



*FEDERAL WAY: A COMMUNITY WITH CRITICAL NEEDS AND BOUNTIFUL PROMISE*

# Federal Way Public Market Feasibility Study

FOR: BOARD PRESIDENT GREG MCCANN and the FEDERAL WAY PUBLIC MARKET BOARD



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Ron Walker (Vice President)  
David Harrelson (Secretary)  
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**13<sup>th</sup> Century Public Market in London**

## Executive Summary

This Study examines the feasibility of locating a Public Market in Federal Way, Washington.

The economy and the community fabric of Federal Way have long been harmed by the lack of a downtown core and a homegrown economy. For decades, Federal Way was primarily a 'company town' and a bedroom community. Its lack of incorporation meant that voters could not have a say in their destiny. Historic wealth disparities and the lack of a city center exacerbated these problems.

Yet, **Federal Way has tremendous assets that make it a terrific location for a Public Market.** It has a great geographic location on Puget Sound and wonderful parks. It has ready accessibility by highways and the Interstate, bike paths, hiking trails, buses, and soon-to-be light rail. It combines a rich tapestry of residents from around the globe, with a **potential customer base of millions.** Taken together, this means that Federal Way can take advantage of its location, changing population demographics, and growing economic and transportation infrastructure, to create a unique, exciting, and successful Public Market.

Currently, Federal Way is suffering from diminished retail shopping opportunities, as residents shop and are entertained in neighboring communities. The loss of some businesses has limited the City's collection of sales and property taxes. Also, the "leaking" of retail revenues to surrounding communities leaves Federal Way starved of good jobs, entrepreneurial opportunities, and substantial tax revenues.

Despite these concerns, Federal Way is a wonderful community with tremendous resources. It has many of the best traditional qualities that many other mid-size cities sorely lack. Its emphasis on family, stable housing infrastructure, a tradition of citizen involvement, and its fabulous geographic location are tremendous assets that can and should be leveraged into creating a distinctive, economically prosperous, cohesive, and attractive downtown, anchored by a vibrant, safe, and colorful Public Market. The Market should reflect Federal Way's unique and rich mosaic of residents while meeting their everyday shopping needs from locally owned businesses in a pulsating and engaging/interactive environment.

Federal Way is at a crossroads. If its future is as a community with a weak middle class and no center, where most residents need to leave the city to shop, work, and be entertained, then little needs to change. However, the City administration and its residents have a very different vision. The location of the new Sound Transit light rail station has motivated the city government to develop a plan for the city's first downtown, with the goal of making Federal Way a more vibrant, distinctive, prosperous, and healthy community. The Public Market will be the engine that helps the city, its residents and businesses to realize that vision.



This study:

1. Suggests that **a Public Market is feasible**. The viability of a Public Market is supported using the lens of geography, demographics, demand analysis, visitor characteristics, and existing uses. It is also informed by the author's experience (detailed in the Appendix) in visiting and evaluating the success of hundreds of thriving Public Markets throughout the world. Factual assertions and statistics are footnoted throughout the Report.
2. Concludes that the Public Market is not simply feasible, but that **its success will enhance Federal Way and surrounding communities**, while helping address many of the challenges Federal Way is currently facing.
3. Details **specific suggestions for how to establish and maintain a successful Public Market** environment that can expand economic opportunities and improve life for all Federal Way residents.
4. Concludes that the Market **should be a regional facility** to take advantage of the coming transportation hub and the unique international tapestry of Federal Way and surrounding cities.
5. Recommends specific characteristics for the Public Market's **character and tenant mix**.
6. Describes the components of the Market along with the Market's **recommended size, rough capital costs, management structure, and timing**.
7. Recommends a plan for **funding** and for interacting with **potential partners**.
8. Details next steps along with a draft **Mission statement and Goals**.

The data and analysis included in this Feasibility Study conclude that **the Public Market and its associated components and enhancements could be transformative for Federal Way's business and residential community**.

## A Vision Statement

*The Public Market will be a regional, vibrant food-focused experience that showcases and celebrates the rich character of Federal Way and South King County's diverse international residents. It will bring life and vitality to Federal Way and highlight the unique tapestry of the city and the surrounding South King County/Tacoma region for the enjoyment of all.*

The Federal Way Public Market will help spark the formation of a vital downtown by offering an exciting international cornucopia of fresh, local, and prepared foods, augmented by local crafts, and needed neighborhood uses (e.g., meeting space, commercial kitchen, performance

areas, etc.) It will support the development of a flourishing economic and community hub that enhances South King County's local economy while honoring its heritage with historical and culturally relevant offerings such as art, music, etc.

The Market will house individually owned small businesses and operated shops, stalls, carts, and day tables selling a full array of fresh foods and farm products to take home. Also, a "United Nations" of prepared foods to enjoy in the building or outside in the surrounding outdoor picnic spaces. Outside, exciting public amenities will abound, creating dynamic and engaging public spaces for locals and visitors.

The Market will be surrounded by entertainment space for shows, classes, concerts, speakers, and movies. A solar array will partially cover the rooftop along with signs proclaiming the *Federal Way Public Market* in large, red, neon letters visible to the thousands of daily commuters passing by.

The rooftop (if housing is added) with its great views of Mount Rainier and the Olympic Mountains may be activated with exciting uses such as a brew pub with adjoining outdoor entertainment space, an event space, as well as passive seating areas where customers can enjoy the magnificent views.

As one enters the Market, the permeating smells of wood-fired pizza, homemade chocolates, scintillating eggrolls, heavenly fresh roasted coffee, crusty baked bread, incredible desserts, homemade tortillas, and sweetly scented flowers will tantalize the senses.

The inside of the building will be alive with murals, and a sensory-rich extravaganza of delicious tastes, smells, sounds, and sights. Local artists will enliven the Market, while buskers will fill the space with music. This will be no ordinary marketplace!

Stores could include a coffee shop, homemade ice cream, a variety of ethnic delis, fresh fruit and produce from around the world, a juicery, butcher/poultry shops offering halal and kosher meats, an international bakery, a cheese shop featuring artisan cheeses both local and global, seafood, and dairy products with an emphasis on locally grown and produced goods. There will also be great ethnic restaurants, food stalls, and carts selling fresh food, emphasizing culturally relevant, locally available products reflecting the rich culture of South King County's residents. The public will be able to watch fabulous foods being created - bread being baked, peppers being fire-roasted, tortillas and cheese being freshly made, and coffee beans being roasted.



### **Public Markets Hum with Vitality**

The Public Market building will be a friendly, safe, and warm gathering place for the entire region.

The shaded pergola jutting from the Public Market Building will house local farm and craft vendors joining in the excitement and selling their seasonal bounty. It will host special events, like the Farmers Market, art shows, ethnic festivals, holiday markets, and a "Taste of Federal Way" culinary extravaganza. Event spaces, both indoors and outside for gatherings of various sizes will be included. Programmed special events and commemorations will be regularly celebrated, and there will be meeting rooms and spaces for family events and special gatherings.

The Public Market's educational components will teach students that meat does not grow in Styrofoam containers and that bread does not originate from plastic bags. Health screenings emphasizing good nutrition and preventative care will help protect the public's health.





The Federal Way Public Market will create scores of entrepreneurial opportunities and hundreds of new jobs for local residents, as well as millions of dollars in new tax revenues. It will provide an exciting and vibrant venue for residents and visitors alike. The rate of poverty will be reduced, while a new beloved shopping and entertainment opportunity will be created.

With the community's support, this will be a vibrant, regional community space for all to celebrate and enjoy. The Public Market will be treasured. It will be the pride of Federal Way and the South King County/Tacoma Region.

## What is a Public Market?

A Public Market is a year-round, carefully crafted, intentional, and diverse medley of owner-operated shops, stalls, carts, and/or "day tables." Public Markets exist to fulfill a public purpose and to reflect what is distinctive about a community while serving its everyday shopping needs.

Public Markets typically focus on the sale of a full array of fresh and prepared foods, rounded out by locally made crafts, and a variety of needed neighborhood businesses. Public Markets typically incorporate an outdoor, seasonal farmer's market for the sale of "in season", fresh and value-added farm products, sold on tables rented by the day. These 'day tables' are augmented with local crafts outside of the growing season.

Public Markets prohibit chain stores and franchises. They focus on businesses that are locally owned and operated, which highlight local foods, character, and culture.

The Public Market building is typically owned and operated by community-based public or non-profit entities. They exist for multiple public purposes, such as agricultural development, small business incubation, tourist attraction, job creation, entrepreneurial development, access to fresh and nutritious food, and increasing surrounding property values.



**Public Markets are Full of Life and Color**



**Public Markets are Vibrant and Colorful**



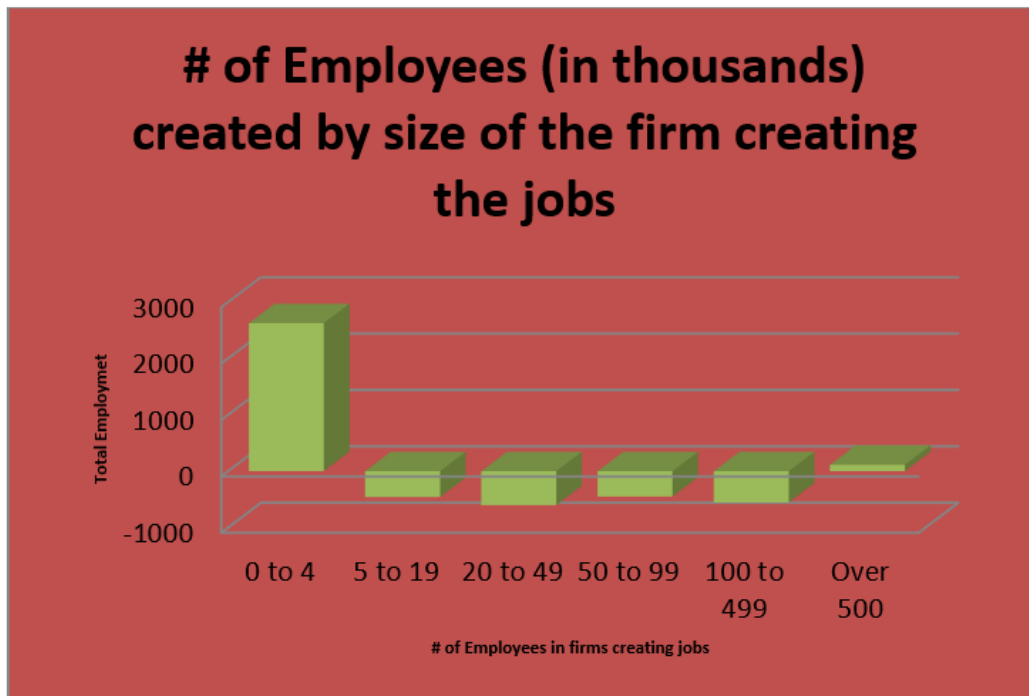
They are very different from festival marketplaces, 'food halls', farmers markets, malls, or flea markets – although an outdoor farmers market often accompanies the indoor, year-round Public Market.

They are public spaces where different ages, incomes, and ethnic groups can rub shoulders and connect in a safe, vibrant, and fun common ground.

Public markets have a proven history of being a powerful economic engine. Over time, Public Market sales will translate into many millions of dollars in new revenue for local entrepreneurs, creating hundreds of new jobs, scores of entrepreneurial opportunities, and millions of dollars in new tax revenues.



*Net Job Creation in All Industries by Employment Size of Firm (in Thousands):*



**Source: SBA - Office of Advocacy**

According to older Small Business Administration (SBA) statistics, roughly 94% of all new jobs that are created in our economy are generated by firms that employ between 0 and 4 employees. The reason that Public Markets are so economically beneficial is that they create a needed critical mass by amalgamating these small retailers in a central location with enough critical mass, institutional advertising, display and business support, attractive and needed products, and exciting social energy (the “jazz” factor) to help maximize their chance of success.

Since the mid-1980s, large companies employing hundreds have been responsible for the *loss* of millions of new jobs as plants relocated to Mexico, China, etc.

The traditional economic development paradigm is to create jobs by running new water, sewer, electric lines, and roads to a new industrial plant and offering a corporation a 30-year tax abatement to locate their plant in a new industrial park that creates a few hundred new jobs.

Public Markets turn this model upside down. By plugging into existing utilities, locating in or near “downtown” and harnessing the job-creating engine of small, private, for-profit businesses, Public Markets create hundreds of good jobs while adding tremendous value to surrounding properties, encourage housing development, as well as fashioning a year-round attraction for locals and tourists alike.



The Ford Foundation funded research findings from a scan of 100 Public Markets nationwide, and an in-depth study of 8 found:

- 28.2% of Public Market Customers visit because the Public Market “brings people together”
- 13.7% visit because the Market “helps the economy”
- 12.2% visit for the “freshness”.
- 83.1% of Market vendors funded their start-up costs out of “savings”.
- 55.9% of Public Market shoppers found that they were eating fresh fruits and vegetables more than before.
- 48.9% of Public Market shoppers were better able to find special foods reflecting their own cultural background.
- 47.9% of Public Market shoppers were better able to provide enough food for their family.
- 30.4% of Public Market shoppers found they were “eating more organic produce.”



The Federal Way economy currently derives very few benefits from tourism because it has few attractions.

Public Markets always attract new visitors to a community, which increases the number of shoppers in surrounding businesses.

For example, the author developed a Master Plan for the expansion and renewal of the historic Findlay Market in Cincinnati, Ohio <http://www.findlaymarket.org/>. The city followed the Master Plan, and Findlay Market is now one of the two principal reasons that tourists cite for visiting Cincinnati.



**A Street Adjacent to the Findlay Market Before the Market's Renewal**



**The Same Findlay Market Street Following Implementation of the Author's Master Plan**

In some ways, Cincinnati's Findlay Market is a great model for the Federal Way Public Market.

The Findlay Market is one of the most successful Public Markets in the U.S. Its success is partially encapsulated by the wheatgrass smoothie stand immediately next to the butcher shop selling hog jowls and chitlins. Both are very successful businesses, and both contribute to the success of the Market.





Adjacent Tenants Appeal to all Customers

The \$65 million in grants, which funded the initial renovation of Seattle's Pike Place Market, has leveraged well over twenty times that amount in nearby, surrounding private investment. While Public Markets need *capital* support, once they are built and occupied, they pay their own *operating* expenses and often help to subsidize needed services.

The dramatic, hundreds of millions of dollars from the economic impact of Pike Place Market's renewal is documented in the "Berk Study" See [https://s3.amazonaws.com/aws-website-ppsimages-na05y/pdf/pike\\_place\\_economic\\_impact\\_study.pdf](https://s3.amazonaws.com/aws-website-ppsimages-na05y/pdf/pike_place_economic_impact_study.pdf)



Upscale housing adjacent to Pike Place Market has among the highest sq. ft. cost in the world





**Entrance (first proposed by the author) outside of Cincinnati's Findlay (Public) Market**

Similarly, Roanoke, Virginia, rebranded and renovated their Public Market – <http://www.downtownroanoke.org/city-market>. This effort is cited as the principal reason that the owners of the historic Roanoke Hotel invested tens of millions of dollars to reopen the hotel and expand it to include a conference center. See: <http://www.hotelroanoke.com/index.php>. Before the Market's renewal, the hotel had stood empty for decades.



**Roanoke Hotel and Conference Center**

Public Markets are beloved by their customers. During the 2008-2010 recession, Seattle citizens voted overwhelmingly to *raise* their property taxes by \$73 million to complete a new round of physical renovations at “their” Pike Place Public Market. They did so because they understood how critical the Public Market was to the city's lifeblood.

Public Markets typically focus on fresh and local foods. They often have many types of local foods produced on-site, such as fresh roasted coffee, cheeses, homemade chocolates, fruit and berry-based vinegars, salsas, freshly made tortillas, fresh-baked breads, and other value-added products.

Prepared food stalls with counter seating often focus on ethnic specialties. Restaurants with table seating are typically rounded out by local craftspeople and other needed neighborhood services, such as a shoe repair shop or tailor.



**A 'Cobbler" in a Public Market**

In Public Markets across the country, customers closely mirror the demographic makeup of the larger communities where the Market is located. Unlike malls – which are typically geared towards a particular economic and/or ethnic slice of the local population – Public Markets have historically proven their ability to cut across economic, ethnic and racial lines in bringing together a broad cross-section of the local population in a safe, lively, and exciting venue where everyone feels welcome.

The key to the success of Public Markets is to have unique and personality-rich tenants and to incorporate vibrant public spaces that provide opportunities for local festivals, concerts, health fairs, etc. Public Markets must meet local needs and reflect local culture.

Often, they include a commercial kitchen where local farmers can create value-added products, local citizens can fashion and professionalize their food offerings, local chefs can demonstrate their cooking talents, and regional hospitals and health departments can teach citizens about nutrition and healthy eating. These kitchens also serve as a commissary kitchen to prepare food for Public Market-sponsored events.

In Federal Way, a smaller, upper-floor commercial kitchen should be considered.

**Public Markets are catalysts for the creation of vibrant, mixed-use, and successful communities.**

Public Markets around the country have helped to create the local emphasis on buying healthful, locally grown, fresh foods. They have sparked the creation of healthy center-city communities worldwide.

Public Markets are an idea that is 6,000 years young. Following the proven success of Pike Place Market in turning around downtown Seattle, approximately **350 new successful Public Markets have been developed/redeveloped in the last 40 years**. During this same period, the majority of malls have gone bankrupt and shut down

In the Pacific Northwest, new Public Markets have been developed in Wenatchee (Pybus), and Kalama (Mountain Timber) Washington. New Public Markets are under construction or being planned in Vancouver (Port of Vancouver), Washington and Portland, Oregon (James Beard). In addition, many communities are expanding their farmers' markets.

In addition to attracting a broad cross-section of the local population, Public Markets have proven their ability to become significant tourist attractions. The customer base at most Public Markets is roughly 1/3 tourists. In most cities where they are located, the Public Market is the #1 tourist attraction.



**Pike Place Market on a "slow" day – 14,500,000 annual customer visits to 400 merchants**



This has occurred during a time when most 'Festival Markets' (upscale agglomerations of national chain stores – Gucci Shoes, Crabtree and Evelyn, Banana Republic, etc.) have been dying and going bankrupt.



**DC's Old Post Office - a failed "Festival Market" following a \$280 million-dollar renovation. Gorgeous architecture, very few customers. Re-renovated again as the 'Trump Hotel'.**

Likewise, across the country, shopping malls have barely kept up with inflation, as they try, without a lot of success, to compete with Amazon, the internet, and catalog sales.



**The Majority of Malls have gone Bankrupt or are Dying**

Public Markets succeed economically because they are fundamentally *social* places. Many Public Market individual businesses succeed phenomenally well. Many multibillion-dollar international businesses started as ‘mom and pop’ shops or farm stands at a Public Market.

These businesses include Starbucks Coffee, Sur La Table (kitchen supplies), Cascadian Foods (largest organic food distributor in the world), Wax Orchards (Cider), Chukar Cherries, Tradewell Foods, etc.



**Waiting in line at the original Starbucks at Pike Place Market**

When the author of this Plan was a Director at Seattle’s Pike Place Market, we commissioned a customer intercept survey. Customers in the Public Market and in a nearby mall were asked, “Why did you come down here today?” and “How much did you spend here today?”

At the mall, 94% of respondents said one form or another of “I came to shop” – “I needed to buy a vacuum cleaner bag, and this was the place to get it.” In contrast, at the Public Market, only 26% of respondents “came to shop”.

Public Market customers came for fundamentally *social* reasons. They came to meet a friend, to people watch, to enjoy the street musicians, to mix with people who were different from themselves in a secure and vital environment.

Even though Public Market customers did not “come to shop”, they actually spent roughly twice as much money per customer visit at the Public Market as the shoppers at the mall.



***This* is the secret to creating a successful Public Market: As workers have less and less time for shopping, they prefer to combine their shopping time with their social time.**

Creating this kind of “experience” takes the planning and management expertise necessary to create a dynamic environment of ‘controlled chaos.’



**Public Market ‘Experiences’ are often Unforgettable**

This will encourage shoppers to delight in ‘their’ Public Market. As in any other city, the Federal Way Public Market will need to focus on the special attributes and needs of its own local community.



## Are Public Markets Mostly Successful?

Historically, Public Markets were the principal way that most Americans shopped for fresh food. In many countries throughout the world, this is still true. Public Markets are often the heart and soul of cities internationally.



**Sol Amon, the owner of Pike Place Market's Pure Food Fish, is smiling because he likely owns the highest per sq. ft. retail sales shop of any business *in the world*!**

In 1991, when this author left as a Director at Pike Place Market, Pure Food Fish was grossing \$15,000/SF/year. Today, a successful Walmart may gross around \$800/SF/year!

As America became enamored with all things 'modern', Public Markets met the same wrecking ball fate shared by so many magnificent historic structures. Urban renewal - often termed 'urban removal', sucked the life out of many American communities. Colorful and

historic Main Streets were replaced by vacuous strip centers. Homogeneous supermarkets replaced Public Markets, and many of our young people never learned where food originates.

Following the successful renewal of Pike Place Market, over 350 Public Markets have sprung up throughout the country. Virtually all have been phenomenally successful.

## Do Most Cities Have a Public Market?

Although there is no place just like Federal Way, there are many successful Public Markets in communities that have similar numbers of potential customers all over the country.

Federal Way's population in 2023 was 97,701. The regional catchment area for the prospective Public Market is, of course, much larger as detailed in the demographics section below.

The exhibit that follows contains a sampling of existing Public Markets in communities of 8,000 to 75,000 residents. Clearly, Public Markets need to be scaled to the communities where they are located, but smaller-sized cities can support a properly sited, planned, tenanted, designed, and managed Public Market.

| City Name          | Public Market (PM) name    | City (Only) Population |
|--------------------|----------------------------|------------------------|
| Dobbs Ferry NY     | Riverton Public Market     | 11,093                 |
| Easton PA          | Easton Public Market       | 26,578                 |
| Wenatchee WA       | Pybus Public Market        | 33,921                 |
| Emeryville CA      | Emeryville Public Market   | 11,671                 |
| Lenexa KS          | Lenexa Public Market       | 52,903                 |
| Chapel Hill NC     | Blue Dogwood PM            | 59,246                 |
| Napa CA            | Oxbow PM                   | 76,915                 |
| San Luis Obispo CA | SLO Public Market          | 47,536                 |
| Fredericksburg VA  | Dominion Public Market     | 28,297                 |
| Sandpoint ID       | Cedar St. Bridge PM        | 7,984                  |
| Portland Maine     | Public Market House        | 66,937                 |
| Lancaster PA       | Central Market             | 59,218                 |
| York PA            | Central Market             | 43,859                 |
| Wheeling WV        | Centre Market              | 27,375                 |
| Harrisonburg VA    | Shenandoah Heritage Market | 53,078                 |
| Hanover PA         | Hanover Market House       | 15,561                 |
| Lynchburg VA       | Lynchburg Community Market | 75,704                 |
| Scranton PA        | Scranton Public Market     | 76,079                 |
| Harrisburg PA      | Broad St. Market           | 48,904                 |
| Charleston, WV     | Capital Market             | 49,138                 |
| Wilmington DE      | Riverfront Market          | 71,442                 |
| Mequon WI          | Mequon PM (Under dev't)    | 24,086                 |

**Table 1: Public Markets in Smaller Communities**

Nearly all of America's 35 largest cities, have one or more Public Markets.

| # Rank | City         | Popular.<br>'15 U.S.<br>Census. | Market Name:<br>PM =<br>Public Market | Location<br>downtown? | Comment               |
|--------|--------------|---------------------------------|---------------------------------------|-----------------------|-----------------------|
| 1      | N.Y.C.       | 8,550,405                       | Arthur Ave. PM                        | No                    | Several others        |
| 2      | L.A.         | 3,971,883                       | El Mercado                            | No                    | Several others        |
| 3      | Chicago      | 2,720,546                       | French Mkt.                           | Yes                   | Privately owned       |
| 4      | Houston      | 2,296,224                       | Houston PM                            | No                    | Under development     |
| 5      | Philadel.    | 1,567,442                       | Firehouse PM                          | No                    | Several others        |
| 6      | Phoenix      | 1,563,025                       | Phoenix PM                            | Yes                   |                       |
| 7      | San Antonio  | 1,469,845                       | El Mercado                            | Yes                   |                       |
| 8      | San Diego    | 1,394,928                       | Liberty PM                            | No                    |                       |
| 9      | Dallas       | 1,300,092                       | Dallas Farmers Mkt                    | Edge                  | PM, not just FM       |
| 10     | San Jose     | 1,026,908                       | San Pedro Sq. PM                      | Yes                   | Private?              |
| 11     | Austin       | 931,830                         | St. Elmo PM                           | No                    | Open 2019             |
| 12     | Jacksonville | 868,031                         | Jacksonville PM                       | No                    |                       |
| 13     | San Fran.    | 864,816                         | Ferry Building Mkt.                   | Edge                  | Public own, pvt mgt   |
| 14     | Indianapolis | 853,173                         | Indianapolis City Mkt                 | No                    |                       |
| 15     | Columbus     | 850,106                         | North Market                          | No                    |                       |
| 16     | Ft. Worth    | 833,319                         | Fort Worth PM                         | No                    | Future uncertain      |
| 17     | Charlotte    | 827,097                         | 7 <sup>th</sup> St. PM                | No                    |                       |
| 18     | Seattle      | 684,451                         | Pike Place PM                         | Yes                   | Nation's Largest      |
| 19     | Denver       | 682,545                         | Denver Public Market                  | No                    | Under development     |
| 20     | El Paso      | 681,124                         | Eastside fmer & art. pm               | No                    | Yr.-round, weekly     |
| 21     | Detroit      | 677,116                         | Eastern PM                            | No                    |                       |
| 22     | Wash. D.C.   | 672,228                         | Eastern Market                        | No                    |                       |
| 23     | Boston       | 667,137                         | Boston PM                             | Yes                   |                       |
| 24     | Memphis      | 655,770                         | Agricenter FM                         | No                    | Indoor, not yearly    |
| 25     | Nashville    | 654,610                         | Nash. F.M. - Mkthouse                 | No                    |                       |
| 26     | Portland O.  | 632,309                         | James Beard PM                        | Edge                  | Under development     |
| 27     | Oklaho. C.   | 631,346                         | Farmers PM                            | No                    |                       |
| 28     | Las Vegas    | 623,747                         | Broadacres Marketplace                | No                    | Private: food & flea  |
| 29     | Baltimore    | 621,849                         | Cross St PM                           | No                    | Many, one dntn (Lex.) |
| 30     | Louisville   | 615,366                         | Logan St. PM                          | No                    | Under Development     |
| 31     | Milwaukee    | 600,155                         | Milwaukee PM                          | No                    |                       |
| 32     | Alburquer.   | 559,121                         | Dntn Growers Mkt                      | Yes                   | Yr.-round, Weekly     |
| 33     | Tucson       | 531,641                         | Mercado San Agustin                   | No                    |                       |
| 34     | Fresno       | 520,052                         | Fresno PM                             | Yes                   | Under development     |
| 35     | Sacramento   | 490,712                         | Sacramento PM                         | Edge                  | Under development     |

**Table 2: Existing or Under-Development Public Markets in America's 35 Largest Cities**

## Do Public Markets Compete with Existing Businesses?

Private businesses surrounding a Public Market, are often concerned that the Market will "steal" their customers. Since the capital costs of Public Markets are typically initially



supported with public and/or grant funds, the concern is that this puts their business at an unfair, competitive disadvantage.

This is an understandable fear. Many merchants have put their life savings, as well as endless sweat and blood, into their investment. When this issue has arisen in other Public Markets, the best way to address it has been to put the private merchants expressing the concern in touch with other merchants in different cities that had similar fears, as nearby Public Markets were being developed.

The universal response was that, in fact, potentially competitive businesses in the Public Market *did* share some of the nearby private shop's customers. However, based on the merchants' experience, as well as this author's and many other Public Market managers' experiences, **the customer base of the private non-Public Market business tripled, due to the greater number of new customers being drawn to the area.** The business may be getting a smaller percentage of the overall business, but the increase in customer base means they are still getting significantly more business.



## Public Markets vs. Supermarkets

| Issue                                        | Public Markets                | Supermarkets                       |
|----------------------------------------------|-------------------------------|------------------------------------|
| Ownership?                                   | Locally owned                 | Mostly out of state                |
| Support for local farmers?                   | Emphasized                    | No                                 |
| # of entrepreneurs?                          | Scores-hundreds               | One                                |
| Service orientation                          | Strong                        | None                               |
| Business synergy?                            | Yes                           | No                                 |
| Business Incubator                           | Yes                           | No                                 |
| Emphasis on quality fresh local food         | Yes                           | No                                 |
| Encourages women and minority owners?        | Yes                           | No                                 |
| Emphasis on regional and ethnic specialties? | Yes                           | No                                 |
| Profits go where...?                         | Recycles in community         | Out of state                       |
| Creates many jobs?                           | Quality jobs. Labor Intensive | Less so – mostly minimum wage jobs |
| Preserves historic buildings?                | Often                         | No                                 |
| Encourages residential development?          | Yes                           | Rarely                             |
| Aids surrounding businesses?                 | Yes                           | Sometimes                          |
| Employee wage scale?                         | Generally higher              | Generally lower                    |
| Community building?                          | Yes                           | No                                 |
| Requires capital support?                    | Yes                           | Sometimes                          |
| Ease of development?                         | Complex                       | Simpler – usually                  |

**Table 3: Public Markets vs. Supermarkets**

## What Makes A Public Market Successful?

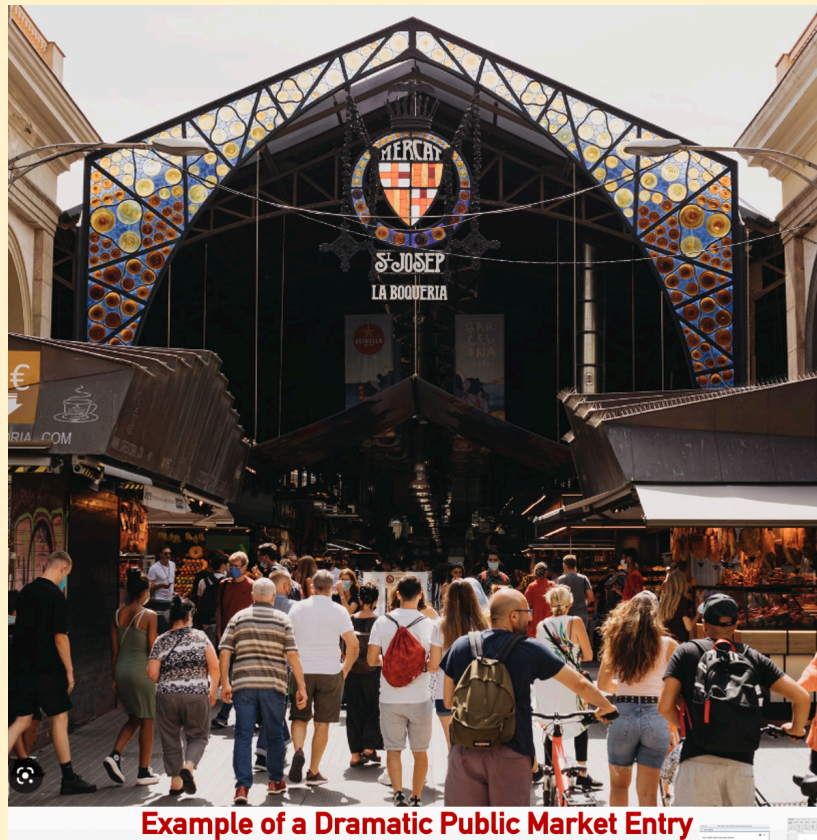
### 1. *An Excellent Location / Site*

The Public Market should be in a memorable location, near easily recognized landmarks, and close to main thoroughfares and good public transportation. Many of the most successful Public Markets are on the “edge” of a community’s downtown, adjacent to a mixed-income residential neighborhood. Sufficient parking needs to be available. The suitability of the site’s outdoor space for public amenities is nearly as important as the Market’s building itself.

Public Markets are often the ideal solution to Food Desert neighborhoods where supermarkets have abandoned or have never entered.

### 2. *The Public Market Building*

The Market’s building should be attractive, but it needn’t be ornate. It should set the stage to showcase the Markets’ *products* in attractive displays, not its architecture. The exception to this is that the primary entry to the Market should be unique and extravagant.



**Example of a Dramatic Public Market Entry**



### ***3. A Diverse, Vital, and Culturally Rich Environment***

The Public Market should be a common ground where people of different ages, sexes, ethnicities, races, classes, and sexual orientations can mix in a vibrant, safe, and colorful environment. The Market should form a tapestry that is exciting, lively, and fun.

### ***4. The Size of the Market Should be Appropriately Scaled to the Location***

Public Markets in the U.S. range from 15,000 Square Feet (SF) to 450,000 SF. The Market's size should be fine-tuned to reflect its potential customer base.

### ***5. A Varied Tenant Mix that Allows Customers to Shop for their Full Array of Fresh Foods Supplemented by Local Crafts and some Needed Neighborhood Services***

Experienced, personality-rich vendors selling from stores, stalls, carts, and day tables. On-site product creation and sampling and "hawking" should be encouraged. A rational tenant layout with long views, especially from the main entryway. Artful, colorful product displays with provision for off-site storage of excess product.

### ***6. Engaged Professional Management***

The Market's management should be guided by a clear Mission and Goals that are broadly reviewed and adopted. The Board of Directors should balance stakeholders (political representation, merchants, surrounding businesspeople, resident/shoppers), with professionals (lawyer, accountant, commercial property manager, marketing professional, etc.). Staff should be managed by an experienced Executive Director with excellent management, fundraising, and communication skills.

### ***7. Intensive Marketing***

Marketing should combine public relations, advertising/'gorilla advertising', and special events. Consider a very large digital screen that can highlight special events, Market specials, and also provide entertainment – movies, cartoons, etc.

### ***8. Reflects local character and meets everyday shopping needs for fresh foods***

A Public Market should be fine-tuned to the community it serves. Each Market should be unique, showcasing local products and reflecting local history and culture. Customers should be able to do most of their weekly shopping for perishable foods.

### ***9. Good Values***

The Public Market vendors should be owner-operators. Chain stores and franchises should be barred. A sense of community should be fostered. The Market should be the location where residents and visitors can go to experience the pulse of their community.

### ***10. The Public Market is Fundamentally an Engaging/Interactive and Social Space; It is Not Just a Place to Shop***

Experience proves that customers visit Public Markets for fundamentally social reasons. Lots of seating, public amenities, special events, and a comfortable, interactive environment foster social interactions that are critical to the Market experience.

It is true for all Public Markets, but especially true for the Federal Way Public Market, that an enhanced site is every bit as important to anchoring the Public Market as a regional destination as what happens in the building itself.



### **The Federal Way Public Market Site**

The exhibit below lists the qualities that go into creating a good site for a Public Market:

- Public Markets should be sited in places that are no one's existing "turf" so that they can become everyone's turf.
- Markets often succeed best on the outside perimeter of downtown, abutting a mixed-income residential neighborhood.
- Surrounding demographics help determine the Public Market's size and tenant mix.
- Positive, complementary neighbors are desirable.

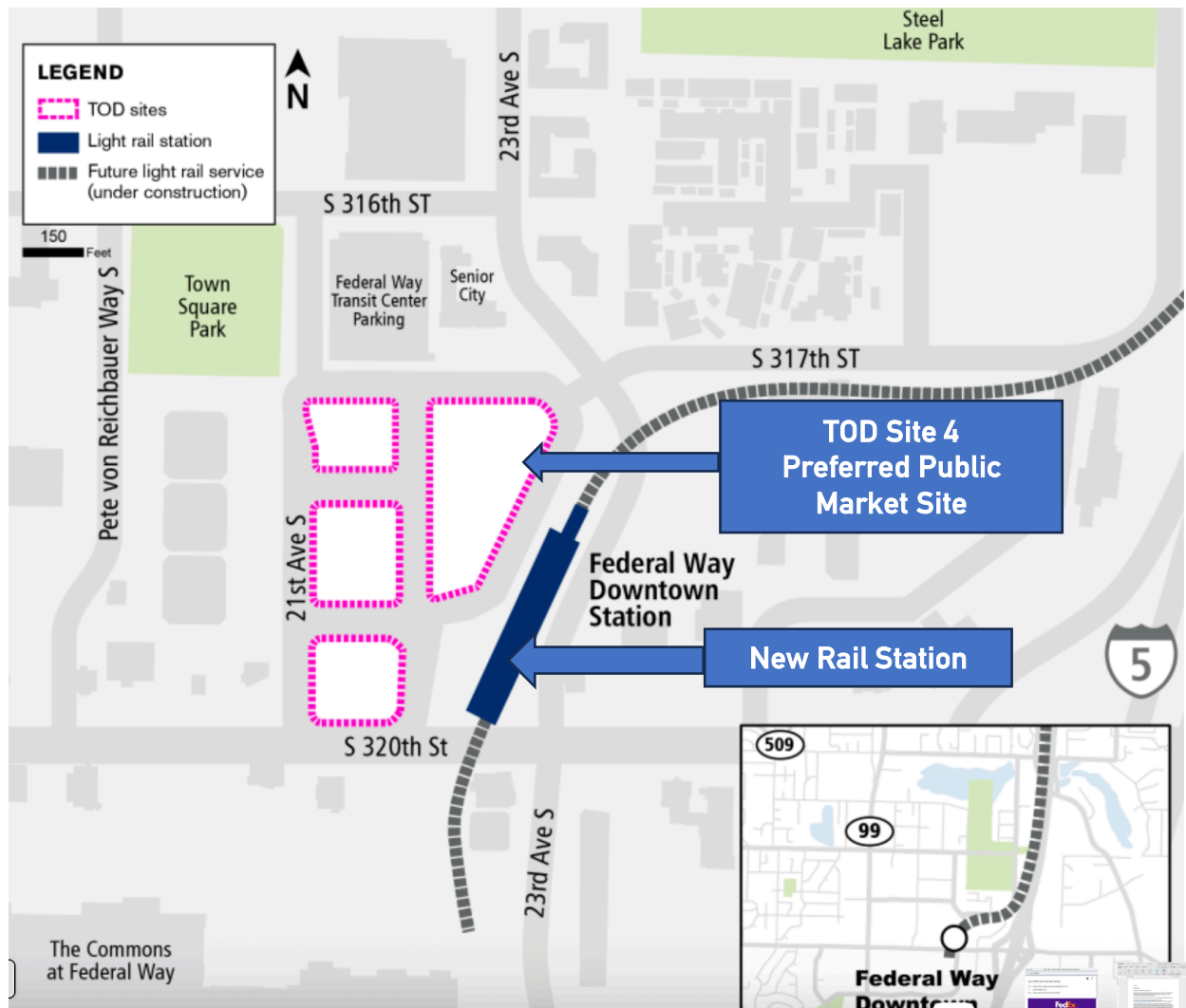
- Important to locate in an area where future development is possible and desired, to take advantage of the increase in surrounding property values that the Public Market will bring.
- Ideally, interesting and appropriate historic architecture is suitable for a Public Market.
- Appropriate building size on the ground floor, keyed to the community's potential customer base.
- Adequate parking.
- A site that allows for additional surrounding outdoor space to accommodate public amenities that can cement the Market's reputation as a regional destination.
- Easy to access existing traffic patterns.
- Suitable "back door" access.
- Suitable for middle and upper-income housing so long as affordable housing is not displaced.
- Public ownership and/or affordable cost of acquisition.
- Land/building availability.
- High visibility/location near a recognizable landmark.
- Near public amenities.
- Reasonable access via public transportation.
- Near intensely used amenities.
- Ability to expand.
- Acceptable nearby competitive and complementary uses.
- Ability to serve and benefit surrounding neighborhoods.

### **Criteria for Siting a Successful Public Market**

While a specific site has not yet been secured for the Market, one site has emerged as an excellent opportunity that has tremendous potential advantages and meets most of the above criteria.







**Map 2: Detail of Preferred Public Market Site and its Relation to the New Rail Station**

The Federal Way Link Extension (FWLE) will add nearly eight miles to Sound Transit's regional light rail system via mostly elevated tracks between SeaTac and Federal Way.

These stations will connect to other regional transit services like ST Express, King County Metro, and Pierce Transit. By design, the stations will support easy transfers between Link and buses.

Stations will feature pickup and drop-off zones and provide convenient access for pedestrians, cyclists, and riders arriving on paratransit and other modes. All three stations will have parking, with an additional 3,200 parking spaces along the route.

When Federal Way Link starts service, it will offer fast and frequent travel to destinations across the region, including:

- Federal Way Downtown Station to Sea-Tac Airport in 16 minutes.
- Federal Way Downtown Station to Downtown Seattle in 50 minutes.

The project is currently under construction. It is now expected to reach 100% substantial completion by August 2025. Substantial completion enables systems testing and familiarization for train operators. Systems and safety testing are underway with passenger operations likely occurring in December 2025.



**Rendering of New Downtown Federal Way, Sound Transit Station Entry**





**Rendering of the New Downtown Federal Way, Sound Transit Station Parking Garage**

YouTube videos of the Federal Way Rail Expansion project may be found at <https://www.soundtransit.org/system-expansion/federal-way-link-extension>

The entire Federal Way rail project, including the 4 TOD sites where the preferred site is located, encompasses  $\pm 6$  acres across 4 blocks. TOD Site #4, the footprint of the preferred site for the Public Market is 102,000 SF.

Sound Transit is partnering with the City of Federal Way to produce a transit-oriented development plan for approximately six acres of land next to the future Federal Way Downtown Link light rail station. The under-construction station is one of three new stations for the Federal Way Link Extension.

The area around the Federal Way Downtown Station is part of the City of Federal Way's plans for its City Center. Locating a Public Market as part of this project will help Sound Transit and the City of Federal Way to fulfill the City's vision for a compact, mixed-use, mixed-income, and walkable urban center.

The approximately six acres of land near the Federal Way Downtown Station site have been used for equipment storage and staging during construction of the Federal Way Downtown Station. When the station is complete, the property will be available for transit-oriented development.

Benefits of locating the Federal Way Public Market on the Site #4 TOD Site include:

- 1) The roughly 2 ½ acre site is appropriately sized for the proposed Public Market and would have sufficient room for both the Public Market building and its necessary surrounding public site amenities and parking.
- 2) Location so close to the new rail station would significantly enhance the potential customer base available to amplify the Market's likelihood of success.
- 3) The site will be adjacent to substantial parking, which could be used in a manner that is countercyclical to the demand generated from rail patrons. It is anticipated that rail use will be highest during weekday commuting hours, particularly serving people working a primarily +/- 9-5 schedule, especially around 8 AM and 5 PM. The Public Market will be busiest at midday on weekdays and later in the evenings. Its two busiest days are likely to be weekends when train commuter use will likely be lower.

In addition to on-street parking, the following are garages and lots with their current utilization:

- A. The existing transit parking garage has 1500 parking spaces. It is currently very underutilized; this should change with the light rail opening.
- B. The Center Plaza to the west of the TOD has about 400 spaces. It is never more than half full except during events at Town Square Park.
- C. Town Square Park has about 50 spaces. It's often full during events and nice weekend days.
- D. The Commons Mall to the South, across 320<sup>th</sup> South, has 2000+ spaces on the north side. It is currently underutilized, but will be better used following plans to redevelop the Commons with apartments and periphery and ground-level retail and a planned wide pedestrian, grade-level pedestrian crossing joining the Commons and 21<sup>st</sup> Ave.
- E. The Performing Arts and Events Center (PAEC) has about 200 spaces, but will lose some when the Town Center 3 (TC-3) plan is developed.
- F. The Hillside, north of PAEC/TC-3, has about 600-700 spaces. It is underutilized most days. Utilization increases during big events at PAEC and Town Square.
- G. SeaTac Village, west of Center Plaza, has another 800+ spaces, about half full most of the time.

Having 4,400 potential parking spaces, often underutilized, within an easy walk of the Public Market site, is a tremendous advantage.

- 4) The preferred site is very close to both Steel Lake Park and Town Square Park. Public Market staff will be able to program events and festivals in the nearby public parks.
- 5) The proposed uses of mixed-use and affordable housing, both in the airspace above the Public Market and in the adjacent TOD and nearby parcels, will provide a ready customer base for Public Market vendors who will be selling primarily fresh and prepared foods.

There are several examples of Public Markets successfully co-locating with rail stations. Philadelphia's Redding Terminal Market is a good example of the successful synergy between both uses, with each use enhancing the other.

There are also numerous examples of Public Markets being created in conjunction with affordable housing. The author of this Feasibility Study has been directly involved with planning numerous Public Markets that were combined with affordable housing. These included Cincinnati's Findlay Market, Seattle's Pike Place Market, and Minneapolis's Midtown Global Marketplace. These Public Market projects are detailed further in this study.

- 6) The location is close enough to the heavily trafficked 320<sup>th</sup> South to be able to easily take advantage, with appropriate signage, of the high volume of traffic, yet it is far enough away from 320<sup>th</sup> St. to avoid the accompanying noise and to allow the site to develop a separate identity as a Public Market.
- 7) The location will assist the city in developing a vibrant and walkable city center. Currently, Federal Way has no real "downtown". The Market's patrons will assist in the development of a new city center and will provide increased pedestrian traffic in the area, which will enhance overall security and assist other nearby retail businesses to be successful.
- 8) The PAEC is a 700-seat theatre and event center near the proposed light rail Station. It is currently underutilized. If the Public Market is located at the preferred site (Downtown Station TOD Site #4), the proximity of the two uses will allow for cross-promotion that can help both uses to thrive.
- 9) There is significant existing and planned housing within walking distance of the preferred Public Market site. In addition to the existing five-story, senior housing project nearby, all the TOD sites will include multi-level affordable housing. In the Comprehensive Plan Update that the city submitted to Washington State, it is projected that Federal Way's city center will accommodate between 8,000-10,000 new housing units by the year 2040. This will help to provide a ready customer base for the Public Market.

Until the Federal Way to Tacoma rail leg is completed, in 7-10 years, area residents living south of Federal Way (including Tacoma), will have to travel to the front door of the Public Market to use the Downtown light rail station to travel north by rail (including to Seattle). As currently



planned, the Federal Way Downtown station will be at the end of the line. Once the Tacoma leg is completed, it will be critical to have a significant attraction at the Federal Way station to encourage passengers to disembark in Federal Way.

At its meeting explaining the uses being sought for the TOD sites, the Sound Transit representative said that the parcels were reserved for “mostly affordable housing” and that “Sound Transit is able to offer the land at the Federal Way station at a discount or sometimes at no cost if the project is developed by a Qualified Entity for affordable housing.”<sup>1</sup> The city representative explained that the parcels “have a maximum density of 10 floor area ratio and a minimum density of 1.5 floor area ratio.” The Sound Transit representative noted, “The discount is only available to qualified entities, though Sound Transit welcomes and encourages developers and organizations teaming together to maximize the outcomes on this site. He noted that the qualified entity must be in the lead role, and only land proposed for affordable housing is eligible for a discount. Qualified entities are defined as local governments (including the city of Federal Way), housing authorities, or nonprofit developers. The full law regarding TOD development is in RCW 81.112.350.

All of these requirements would support the opportunity for the preferred site to be potentially acquired at zero cost. It will be important to clarify with Sound Transit if uses that augment and support affordable housing (like the Public Market) would qualify for the land subsidy.

The representative noted that “Sound Transit is looking for experienced developers with a proven ability to deliver these kinds of projects. This doesn’t preclude other entities from participating in a project, but since housing is the primary goal, a housing developer should be in the lead. Sound Transit will be looking for a clearly articulated project vision outlining the main components of the developer’s project. The representative added that Sound Transit hopes to see proposals that are applying an equitable lens to the project and are mindful of who the project would serve and how.”

“The RFP for parcels 1 and 2 was published on 30 June, with proposals due 13 October. Sound Transit will then enter into negotiations with the selected developer in advance of bringing Key Business Terms to the Sound Transit Board for approval.” Per the RFP (RP 0121-25), in the category “High Priority – Should Have” are the following:

- 7) Include a ground-floor non-residential program that promotes street-level activation by:
  - a) Providing a consolidated and meaningful public-facing open-space and/or
  - b) Providing public-facing, non-residential uses on the building’s ground floor level
- 8) Include an element of community partnership and/or representation by, for instance:

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<sup>1</sup> <https://www.soundtransit.org/sites/default/files/documents/federal-way-TOD-developer-meeting-summary.pdf>

- a) Incorporating a non-residential program that is community-oriented, such as educational, family, cultural, or healthcare services.
- b) Proposing meaningful participation by a community-based organization (CBO) or nonprofit organization that is representative of a community or significant segments of a community and committed to a community's health, well-being, empowerment, and/or provides programs or services to that community.

The mission of the Federal Way Public Market fit well with items 7b and 8.

Since the preferred TOD parcel (#4) has environmental contamination from a prior dry-cleaning operation, it will not be available for development until a state-approved plan for ameliorating or sealing the contamination has been developed (currently projected for June 2026). It will be important to track the progress of this Environmental Report.

### **What do Federal Way residents think about the Best Uses for the Light Rail Stations TOD Parcels?**

In August 2024, a series of community engagement meetings were held among Federal Way residents. These included 323 Survey responses, conversations with 4 community-based organizations, emails to 400 community members, and mailers to 14,371 residents living near the Federal Way Rail Stations TOD sites.



**A Sound Transit Community Engagement Meeting**

A summary of results follows:<sup>2</sup>

## Key Findings

The following key themes emerged from the engagement process with partners and the community:

- ❶ Preference for public and commercial spaces to serve the functional needs of transit users as well as broader community needs. This includes facilities that are useful year-round, accessible regardless of mode, and supported by dense, mixed-use, mixed-income housing on-site.
- ❷ Desire for the station area to be a community hub with a distinctive sense of place and a variety of uses including living, working, and social spaces that draw both residents and visitors to the area. Respondents highlighted the importance of creating a neighborhood that brings people together in a mixed-use environment.
- ❸ Preference for a public-market-type facility, which could feature local goods and merchants, and provide a variety of goods and services to attract a broad range of individuals to the space.
- ❹ Emphasis on the need for affordable housing options, with a desire for a range of housing types, including apartments, condos, and townhouses. There is a focus on ensuring that housing is affordable for families, young professionals, and individuals with lower incomes.
- ❺ Recognition that denser housing developments will help maximize efficiency and contribute to the urbanization of the area to help prioritize comfort, safety, accessibility, and support overall livability.

## Other takeaways from the community engagement process included:

- ❶ Build TOD sites to support and celebrate the diversity and culture in Federal Way.
- ❷ Design low-income housing for multigenerational families.
- ❸ Create spaces available for community-based organizations to share (e.g. offices, gathering spaces for events like farmers markets, and childcare.)
- ❹ Offer affordable housing and build units that support large families (3+ bedrooms).
- ❺ Develop buildings that support programs for childcare, healthcare, aging populations, and reaching ethnically diversity communities.
- ❻ Improve accessibility for people with disabilities.
- ❼ Prioritize spaces for minority owned business that align with the diversity and culture in Federal Way.
- ❶ Desire to develop a mix of units to rent and own.
- ❷ Priorities a mix of multi-bedroom, one-bedroom, and studio homes or apartments more affordable housing options.
- ❸ Preferences for housing that is affordable to a mixed range of incomes, including those who can afford market rate rents.
- ❹ Interest in developing space for a permanent public market.

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<sup>2</sup> <https://www.soundtransit.org/sites/default/files/documents/federal-way-tod-community-engagement-summary.pdf>

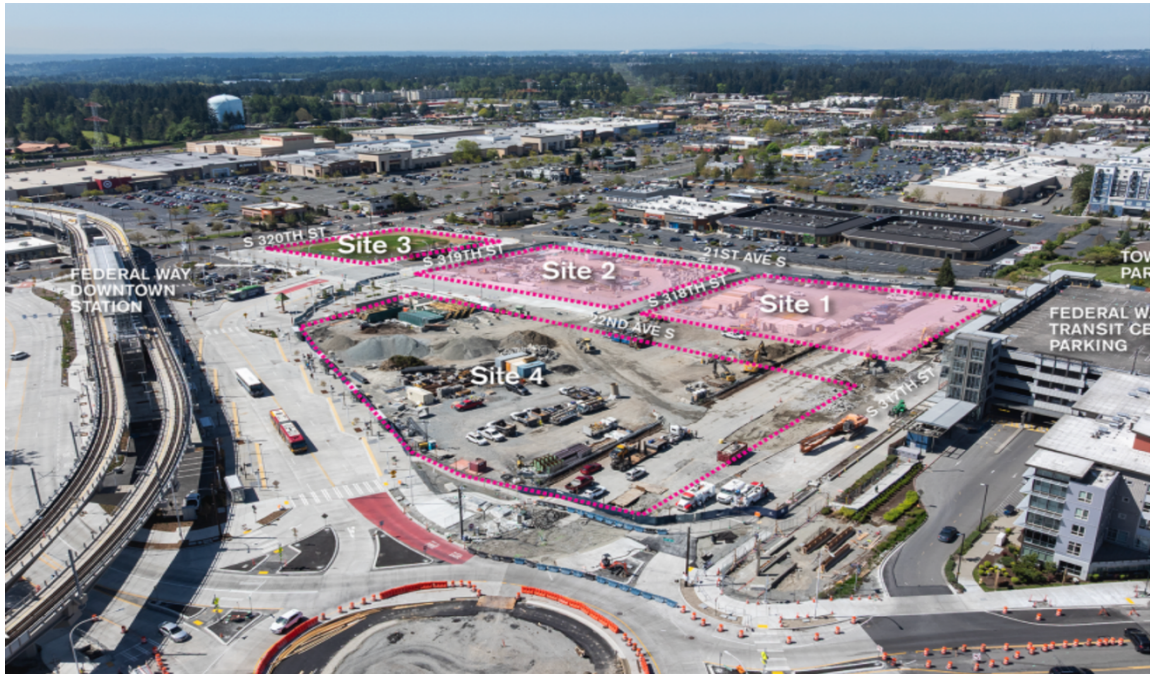


- ❖ **Mixed-Use Development:** Respondents often advocate for mixed-use development, which combines residential spaces with commercial and retail establishments. They see this as essential for creating a vibrant urban environment where people can live, work, and socialize within walking distance of the station.
- ❖ **Affordability:** Many respondents emphasize the importance of affordable housing options in the area. They express a desire for a range of housing types, including apartments, condos, and townhouses, that cater to diverse socioeconomic backgrounds. Affordable housing is seen as crucial for ensuring inclusivity and preventing displacement of lower-income residents.
- ❖ **Density and Urbanization:** There is a recognition among respondents that denser housing developments are necessary to support the transit-oriented nature of the station area. They envision multistory buildings and multi-family dwellings that maximize land use efficiency and contribute to the urbanization of the area.
- ❖ **Community Integration:** Housing discussions often center around the integration of residential spaces with the broader community. Respondents highlight the importance of creating a cohesive neighborhood that fosters social interaction and a sense of belonging. This includes amenities such as parks, green spaces, and community centers that promote connectivity and wellbeing.
- ❖ **Quality of Life:** Concerns about the quality of life in the station area are prevalent in housing-related responses. Respondents stress the need for well-designed, aesthetically pleasing developments that prioritize comfort, safety, and sustainability. They envision a residential environment that enhances overall livability and supports a high quality of life for residents.

The responses indicate a strong desire for the Federal Way Downtown Station area to become a safe, accessible, and vibrant community hub. While there are concerns about safety, crime, and traffic, the vision includes a mix of residential, commercial, and cultural spaces that enhance the quality of life and foster economic growth. Prioritizing walkability, accessibility, and community-oriented development will be key to addressing the diverse needs and aspirations of the residents and visitors.



**Rendering of the Federal Way Rail Station Showing the Preferred Public Market Site (TOD #4) in the Foreground**



June 2025 Photo Showing the Preferred Site (4) in Context

## Selected Responses from the TOD Questionnaire:

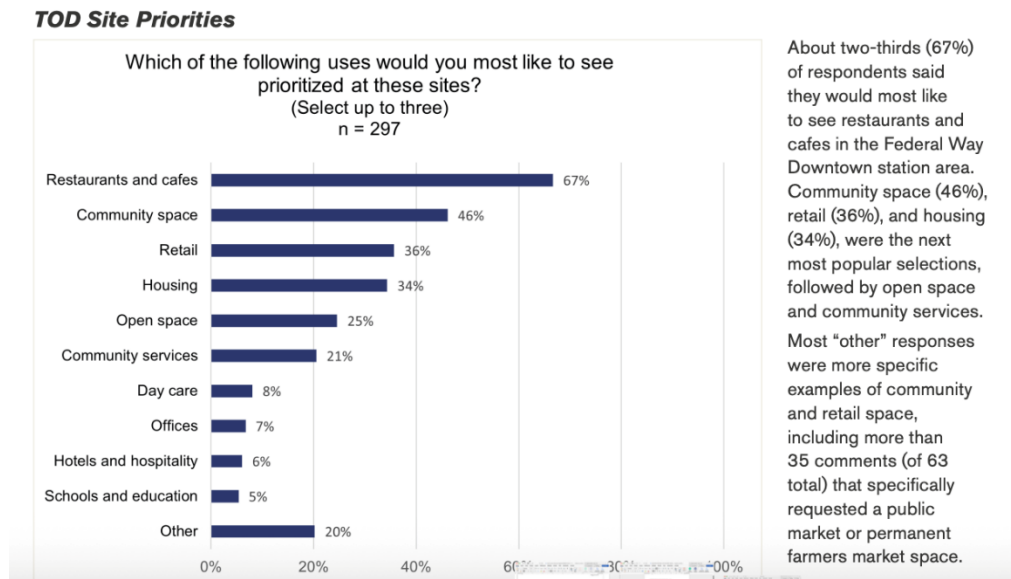


Table 4: TOD Site Priorities

### Business Preferences

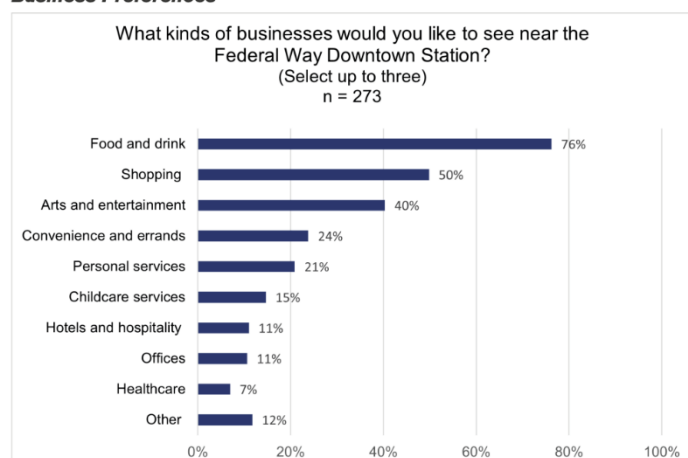


Figure 6: Business Types

Most respondents selected food and drink as the top type of business they would like to see in the Federal Way station area; with half selecting shopping, and 40% selecting arts and entertainment.

Among "other" responses, many asked for a public market type space, while several others hoped to see recreational or youth-center uses, and a few did not want to see the area used for commercial purposes.

Many respondents shared thoughts on the type of businesses they wished to see in the mixed-use station area:

- Many expressed a desire to see a public market style space where grocery items, prepared food and drink and other goods would be sold, while also serving as a community gathering space:
  - "I really want to see a Public Market as a hub for community events as well as cultural foods / goods. Our Farmers Market needs a permanent home. I'd like to see the Farmers Market & Public Market coexist near the train station. That would be great for regular commuters & tourists alike!"
  - "A public market foremost with space for the farmers market and open space for community events."
- Others discussed food and retail options that would be useful for both commuters and community members.
  - "As someone who will be at this station almost daily, I would like to see a coffee shop, cafe, and convince stores. This will serve people who need something quick, people who want to sit for a while, and people who need to grab something on the way home. I think this will encourage people to take transit by breaking down their metal barriers."

### Table 5: Preference for Which Businesses near the Rail Station

### Community Services and Spaces

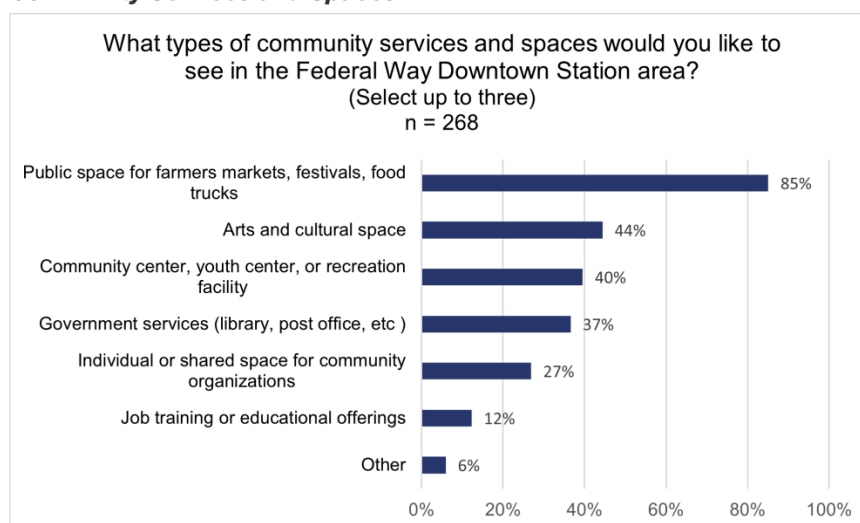


Figure 7: Community Uses

Most respondents selected public space for farmers markets, festivals, food trucks or similar as their top preferred community service or space in the Federal Way Station area. Space reserved for local small businesses or young professionals, open space, or a police station, were among "other" comments.

### Table 6: Preference for Which Services near the Rail Station



## Open Spaces

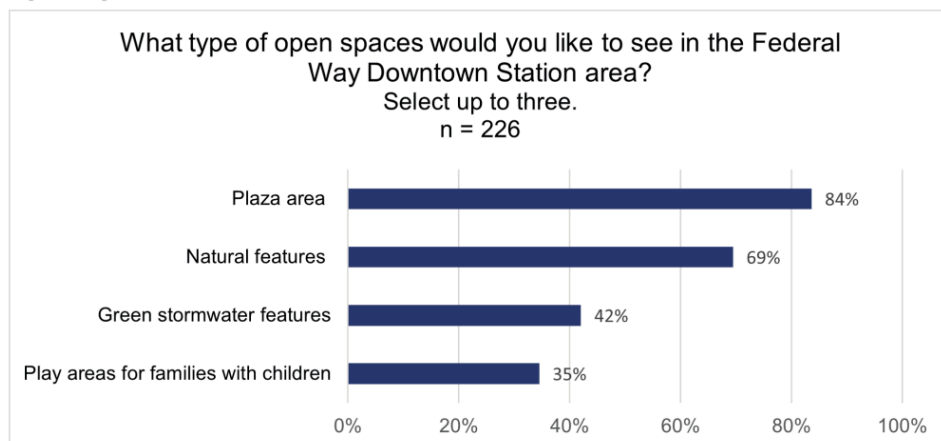


Figure 8: Open Space Types

Most respondents would like to see a plaza area with space for café seating, farmers markets, events, etc., or natural features like landscaping, trees, gardens, or water features, as use for area open space. Green stormwater features and play areas for families with children were less favored.

## Table 7: Preference for Types of Open Spaces near the Rail Station

Other selected quotes from respondents included:

"It would be great to get off the train and go to a market / store to pick up a few items before going home. - Man, 35-49, homeowner."

***Nearly 30% of commenters said they would use the station to visit, shop, and use services.***

"It would be great to have a little shopping strip, public market, farmers market area where people could meet and enjoy. - Woman, 35-49, homeowner."

"It should have the feel of a "downtown" with mixed retail and restaurants at street level with housing above. Give people a reason to visit and walk around. Hopefully, that spreads to the lots around these lots. - Man, 35-49, renter."

***About 17% said they would use the area for other purposes, including potentially living in the area, attending events on-site, walking, and people-watching, or many of the above.***

"Potentially looking at buying a home in the area if they are available, utilizing public/community spaces and recreation, and most importantly using the Link to go north into Seattle instead of driving for both work and personal use. - Woman, 18-34, renter."

"Leisurely walking, sitting outdoors, people-watching, shopping and coffee"

"I would like to see an increase in public community gathering spaces, mixed use buildings and walking oriented buildings. Federal way is just a big parking lot with chain restaurants. I

would love to see something like Redmond, with walkability, Mom and pop (not chain or takeout) restaurants and places for families to walk around and hang out. - Woman, 18-34.”

***Nearly a quarter (24%) want to see a public market or similar space.***

“A marketplace would be amazing. Federal Way lacks a heart/city center, and this could really help anchor the city. - Woman,”

“I am all for a public market as I feel it will attract more people to visit and shop in our area. Also, a space to have entertainment, food trucks and other things to draw in more people from outside our area. - Woman, 65 or older.”

“Premium space for small local businesses, a central gathering space for the community, a space for public events, more upscale grocery, a refuge from parking lots and cars, a safe walkable space with recreation.”

***About 20% of comments related to the community-building potential of the space. This included comments about prioritizing local businesses in the commercial spaces, doesn't cause gentrification or displacement nearby, and ensuring the space celebrates Federal Way.***

“It would be nice to have a space that created a community atmosphere where neighbors and not so neighbors could interact and meet. - Woman, 35 – 49”

“Please prioritize local businesses over chains and include plant life that is safe and beneficial to species such as birds, bees, etc. - Man, 35-49”

## Conclusions From the Site Discussion

Based on the above community responses, it is clear that there is strong support for the location of a Public Market combined with state-mandated affordable housing on the TOD development site.

If the preferred site is available, the future Business Plan for the Public Market will specify in detail how the site should be developed.

At this stage, it is important to engage with nonprofit housing developers with experience in developing affordable housing in conjunction with other nonprofits in order to prepare for the upcoming Sound Transit RFP for the development of TOD Parcel #4 as a combined Public Market and affordable housing project.

In addition to numerous funding sources which will be detailed in the future Business Plan, it is significant to note that, despite numerous federal cuts in a variety of programs, the largest source of Federal funding for Public Markets – the Economic Development Administration

(EDA) has been budgeted at a significant *increase* in discretionary funding in the President's FY 25 proposed budget - \$437,000,000.

If the preferred site is available, planning should proceed with the development of a comprehensive Business Plan, which should provide a roadmap to take the Federal Way Public Market from where it is today to the Grand Opening of the Public Market. The Market board encourages the City to consider the Public Market for TOD #4 as it collaborates with VIA Architecture on possible plans for TOD #3 and #4.

## Alternative Sites

If, for some reason, the Public Market is unable to locate on its preferred TOD site, four other potential sites should be considered. None of them has the broad array of advantages presented by the preferred site. If the TOD Site proves to be unavailable, a comprehensive Site Analysis Study should be undertaken to compare alternative sites based on roughly 60 separate criteria. Based on this information, an alternative preferred site will be recommended.

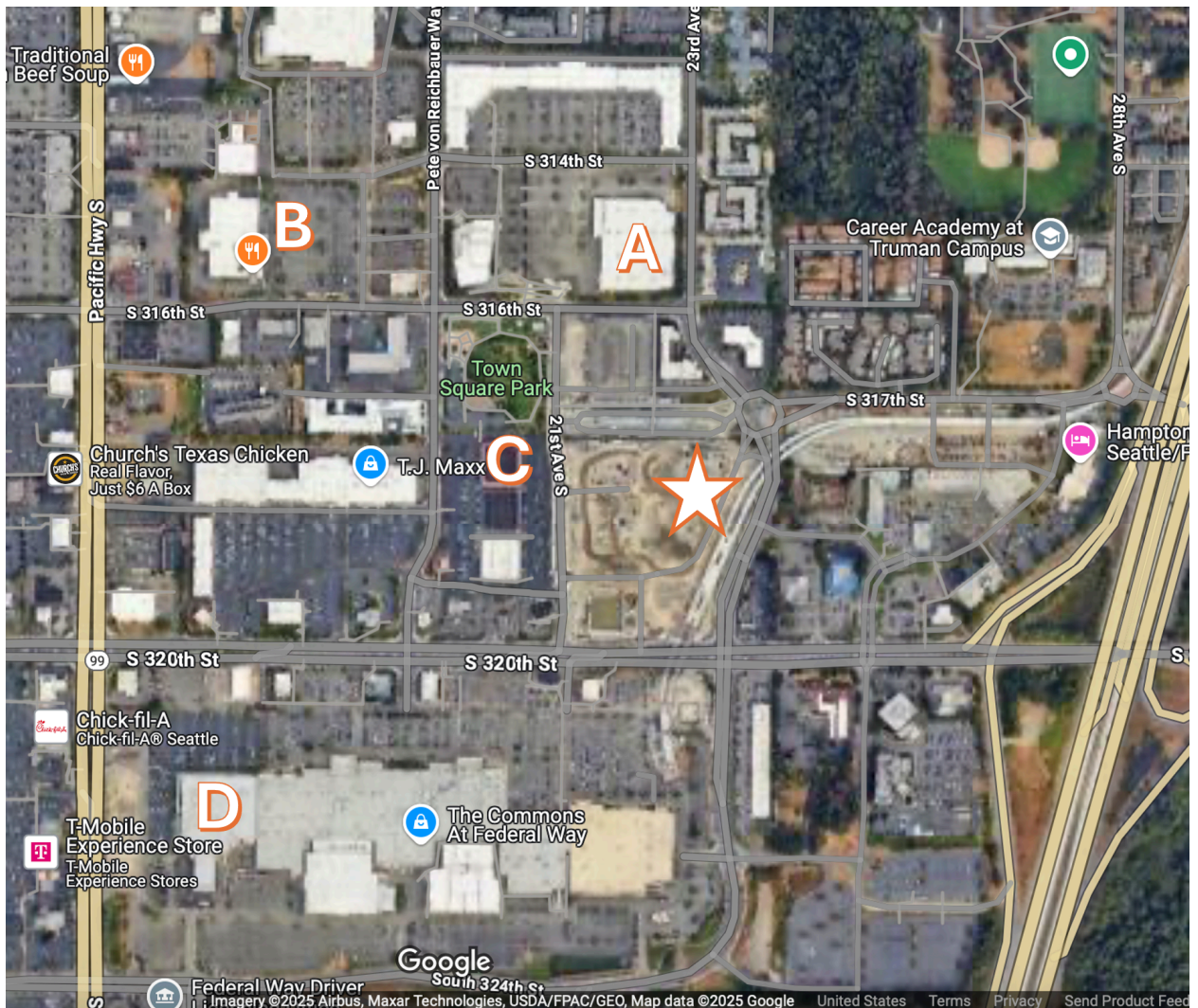
The four alternative sites that have been identified by the Federal Way Public Market Board are:

- a. The TC-3 site next to the Performing Arts Entertainment Center (PAEC). Multiple buildings are planned for this site by a commercial builder. The PAEC is located at 31510 Pete von Reichbauer Way S., Federal Way.

The City owns approximately 7 ½ acres of developable property (former Target Building and parking lot) east of the PAEC and north of Town Square Park and the Federal Way Transit Center. This area is known as TC-3 or Town Center 3.

- b. Center Plaza, a shopping mall. The north building. Currently, half is a nightclub (<https://maps.app.goo.gl/7ZodxZVvhZ6SsxJYA>). All but one of the Center Plaza buildings is fairly old. The location is 2012 S. 317 St., Federal Way.
- c. The former Top Foods Store (<https://maps.app.goo.gl/eU88mCk33XvnL96k8>) at 31515 Pete von Reichbauer Way S., Federal Way.
- d. The former Amazon Fresh located at the Commons Mall.





- A = TC-3 Site Near PAEC**
- B = Former Tops Foods Supermarket Site**
- C = Center Plaza Site**
- D = Former Amazon Fresh Site**
- STAR = Preferred Site, TOD 4**

**Map 3: The Preferred Site & Possible Alternative Public Market Sites**

## What Are The Existing Conditions In Federal Way?

The Muckleshoot and Puyallup tribes were the Native American groups who traditionally lived in the area that is now Federal Way, Washington. These tribes were the first stewards of the land before European settlement.

One of the first area explorers was Captain George Vancouver, who sailed into southern Puget Sound in 1792. The 1800's saw primarily British and Spanish settlers living primarily from logging the vast forestlands that covered the area.

Highway 99, completed in 1926, ran through Federal Way. It was the primary north-to-south highway on the west coast until 1964 when the Interstate Highway System began its development.

Interestingly, in 1945, Marckx's Farm Store opened along Highway 99, and became Federal Way's first major retail business. Like the proposed Public Market, this enterprise provided fresh food to the surrounding community.



**Marckx Farm Store, Circa 1945**

In 1971, the Weyerhaeuser Corporation established its international headquarters in Federal Way. They announced their departure from Federal Way in 1994. Attempts to incorporate as a city were defeated in 1971, 1981, and 1985. In 1990, Federal Way incorporated as a city.

Several factors have mitigated against the growth of Federal Way as a healthy community.

These included:

- a. Partially due to Federal Way's failure to incorporate for most of its history, a true downtown center city failed to organically develop.
- b. Other than numerous ethnic venues, retail in the city was dominated by big box stores, chain stores, and franchises, with very few flavorful and unique businesses that could lend character to the community.
- c. For much of its history, residents had to commute to Seattle or Tacoma to find work, leaving a lack of residents with a true stake in "their" community.
- d. The community developed a reputation as a "bedroom" community for both Boeing and Weyerhaeuser executives, who often had an outsized influence on local political decision-making.
- e. The city has lost the vast majority of what distinctive architecture it had.
- f. Pacific Highway South, the main North/South artery (Highway 99), as it runs through Federal Way.
- g. For decades, for better or worse, the identity and the largest employer in the city was Weyerhaeuser.

Today, Federal Way is a city in search of a new identity.

Despite these challenges, Federal Way has a number of tremendous assets that have and will benefit the development of the Public Market and the improvement of the community.

These include:

- a. Motivated residents are committed to the betterment of the community, with numerous committed volunteers and nonprofits.
- b. A City Council that appears firmly committed to creating a healthy, vibrant, and diverse downtown community, as evidenced by their cooperation and leadership in a variety of efforts, such as the creation of the PAEC and the Light Rail Center complex. The Public Market will help the city to realize its goals as expressed in its adopted Downtown and Comprehensive Plan.
- c. The location of a soon-to-be reality Sound Transit Light Rail Station, opening in 2026, that will link Seattle and Federal Way, to be extended in seven to ten years to Tacoma, combines with a concomitant commitment to affordable housing and services, and the creation of a vital Center City. This will have an enormously positive impact on the larger community.



- d. The physical attributes of the city include the connection to South Puget Sound, numerous excellent parks and lakes, and the protected view corridor to nearby Mount Rainier. All will help anchor the city as a potentially healthy, vibrant, and lovely place to live and visit.
- e. The fact that, as of May 2025, the Federal Way Public School District (FWPS) has families that speak 124 different languages at home (!). This linguistic diversity reflects the school district and the City's commitment to embracing and supporting a healthy multicultural community. The fact that there is very little inter-ethnic criminal activity is a testament to the tolerance and commitment to the heterogeneity of the community.<sup>3</sup>
- f. Federal Way is the 4<sup>th</sup> most ethno-racially diverse city in the US.<sup>3</sup> City residents enjoy seven different New Year's celebrations. Not only have waves of immigration changed the face of the nation, but they've also brought in fresh perspectives, skills, and technologies to help the U.S. develop a strong adaptability to change. Economies fare better generally when they openly embrace and capitalize on new ideas. Conversely, those relying on old ways and specialized industries tend to be hurt more by changes in the market.<sup>4</sup>
- g. "Living in an ethnically diverse city can be an economic benefit, as people bring a wide range of skillsets and approaches to solving problems from their own cultures and national origins. Residents can also establish unique types of businesses, such as restaurants serving cultural dishes. People who live in ethnically diverse cities have the opportunity to learn a lot about people different from themselves, which is not only an enriching experience but also a good way to break down walls of prejudice."<sup>5</sup>
- h. The ethnic diversity in Federal Way presents a unique opportunity to position and brand the Public Market as a "Global Public Market". This can be a tremendous advantage since many shoppers and chefs seek out international ingredients when visiting a Public Market.
- i. The experience of the author of this study is that recent residents from around the world with space in a Public Market are especially entrepreneurial. They typically are the first to arrive, early in the morning, to set up their displays, and the last to leave, late at night following a thorough cleanup.
- j. For both fresh and prepared foods (the great majority of projected offerings at the Federal Way Public Market), the ability to offer new and unique foods will set the Public

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<sup>3</sup> <https://wallethub.com/edu/cities-with-the-most-and-least-ethno-racial-and-linguistic-diversity/10264>

<sup>4</sup> <https://research.wu.ac.at/en/publications/diversification-vs-specialization-as-alternative-strategies-for-e-3>

<sup>5</sup> Chip Lupo, Wallethub

Market apart from the more generic products being sold at many other Public Markets and particularly, at most supermarkets and restaurants.

- k. Because Federal Way has such a diverse and heterogeneous racial and ethnic population, it is nobody's "turf". Therefore, it becomes everybody's turf.
- l. The area around Federal Way has a long agricultural heritage. This heritage, as well as the community spirit of Federal Way, is embodied in the historic Hylebos Blueberry Farm. This agricultural treasure was recently turned into a public park. The countless blueberry bushes had been overgrown by endless, choking blackberry plants. Scores of local volunteers worked hard to weed the blueberry patch and return it to its prior productivity.
- m. A City administration that has successfully created legal tools like a Tax Increment Financing (TIF) District. This legislation was passed in 2024 and aims to transform the existing center city from a suburban-like auto-centric area into a vibrant walkable urban center. The project also appears eligible for New Market Tax Credits and Opportunity Zone funding.
- n. A Public Health Department that is actively engaged in the community. Beyond the traditional services offered by all Health Departments, this Public Health Department has services geared toward family planning and sexual health, teen health services, children with special health care needs, and WIC and First Step programs. It is committed to accessibility and participates in a broad array of community partnerships.
- o. A large and historically successful Downtown Farmers Market.



- p.
- q. Increasingly, Federal Way has the feel of a distinct community filled with character, culture, and commitment. It is unlike so many exurban American communities filled with characterless cul-de-sacs and gated communities.
- r. A city with a relatively stable population that has changed little over the last ten years. 55.7% of residents own their own homes.

- s. In addition to the many obvious prospects for regional canoeing, kayaking, paddle boarding, swimming, skiing, and snowboarding, there are many nearby world-class hiking and birding opportunities at places like the West Hylebos Wetlands Park, Dumas Bay Sanctuary, and Billy Frank Jr. Nisqually National Wildlife Refuge.



**Federal Way Aquatics Center**

- A community where citizens are engaged in the future of their community and where citizens readily volunteer.
- The Federal Way Public Market, the sponsor of this study, was established in 2021. It is “dedicated to establishing a vibrant Public Market in downtown Federal Way. The Board’s vision is to create a community hub that celebrates the diversity of Federal Way through food, art, and culture. The proposed Public Market aims to provide a permanent home for the Federal Way Farmers Market, support local entrepreneurs and small businesses, attract tourists, and stimulate economic development in the downtown area. Thus, to transform the community’s many assets into a city that works for *all* of its citizens.

***Federal Way is a medium-sized community with many of the best characteristics of a small 1950s town. Federal Way is truly a very special place.***



***Yet, there is trouble in 'paradise'.<sup>6</sup>***

- 1) Federal Way's per capita income is 23.2% less than the state as a whole - \$39,547 vs. \$51,493.**
- 2) The percentage of people living below the poverty line is 42.9% higher than in the rest of the State – 14.0% vs. 9.8%.**
- 3) Federal Way's median household income is 13.5% less than the state as a whole - \$82,144 vs. \$94,952.**
- 4) Federal Way's percentage of college graduates (B.A.) is 10.6% lower than the statewide average of 34.7% vs. 38.8%.**
- 5) The rate of home ownership is 11.7% lower than the state as a whole – 55.7% vs. 63.1%.**
- 6) The % of people (under 65) without health insurance is 20.25% higher than the state as a whole – 8.7% vs. 7.1%.**
- 7) The percentage of residents 5 years old and under is 19.05% higher than in the state as a whole – 6.9% vs. 5.7%.**
- 8) Federal Way' children who graduate from college and wish to return home, too often are faced with a lack of opportunity.**
- 9) For its size, there are few supermarkets in the community. Sales and taxes are lost to other communities.**
- 10) While there are terrific ethnic restaurants (Federal Way is considered to have the best Korean restaurants, for example), there are minimal first-rate restaurants in the community (Few 4- or 5-star restaurants in a city of 97,701). Taxes and jobs are clearly being lost to other communities.**
- 11) There are currently very limited places in Federal Way to buy fresh foods, outside of traditional supermarkets. No cheese shops, no fresh fish shops, no specialized bread bakeries, one ice cream shop, no generalized dairy shops, no butcher shops, etc.**
- 12) A relatively undeveloped, locally based economy means that most residents must leave the community to find work. This translates into an average commute time to work that is 20.9% higher than in Washington State. This is especially significant given that Washington State is predominantly rural,**

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<sup>6</sup> Unless other noted, all statistics that follow are from the most recent US Census Data available

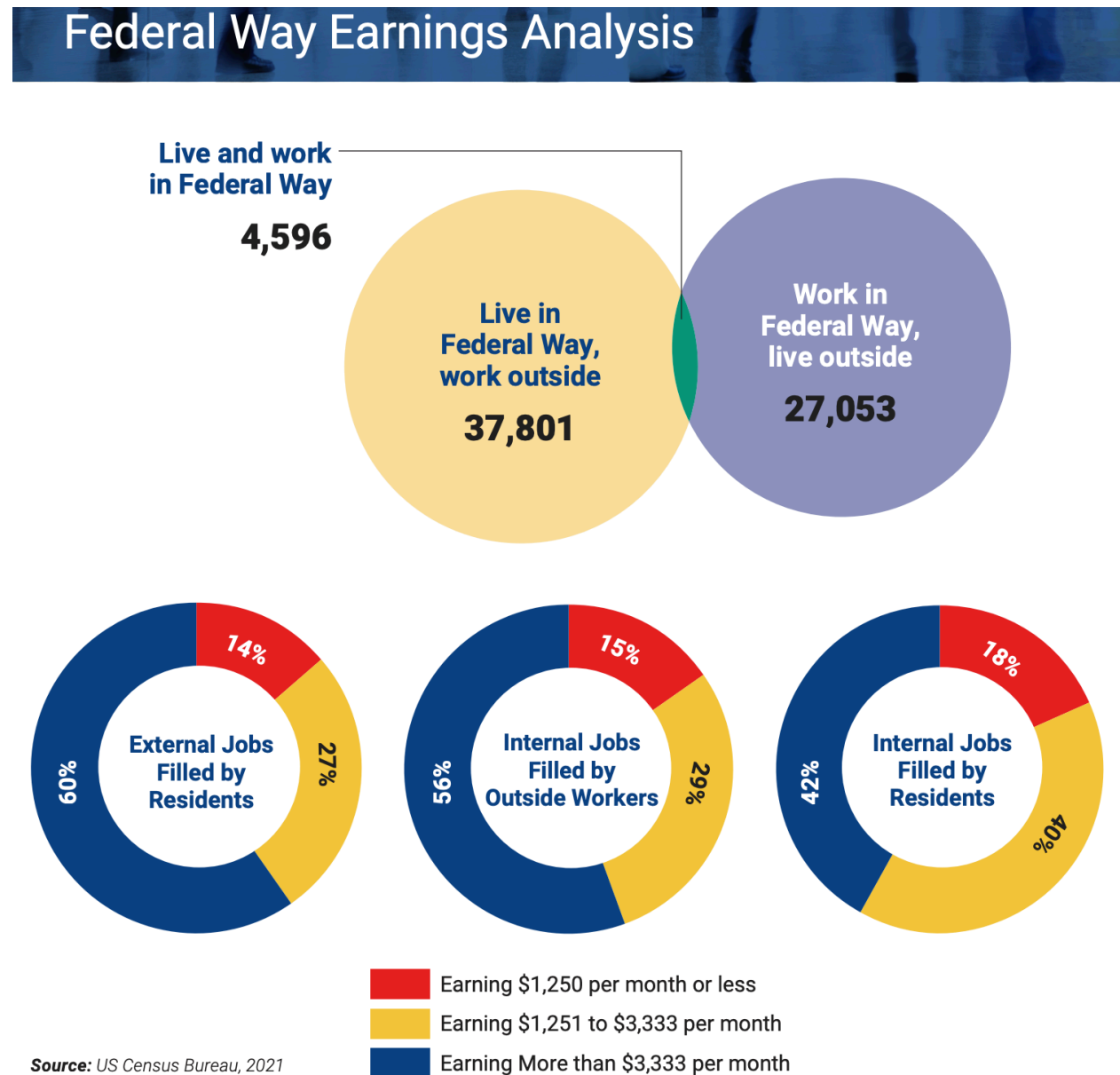
whereas Federal Way is located in an urbanized area. 32.4 minutes in Federal Way vs. 26.8 minutes in Washington State. This translates into both health and quality of life concerns.

- 13) There are very few historic buildings in the city center and the broader community. Much of the historic stock has been and is still being torn down – often to be replaced with empty lots.
- 14) Other than a well-developed park system, there are few obvious places where citizens can gather for recreation, social interaction, shopping, and entertainment. There is hardly any nightlife.
- 15) The crime rate in Federal Way is significantly higher than other Washington communities. The murder rate per 100,000 residents is more than double the state's average, the rate of rape is 15% higher, and the rate of robbery is nearly three times higher than in Washington State. Despite these unfortunate statistics, the crime rate has recently been significantly dropping.
- 16) Pacific Highway South (Hwy. 99), the main commercial North/South artery that provides access to the city from the south and the north, is unattractive and filled with chain stores and fast-food franchises.



**Pacific Highway South in Federal Way**

The Table that follows underscores the fact that the majority of Federal Way residents work (and typically spend their hard-earned money) outside of Federal Way.



7

<sup>7</sup> [Sector Data for Economic Growth-2024.indd](#) Federal Way Chamber of Commerce

***A Public Market in Federal Way can help to provide an identity for the community that is rooted in its many assets, while addressing many of the above challenges.***

By creating scores of new entrepreneurial opportunities, hundreds of new jobs, and millions of dollars in new tax revenues for local government, the Public Market can help address many of the above economic challenges, while bringing citizens together in a vibrant common ground that is enjoyed by, and welcoming to all of its citizens.

Finally, by bringing the community together around a common purpose that is beloved by all, the Federal Way Public Market will pave the way for further civic improvements.

### **Is Federal Way Ready For A Public Market?**

- **Are There Competitive Businesses That Would Obviate the Need for a Public Market?**

As previously noted, In Federal Way, there are very few specialized shops offering fresh foods – meat, fish, breads, dairy, produce, etc.

- **Is There a Community with an Interest in a Variety of Quality Fresh Food?**

The bustling success of the Federal Way Farmers Market indicates that when people are given the opportunity to buy fresh and local products in a dynamic and social environment, they flock to it.



**Federal Way Farmers Market**



- **Is There Good Attendance at Existing Public Events and Farmers' Markets?**

The relatively high attendance at the Farmers Market and other public events and festivals is indicative that residents are open to joining together when given the opportunity. However, the fact that PAEC events are often not sold out is of concern

- **Is There an Appreciation For "Buying Local"?**

Again, the fact that the farmers market is a success in a city where franchises and chain stores overwhelmingly are dominant is indicative that when people are given the opportunity to "buy local", they take advantage of it.

- **Are Existing Businesses Predominantly Chain Stores and Franchises or Owner-Operated Shops?**

Currently, chain stores and franchises appear to predominate; however, the desires of the residents expressed in the light rail TOD public engagement reported above indicate that this is despite, not because of, local wishes.

- **Are People Willing to Come Together and Mix with People of Different Classes, Races, Ages, And Sexual Orientations in a Common Ground That Typically Characterizes Public Markets?**

There is every indication that there is a culture of tolerance and respect for differences. This may be due to the extremely heterogeneous character of the local ethnic and racial demographics.



**Federal Way: Many People...One Community**

- **Is There a Saturated Demand for Fresh and Prepared Foods, Or, is There a Need for Additional Food Venues?**

The vast majority of specialized fresh-food venues in Federal Way cater to a specific ethnicity, which leaves room for the Market to successfully fill the underserved need of a global array of fresh foods under one roof.

- **Are There Areas in Need of Further Development (Such as the Strengthening of the Downtown) That Would Benefit from the Increase in Customer Visits and Real Estate Values that a Public Market Would Likely Bring?**

The obvious dedication of the Mayor and City Council to creating a vibrant center-city surrounding the new light rail station is strongly evident of the need and commitment to this.

- **Are There Interesting Existing Vendors or Potential New Vendors that Would Help to Tenant a New Public Market?**

Although the Public Market won't open for some years, many businesses have already expressed interest in leasing space. These include KC Deez BBQ, Poverty Bay Cafe, and a juice bar.

- **Is There a History of Food Trucks, Food Fairs, Etc., That Would Evidence an Interest in Food Consumed Outside the Home and Traditional Chain or Franchise Restaurants?**

Over 50 food trucks are currently licensed to serve Federal Way, dishing up a broad array of international cuisine. This is especially significant since some of these operators will be ready to operate businesses in the Public Market. Additionally, there is good attendance at numerous public events, and there is a very well-attended, annual Taste of Federal Way.



**The Annual Taste of Federal Way<sup>8</sup> is Well Attended**

- **Is There Evidence of Public Support for the Creation of a Public Market? Is There a Tradition of Non-Profits and Other NGOs Playing Significant Roles in Addressing Other Public Issues?**

There have been several well-attended community meetings focused on the creation of a Federal Way Public Market. In addition, the Community Engagement portion of the Sound Transit hearing for use of the TOD sites identified the Public Market as the highest non-housing priority for inclusion in the TOD sites.

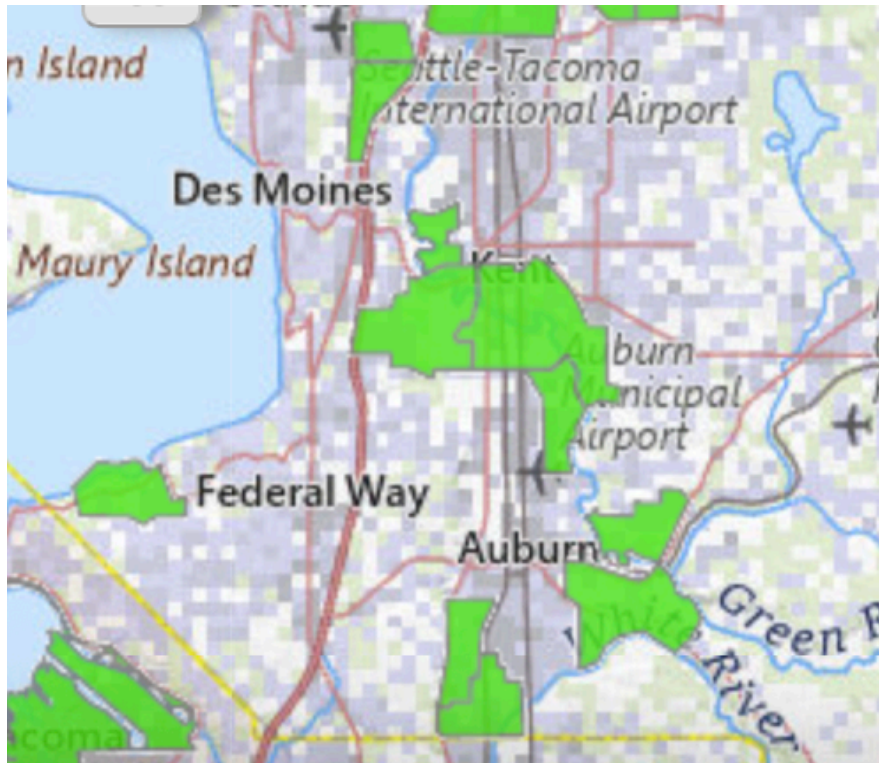
- **Is There A “Food Desert” That Would Benefit from the Creation of the Shopping Opportunities That a Public Market Would Create?**

While the TOD sites are not within a mapped USDA Food Desert site, there are several Food Desert sites that are in and nearly surrounding Federal Way site. See the map below.

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<sup>8</sup> <https://www.federalwaymirror.com/life/taste-of-federal-way-sees-its-biggest-turnout-yet-photos/>





**Map 4: Green Areas are USDA-mapped Food Desert Sites**

- **Are There Low-Income Communities That Would Benefit from the Jobs and Opportunities That the Public Market Would Bring, And Is There a Danger of Displacement and Gentrification That the Public Market Might Cause? If The Answer to the Latter Question Is Yes, Are There Ways to Mitigate This Impact?**

The Statistics of Concern that are presented earlier in this Study evidence the need for the Public Market. The TOD legislation prioritizes affordable housing in the TOD sites and is designed to reduce the risk of gentrification. Additional specific mitigation recommendations are presented later in this Study.

- **Are There Elements of Distinctive Local Culture – Either Related to Ethnicities And/or Food, That Can Be Showcased? Could There Be Significant Regional Visitation to the Federal Way Community That Can Add to the Existing Residential Customer Base?**

Absolutely! As presented earlier, the tremendous ethnic and racial diversity in Federal Way is a major asset that should be a significant advantage in creating an exciting and vibrant Public Market with diverse and unique vendors. A true Global Public Market will not only serve the needs of local residents but will draw surrounding and more distant visitors from the region.

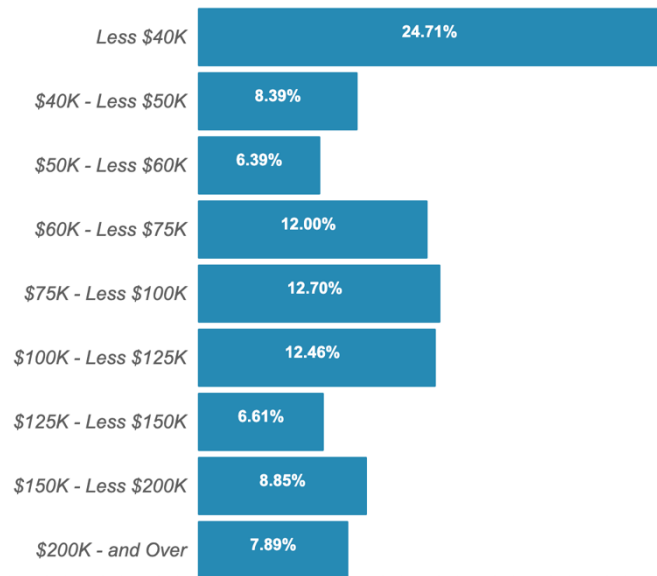


## Other Factors Impacting Feasibility:

- **Comparative Demographics - Income Distribution,**

The chart that follows dramatizes the broad spread between people who are poor and those who are wealthy that exists in Federal Way.

Federal Way city, WA Percentages of Households for Household Income Distribution Categories in 2021



**Table 8: Income Distribution in Federal Way<sup>9</sup>**

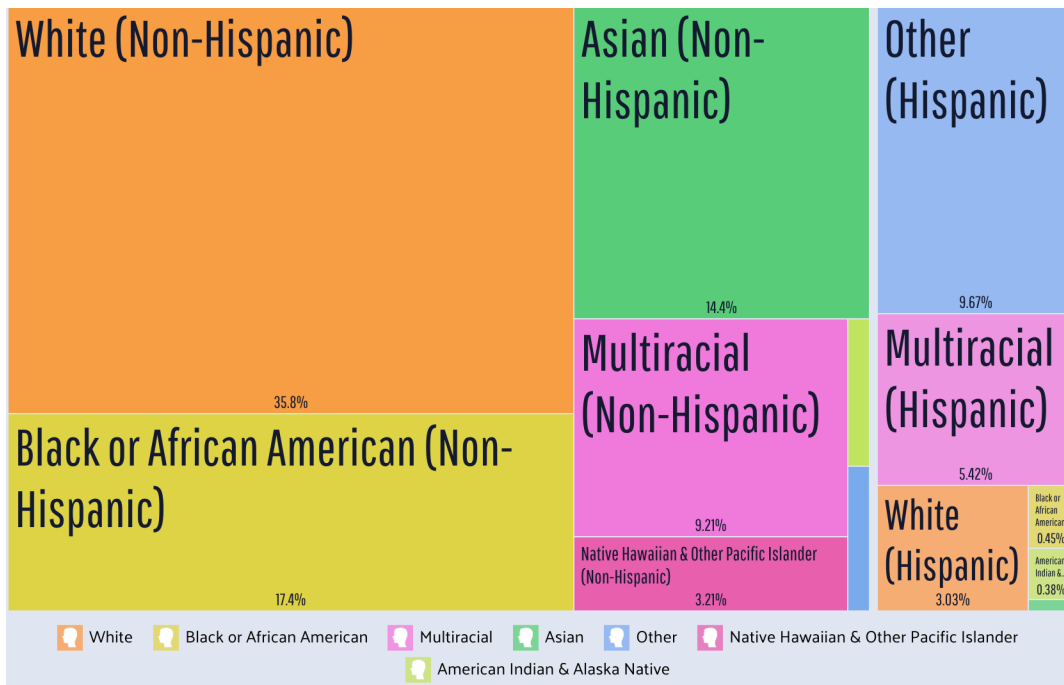
The Public Market, by providing well-paying jobs and entrepreneurial opportunities, will narrow this gap.

- **Race,**

Over time, Federal Way has become increasingly diverse. In the 2000 Census, non-Hispanic White residents constituted 66.1% of the population. In 2023, it was 35.8% of the overall population. As discussed earlier in this Study, this increasing diversity can be a boon for the success of the Public Market.

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<sup>9</sup> [https://beautifydata.com/economics/united-states/acs-5yrs/household-income-dist/2021/acs-info-by-distribution-per-place-household-income/washington/federal\\_way\\_city](https://beautifydata.com/economics/united-states/acs-5yrs/household-income-dist/2021/acs-info-by-distribution-per-place-household-income/washington/federal_way_city)



**Table 9: Racial Diversity in Federal Way in 2023<sup>10</sup>**

The relatively large numbers of Native Hawaiians, Pacific Islanders, and Native Americans are unusual and will potentially add particular distinctiveness to the product mix at the Public Market.

- **Ancestry and Origin,<sup>11</sup>**

As reflected earlier, Federal Way school children speak 124 languages at home.



**Future Tenants and Customers of the Federal Way Public Market**

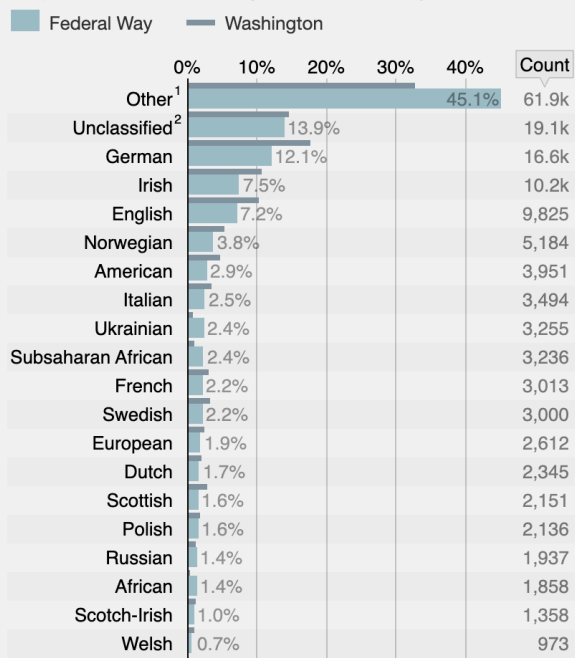
<sup>10</sup> <https://datausa.io/profile/geo/federal-way-wa#:~:text=Median%20household%20income%20in%20Federal,values%20of%20%24113%2C750%20and%20%24106%2C953.>

<sup>11</sup> <https://statisticalatlas.com/school-district/Washington/Federal-Way-School-District/Ancestry>

## European and African Ancestry #1

Self-reported ancestry as a percentage of the total population; more than one answer per person permitted.

Scope: population of Washington and Federal Way School District



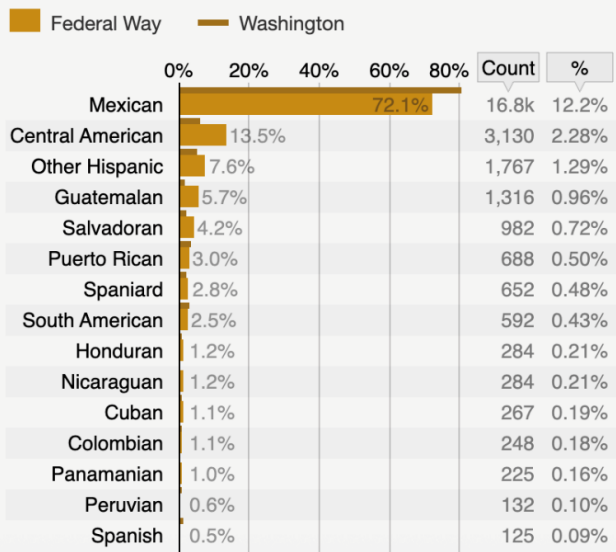
Count number of people reporting given ancestry  
<sup>1</sup> includes Hispanics and Asians <sup>2</sup> and unreported

**Table 10: Federal Way: Origin of those with European and African Ancestry**

## Hispanic Ancestry #2

Self-reported Hispanic ancestry as a percentage of the Hispanic population.

Scope: population of Washington and Federal Way School District



Count number of people reporting given ancestry  
 % as a percentage of the total population

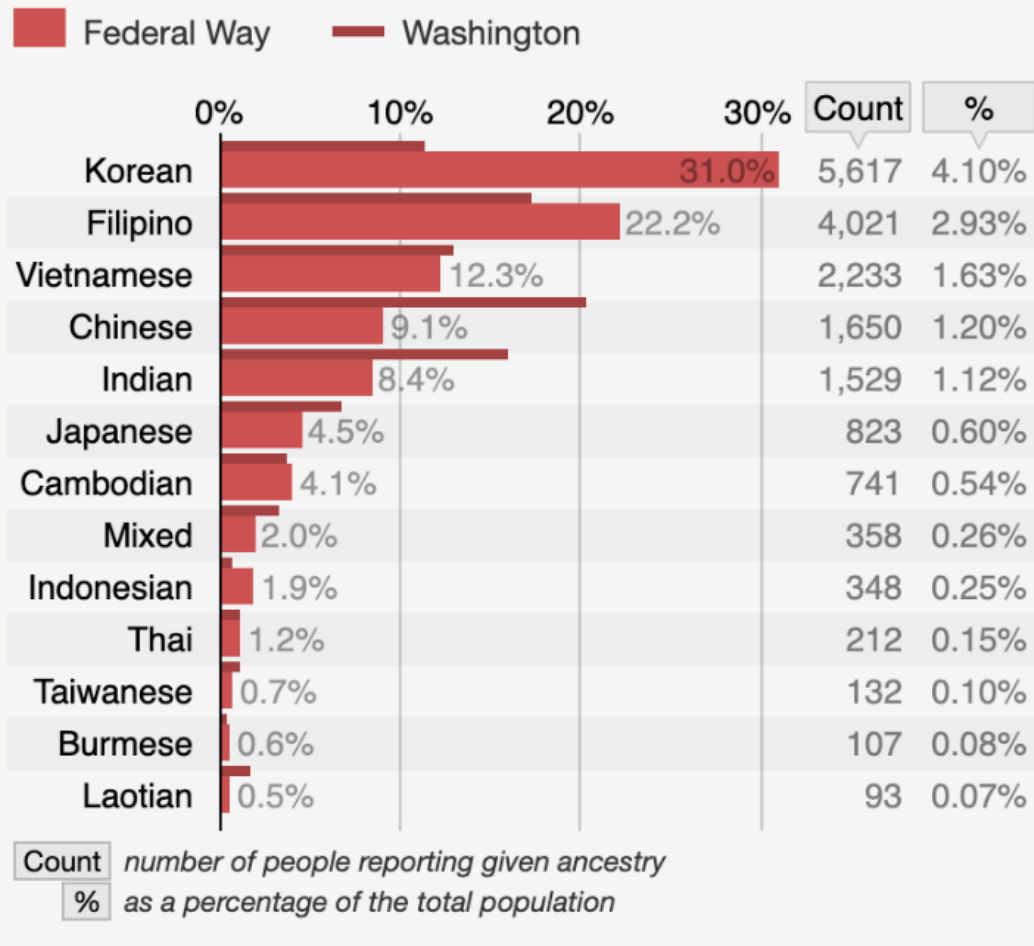
**Table 11: Federal Way: Origin of those with Hispanic Ancestry**

## Asian Ancestry

#3

Self-reported Asian ancestry as a percentage of the Asian population.

Scope: population of Washington and Federal Way School District



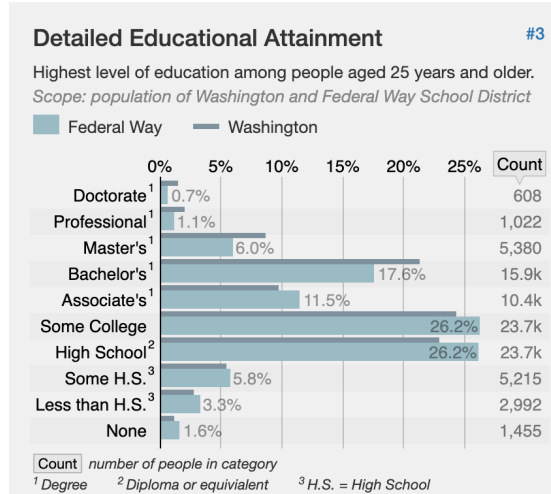
**Table 12: Federal Way: Origin of those with Asian Ancestry**

- Educational Attainment.**<sup>12</sup>

Interestingly, at the level below a bachelor's degree, Federal Way residents have a higher level of educational achievement than residents of Washington State. Given the much lower level of income, this is significant. However, from a bachelor's to a Doctorate, residents of Federal Way have a lower level of educational attainment than state residents.

<sup>12</sup> <https://datausa.io/profile/geo/federal-way-wa#education>

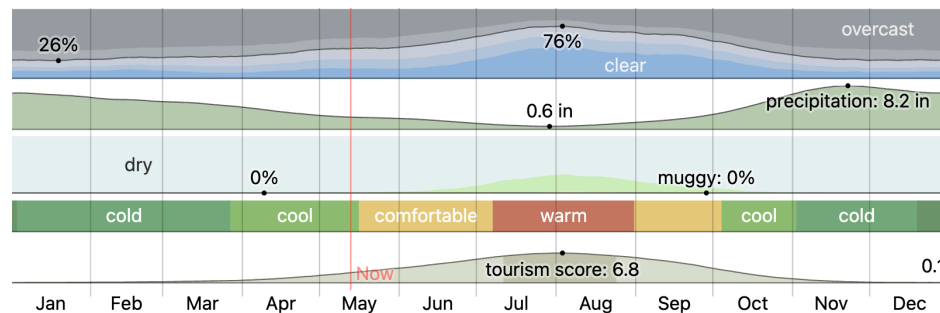




**Table 13: Educational Attainment in Federal Way**

- Weather**

Federal Way has a temperate climate that is conducive to outdoor activity nearly year-round. The summers are short, warm, dry, and partly cloudy, and the winters are cold, wet, and mostly cloudy. Over the course of the year, the temperature typically varies from 37°F to 78°F and is rarely below 27°F or above 88°F. This makes the provision of surrounding outdoor space especially important.



**Table 14: Average Monthly Weather in Federal Way<sup>13</sup>**

- Access<sup>14</sup>**

Wherever the Public Market is sited, it will have easy access via I-5, rail, and bus. SeaTac airport is nearby. The preferred TOD site is, of course, the easiest to access due to the immediate proximity of rail service.

Residents of Federal Way, on average, have a longer commuting time to work than the State and National Averages.

<sup>13</sup> <https://weatherspark.com/y/844/Average-Weather-in-Federal-Way-Washington-United-States-Year-Round>

<sup>14</sup> <https://censusreporter.org/profiles/16000US5323515-federal-way-wa/>

#### Transportation to work

**32.4** minutes

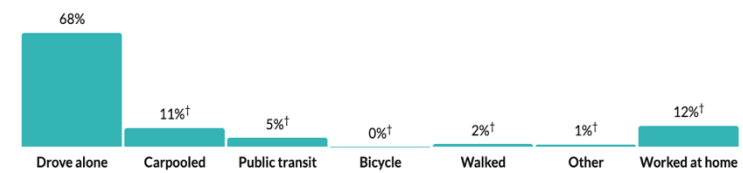
Mean travel time to work

\* ACS 2023 5-year data

about 10 percent higher than the figure in the  
Seattle-Tacoma-Bellevue, WA Metro Area: 29.6

about 20 percent higher than the figure in  
Washington: 27

#### Means of transportation to work



\* Universe: Workers 16 years and over

[Show data / Embed](#)

**Table 15: Means and Amount of Travel Time to Work in Federal Way**

### • Population Demographics<sup>15, 16</sup>

As of 2023, 28.7% of Federal Way, WA, residents (28.5k people) were born outside of the United States, which is higher than the national average of 13.8%, 15.1% in Washington State, and, 25.1% in King County (including Federal Way). In 2022, the percentage of foreign-born citizens in Federal Way, WA was 27.3%, meaning that the rate has been increasing.

As of 2023, 84.6% of Federal Way, WA, residents were US citizens, which is lower than the national average of 93.4%.

Federal Way has a somewhat greater percentage of young people and a slightly lower percentage of elderly than the U.S.

#### Age

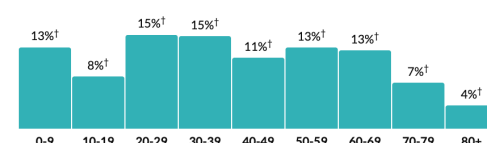
**38.6**

Median age

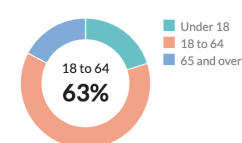
about the same as the figure in the  
Seattle-Tacoma-Bellevue, WA Metro  
Area: 37.8

about the same as the figure in  
Washington: 38.6

#### Population by age range



#### Population by age category



**Table 16: Population in Federal Way by Age**

### • Income<sup>17</sup>

Public Market jobs tend to pay quite well, as documented later in this Study. This is especially important in a situation where average wages are roughly 2/3 of the comparable wages in the Seattle area – see below.

<sup>15</sup> <https://datausa.io/profile/geo/federal-way-wa#demographics>

<sup>16</sup> <https://censusreporter.org/profiles/16000US5323515-federal-way-wa/>

<sup>17</sup> <https://censusreporter.org/profiles/16000US5323515-federal-way-wa/>

## Income

**\$43,197**

Per capita income

about two-thirds of the amount in the Seattle-Tacoma-Bellevue, WA Metro Area: \$62,137

about 80 percent of the amount in Washington: \$52,011

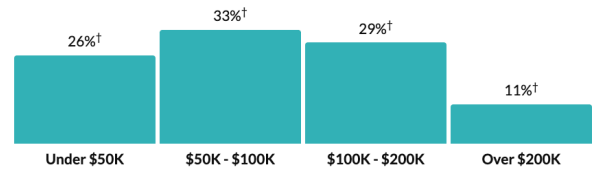
**\$81,997**

Median household income

about three-quarters of the amount in the Seattle-Tacoma-Bellevue, WA Metro Area: \$110,744

about 90 percent of the amount in Washington: \$94,605

## Household income



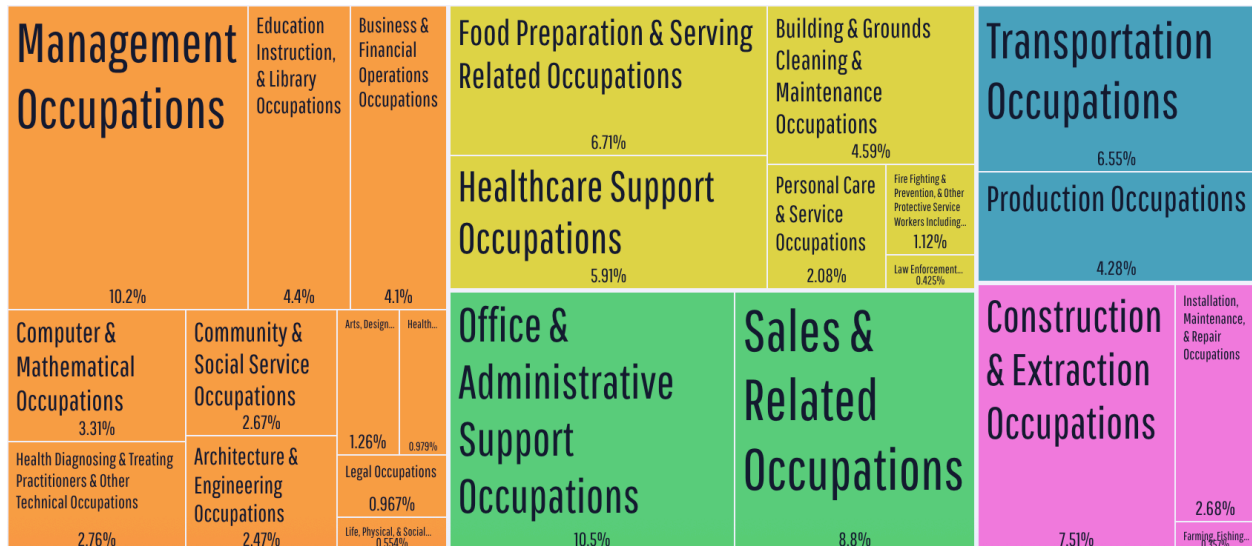
**Table 17: Income in Federal Way**

## • Employment<sup>18</sup>

From 2022 to 2023, employment in Federal Way, WA declined at a rate of –1.37%, from 49.2k employees to 48.5k employees.

The most common job groups, by number of people living in Federal Way, WA, are Office & Administrative Support Occupations (5,074 people), Management Occupations (4,953 people), and Sales & Related Occupations (4,267 people). This following Table illustrates the share breakdown of the primary jobs held by residents of Federal Way, WA.

The Table below indicates that roughly one quarter of the Federal Way working population is already employed in jobs that are similar to the employment that will be available at the Public Market. The fact that employment is declining somewhat makes it especially important to create the Public Market, which is a proven engine of job growth and economic development.



**Table 18: Federal Way Employment**

- **Poverty<sup>19</sup>**

The rates of poverty in Federal Way are shockingly high – 40% higher than in Washington State (14% vs. 10%). This makes it especially important to create the Public Market, given its proven ability as an economic engine, particularly for individuals who are often excluded from the mainstream economy.

#### Poverty

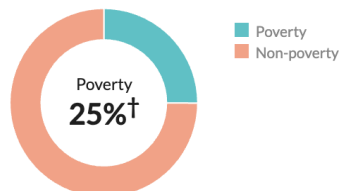
**14%**

Persons below poverty line

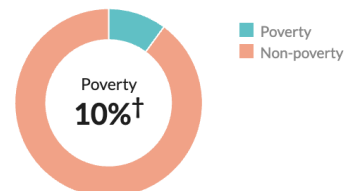
about 1.5 times the rate in the Seattle-Tacoma-Bellevue, WA Metro Area: 9.1%

about 1.4 times the rate in Washington: 10.4%

#### Children (Under 18)

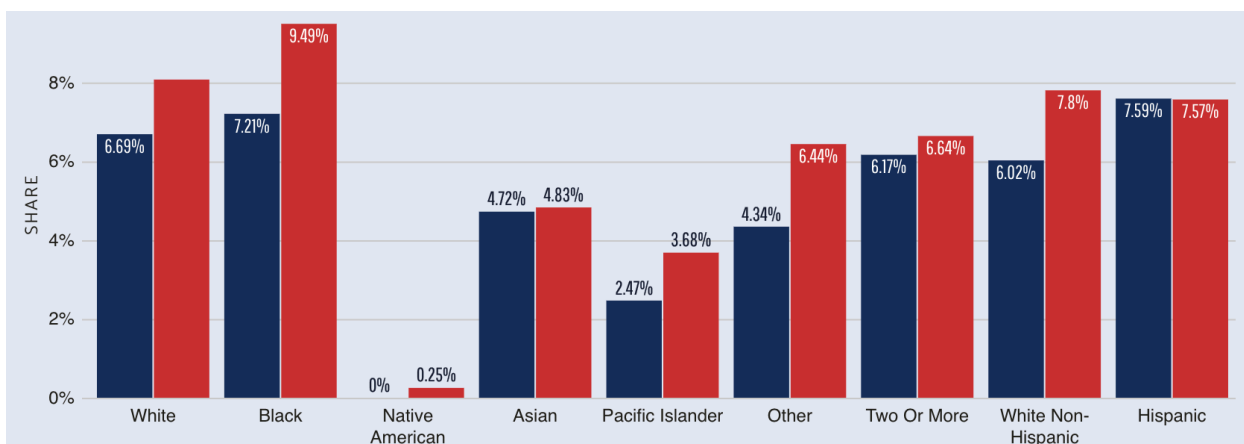


#### Seniors (65 and over)



**Table 19: Poverty in Federal Way**

Among the various racial & ethnic groups that live in Federal Way, White residents have a relatively high rate of poverty (particularly among women), compared to many other communities.<sup>20</sup>



**Table 20: Poverty by Race/Ethnicity in Federal Way (blue: male, red: female)**

- **Minority And Women-Owned Businesses<sup>21</sup>**

According to the US Census, in 2022, there were 2,086 businesses in Federal Way.

Women are 51% of the population of Federal Way yet they only own 28.8% of the businesses (602 Businesses are owned by women).

<sup>19</sup> <https://censusreporter.org/profiles/16000US5323515-federal-way-wa/>

<sup>20</sup> <https://datausa.io/profile/geo/federal-way-wa#demographics>

<sup>21</sup> <https://www.census.gov/quickfacts/fact/table/federalwaycitywashington/PST045224>



Minorities are about 65% of the population of Federal Way, yet they only own 42.8% of the businesses (894 Businesses are owned by minorities).

Because Public Markets typically have a high percentage of women and minority owned businesses, the Market will help to ameliorate this imbalance in business ownership.

- **Crime<sup>22</sup>**

One of the few concerns expressed at the Light Rail TOD Community Engagement meetings was the fear of crime.

Federal Way, Washington, experiences a crime rate of 2,973 per 100,000 people, slightly lower than the state average but higher than the national average.

Preliminary data for 2024 indicates a decrease in crime rates from 2023, with an 11% reduction compared to the previous year. Specific crime categories like murder, robbery, and residential burglary have also seen decreases.

Specific Crime Statistics:

- Comparison to State Average: 1.8% lower than the state average.
- Crime is declining. 2024 Trends: Preliminary data shows a decrease of more than 11% compared to the previous year.

- **Specific Crime Categories:**

- Murder: Down 50%.
- Robbery: Down 42%.
- Residential Burglary: Down 18%.
- Commercial Burglary: Down 8%.
- Motor Vehicle Theft: Down 52%.

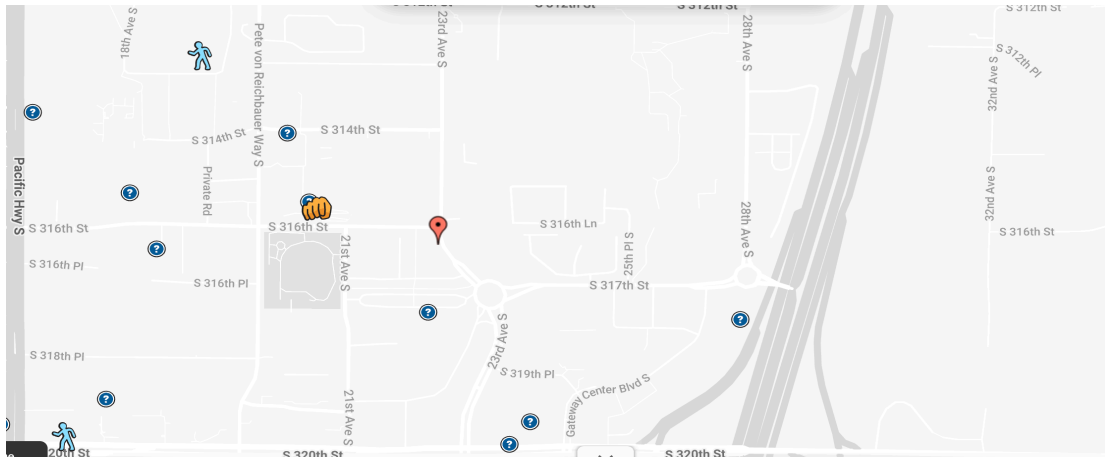
The address of the new station is 31621 23rd Ave S, Federal Way, WA 98003 (Red Circle). The map that follows captures reported crime from the prior month.

Over the prior month, the following crime-related activity was reported: 1 domestic violence issue (Symbol: Yellow Fist), 2 instances of shoplifting (Blue Figure), 8 reports of a suspicious person (Symbol: Circled ?). This is hardly a high-crime area. In the

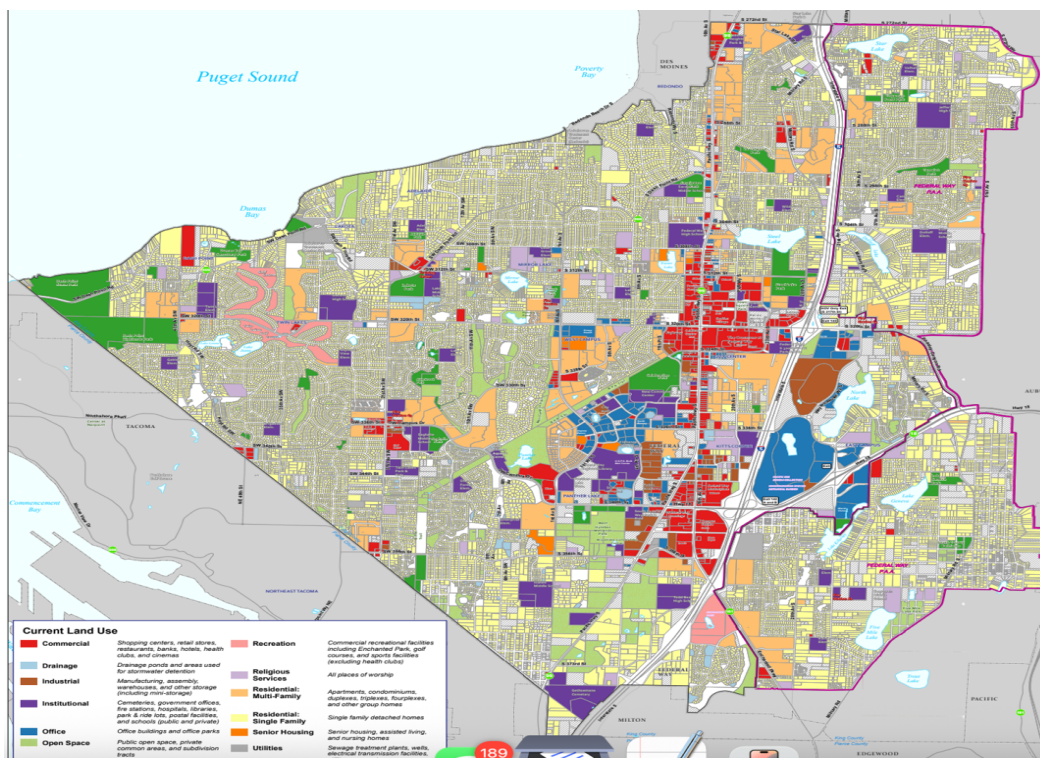
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<sup>22</sup> Chat GPT

author's experience at other Public Markets, bringing a high concentration of shoppers to the Market area will *decrease* serious crime.<sup>23</sup>



**Map 5: Reported Crime & Suspicious People Near the TOD Site in the Past Month**



**Map 6: Current Land Use in Federal Way**

## Complementary And Competitive Factors

- **Complementary Factors:**

<sup>23</sup> <https://spotcrime.com/map?lat=47.3184333834104&lon=-122.304211182199>

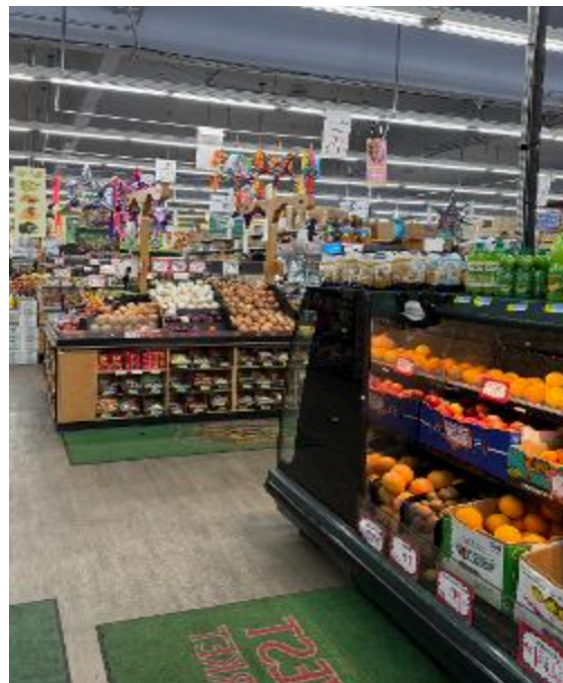
The preceding chapters on why the preferred site is so appropriate document the many complementary qualities of locating in downtown Federal Way and particularly on the preferred site. Adjacent parks, cultural amenities, parking, access to public transportation, etc. all make Center-City Federal Way ideal to locate the Public Market.

- *Competitive Factors*

As established earlier in this Study, there are hardly any shops specializing in fresh foods. It is shocking that a city of 100,000 has no cheese shop, quality bakery, butcher, fish store, fruit and vegetable store, etc.

For a city of its size, Federal Way also has comparatively few general-purpose supermarkets.

What Federal Way does have is a large number of mostly specialized, ethnic supermarkets.



During the course of this Study, we visited several of these ethnic Markets such as the Valley Harvest Market, H Mart, Halal Food Market, Campeon Market, Europe Food and Deli, etc. Each of these Markets tended to be ethnically targeted at specific populations – Hispanic, Korean, Japanese, European, Muslim, etc.

These Markets were, without exception, full of customers of their specific ethnic group. They were clean, affordable, and mostly well stocked.



The largest minority in Federal Way, Caucasians, seemed not to be a significant part of any of the Markets' customer base.

For the Public Market to succeed, it will need to have several qualities that are not present in these Markets.

- 1) It will need to appeal to a broad array of different ethnic and racial constituencies, including Caucasians.
- 2) It will need to have lots of on-site production of fresh foods – fire-roasted peppers, tortilla makers, coffee roaster, beer brewery, cheese making, bread baker, etc. Great smells and “eye candy” need to predominate.



**'Eye Candy' should Predominate**

- 3) It will need to be a regional destination for its wonderful public amenities and public art, not just food.
- 4) It needs to have a fabulous and uniquely diverse international selection of fresh and prepared foods so that it can attract a regional customer base.
- 5) It will need to be clean and safe.
- 6) It will need to have a product mix that appeals to all income groups. Food should range from very affordable to high-end gourmet food.

The Public Market should have a rough mix of 1/3, 1/3, 1/3, start-ups, businesses run by experienced vendors, and second locations of existing businesses that need to expand.

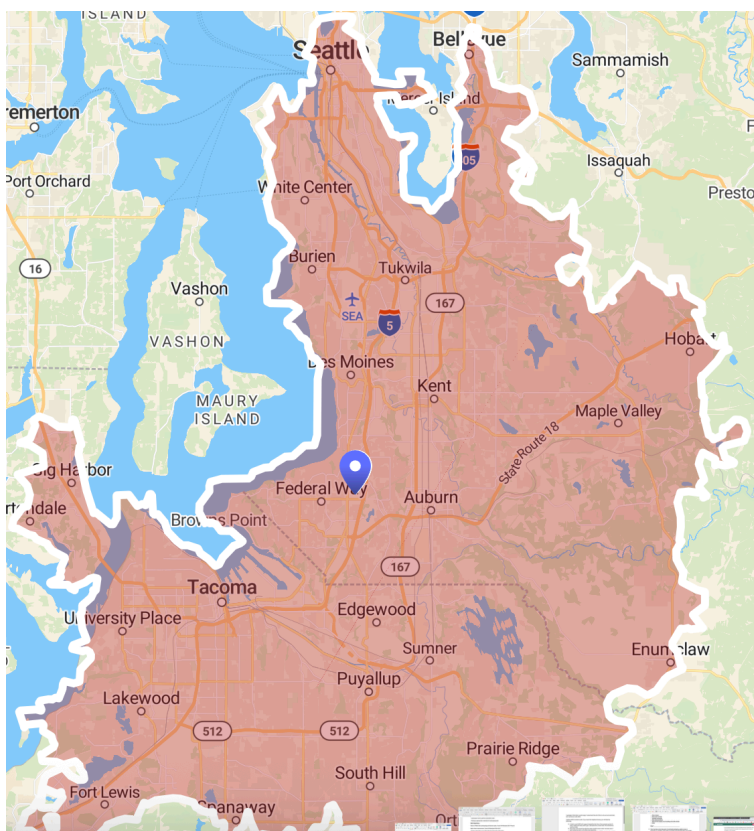


It was striking, in our visits to multiple ethnic markets, that each one did especially well at a specific fresh food niche. Since there are very few individualized fresh food stores that can provide a second location, these ethnic food stores create an opportunity to populate the Public Market with a variety of quality, second-location, fresh food experiences. Thus, for fish, approach H Mart, for meat, approach Harvest Market, and for produce, approach the Campeon Market.

## Where will the Customers come from?

Further in this Study, we will present drive time and population maps that reflect where customers are likely to come from. For this section, it is relevant that *most* customers who will be shopping at the Federal Way Public Market will drive from a radius of 30 minutes. This is *less* than the average 34-minute drive time that Federal Way residents already drive to work.

The map below shows a 30-minute radius from the new Federal Way rail station located at 31621 23rd Ave South, Federal Way, WA 98003. This map would change somewhat depending on the time of day and the amount of traffic. However, peak traffic for commuting to work will tend to be countercyclical, with peak customer traffic in the Public Market.



**Map 7: 30-minute Drivetime Radius from the new Rail station in Federal Way**

The population that lives within the 30-minute drive time map above is 1,865,712 residents.

There are very few local competitive businesses that will negatively impact the Public Market. In fact, as documented earlier in this study, there is a surprising dearth of fresh food shopping opportunities in Federal Way.

Based on the author's experience, people will drive roughly 20-30 minutes to shop weekly for fresh foods from "their" Public Market. The higher-than-average local drivetime to work makes a predicted regular customer drivetime of 30 minutes a reasonable assumption.

One imperfect but revealing way of understanding the competitive nature of other similar retail businesses is to contrast the retail offerings in Federal Way to another city's retail offerings.

The 100,000 people living in Federal Way contrasts with the similarly sized city of Asheville, NC. Both Cities have a similar population: 97,701 in Federal Way, 95,056 in Asheville. The cost of living in both cities is relatively similar... While housing is a bit more expensive in Federal Way, this is offset by the fact that groceries are significantly cheaper. However, Asheville has a much smaller potential customer base within a 30-minute drive time; 1,865,712 in Federal Way, 334,389 in Asheville. Thus, Asheville's potential customer base is 17.9% of the potential customer base in Federal Way, or a bit less than 1/6 the size.

Thus, one would expect roughly a sixth of public market-like retail offerings in Asheville compared to Federal Way. However, that is dramatically not at all what one finds.



**Asheville N.C. - A City whose Population is Constrained by Surrounding Mountains.**

The truth reflected in the following chart dramatically reflects why Federal Way needs and can support a Public Market.

| Shopping venue                                   | Asheville NC       | Federal Way                  |
|--------------------------------------------------|--------------------|------------------------------|
| Major Shopping malls                             | 2                  | 1                            |
| 2 star and better Hotels                         | 118                | 14                           |
| Supermarkets                                     | 53                 | 15<br>(5 are ethnic Markets) |
| Farmers Markets                                  | 18                 | 1                            |
| Brew Pubs                                        | 52                 | 5                            |
| Live Music Venues (Non-restaurant)               | 23                 | 1                            |
| Cinemas                                          | 9 (+/- 85 screens) | 1 (+/- 8 screens)            |
| Non-Chain Restaurants (4* +)                     | +/- 75             | +/- 1                        |
| High-end restaurant                              | 17                 | 0                            |
| Specialty Food Stores                            | 20                 | 5                            |
| Live theatres                                    | 9                  | 2                            |
| Arts and Crafts galleries                        | +/- 50             | 4                            |
| Ethnic food stores (excluding Mexican groceries) | 7                  | 5                            |
| Books stores (non-religious)                     | 21                 | 4                            |
| Organic food stores                              | +/- 23             | 4                            |

**Table 21: Comparison of shopping opportunities in Federal Way WA. and Asheville NC.  
(All numbers are for In-city Venues only).<sup>24</sup>**

In decades of creating these kinds of comparisons, the author has never seen such shockingly dramatic differences in retail, market-like venues. How does one account for the differences reflected in the chart above?

The median household income in Asheville is \$67,221 and in Federal Way, the median household income is \$82,144. Despite the difference, buying power is similar when factoring in housing, energy, and food. Based on this, one would expect a similar number of venues to spend money on, but Federal Way has many fewer opportunities.

Despite the higher income in Federal Way, per capita retail sales in Federal Way are only 37% of Asheville's: \$18,132 vs. \$48,744. What explains this difference? Asheville residents are not

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<sup>24</sup> Sourced from Google and Chat GPT. Precise numbers differ somewhat due to dissimilar definitions. Numbers given for Asheville are from before the recent devastating floods from Hurricane Helene.

spending an average \$48,744 per person each year on retail. Instead, that figure reflects two important differences between these cities. Asheville is the business center of the region and people in neighboring towns come to Asheville to buy things not available in their own communities. People who do not live in Asheville spend money in Asheville.

There is much less to spend money on in Federal Way. Dollars are leaving the community for surrounding cities such as Tacoma, Auburn, Tukwila, and Seattle, all of whom have higher per capita retail sales than Federal Way.



### **Money Leaving the Community Can Return with a Public Market.**

The other major factor is tourism. Asheville enjoys roughly 5,000,000 annual out-of-area visitors. In contrast, Federal Way currently has negligible tourist visits. There is no Visitor and Convention Bureau. The obvious question is why does Federal Way have virtually no tourist visitation despite having the same number of residents as Asheville?

One reason, again demonstrated in the above Table, is that currently, there's not as much to do in Federal Way, either for residents or visitors. Also, for those that do come to Federal Way, there are only 1/8 as many hotels to stay in, and far fewer quality places to eat compared to Asheville.

These statistics help to explain the economic demographics reported earlier in the report.

The three major annual festivals in Federal Way are the Red, White & Blues Festival, the Federal Way Community Festival, and the Arts Explosion Festival. All are very well attended by locals; however, this compares to well over a hundred annual festivals in Asheville. This, and the success of the downtown farmers market, indicates that when you create something for Federal Way residents to do, they come in droves. These kinds of public events can be expanded and regionally marketed in conjunction with the Public Market to bring in area



customers. In addition, the Public Market should have both indoor and outdoor public event venues with special events occurring at least weekly.

The bottom line is that Federal Way's citizens are constrained because they often must leave the community to shop, work, or be entertained. The government is constrained because the sales tax revenues that help to underwrite much of the City's infrastructure are being left at the door of neighboring communities.

When the author of this Study moved to the Asheville area 32 years ago, there were dramatically fewer restaurants and hotels. Two quality restaurants in Asheville have become 75 today. Three hotels then became 118, now. As new restaurants and other entertainment venues were located in Asheville, the number of visitors grew dramatically, and local residents also enjoyed the growing amenities.

Traditional supermarkets provide very limited competition for Public Markets. Seattle's Pike Place Market still enjoys 14.5 million annual customer visits despite having 3 supermarkets within 1 block of its Market District.

The supermarkets in Federal Way will provide scant competition to a properly designed and tenanted Public Market. As the Market is successful, many residents will shop at the Public Market primarily for fresh food and will visit the supermarkets for boxed, canned, paper, and health-related goods.

The reality is that a successful Public Market will pull in customers from surrounding cities, and these customers will often shop in the area supermarkets for their non-fresh items.

Residents of communities with Public Markets often drive by 2-3 supermarkets to buy their fresh foods at 'their' Public Market.

The five significant "ethnic" supermarkets – particularly the Valley Harvest International Market- will provide some competition to the Public Market; however, there is so much potential demand documented in this Study that this potential competition should not be an issue.

Both issues highlighted here, the lack of tourism and money being spent outside the community, represent opportunities for Federal Way, opportunities that the Public Market can take advantage of to benefit Federal Way.

### **Is There A Danger Of Displacement And Gentrification? Mitigation?**

The Public Market's development will have the impact of encouraging upscale housing development in the Market's vicinity. Indeed, the most expensive housing in the U.S., based on dollars per square foot, is located within the Pike Place Market Historical District.

When the author of this Report left as a Director of Pike Place Market in 1991, a 2,200 sq. ft. condo overlooking the Market was selling for \$3-5 million. Many things can be done to prevent a homogenous gentrification of the community surrounding the Public Market site.

The sponsors of this effort have a self-interest in creating and maintaining a healthy mixed-income residential population that will augment the Public Market's success.

The following strategies have proven successful in addressing this issue at Pike Place Market and in other Public Market communities:

- a. While the Federal Way Public Market has a self-interest in having an economically diverse character and customer base, it also has a self-interest in earning the trust of its neighbors. Housing, almost any kind of housing, translates into Market customers and is good for Public Markets. Although the incomes of many residents living near the Market may be modest, these households typically will shop for fresh foods more often because they tend to eat out less frequently. This will have a healthy impact on the Market.
- b. Seattle's Pike Place Market addressed the issue of gentrification by committing to maintain a minimum number of affordable housing units to protect and preserve the existing lower-income and elderly population living around the Public Market before its \$65 million renovation. The Market's public development entity (PDA) also encouraged the private development of multi-story, market-rate rental units and upper-income condos in the Market's vicinity.

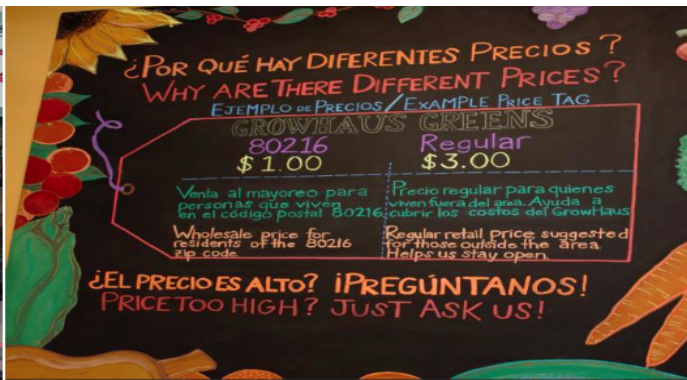


**Mixed-income Housing at Pike Place Market – Soames Dunn apartments, the First, Mixed-income, Section 8 Housing Approved in the U.S.**

Today, Seattle has the most successful mixed-income downtown in North America. Yet, there are actually more affordable housing units today than when the Market's renovation began in the early 1970s.

Currently, there is minimal housing on the Federal Way Public Market site. Nonetheless, the issue of gentrification is sure to come up once the plan becomes public. The Public Market development will accelerate the gentrification impact unless there is a commitment to preserve the existing number of nearby affordable housing units.

- The Public Market should set aside its two slowest days for “Neighborhood Days” and “Senior Days”. On these days (probably Mondays and Tuesdays), customers showing relevant IDs should be given a 10% discount on non-sale items. Conformance to this policy should be a leasehold requirement of all Market tenants.
- The Public Market should have a differential rent structure based on use and ownership. These rent policies should be spelled out in a Board-approved Tenant Leasing Policy. For example, at Pike Place Market, there were two kitchen supply stores – If you wanted to buy a hand-wrought, copper fry pan for \$350, Sur Le Table (the original) was the place to shop. If you are a lower-income elderly resident in need of a \$1.75 fry pan, you could shop at “Kitchen Basics”. Both shops were full of customers. Both contributed to the success of the Public Market as a whole. Sur Le Table paid many times the minimal rent of Kitchen Basics. This is not different from the rental policies in a mall where large “anchor stores” such as Macy’s, pay much less per square foot than smaller ‘mom and pop’ shops. The leasing principle is exactly the same, but the goals are totally different.



**Neighbors at “Their” Pike Place Market. Differential Food Prices at another Market**

## Customer Based Analysis Of Federal Way By The Numbers

By itself, Federal Way, with its population of around 100,000, has a large enough potential customer base to support a year-round, all week-long, indoor and outdoor Public Market. However, it will be far more successful if it positions itself as serving its full customer base (within 30 minutes driver time) of 1,865,712 people.

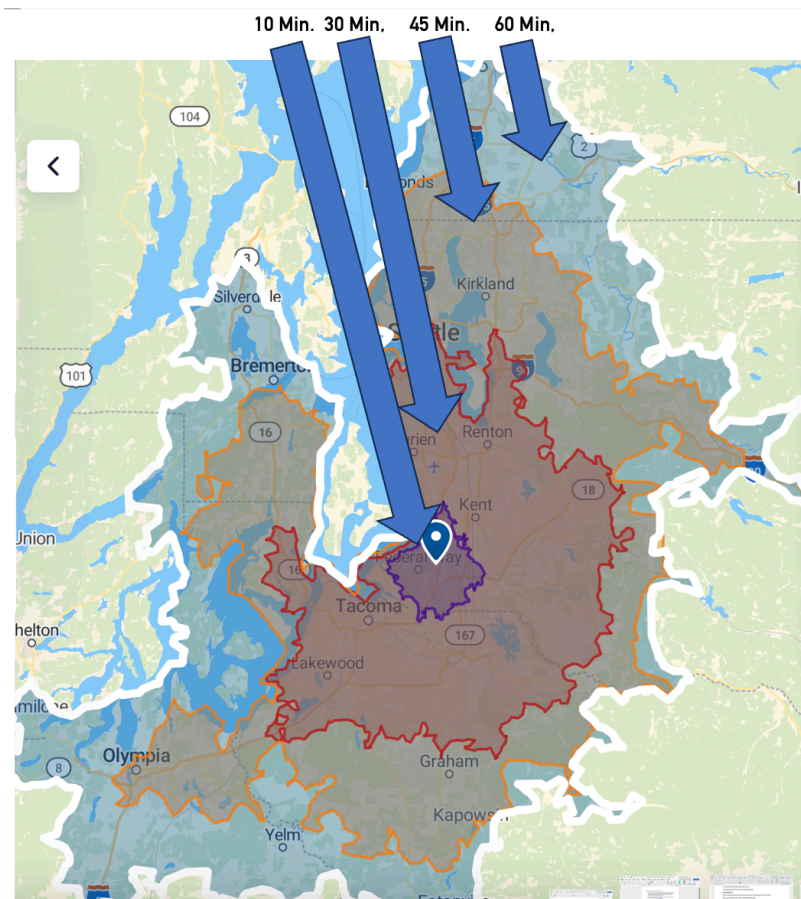
If it is to fully succeed, the Public Market must have sufficient critical mass and promotion to be a regional facility that attracts customers from a much larger region.

Creating a true “Global” Public Market with scrumptious ingredients and dishes from around the world will be unique enough to draw customers from a larger area.

The map below shows the potential customer capture area for customers driving for different amounts of time – from 10 minutes to 1 hour. Once completed, the light rail station will allow even more potential customers to more swiftly, visit the Public Market.

Residents living further away won’t visit the Market nearly as often, but they will tend to spend more per customer visit, thereby contributing to the Market’s economic feasibility. There is a dramatic difference, explored in much more detail later in this Study, between the closer and further customer capture areas.

For example, a 10-minute drive time (the immediate neighborhood) translates to 172,146 potential customers, while a 1-hour drive time translates to **1,865,712** potential residents. The challenge of course, is to create a sufficiently powerful and attractive draw to turn these *potential* customer visits into *actual* customer visits.



**Map 8: 10, 30, 45, & 60 Minute Drivetime Perimeters**

To enhance the greatest likelihood of success, the Public Market should have sufficient size to offer a critical mass sufficient to give regional residents a reason to go out of their way to shop at “their” Public Market. A unique and scrumptious product mix, and wonderful public



amenities and attractions surrounding the Public Market will substantially enhance the likely viability of the Public Market and give both area and regional residents a reason to enjoy visiting and shopping at 'their' Public Market.

The following charts represent the demographics of the first through fourth trade areas that the Public Market will be drawing from. The closer the potential customer is to the Public Market, the more likely and more often they will shop. Likewise, the closer customers will tend to spend more in aggregate but less per customer visit since they are more likely to shop in the Public Market week in and week out as their primary source for fresh food shopping.

It is critical to understand the regional demographics and crucial to position the Market as a regional shopping destination.

The following statistics form the basis for predicting where the customers will actually come from to support a Federal Way Public Market.

These statistics are grounded in demographics that are based on the concentric rings in Map 8 above, which is based on populations living within defined maximum drive times from the Public Market site.



**Future Vendor with 'Attitude' at the Future Federal Way Public Market**

|                         | 10-Minute Drive to Public Market Roughly Tacoma to Kent | 30-Minute Drive to Public Market Roughly S. Seattle to Graham | 45-Minute Drive to Public Market Roughly Yelm to Edwards | 1-Hour Drive to Public Market Roughly Eatonville to Everett | Washington State |
|-------------------------|---------------------------------------------------------|---------------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------------|------------------|
| <b>Trade Area:</b>      | <b>Primary</b>                                          | <b>Secondary</b>                                              | <b>Tertiary</b>                                          | <b>Quaternary</b>                                           | <b>State</b>     |
| <b>Total Population</b> | <b>172,146</b>                                          | <b>1,865,712</b>                                              | <b>3,392,179</b>                                         | <b>4,154,990</b>                                            | <b>7,958,000</b> |

**Table 22: Trade Area Demographics<sup>25</sup>**

A 10-Minute drive-time is much *less than* the *average* 32.4 minutes that Federal Way residents routinely drive to work. The 172,146 *potential* customers living within this area define the *immediate neighborhood customer base* (Primary Base) for the Market. Many of these neighborhood-based residents can be expected to shop at the Market twice a week, which is how often most citizens shop for fresh foods.

A 30-minute drive-time is *less than* the *average* 32.4 minutes that Federal Way residents routinely drive to work. The 1,865,712 *potential* customers living within this area define the *secondary customer base* for the Market. Many of the secondary base residents can be expected to shop at the Market once a week, which is less than most citizens shop for fresh foods.

A 45-Minute drive-time is *somewhat more than* the *average* 32.4 minute that Federal Way residents routinely drive to work. The 3,392,129 *potential* customers living within this area define the *tertiary customer base* for the Market. Some of the tertiary customer base residents can be expected to shop at the Market once a month, which is less than most citizens shop for fresh foods.

A 60-Minute drive-time is *more than* the *average* 32.4 minute that Federal Way residents routinely drive to work. The 4,154,990 *potential* customers living within this area define the *quaternary customer base* for the Market. A small % of the quaternary customer base residents can be expected to shop at the Market twice a year, which is less than most citizens shop for fresh foods.

A small number of the State's 7,958,000 residents might visit the Market once a year when they visit the Puget Sound area.

20-30 minutes is roughly the distance that most Public Market customers are willing to drive regularly for desired fresh food. In Federal Way, easy access to both the Interstate and the

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<sup>25</sup>US Census & <https://www.smappen.com/app/map/q4DMXD8vlms8yCif>

Light Rail Station will allow especially convenient access to the Public Market. For example, ingress will be far simpler than getting to Seattle's Pike Place Market.

If a Business Plan is authorized, the 'potential' customers will be predicted as *actual* customer visits. It will translate the above data into more specific predictions – how many customers will shop from different areas, how frequently, and how much they are likely to spend per customer visit. These predictions will then be used to create an economic model that can forecast gross tenant income per square foot, average affordable rents, etc.

Another factor to be factored into the potential customer base is the impact of employees leaving Federal Way to commute to work. Every day, Federal Way loses a net of 15,244 residents (15.6% of the total population) as people leave the community to work. Currently, only 30.8% of Federal Way residents work in Federal Way. The Public Market, because it will create many new jobs, will improve this number.<sup>26</sup>

Tourists typically constitute roughly 1/3 of most Public Markets' customer bases. Currently, Federal Way is not at all a tourist destination. This will improve somewhat as the Public Market becomes operational. The Market can partner with other regional attractions such as Powellswood Garden, Hylebos, and the Bonsai Museum to increase tourist traffic to all.

Given the desire to draw customers from significant distances, the Public Market needs to be an exciting, unique, and vibrant *destination*. It cannot simply be a building where customers shop for food. Its emphasis on unique international ingredients and dishes will help.

Additionally, the greater the number of family-friendly amenities, both inside and outside the building, the greater the likelihood of the Market's success.

In a survey of adult King County residents (up to 35 miles out from Seattle's Pike Place Market), 98% had visited the Market at least twice in the prior year.

As noted in Table 22 above, there is little that is entertaining for Federal Way residents to do in their spare time. This is underscored by the fact that nearly one-third fewer people in Federal Way are employed in "arts, entertainment, and recreation" than in the state as a whole.<sup>27</sup> Thus, the Public Market, to maximize its success, should emphasize social and entertainment opportunities; *it should not just be a place to shop*.

Perhaps because of the community's diversity, there was no reported major evidence of substantial racial/ethnic tension in Federal Way. Interviewees reported an accepting attitude toward all kinds of folks. For the Market to succeed, it needs to be a common ground that serves all cultures and welcomes all citizens. Happily, there is every reason to believe that this is possible in Federal Way.

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<sup>26</sup> Numerous sources via ChatGPT

<sup>27</sup> Federal Way Chamber of Commerce

Efforts should be made to recruit minority and ethnic vendors and to ensure that prepared food vendors represent a variety of ethnic foods to avoid the homogeneity that can be a negative attribute for a Public Market.



The fact that women in Federal Way earn 77% as much as men underscores the importance of recruiting a relatively high proportion of women as both tenants and employees in the Public Market.

The lack of a robust retail economy addressed earlier in this study is reflected in the fact that the percentage of the economy in Federal Way tied to retail employment is less than any of the larger trade areas and is substantially less than for Washington as a whole.



Although the retail economy of Federal Way is struggling, a successful Public Market can help bring it to life.

If the Public Market is to succeed, it needs to be reflective of everyone's culture and be welcoming to all.



**The Future Customers of the Federal Way Public Market**

In summary, because a Public Market will focus on local businesses that will reflect homegrown culture and products, it will help to fill the gap in jobs, entrepreneurial opportunities, tax-generating businesses, places for dining, entertainment, shopping, and socializing, without harming the qualities that make Federal Way so special.

If the Market is correctly designed and tenanted, it will reinforce those qualities by providing a needed showcase for everything special and distinctive about Federal Way.

### **Demand Analysis For Food And Beverages, What are the National Trends?**

- *Food And Beverage National and Local Trends.*

The Bureau of Labor Statistics (BLS) breaks down consumer expenditures while traveling out-of-town into four categories – Food and Beverages, Lodging, Transportation, and “Fees and Admissions”. Fees and admissions include other non-food retail expenditures. Based on this research, tourists spend roughly 24% of their dollars on food and beverages while traveling. This is more than is spent on lodging and on all other retail and recreation/entertainment expenditures. The Market’s ability to attract tourists will help it to succeed.

BLS also concludes that tourist expenditures for restaurant and alcohol spending is somewhat declining, while spending for food purchased and prepared while travelling out of town is increasing. This is positive news for a Market that focuses on fresh foods.

Nationally, this translates into nearly one and a half billion dollars annually (\$6.2 billion X 24%) is being spent on fresh and prepared food and beverages. This further explains the importance of the Federal Way Public Market tapping visitor and traveler expenditures.

Finally, the 2016 Cushman & Wakefield survey of Food Halls and Public Markets concluded:

“Throughout 2016, retail headlines have been dominated by news of closures, bankruptcies, and articles about struggling shopping centers. There has been no shortage of hype as the sector has fallen prey to a negative news cycle. Yet, for every retail category in flat or contraction mode, there has been another in growth mode. This latter crop of retailers is driving occupancy growth in an otherwise challenging environment. It is also driving the next wave of adaptation in the world of retail real estate as properties evolve, formats change, and traditional tenant mixes are reinvented. While there are a number of these growth mode sectors, no other retail category has generated as much aggressive expansion in the past few years as food-related retail”.

## **Review Of Desired Customer Demographics:**

Historically, customers use Public Markets for many reasons other than to simply shop for fresh or prepared foods. It is not unusual for consumers to bypass 2-3 existing supermarkets to shop at “their” Public Market. Therefore, measuring consumer demand is more challenging than for a generic fresh/prepared food venue.

For example, in siting a supermarket, corporations will look at how many products (lemons for example) consumers will traditionally buy, how many lemons are available within a set drive time, and the density of potential customers interested in buying those products. They then predict demand based on that intersection of supply and demand.

Because most customers visit a Public Market for fundamentally social reasons, it is problematic to simply rely on a traditional supply and demand analysis.

Drive time rather than distance was used in the analysis. Drive time is the primary determining factor in whether and how often potential customers will visit a Public Market.

The experience at other Public Markets is that 20-30 minutes seems to be the approximate amount of time that residents are likely to regularly shop at “their” Public Market. Obviously, closer potential customers will shop more often, and more distant ones will shop less frequently. For example, residents living 20 minutes away may shop once every two weeks, yet residents living 5 minutes away may shop twice a week. The Business Plan will estimate actual predicted usage based on extrapolation from questionnaire results from other Public Market questionnaires and historic relative customer attendance figures from other Public Markets.

Of course, not all possible Market customers will become actual Market customers. The predictions in the forthcoming Business Plan will provide instructive predictive data which will be useful in turning these gross population numbers into predictions of actual Market customer use, expenditures and frequency of visits. Clearly, the closer one lives (in terms of drive-time) to the Market, the more likely and more frequent that potential customers might become actual customers.

### **Feasibility Conclusions:**

Typically, when determining the demand for a new economic enterprise, consultants tend to rely heavily on Neilson or ESRI for demand and supply statistics. The author of this Study has always been suspicious about using these kinds of statistics to determine the demand for a Public Market. The reasons for this concern were:

1. Public Markets are not supermarkets. Neither Neilson nor ESRI have fresh food categories. They do have demand and supply categories for “grocery stores”. There is only about a 15% overlap between what you will find in a Public Market and what you will find in a typical “grocery store”.
2. People go to Public Markets primarily for social/entertainment reasons. While there, they spend more money than they would typically spend in a grocery store – but they didn’t come to shop!
3. Several Public Markets have grocery stores nearby or as a tenant. The fact that Pike Place Market has three supermarkets within a block does not prevent it from enjoying 14.5 million annual customer visits.
4. Customers routinely drive by 2 or 3 supermarkets to shop at “their” Public Market. They value the interpersonal relationships, the experience, the ancillary activities, etc.

Despite the above points, the author has routinely used ESRI or Neilson demand statistics in his Feasibility Studies – primarily because that is what many clients expect. “Gravity Studies” or “Demand/Supply Studies” are routinely used in siting new supermarkets.

However, in examining Claritas/Neilson and ESRI statistics there are often vast discrepancies between the two sets of statistics regarding demand vs. supply for things like restaurants, groceries, and specialty food stores. The author of this study has previously experienced this same issue in looking at other communities.

The author discussed with the Bureau of Labor Statistics, which provides the underlying data to these statistics firms. He learned that the Bureau only provides surveyed statistics for a tiny handful of American communities. Companies like Claritas/Nielsen and ESRI use their own algorithms to come up with their predictions of opportunities (more retail potential than actual sales) or oversupplies (more actual sales than predicted retail potential). The author has seen one of these companies predicting a \$100,000,000 opportunity for a new supermarket, while the other company referenced a \$100,000,000 oversupply for the same thing. Both companies were looking at the same geography and the same time period.

The demand statistics and the comparisons and demographic conclusions discussed earlier in this report are far more useful in predicting the likely success of the Public Market.

### **Why will the Public Market be Successful?**

***Much of the preceding portion of this Feasibility Study has focused on why a Public Market is needed in Federal Way. We'll now turn to why a Federal Way Public Market is feasible and how it can be successful.***

Relevant additional factors in assessing Public Market demand include:

- A: The success of the downtown Farmers Market in Federal Way.
- B: The success of local festivals, and other events like the Red, White and Blues 4<sup>th</sup> of July event, the Taste of Federal Way, the Community Festival, the Annual Arts Explosion, etc. Again, when Federal Way residents are provided with enticing things to do, they turn out.
- C: The lack of quality fresh food outlets in a community that has a great number of potential consumers with incomes that can easily afford quality local, fresh and international foods.
- D: The existence of a surrounding agricultural community with many potential vendors selling value-added products, which could be available year-round.
- E: An enlightened City staff and leadership that understands the need for a Public Market and what it can contribute to the community.



F: Limited availability of high-quality (4 or 5 Star) restaurant outlets for the city's size.

G: An appreciation for local businesses despite the presence of the many chains and franchises.

H: Regional demographics that point to a more than sufficient regional customer base that can afford Market products. Millions of potential customers who may shop at the Market regularly.

I: The ability to locate adjacent to a very significant transportation hub that allows easy access by rail and bus, for customers from nearby Tacoma to Seattle. In addition to buses and trains, the Federal Way station will be a significant transportation hub that connects Tacoma and Seattle by hiking and biking via the existing BPA trail. The site is also located between two major roads, I-5 (about ¼ mile away) and Hwy 99 (about 1/2 mile away). The preferred location will also provide tremendous visibility for the Public Market. This multimodal access and visibility is hugely significant.

J: A highly diverse residential population base that can create a unique Global Public Market, attracting customers from near and far.

K. A hardworking and effective Federal Way Public Market Board that has built support from the grassroots up. They have already contributed over five million dollars in volunteer hours during their five-year existence.

The author of this Plan has produced more than 35 Feasibility Studies for Public Markets. Roughly 1/3 of the studies conclude that locating a Public Market is inadvisable.

When first reviewing the research materials on Federal Way, before the author's first visit, his gut sense was that the conclusion would be to urge the community *not to* build a Public Market.

How could a Public Market succeed in a community with Federal Way's prior reputation as a bedroom community, overrun by franchises and chain stores, dominated by Weyerhaeuser, and crime?

Yet, as the author got to know Federal Way and its demographics, it became clear that a properly designed and tenanted Public Market is not only feasible but is both desperately needed and could become an incredibly valuable asset to Federal Way and South King County.

It will likely be transformational for Federal Way while enhancing the community's very special character.

These conclusions are strengthened by the following:

- A. Federal Way is changing. The younger generation's desire to return to their hometown is increasingly constrained by the limited local economy. This generation is looking for quality food, local connection, and an “experience,” which includes talking to the makers and vendors while enjoying buskers and public art. The Public Market will help to meet this need.
- B. There is very little competition for quality international foods. There is one Market (Valley Harvest International Market), about two miles away, that is quite successful. Other supermarkets with international ingredients tend to focus on a particular ethnic group, Hispanic, Asian, etc.
- C. Many residents can easily afford quality fresh and local foods. These demographics and the potential location in a major transportation hub will make fundraising from many sources much easier.
- D. There are few opportunities for purchasing fine handmade crafts in the Federal Way area, even though there is a demand for them. This is one of the most sought-after items that visitors and residents typically seek, both as gifts and for themselves.



**Public Market Development can be Daunting!**

- E. The Washington State Department of Transportation estimated that 25,000 – 35,000 cars passed in front of the Light Rail station location on 320<sup>th</sup> St South, before the Station was planned. This is a very high traffic count and will allow for tremendous access and visibility.

- F. The level of year-round tourism in Federal Way is minimal, and its improvement presents an opportunity to increase local revenue and create jobs. Evidence of this is that a majority of the overnight stays in local hotels are booked by businesspeople, as it is centrally located between Seattle and Tacoma, and near Seattle-Tacoma International Airport.

Federal Way is unique. It is in the nature of all Public Markets to be fine-tuned to the unique mix of history, character, residents, and tourists that exist in the individual City where the Public Market is located. That is part of the attraction and recipe for the success of great Public Markets.

A Federal Way Public Market Board member observed:

“Residents of Federal Way have historically tended to stay in their own orbit. The Public Market will bring diverse groups together in a vibrant, safe, and fun common ground”.

Although there is no place just like Federal Way, there are many very successful Public Markets in communities that have similar numbers of potential customers all over the country.

A strong, relatively united effort to proceed with developing the Public Market will be necessary for a successful outcome, but the resources exist to allow this vision to be realized.

Like other Public Markets, raising the necessary capital to build the Public Market will take time.



**Attractive Displays and a Welcoming Attitude Help Public Market's Success**

## What's In A Name?

Although the Public Market should be a regional facility, its name should be a highly identifiable geographic moniker. In this Study, we have mostly used the name "Federal Way Public

Market.” This should probably *not* be the final name of the Market. The future Business Plan will address this issue in more detail. However, the name should denote a regional, rather than a local presence, and it could have the name “global” in it. It also needs to have the words “Public Market” in it, as most potential customers will have been to Pike Place or another Public Market and have positive views of it.

Consider names like: “South King Global Public Market”, “Federal Way Global Public Market”, “South Sound Global Public Market.”

The domain fedwaypm.org has already been acquired. ASAP, the name “Federalwaypublicmarket.com” should also be acquired as well as the domain for whatever name is eventually selected. Once a final name has been agreed upon and registered, a new logo should be developed.

## Management Recommendations:

The key is that the *management* of the Market should ultimately be entrusted to a sole purpose new nonprofit that is laser-focused on efficient and excellent management practices that are consistent with the Market’s Mission and Goals. This should be a new legal entity evolved from the existing non-profit that can develop into the ultimate management entity for the Public Market. With some reorganization, the existing Federal Way Public Market non-profit organization can remain as a fundraising arm similar to the highly successful (founded by the author of this Study) ‘Market Foundation’ at Seattle’s Pike Place Market.

Historically, there have been four models for managing a Public Market:

1. Direct management by a governmental entity, such as the City, has proven problematic as the inevitable political agendas and electoral turnovers interfere with the stable management needed for a successful management outcome.
2. Private management has led to a small handful of successful models, but only in places with high concentrations of very wealthy residents - Chelsea Market in Manhattan, Ferry Terminal Market in San Francisco, or wealthy tourists - Oxbow Market in Napa Valley. These are great Public Markets for customers who can afford \$86 for a pound of cheese. Most “Public Markets” managed by private entities have failed to flourish since the need to maximize profits typically conflicts with the goal of maximizing public benefits.

Two successful management models have historically worked.

1. Management by a single-purpose Public Development Authority (PDA). A PDA is similar to an Airport Authority. This model has been successful in larger cities with more complex Markets such as Seattle’s Pike Place Market. Due to various legal



complexities, it is not a recommended model for a smaller city such as Federal Way.

2. What does make sense is management by a newly formed nonprofit, which should be run by a Board of Directors that combines community interests, representatives from existing nonprofits in the City, and vested interests such as merchant representatives, as well as professional representatives such as an attorney, accountant, retail property manager, etc. that can lend their professional expertise to the Board's success. Non-profit management allows market decision-making to be guided by public rather than solely economic goals.



### **Managing a Public Market is a Bit Like Herding Cats!**

The Market should not be managed by the City. In fact, of the 350-plus Public Markets in the US, the only ones that tend to be struggling are those that are directly managed by the Cities where they are located.

There are several benefits to nonprofit management. These include:

- a. The ability to have a Board that balances the need for community representation with the need for particular professional skills.
- b. Possible exemption for the Public Market from local property taxes, thereby lowering future operating costs.
- c. Over time, the Public Market will generate millions in new tax revenues. These revenues will come from sales tax, leasehold improvement taxes, license fees, and from the increase in value, over time, of surrounding real estate, thus substantially boosting real estate tax revenues. The nonprofit should approach local government entities about dedicating a fixed percentage of this increased revenue to help support

Market amenities.

- d. Ideally, the City should *own* the Market's property so long as they do not have direct control over the management and direction of the Market. Following redevelopment, a transfer of the Market's property via a new long-term lease (at least 50 years) to the newly formed nonprofit should be made, contingent on the nonprofit making progress towards realizing the Market's adopted Mission and Goals.
- e. Nonprofits can receive public and private grant funds. Their level of necessary bureaucracy is minimal. They can have a Board that is finely tuned to the sole purpose of running a successful Public Market.

This Board should be responsible for setting policies, adhering to the Market's Mission and Goals, and hiring (and firing) a professional Executive Director who should be responsible for staffing and managing the Public Market on a day-to-day basis.

The City and the existing nonprofit should review, revise, take ownership of, and adopt the Mission and Goals for the Market available below.

The relatively minor cost of paying for patrolling and maintaining the outdoor amenities in the Market complex should be borne by the City and should be paid for out of a portion of the increased revenues derived by the City from the Market's operation.

The Market space itself should be leased on a long-term basis to the new nonprofit for at least 50 years at \$1 a year.

That said, the long-term lease should come with the proviso that the managing nonprofit entity should make an annual report to the City Council on progress toward adhering to the Market's Mission and Goals. The lease should explicitly require that the managing entity manage the Market in a manner consistent with the adopted Mission and Goals for the Market.

In an extreme instance where the Market is being mismanaged, the City Council should have the right, with a 2/3 vote, to replace individual Board members within the same classification – i.e., replace a lawyer with a lawyer. This would be the case only if there is a 2/3 City Council finding that the management entity is not pursuing and moving towards meeting the Mission and Goals for the Market.

The Business Plan will spell out in far more detail the ideal composition of the Market's Board and staff.

The most successful nonprofit structure includes a broad-based and balanced Board of Directors, including public and community representatives, vendors' representatives, nearby business owners, and professionals who can lend their expertise.

Ultimately, if properly set up, the Federal Way Public Market, once at full occupancy, will be able to pay for 100% of its operational expenses. Major new capital expenses following renovation need to be partially raised with help from the City, County, Port, and State, especially in public areas that will benefit from the Market's renewal.

The initial renovation cost should come from a combination of contributions from the public entities that will benefit from the renovation through increased tax revenues and private fundraising for additional grants.

The Business Plan will detail the scores of public and private grant sources that should be approached.

The author of this Plan has helped to raise about \$250,000,000 in grants for Public Market capital costs.

Nonprofit management will allow the Federal Way Public Market decision-making to be guided by public benefits, rather than exclusively economic goals.

The management entity's prime responsibilities are to oversee overall policy decisions, ratify an annual budget, and hire, manage, review, and, if necessary, fire an Executive Director.

The day-to-day management of the Market and the implementation of the Public Market policies via a hired staff, should be solely the Executive Director's responsibility.

Other advantages of non-profit management include the ability to:

- a. Coordinate public and private interests.
- b. Allow for more flexible, entrepreneurial management.
- c. Raise funds from government, private donors, foundations, and corporations.
- d. Work with small-scale producers and businesses.
- e. Make decisions quickly.
- f. Attract volunteers.
- g. Establish strategic partnerships.

- h. Recruit farmers and minority vendors.
- i. Have mechanisms for listening to customers, producers, and vendors.



***An Ideal Board Mix for the Preferred Private Nonprofit Management Option***

In organizing a Board to manage the renewed Market, it is critical to have a balance of interests represented. These include public representatives, community leaders, stakeholders, and experienced professionals who can help the Market realize its mission.

***Seventeen Member Public Market Board of Directors***

In choosing Board members for the Federal Way Public Market's managing entity, there should be some representation from area residents and businesses, and representatives of the various ethnic and local communities surrounding the Market.

A large Board, as proposed, will allow for smaller working committees addressing items like finance, marketing, tenant issues and selection, and design. There should also be an executive committee consisting of the Board's chair, vice chair, secretary, and treasurer.



The following would be a recommended composition for the Managing Board of the Federal Way Public Market:

- a. Three members appointed by the Board of the existing nonprofit...assuming the managing entity is separate from the existing Board.
- b. Five members appointed by groups representing Federal Way's ethnic communities.
- c. One member appointed by the King County Executive (and/or the Port) and confirmed by the County Council.
- d. One member appointed by the Federal Way Mayor and confirmed by the City Council.
- e. One member who is a local, nearby Federal Way retail, non-market, Downtown businessperson appointed by the local Chamber of Commerce or other small business organization,
- f. One member representing current or future Market merchants and nominated and voted on by the tenants themselves.
- g. One member who regularly shops at the Market, representing consumers, perhaps appointed by the Board of a nearby senior center.

These thirteen members would then choose four additional Board members with at least three years of experience in the following areas:

- a. One with experience in retail leasing or commercial property management.
- b. One attorney.
- c. One accountant.
- d. One person with marketing and special events expertise.

For the initial term, during the capital renovation phase, the above 17 members should add one additional Board member who is someone with significant commercial contracting, urban design/architecture, or development experience.

This eighteen (later seventeen) member Board would serve for either two- or four-year terms at the start. Following the initial Board, all future Board members should serve four-year

terms. This will ensure continuity. Board members could be reelected for up to two additional terms.

The Board would have sole authority to hire and fire a professional Executive Director who would be responsible for the day-to-day management of the Market. The Executive Director would have the sole authority to hire and fire the Market's staff. The Business Plan will include a job description for the Executive Director as well as other staff.

As constituted above, a nonprofit board can provide the expertise, professionalism, representation, and balance necessary to properly manage the Federal Way Public Market consistent with its Mission and Goals.

## **Funding**

The forthcoming Business Plan will detail a comprehensive fundraising strategy that identifies hundreds of potential funding sources. The funding is available from City, County, Port, State, Federal, Foundation, Corporate, and Private sources.

While at full occupancy, the Public Market should not need any ongoing operational support. However, its capital costs should be fully grant-funded to allow the Public Market to realize its Mission and Goals.

## **What should a Federal Way Public Market be like?**

The "Vision Statement" earlier in this Study captures the "feel" for what the Public Market should be like. The forthcoming Business Plan will have a comprehensive 'Design Program' which will guide the architectural drawings for the Public Market. It will also have a detailed 'Tenant Leasing Plan', which will specify, in detail, an idealized Tenant Mix.

It is important to remember that the outside space around the Public Market should be designed with as much attention as the inside of the Market, which should showcase the Market's products. The site should be rich in public amenities that create a vital and exciting environment.

The preferred site is adequately sized for a Public Market building on the first two levels, with surrounding public amenities. Four levels of housing above, if the cleanup of the contaminated site meets US Housing and Urban Development standards for housing, would only enhance the Market's feasibility.



**TOD Site #4, the Market's Preferred Site as it looked on 5/25. Note the Station at the Top.**

## Public Art

Public Art should be an important amenity both inside and outside the Market building.

Public art should be “baked in” to all features of the design whenever possible. The prior pictures of the Boqueria entry and the hanging tapestries at Minneapolis’s Global Market are good examples of how art can be built into needed architectural features.

The Market, both inside and out, should be filled with murals, sculptures, , paintings, artistic expressions of functional needs, etc.





**An Outdoor Mural at Cincinnati's Findlay Public Market**



**An Indoor Public Market Mural**





**Water Fountains don't have to be Boring**



**If Possible, Incorporate the Sound of Flowing Water**



**Pay Attention to Color and Three-Dimensionalities Wherever Possible**

### *Tenant Mix*

The forthcoming Business Plan will have a much more specific list of recommended tenant uses. This will be necessary to lay out and design the Market.

Public Markets generally have a mix of roughly 1/3 truly new start-up businesses, 1/3 businesses run by seasoned prior business owners, and one-third, second locations of successful and flavorful existing businesses.

Federal Way and its surrounding communities are full of potential gems that can be cultivated and enhanced once the Market opens. Some may choose to simply upgrade their displays and their street frontage as they take advantage of the increased customers that the Public Market will bring. Others will choose to open a second location in the Public Market and will benefit from the increased exposure brought on by the Public Market's critical mass, complementary uses, and the institutional advertising that will inevitably help drive new customers to their doorstep.

There will be a synergy that will likely complement and assist in the success of the surrounding existing businesses. Furthermore, new businesses will open near the Public Market, attracted by the substantially increased customer traffic generated by the Public Market. This will happen initially in the area around the Market but will inevitably expand throughout the city center area.



There are many examples of Federal Way and area businesses that are flavorful and run by experienced operators that would benefit from having a second location presence in the Market.

The Board of the Federal Way Public Market has been amassing a list of over 50 potential Market vendors, which includes many possible second locations.

### *Other Observations*

- Many widely promoted special events should be scheduled on the Market site – particularly in the early years of the Market’s operation.
- If the Public Market is successful in being awarded the preferred site (TOD #4), and if the environmental studies conclude that housing is a safe use to be built on the site, then the Market Building should occupy the bottom two floors of a multistory building that incorporates affordable housing. This will add life and ‘captive customers’ to the Public Market.
- Other services such as an affordable childcare center, senior center, community kitchen, coworking space, community health clinic, etc., should be evaluated for possible inclusion in a multi-story building.



- In any event, the Public Market should include a Board Room that can also function as a community meeting room.
- Finally, a huge grand opening with world-class performers should be scheduled.



**Flying Wallendas at the Grand Opening of the Public Market in Asheville NC (developed by the author).**

The Public Market can help provide a single focal point in Federal Way. Currently, there is no central area that helps to define the community. Nowhere that locals can mix in a secure, vital, and fun environment.

Throughout the Americas and the World, Public Markets are the beloved heart and soul of the communities that they inhabit. The Federal Way Public Market will be the heart and soul of Downtown Federal Way as it lives up to its tagline: **Connecting Commerce, Community, and Culture.**

Public Markets are very challenging to develop. They are complicated and take a long time to create. Each must be designed from scratch, and they can be initially misunderstood. There often aren't good comparable models that residents are familiar with. They require major grant infusions for their capital costs, etc. Yet, despite the initial investment, there is no single project that will be as transformative to the area, that will have as large an impact on community and economic development, and that will eventually be as beloved by the surrounding citizenry.

Taken together, the Public Market building, plaza, and outdoor farmers market will reinforce each other's success and will be transformative for the area.

The combination of these changes would leave Federal Way transformed as a City. While still retaining its lovely character, it would be capable of attracting many new visitors, customers, employers, and residents.



Life would also be substantially improved for local residents who would not have to leave “their” community to shop, dine, or socialize.

## **Draft Mission and Goals**

The new operating entity should be legally bound to fulfill the Mission and Goals adopted by the City and the Federal Way Public Market.

What follows is an early initial draft. The final Mission and Goals should be developed in conjunction with the Foundation Board and the City Council.

### ***Mission Statement:***

The Mission of the Federal Way Public Market is “to create a powerful engine for economic, community, and agricultural development that fills the Market with successful and distinctive, owner-operated private businesses and public events that represent the unique character and culture of Federal Way and the surrounding region, increases visitation, provides a net benefit to the existing business community, and reflects and serves its resident’s everyday shopping needs for an international assortment of fresh and prepared food, fine local, handmade crafts, entertainment and education.”

### **Market Goals:**

- 1) Provide a source of affordable, international, fresh, and local foods for the existing regional residential population.
- 2) Generate a substantial new customer base that results in a net sales growth for existing Federal Way businesses.
- 3) Leverage the creation of significant commercial and residential redevelopment and property value appreciation within four blocks of the Public Market.
- 4) Create scores of new, year-round, decent-paying jobs that are especially targeted toward residents of the region in and around Federal Way.
- 5) Create dozens of new entrepreneurial opportunities for farmers, crafters, and business entrepreneurs.
- 6) Generate millions of dollars in new, annual sales and local real estate tax revenues. This includes taxes generated by indirect and induced expenditures and includes taxes on capital expenditures such as the building itself, leasehold improvements, business, and real estate taxes, as well as the sales tax on many of the items that will be sold.

- 7) Encourage rural preservation and development in the Federal Way region by enhancing the existing markets for agricultural, cottage industries, and locally handmade craft products.
- 8) Diversify the Federal Way economy and attract new businesses to the area by creating a significant new 'quality of life' attraction.
- 9) Provide new fixed outdoor retail selling spaces for many regional small farmers and artisans.
- 10) Assist new 'cottage industry' producers in establishing legitimate, tax-generating businesses.
- 11) Provide a place where all kinds of people come together for shopping, dining, and socialization, and in doing so, create an interesting environment for "people watching."
- 12) Create a reason for local residents to come to shop locally, thereby keeping money circulating in the community.
- 13) Provide a full calendar of Market-sponsored special events and activities that are free and open to the public.
- 14) Increase a sense of pride among area residents by showcasing the unique diversity, character, and history of the region.
- 15) At full occupancy, generate millions of dollars in annual sales for local owner-operators.
- 16) Create a "showcase" local project that flows from the collaboration of neighborhood residents, local business owners, civic leaders, and regional officials that builds local trust and paves the way for future collaborative projects.
- 17) Provide a centrally located, desirable meeting space for community groups.
- 18) Build a sense of community ownership and participation by creating a "common ground" where different ages, ethnicities, classes, genders, races, and beliefs come together in a vital, secure, and exciting environment.
- 19) Create a reason for visitors to come to Federal Way.
- 20) Help to create a pedestrian-oriented zone that spurs the creation of an improved downtown.
- 21) Create a dramatic community and economic development project that respects, enhances, and honors the history, traditions, and character of Federal Way.
- 22) Provide support and training to new businesses.
- 23) Integrate with the existing downtown.
- 24) The Market should be operationally sustainable at full occupancy.

25) Provide a permanent home for the Federal Way Farmers Market.



Public Market Benefits Graphic Prepared by the Author for the Ford Foundation



**Reaching Goals is not Easy...But it's Worth it**

## **Suggested Potential Partners**

Many institutions should be brought on board to help plan and support the Federal Way Public Market.

Start with one-on-one meetings with small groups of different subsets of the Federal Way Community – immigrant groups, women's groups, the local legal bar, LGBTQ groups, the local small business association, the local accounting group, etc. Tell them about the Market and invite them to have representation in the planning and development process. Explain what their roles might be.

For example, for audiences of various ethnicities, talk about the Market's commitment to having businesses and employees that look like the population of Federal Way. For attorneys, talk about the ultimate need for an attorney on the Board, etc. Ask everyone for support for the project with the City, County, Port, etc. Make them understand that their input is valuable and sought after.

Some of these institutions and their recommended roles follow:



1. The Hub – Federal Way is a higher education collaboration between Highline College and UW–Tacoma. They can help design websites and administer surveys. They can help provide volunteers and lend technical assistance to individual prospective tenants in developing their Business Plans, etc. Also, check with other nearby Colleges such as Green River College in Auburn, Tacoma Community College, & Pierce College.
2. King County Cooperative Extension can provide technical assistance to local growers regarding the ideal crops to sell via direct marketing and how to create and market value-added products. They can also identify potential farmer vendors. While there is no Federal Way office, they can be found nearby in Renton and Tacoma.
3. The local King County Public Health Department can be a possible alternative to the City to potentially administer the Farmers Market until the Public Market is established. They can also provide health education, diabetes/AIDS/blood pressure screening, and nutritional education in the special events area of the Market and/or the outdoor event space.
4. The Federal Way Public School District can develop a Market curriculum for 4th graders and commit to field trips so that students can learn where food actually comes from and so they can “Meet the Producer”.
5. The local Small Business Technical Development Centers, SBTDC, housed at the Federal Way Chamber Office, and the SBA can provide technical assistance to prospective merchants in best business practices and in writing their own Business Plans.
6. Local banks and any micro-lending institutions can help provide financing for prospective tenants in fulfillment of their obligations under the Community Reinvestment Act.
7. In addition to the Federal Way Farmer Market, consult with the Washington State Farmers Market Association. Additionally, there are nearby farmer markets in Auburn, Des Moines, Tacoma and Proctor, & Puyallup. Some of these vendors might be ready to ‘graduate’ to become permanent vendors at the Federal Way Public Market. For example, a honey vendor might want to operate a food cart at the new Market. Meet with the past management of the Federal Way Farmers Market to understand the strengths and weaknesses of that Market.
8. Check with the City to get a list of the food truck operators in the area. Some may be feeders for new, fresh food or prepared food Market tenants. ‘Visit Federal Way’ should be a source of promotional materials and events.
9. Organizations representing various ethnic and Native American communities should be involved from the start as key components of the community. They should be

invited to participate in the planning process and can help steer potential vendors and sponsor ethnic festivals.

10. Pierce and King County, the Port of Seattle, the Port of Tacoma, and Federal Way community, agricultural, arts, and economic development officials should participate in the planning process.
11. Area representatives of the Washington Hospitality Association and the Seattle Restaurant Alliance should be involved as potential sources of cooking demonstrations and potential second locations of existing successful restaurant tenants.
12. Representatives of Washington philanthropies should be involved in the planning process, as a source of local wisdom and funding.
13. Representatives of the Federal Way business and tourism community, the Federal Way, Seattle Southside and Pierce County Chambers of Commerce, the Southside Seattle Tourism Bureau, and businesses located near the Market site should be welcomed to the planning table, as they will have resources as well as concerns that need to be addressed.
14. Key representatives from area community organizations representing other diverse interests such as the Multi-Service Center (MSC), Fusion, Federal Way Cares for Kids, Federal Way Senior Center, etc., should be included in the planning process.
15. Representatives of at least the largest 8-10 ethnic communities in the local area.
16. Veterans Business Outreach Centers - Work with Veterans entrepreneurs and business owners with technical assistance and guidance.
17. Women Business Centers - Work with women entrepreneurs and business owners with technical assistance and guidance.
18. Small Business Development Centers - Work with all entrepreneurs and business owners with technical assistance and guidance.

In short, the development of the Federal Way Public Market should be a community-wide effort.



**Partners are Stronger Together**

## **Preliminary Cost Estimate**

Obviously, at this stage of planning, any cost estimates are necessarily very rough approximations. That said, the total *project* cost for the ground floor space (including a significant amount of assistance with tenant build-out) might be around \$400 per SF of gross space on the ground floor and \$300 per SF on the upper floor, and \$100 per SF on the roof. Until a site is secured, it is not possible to estimate total costs, although its budget will be millions of dollars.

These costs will be repaid many times in new downstream taxes, jobs, businesses, etc.

In the experience of the author, no properly run Public Market should require any operating subsidy once it is fully leased, typically 3-4 years from opening. The Public Market's capital costs should be funded 100% with grants to allow the Market to obtain an idealized tenant mix with affordable rents.

Ideally, the Market should open debt-free to allow for proper staffing, advertising, events, and tenant education and support.

While the development of a detailed income and expense, capital, and operating budget is beyond the scope of this Study, it will be presented in the Business Plan.

As mentioned earlier, the author of this Study has helped to raise well over \$250,000,000 in grant funds for capital cost grants for Public Markets. There is significant grant funding available for this kind of community and economic development project from a variety of sources.

To access this kind of funding, there needs to be clear local buy-in, local financial support, and completed planning through the Business Plan stage.

A visit to other Markets, a comprehensive Business Plan, and Site/Market renderings need to be financed with local funds.

Once this is accomplished, a capital campaign should be able to raise the substantial additional funds.

## Timing

Once a firm decision to proceed is made, the next step is to prepare a comprehensive Business Plan, which should provide a road map from the conceptual stage that the project is now in, to the Grand Opening of the Public Market. It will take roughly 10-12 months to prepare the Plan and complete all necessary planning.

Depending on how complicated the secured site is, it will take at least a year to prepare all necessary design and engineering documents and secure necessary permits, and roughly a year to build. Tenants will need an additional 3 months to plan and complete their part of their build-out and product stocking.

Fundraising should commence once the ownership/management structure is resolved, and the Business Plan is completed. Including all necessary planning, design, funding, construction, and tenant buildout, all together, the project should take 3-4 years to develop.

## Recommendations for Proceeding

Federal Way is at a crossroads. It is in the process of redefining itself from a corporate center and a bedroom community to a new and vital City with a vibrant City Center that is regionally linked to Seattle and Tacoma and that has a full array of amenities and shopping opportunities for its residents.

Since the leadership of the community wishes to build a thriving, well-educated middle class, celebrate its heritage and its new identity, take advantage of its geographic assets, and build a vibrant and attractive community for the young and the young-at-heart, then developing a Public Market should be an urgent opportunity.

This Study should be shared with the broader community leadership. Eventually, the recommended “partners” should be included in the discussion of how best to proceed.

The following are logical “next steps” in implementing the recommendations contained in this Study.

- 1) The existing Board will broaden its membership to reflect the existing demographics in Federal Way.



- 2) Meetings with developers should proceed. The Federal Way Public Market non-profit will need an experienced non-profit housing developer to partner with, assuming that the preferred site's environmental issues can be ameliorated and affordable housing built above the Public Market on floors 3-6.
- 3) The Board of the Federal Way Public Market will work with the city to determine if it should include any needed human services in its development. This might include uses such as a community kitchen, a sliding fee scale childcare center, an affordable healthcare clinic, and/or a senior center.
- 4) The Board of the Federal Way Public Market should investigate and decide whether it wishes to include public uses on the roof of the proposed Market building, such as an event space, a brew pub/wood-fired pizza venue with associated entertainment, etc.
- 5) There will need to be a floor of ancillary support uses for the Public Market to function properly. This will include dry storage, walk-in coolers and freezers, utility rooms, a staff office, a Board room, community and Foundation/Market meeting rooms, a maintenance shop, a janitorial supply room, possibly a security office, etc. Consideration should be given to whether or not these kinds of uses should occur on the second floor or in a new basement. It is possible that if significant excavation is necessary to ameliorate the environmental hazards posed by the dry-cleaning fluid contamination, this might be an opportunity to build a basement at a lower cost.
- 6) The board will continue to stay in close touch with the appropriate Sound Transit officials to monitor the progress on environmental amelioration, the current scheduling, any rule changes, and to coordinate any site-related physical changes (see #5 above).
- 7) The board should work with the city to influence the "Festival Street" concept so that it is adjacent to the preferred Market site.
- 8) A trip for principals guided by a Public Market expert to visit other existing, relevant Public Markets should occur to sharpen the vision of what kinds of components and design the Public Market should reflect.
- 9) A comprehensive Public Market Business Plan should be commissioned. This Plan should contain detailed operating and capital budgets for the Public Market, a Design Program, a Tenant Leasing Plan, a Marketing Plan, a staff operations plan, a calculation of the number of new jobs, opportunities, and tax revenues for the Public Market. A detailed plan for raising the necessary funds for this project, etc. This Business Plan should be a comprehensive roadmap guiding the transformation from its current conceptual stage to the grand opening of the Public Market. A more detailed proposal for the Business Plan can be submitted on request.

- 10) The Federal Way Public Market Board should continue its close coordination with City staff, Council members, and representatives of Sound Transit with the goal of securing the preferred site. Continue to define the ownership and management structure and revise and adopt the Mission and Goals. The Board should pay particular attention to additional City funding utilizing the recently created Tax Increment Financing (TIF) legislation and continue to work with the City Council to obtain a strong resolution of support for the project.
- 11) After the Mission and Goals are finalized, the new management nonprofit should be incorporated. Board Members should begin meetings initially as an advisory Board to the existing Board. As construction proceeds, it should become the managing entity for the Public Market.
- 12) Eventually, once the new management entity is in place and functioning, the Federal Way Public Market Board should refocus its efforts on overseeing the physical development and on fundraising. The Board members should be reconstituted as the mission of the existing Board evolves from advocacy/visioning to development to fundraising.
- 13) Community planning meetings should be held to receive public input on the project.
- 13) The Board should discuss the geographic moniker for the Public Market. Once a name has been finalized, a Public Market website should be developed, which updates the community and allows citizens to volunteer and/or express their interest in becoming Market tenants.
- 14) A Capital Campaign Committee should be formed while the Business Plan and renderings are prepared. Once the Market opens, the existing Foundation should continue to be the fundraising arm of the effort.
- 15) Discussions should take place with the prior management of the Federal Way Farmers Market and the City, to ensure that it will continue to operate while the Public Market is being developed. In 2018, 31 Farmers Markets in King County were responsible for \$29,600,000 in sales from 1,733 vendors in 31 Farmers Markets. 2,100,000 customers created this very significant economic impact.<sup>28</sup>
- 16) The Federal Way Public Market Board should discuss what kind of public amenities should surround the Public Market building. Is a multipurpose field that can be programmed for soccer and other sports during the day, and music concerts and films at night appropriate? Should there be an outdoor picnic area with barbecue pits? How about a food truck station? Should there be a community-built children's playground? What other uses will attract a regional customer population base?

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<sup>28</sup> <https://www.farmkingcounty.org/data-center/farmers-markets.html>

- 17) Provide any changes to the site plans provided in the request for proposal (RFP) for TOD sites 1 and 2.
- 18) The Board should discuss the costs and benefits of LEED and/or 'Green Building' certification for the Market. Some of the requirements should be done anyway, others will significantly add to the building's cost. However, there are donors who specifically willing to fund the highest LEED standards.
- 19) Area farmers markets, food trucks, and food festivals should be scoured for eventual Public Market tenants. These vendors should be informed about what is to come so they can begin planning their businesses.
- 20) The planning and development of the Market should culminate in a celebratory Grand Opening of the Market to include nationally known entertainment.



**Current Farmers Market Tenant. Possible Future Public Market Tenant?**

The result will help to transform Federal Way and the surrounding region into a better place for its citizens, businesses, and visitors

## Conclusions.

Federal Way is a wonderful community and a hidden, underdeveloped asset in King County. The arrival of the Sound Transit rail station and the City's efforts to create a real downtown around that station will address many of Federal Way's most intractable problems. The creation of the Federal Way Public Market, particularly at the #4 TOD site, will provide tremendous support to this important transformation.

Week in and week out, Americans spend more money on food than on any other commodity. By reversing the existing outflow of expenditures to surrounding communities, the Public Market will bolster the community by creating hundreds of new jobs, scores of entrepreneurial opportunities, and millions of dollars in new tax revenues. It will also create a new destination where the City's residential mosaic can come together in a vibrant, safe, and exciting common ground.

Proceeding with the development of the Public Market will improve Federal Way as a gainful and spirited place for its residents and a regional attractant for visitors. It will help to build a middle class and allow the community to compete successfully in the economy of the future.

There is no such thing as a "sure thing" when it comes to real estate development. However, based on the evidence presented in this Study, the Public Market will likely be very successful.

The creation of the Public Market will provide an urgently needed local shopping venue that will showcase fresh, local, and prepared foods and crafts. It will increase area real estate values by reversing the flow of shopping and entertainment expenditures that are currently leaving the City. It will help to create a vibrant, safe, and exciting downtown area, where residents, visitors, employees, and business & property owners can come together. It will also help leverage the creation of surrounding new businesses and housing.

The proposed public amenities in and around the Market will create a regional attraction that will help to put Federal Way on the map as the beautiful, exciting, and fun place that it is.

The Public Market will build on Federal Way's wonderful qualities while resulting in a reinvigorated economy and community for all of its citizens.

## **Appendix:**

### **Who are the Authors of this Study?**

Aaron Zaretsky, the author of this Study, spent fifteen years as a Director at Seattle's Pike Place Public Market, the nation's most successful Public Market with fourteen and a half million annual customer visits. He was a Director during the \$65 million renewal of Pike Place Market.

Pike Place Market's redevelopment is credited with transforming downtown Seattle from the nation's original 'skid row', with countless derelict buildings, abandoned housing, and relatively low employment, into the nation's healthiest and most prosperous downtown. Pike Place is also the #1 tourist attraction in the surrounding four-state region.

When the author began his tenure at Pike Place Market, he led the creation of a comprehensive set of human services to strengthen the health of the surrounding community. At the time, there were no upper-income downtown residents, a handful of middle-income downtown residents, and a few hundred low-income and homeless downtown residents. Today, 108,488 Seattleites live in a thriving and diverse downtown.



Some of the most expensive condominiums in the U.S. are located overlooking the Market. Pike Place Market is universally credited with leading and causing this renewal. Furthermore, there are *more* middle and low-income housing units in and around Pike Place Market today than when its renewal began in the mid-1970s.

For over 45 years, through his company, Public Market Development, the author has helped to plan, redevelop, develop, and/or manage over 65 Public Markets across the country and internationally. He has worked for cities, states, counties, CRAs, Nonprofits, Downtown Development entities, and private developers.

He has spoken on community and economic development at numerous national conferences, has helped to advise a variety of national initiatives for the federal government, and has convened a task force of national funders led by the Ford Foundation, focused on utilizing Public Markets as a proven tool for community and economic development. Finally, he has helped to raise over \$250,000,000 in grants, supporting capital costs for Public Markets.

Additional information about the author, as well as Public Markets in general, will be found at the author's professional website – [www.publicmarketdevelopment.com](http://www.publicmarketdevelopment.com)

Zaretsky was assisted by Mark Ernst, Ernst is likely the most experienced Public Market architect in the U.S. He has designed dozens of public projects and 6 Public Markets. He has worked in communities throughout the U.S. including on the Bellevue Downtown Park early in his career. He has a tremendous reputation as a designer who understands the importance of having the buildings he helps develop fit into and enhance the communities that they inhabit.

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