

Downtown Denver Public Market Feasibility Analysis



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Recent History of Public Markets in Denver

- Failed legacy of the past 20+ years
 - Identity crisis with Farmer's Markets
 - Tents on asphalt approach
 - Stigma
- 2005 Retail Demand Study
 - Public Market a top recommendation
- 2007 Downtown Denver Area Plan
 - Public Market a top recommendation

Getting Real About the Market

- DDP Working Group formed in January 2009
 - Charged with investigating potential for market
 - Concept, site options
 - Recommend feasibility study
- Second half of 2009...
 - Report back to DDP boards
 - Identify feasibility funding
 - DCV, BID, and Kaiser \$\$
 - RFP – 10 proposals
 - UMC selected

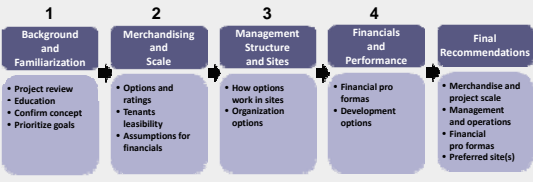
Market Working Group Report to the Board of Directors of the Downtown Denver Partnership

Summary Recommendations

Consider a concept RFP to select a market operator. The RFP should include a detailed list of requirements for the market, including a list of potential sites, a list of potential operators, and a list of potential funding sources. The RFP should also include a list of potential risks and a list of potential opportunities. The RFP should be open to all interested parties and should be held in a public hearing. The RFP should be evaluated based on a list of criteria, including the operator's experience, the operator's financial strength, the operator's ability to secure funding, and the operator's ability to manage the market. The RFP should be awarded to the operator that best meets the requirements and has the highest potential to succeed. The RFP should be awarded to the operator that has the highest potential to succeed. The RFP should be awarded to the operator that has the highest potential to succeed.



Feasibility Study Work Plan



- 1 Background and Familiarization**
 - Project review
 - Education
 - Confirm concept
 - Prioritize goals
- 2 Merchandising and Scale**
 - Options and ratings
 - Tenants feasibility
 - Assumptions for financials
- 3 Management Structure and Sites**
 - How options work in sites
 - Organization options
- 4 Financials and Performance**
 - Financial pro formas
 - Development options
- 5 Final Recommendations**
 - Merchandise and project scale
 - Management and operations
 - Financial pro formas
 - Preferred site(s)

Merchandising and Management Structure

- Merchandising
 - Primarily food focused; preference for local
 - Small stalls with one "anchor" tenant
 - Farmers/producers on weekends
 - Full time
- Management Structure
 - Dedicated non profit market organization
 - Preferably under the DDP




Pro Forma Development Process

- Updated rents and operating costs database
- Markets operating more than five years
- Markets in large U.S. cities
- Considered ability of tenants to pay rent
- Developed three scenarios
 - 40,000 sq. ft. near 16th Street (max rent)
 - 25,000 sq. ft. near 16th Street
 - 40,000 sq. ft. north of 20th (not core/less rent)




Operating Pro Forma Conclusions

- Public markets are expensive to operate
- Only a large size public market close to 16th Street comes close to break even
- Market operations cannot afford to pay rent or pay for the building
- Another source of revenue, e.g., parking fees or fundraising, will help to offset the need to depend on rents



Sites



Potential Sites

Site	Physical/Market Rating	Size (sq. ft.)	Site type	Comments	Cost to Develop	Potential Co-development
Federal Reserve Site	4.6	106,400	Must be demolished	High demolition costs	Highest	Excellent
Skyline Park/Block 77	4.5	Approx. 44,000	Structured Park	Needs further investigation	Moderate	None
Market Street Station	4.3	81,250	Vacant site	Underground may require demolition	Highest	Good
Union Station	4.1	47,558	In existing bldg	Difficult layout	Next highest	None
Block 162	4.0	83,000	Vacant lot	Good potential	Moderate	Good

What I Can't Tell You...

- Park site is a dynamic opportunity
- We have it half funded before we have a project
- City's most prominent architect has developed a site plan, created a model with a green roof
- Park site would be highly controversial, but a City Councilwoman is supportive and thinks politics are manageable
- In June, downtown business and city leadership on Vancouver study tour got excited

What I Can't Tell You...

- By September, DDP staff is completely freaking out...



Conclusions (what we told DDP)

- There is good potential for a successful public market in Downtown Denver
- Downtown Denver Public Market should:
 - Be a non-profit organization
 - Be 40,000 sq. ft. and located close to 16th Street
 - Seek additional source of ongoing revenue in addition to rents
 - Not carry either rent or a large building debt

