiatives 	
Management	Volunteer led	\$0	Full-time Director (Social and Community Service Managers – 25 percentile, \$46K)	\$50,000	Director Project Coordinator 1 Social and Community Service Managers – 25 percentile, \$46K 1 Social and Community Service Managers – mean , \$70K	\$120,000
Administration	In-kind donation from farmer’s staff	\$0	Half-time administrative staff person (Bookkeeping, Accounting, and Auditing Clerks - mean \$33K)	\$20,000	Full-time administrative staff person (Bookkeeping, Accounting, and Auditing Clerks -mean \$33K)	\$35,000
Marketing	Volunteer led email newsletter, development of website	\$2,500	Part-time marketing staff person; print and online materials	\$25,000	Full-time marketing staff persons; subcontract major marketing initiatives	\$50,000
Meeting and operations space	In-kind donation, use existing farmer property	\$0	Rent space (1,000 SF @ \$18SF)	\$18,000	Rent space + events (1,000 SF @ \$18SF)	\$24,000
Print and marketing materials	In-kind donation from farmers + purchases	\$2,500	SCGA purchases	\$5,000	SCGA purchases	\$10,000
Office supplies	Office equipment purchases	\$7,500	Supplies and maintenance	\$5,000	Supplies and maintenance	\$5,000
TOTAL	Phase 1 Annual	\$12,500	Phase 2 Annual	\$123,000	Phase 3 Annual	\$244,000

Source: Bureau of Labor Statistics, CBRE, Community Attributes

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Startup Capital Requirements and Investment Schedule*

Summary	Overview	Charter	Organizational Structure	Farmers Market	Other Projects	Implementation
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March 2010 - March 2011	March 2011- March 2012 (Market Opening)
<ul style="list-style-type: none">• Business plan• Marketing and outreach to determine interest of farmers• Letter of intent/interest for farmers• Agricultural production and farmers market specialists to work with farmers	<ul style="list-style-type: none">• Board of directors• Articles of incorporation and bylaws• Equity and shareholder agreements• Rules of membership• Develop capital investment and operating budget• Filing for permits and licenses• Member meetings• Purchase equipment, loan for equipment if necessary• Hire staff



Startup Funding Sources

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- **USDA Business and Industry Guaranteed Loans**
 - Loans to create employment and improve economic vitality of rural communities
 - Guarantees up to 80% of loan made by for commercial lenders for working capital, machinery and equipment, buildings and real estate
- **Intermediary Relending Program**
 - Provides low interest loans to private nonprofit corporations, public agencies, or eligible cooperatives for re-lending
 - Finance business development and community development projects in rural areas
- **Rural Business Enterprise Grant Program**
 - Grants to private nonprofit corporations to support the development of small and emerging private-business enterprises in rural areas.
 - Grant uses include acquisition or development of land; working capital; training and technical assistance; distance learning for job training; and project planning.
- **Value-Added Producer Grants**
 - Help farmers and ranchers receive a higher portion of the retail dollar.
 - Grants support planning activities, such as developing a business plan, or as working capital (e.g. labor, inventory, and advertising).
 - 10% set-aside for projects that focus on local and regional supply networks.
 - 10% of funds are also available for beginning farmers and ranchers, socially disadvantaged farmers and ranchers, and small or medium-sized farms or ranches.
 - Awardees can receive up to \$300,000 for working capital and \$100,000 for planning (*in 2009 \$18 Million was available nation-wide*).



Startup Funding Sources

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- **Farmers Market Promotion Program**
 - Designed to help communities support local food systems through direct marketing.
 - Direct marketing includes farmers markets, roadside stands, community-supported agriculture, and agri-tourism.
 - Projects that focus on increasing access to local foods by low-income residents receive special priority.
 - Awardees can receive up to \$100,000.
- **Community Development Block Grants**
 - In 2010 Snohomish County has \$1,080,039 to award – 2010 application deadline has lapsed, but 2011 deadline will likely come due in October 2010.
 - CDBG Entitlement Program directed toward revitalizing neighborhoods, economic development, and providing improved community facilities and services.
 - Snohomish County receives CDBG funds on an entitlement basis as an Urban County Consortium. The County administers this funding on behalf of the Consortium through the Office of Housing, Homelessness and Community Development (OHHCD).
 - The primary objective of the CDBG program is the development of viable urban communities. Viable communities are achieved by providing the following, principally for low and moderate income persons and families:
 - Decent housing
 - A suitable living environment
 - Expanded economic opportunities



Near-Term Next Steps and Other Projects, 2010

Summary	Overview	Charter	Organizational Structure	Farmers Market	Other Projects	Implementation
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		Start	Complete	Lead	Partners
I. Establish Snohomish County Growers Alliance					
1	Develop leadership committee (who gets the biz plan)	Underway	April 2010	Farmers	County, Other Farmers Market Managers
2	Define leadership roles and responsibilities	Underway	April 2010	CAI, Farmers	
3	Recruit representatives for Snohomish Market Team	Underway	April 2010	CAI, Farmers	
4	Pursue grant funding for start up expenses	Underway	April 2010	Farmers, CLC	County, CLC
II. Identify farmers (through out region)					
1	Leadership role in SCGA	April 2010	October 2010	Farmers	
2	Representation in SCGA	April 2010	October 2010	Farmers	
3	Sell at the market	April 2010	October 2010	Farmers	
4	Entrepreneurial interest in market	April 2010	October 2010	Farmers	
5	Organization or operation interest in market/SCGA	April 2010	October 2010	Farmers	
6	Letter of intent for selling at market	April 2010	October 2010	Farmers	
7	Letter of intent to join SCGA	April 2010	October 2010	Farmers	
8	Letter of intent for financial contributions, business interests	April 2010	October 2010	Farmers	



Longer-Term Projects

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As the SCGA begins to form, planning for longer-term projects will begin immediately. Key projects to plan and design meetings to address include:

- Marketing Strategy (see box at right)
- Advocacy and Outreach
 - May include Ag Board coordination
- Project planning
 - Processing facilities
 - Distribution network strategies
- Additional projects from SAEDAT and past strategy work

Marketing Strategy Components

- Web page
 - Notices and information
 - Calendar of events
 - Farmers' market activities
- Market events
 - Meet your farmer
 - Food education
 - Outreach to farmers
- Newspapers and local media
- Schools and community outreach



Appendix A. Farmers Market Feasibility

Summary

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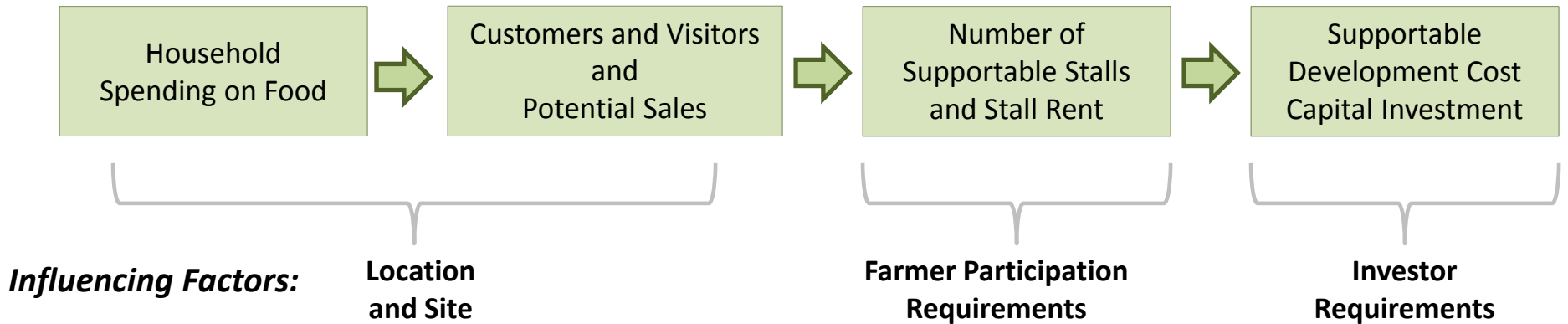
Implementation

This appendix provides an overview of farmers market feasibility. Technical memoranda submitted as part of plan development provide more details and considerations.



Farmers Market Economics

Farmers Market Success Factors



Location is fundamental to the success of the market. Location affects the ease with which visitors and customers can patronize the market and therefore the potential sales farmers can realize.

The following slides demonstrate the “trade capture” of three potential market locations in Snohomish County.

“Trade capture” is the percentage of households that shop at the market and how much each customer spends at farmer stalls.

Willingness to participate in the market is based on farmer requirements for sales and profit.

Sales and farmers expectation for sales determines the number of supportable stalls at a market.

Sales drive farmers’ willingness to pay rents at market.

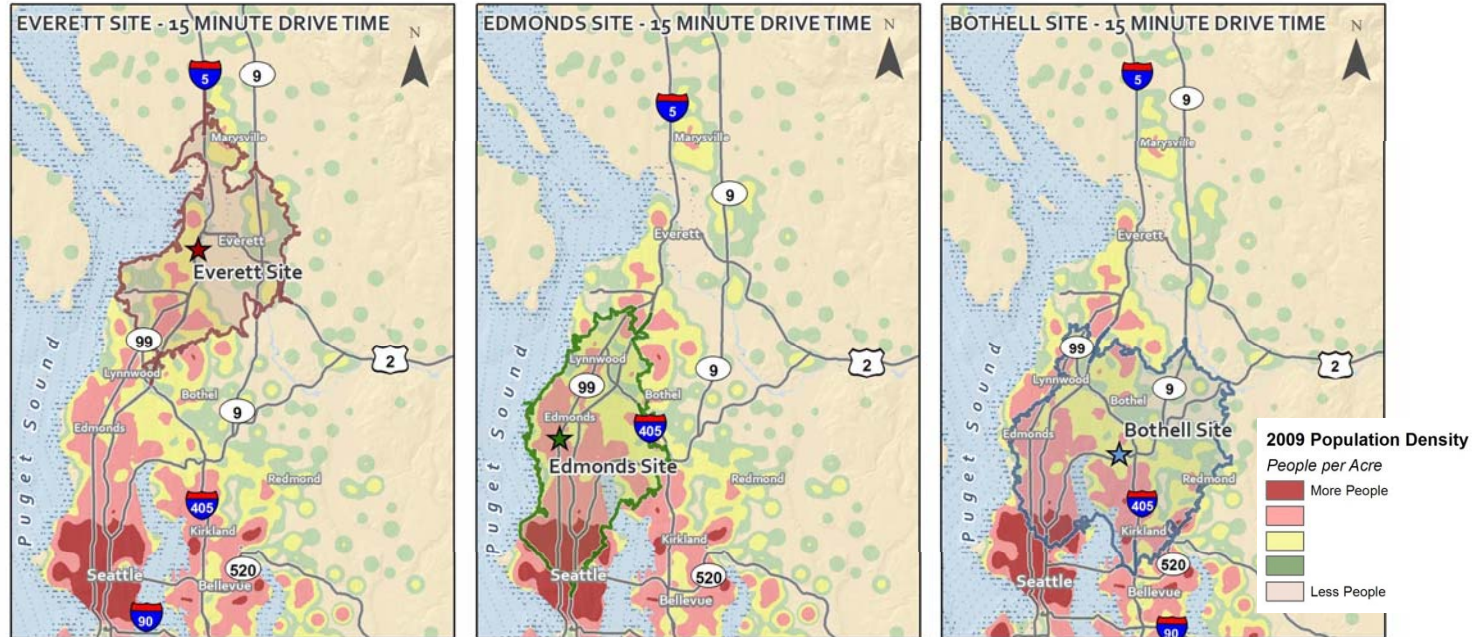
Supportable capital depends on revenue generated by the number of stalls and rent paid, the cost of operating the market and an investors appetite for risk and required return.



Alternative Farmers Market Sites in Snohomish County

Exhibit A-1. Alternative Sites

- Locations in southern Snohomish County have higher population densities, higher incomes, and greater spending potential for food.
- As a result, the same market share in southern Snohomish County would provide greater revenues than in market areas further north.



Location	Everett	Southwest Snohomish	Southeast Snohomish
Households within 15 minutes	83,900	220,700	141,300
Total Household Income	\$5,998 M	\$19,422 M	\$19,518 M
Avg. Household Income	\$71,000	\$88,000	\$138,000
Total Spending on Food (Groceries and Eating Out)	\$1,032 M	\$2,552 M	\$2,653 M
Avg. Household Spending on Food	\$12,300	\$11,600	\$18,800



Comparable Farmers Market Sites in Puget Sound

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- Stakeholders cite that the Everett location is most similar to Olympia and Bellingham Farmers Markets.
- Both comparable markets are challenged by lower population densities than King County markets.
- Olympia is a year round market, Bellingham is open 9 of 12 months.
- Vendor fees range between 6% to 10% of sales. Farmer vendor fees are typically the lowest % of sales.

Exhibit A-2. Demographic Characteristics of Comparable Farmer Markets

Location	Olympia Market	Bellingham Market
Demographic Characteristics		
Households within 15 minutes	62,000	41,300
Total Household Income	\$5,447 M	\$3,606 M
Avg. Household Income	\$88,000	\$87,000
Total Spending on Food (Groceries + Eating out)	\$729 M	\$378M
Avg. Household Spending on Food	\$11,800	\$9,100
Market Information		
Market Operations	Thurs – Sun, April – Oct, 10 AM – 3 PM Sat – Sun, Nov – Dec, 10 AM – 3 PM	Saturday , April – Dec , 10 AM – 3 PM Wednesday, June – Sept, 12 PM – 5 PM
Annual Membership Fees	Membership \$100	Membership \$70, Set up and Clean up \$50
Stall Fees (% of Daily Sales)	Farmers, Crafters, Processors 7-9% Fruit Vendors 10%	Farmers 6-7%; Processors 7%-8%; Service providers 9%; Contract vendors 10%



Trade Capture and Sales Potential Assumptions

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Exhibit A-3 presents market visitor sales potential for three locations in the County showing common assumption for trade capture. Trade capture is the percentage of households in an area that shop at the market.

This analysis assumes the following:

- **Regular Customers**
 - 1 in 50 households within 15 minute drive (2%)
 - Regulars come once a week and spend an average of \$50 per visit.
 - They represent 70% of market sales.
- **Frequent Customers**
 - 1 in 20 households within 15 minute drive (5%)
 - Frequent customers come once a month, spend an average of \$25 per visit.
 - They represent 20% of market sales.
- **Regional Customers**
 - The remaining customers, representing less than 10% of all sales, come from around the region or further away
 - Regional customers spend \$15 per visit at farmers stalls (they might spend more on other stalls)

The analysis shows that the higher density of households located within 15 minutes of sites in southern Snohomish County translates into more customers under common trade capture assumptions.

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Trade Capture and Sales Potential at Alternative Sites

Exhibit A-4. Trade Capture, Sales Potential and Supported Stalls at Alternative Sites

Location	Everett	Southwest Snohomish	Southeast Snohomish
Households within 15 minutes	83,900	220,770	141,300
Regular Customers 1 in 50 households (2%) shop once a week \$50 per visit at farmer stalls 35% of grocery spending spent at the market	<ul style="list-style-type: none"> • 6,700 Customers/Month • 10,050 Visitors/Month • \$335,000 spending/month 	<ul style="list-style-type: none"> • 17,700 Customers/Month • 26,550 Visitors/Month • \$885,000 spending/month 	<ul style="list-style-type: none"> • 11,300 Customers/Month • 16,950 Visitors/Month • \$565,000 spending/month
Frequent Customers 1 in 20 households (5%) shop once a month \$25 per visit at farmer stalls	<ul style="list-style-type: none"> • 4,200 Customers/Month • 6,300 Visitors/Month • \$105,000 spending/month 	<ul style="list-style-type: none"> • 11,000 Customers/Month • 16,500 Visitors/Month • \$275,000 spending/month 	<ul style="list-style-type: none"> • 7,100 Customers/Month • 10,650 Visitors/Month • \$177,500 spending/month
Regional Customers 15% of all sales come from elsewhere in the region and out-of-town visitors \$15 per visit at farmer stalls	<ul style="list-style-type: none"> • 1,900 Customers/Month • 2,900 Visitors/Month • \$28,500 spending/month 	<ul style="list-style-type: none"> • 5,100 Customers/Month • 7,600 Visitors/Month • \$76,500 spending/month 	<ul style="list-style-type: none"> • 3,200 Customers/Month • 4,900 Visitors/Month • \$48,000 spending/month
Number of Farmer Stalls Supported by Sales			
Required sales of <u>\$1,000/day</u> or \$155,000/year	36 farmer market stalls	95 farmer market stalls	60 farmer market stalls
Required Sales of <u>\$1,600/day</u> or <u>\$250,000/year</u>	22 farmer market stalls	59 farmer market stalls	37 farmer market stalls



Farmer Sales and Tenant Mix

Exhibit A-5 presents a potential tenant mix at the Everett farmers market. The exhibit demonstrates how farmer sales expectations help shape the tenant mix.

- \$1,000 in sales per day is a commonly cited standard for a feasible market.
- \$250,000 in sales per year was another metric cited for performance.

This exhibit demonstrates that some farmers would receive higher sales (meat), while other farmers would expect lower sales (produce). On average sales would meet sales standards of \$1,000 a day or \$250,000 a year.

Exhibit A-5. Potential Tenant Mix and Sales Expectations at Everett Market

Farmer Sales	\$1,000/Month or \$155,000/Year				\$1,600/Month or \$250,000/Year			
	Stalls	% Stalls	Sales/ Month	% Sales	Stalls	% Stalls	Sales/ Year	% Sales
Meat	4	11%	\$1,385	15%	2	9%	\$350,000	13%
Produce	12	33%	\$860	29%	8	36%	\$200,000	29%
Dairy	6	17%	\$740	12%	2	9%	\$160,000	6%
Flowers	6	17%	\$750	13%	4	18%	\$180,000	13%
Baked Goods	8	22%	\$1,400	31%	6	27%	\$360,000	39%
Total	36	100%	<u>\$1,000</u>	100%	22	100%	<u>\$250,000</u>	100%



Supported Rents, Development Costs and Capital Investment

Summary	Overview	Charter	Organizational Structure	Farmers Market	Other Projects	Implementation
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Exhibit A-6 shows market rents based on a percentage of sales. Rents could range from \$650 to \$1,460 per month.

Exhibit A-6. Farmer Stall rents based on percentage of sales

Monthly Rent as a % of Sales	\$1,000 sales/day (\$155,000 per year)	\$250,000 sales/year (\$1,600 sales per day)
5% of Sales	\$650 rent/month	\$1,040 rent/month
7% of Sales	\$910 rent/month	\$1,460 rent/month

Exhibit A-7 shows the range of supportable capital based on rents a developer/investor might receive if constructing or buying and operating a building for a permanent market at various locations. This analysis assumes that the developer would expect a 10% cap rate. In other words, the developer would expect to recapture 10% of his/her investment (cost of constructing or buying and operating market) each year. This analysis shows supportable capital for farmer stalls only. The investor could increase capital if more stalls were created for retail sales and space was created for restaurant uses.

Exhibit A-7. Supportable Capital for Market Investment (Farmer Stalls only)

Location	Everett	Southwest Snohomish	Southeast Snohomish
Supportable Capital if Rent = 5% of Sales 100% occupied; farmers pay 100% of operating expenses	\$3 Million	\$8 Million	\$5.1 Million
Supportable Capital if Rent = 5% of Sales 5% vacancy; Developer pays operating expenses (35% of rent)	\$1.9 Million	\$5 Million	\$3.2 Million
Supportable Capital if Rent = 7% of Sales 100% occupied Farmers pay 100% of operating expenses	\$4.3 Million	\$11.2 Million	\$7.2 Million
Supportable Capital if Rent = 7% of Sales 5% vacancy Developer pays operating expenses (35% of rent)	\$2.6 Million	\$6.9 Million	\$4.4 Million



Everett Market Site Analysis

Summary	Overview	Charter	Organizational Structure	Farmers Market
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- Farmers Market is one component of the Everett Riverfront Plan
 - Developer would be Oliver McMillan
 - Market operator would be Oxbow Market (tentatively)
 - Phase One opening date announced for June 2012
- Building Program
 - 35,000 SF site
 - Market building accommodating 70 stalls
 - Retail, restaurant and open space support destination and synergy
 - Cold storage, loading bays, kitchen, office support market operations
- Estimated Development Cost = TBD
- Estimated Market Value = TBD

A-8. Draft Building Program for Permanent Farmers Market

Building Info	# Units	Net SF / Unit	Net Bldg. SF	Gross SF	% of Site
Permanent Stalls	50	150	7,500	10,000	29%
Day Stalls	20	90	1,800	2,400	7%
Restaurant	2	2,125	4,250	5,000	14%
Retail	4	1,700	6,800	8,000	23%
Commercial Kitchen	1	1,275	1,275	1,500	4%
Business Office	1	750	750	750	2%
Cold Storage and Loading Bays	1	1,645	1,645	2,350	7%
Open Area	1	1,250	1,250	5,000	14%
Total			25,270	35,000	100%



Role in Market Operations

Summary

Overview

Charter

Organizational Structure

Farmers Market

Other Projects

Implementation

The bullet points below represent our current understanding of proposed roles at the Everett farmers market. These roles have been discussed with Oliver McMillan, and findings are synthesized. Formal discussions between Oliver McMillan, SCGA and SMT and the farmers' real estate advisory are necessary next steps.

Everett Riverfront

- Oliver McMillan is the market developer and the lessor at the Everett riverfront. In that role, Oliver McMillan would be expected to require the following:
 - Return on the investment from the cost of development
 - Participation in market profits, if sales exceed a certain threshold
 - Operation of traditional retail and restaurant uses at the market
- Oxbow Markets (Steve Carlin) is expected to be the market operator. In that role, Oxbow Markets would require the following:
 - Fees for services paid by Oliver McMillan
 - Control over market operations and publicity (may be open to collaboration)
 - Conditions on farmer operations (may be open to collaboration)
- Snohomish Market Team (SMT) signs master lease for all farmer market stalls. In that role, the SMT would be expected to require the following:
 - Returns on profit for risk of master lease, through the form of a mark-up for farmers' stalls, above what the SMT would pay Oliver McMillan.
- Farmers sell at market, earn profit from sales.

