

# INTERNATIONAL PUBLIC MARKET FEASIBILITY STUDY SOUTH KING COUNTY

Final Report & Findings  
March 2024

PROJECT PARTNERS:



To learn out more about this project,  
visit the project page on the  
Port of Seattle Website

[https://www.portseattle.org  
/projects/international-  
public-market-feasibility-  
study](https://www.portseattle.org/projects/international-public-market-feasibility-study)



Prepared by:



The feasibility study was conducted by New Venture Advisors (NVA) in partnership with the Port of Seattle and King County, who are acting as co-funders and project leads.



New Venture Advisors (NVA) is a consulting firm that specializes in food system planning and infrastructure development. Since 2009, NVA has helped more than 100 communities across North America identify strategies to develop food systems, food enterprises, and food policies that are good for farmers, food entrepreneurs, consumers, and the intermediaries that connect them.

This report was produced by NVA project lead Andrea J Carbine, Director of Enterprise Planning, and the NVA project team who supported this study.



The Port of Seattle's mission is to promote economic opportunities and quality of life in the region by advancing trade, travel, commerce, and job creation in an equitable, accountable, and environmentally responsible manner.

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**King County**

King County is a vibrant community with residents who represent countries from around the world. It is a region with increasing diversity that cherishes the artistic and social traditions of many cultures.

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# IPM Feasibility Study Final Report Overview

## Summary Outline

This report represents a comprehensive, final summation of all findings of the 2023–24 south King County International Public Market feasibility study. The study was conducted between March 2023 and March 2024 and was designed to be conducted in two phases to ensure that the proposed development met community objectives and needs.

- **Phase 1** included an assessment of the marketplace to assess demand, the benefits of an international public market (IPM) for the local region, and the feasibility of locating an IPM in south King County. The goal of the research phase was to determine the demand, feasibility, and potential benefits of an IPM. The findings were presented to the advisory committee and project team in August 2023. With their approval, the project moved to phase 2, where New Venture Advisors (NVA) applied the analysis findings to concept modeling, site evaluation, and financial modeling.
- **Phase 2** included site analysis, operational and financial modeling, design development, and finalization of conclusions and recommendations of the feasibility assessment of the concept. The goal of the modeling phase was to determine if there was a viable operational, financial, and management model for the potential IPM. The final model and recommendations were presented to the advisory committee and project team in March 2024.

This report has been structured to share the findings across both phases, as well as the final, cumulative summary of findings (also summarized below). This report is accompanied by several other resources developed during the feasibility project:<sup>1</sup>

- **final report summary presentation deck:** a cumulative deck of advisory presentations #1–5, with all project findings and materials shared
- **appendix of resources:** all final versions of materials developed in phases 1 and 2 that may provide supporting information, background, or define assumptions and work completed

## Project Background

In March 2023, the Port of Seattle and King County sought to conduct a feasibility study for the development of an international public market (IPM) facility in south King County. The project team, which is made up of port and county officials, was supported by an advisory committee in the feasibility process. The port and county engaged New Venture Advisors (NVA) to conduct the study.

To ensure that the proposed development (the IPM) met community objectives and needs, the study was designed to be conducted in two phases:

- **Phase 1** included an assessment of the marketplace to assess demand, the benefits of an IPM for the local region, and the feasibility of locating an IPM in south King County. The goal of the research phase was to determine the demand, feasibility, and potential benefits of an IPM. The findings were presented to the advisory committee and project team in August 2023. With their approval, the project moved to phase 2, where NVA applied the analysis findings to concept modeling, site evaluation, and financial modeling.
- **Phase 2** included site analysis, operational and financial modeling, design development, and finalization of conclusions and recommendations of the feasibility assessment of the concept. The goal of the modeling phase was to determine if there was a viable operational, financial, and management model for the potential IPM. The final model and recommendations were presented to the advisory committee and project team in March 2024.

This report presents the findings of both phases of work.

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<sup>1</sup> The Port of Seattle and King County are public entities; thus, this report and any materials provided in the appendix and released as final versions are now public documents for review.

## Purpose and Vision

The **vision** for the project is an international public market that will attract tourists and visitors, provide a gathering space, showcase local cultural attributes, and support economic development and entrepreneurship for small businesses in south King County (with an emphasis on supporting small ethnic businesses).

Eight objectives defined the feasibility study's **purpose**:

1. To conduct thorough stakeholder outreach and engagement to assess demand for a public market, including current market operators, current small business tenants, potential small business tenants, and local food entrepreneurial experts, etc.
2. To determine the potential benefits of an international public market in south King County as part of stakeholder outreach and engagement
3. To evaluate current market conditions surrounding public markets and similar entrepreneurial spaces in south King County
4. To determine the size of the market, scope of operations, accessibility considerations, parking requirements, and key infrastructure requirements
5. To identify preferred size, zoning, proximity to infrastructure/utilities, proximity to transportation, proximity to other amenities, visibility, aesthetics, etc.
6. To provide a preliminary estimate on the cost to develop an international public market facility
7. To provide proforma operating projections to show revenues/expenses and grounding financials into core assumptions about public market operations (including operator/concessions assumptions)
8. To provide recommendations and strategies surrounding the development of a south King County IPM

## Project Goals

The **goals** of the feasibility study aligned with the project's objectives.

During phase 1 (analysis), the goals were to understand the demand, viability, and potential benefits of an international public market as well as to identify the components and programs that could be most beneficial to both vendors and consumers. To satisfy these goals, the study focused on the following actions:

- identifying potential operators
- identifying consumer (community) interests: products, foods, services, spaces, etc.
- determining infrastructural and programmatic needs
- identifying potential revenue and cost considerations (desired retail rates, desired frequency of vending, etc.)
- identifying the benefits of an IPM for the local community
- evaluating tourism and regional spending potential
- studying regional landscape to understand current market offerings and avoid overlap in services

During phase 2 (modeling), the primary goal was to assess the viability of the project by defining size, site, design, and operational context and projecting financial operations across the development timeline and initial five years of operation. To satisfy these goals, the study focused on the following actions:

- defining the market's attributes
- identifying, defining, and rating preferred sites across defined parameters
- conceptualizing a set of models (four)
- defining the operational audience, management styles, and partner roles
- calculating a preliminary development cost across the four models
- calculating proforma operating projections for the first five years of operation
- evaluating funding opportunities and structures that could support the development



- evaluating the risks and benefits of the IPM project for local stakeholders
- determining recommendations and strategies surrounding the development

## Project Team and Advisory Committee

A core project team consisting of Port of Seattle and King County representatives supported the feasibility study.

Table 1: Project team

Team member		Role
<b>Dave McFadden</b>	Managing Director, Economic Development Division	Port of Seattle, project lead
<b>Annie Tran</b>	Economic Development Manager	Port of Seattle, project lead
<b>Ashton Allison</b>	Director, Economic Opportunity at Office of King County Executive Dow Constantine	King County, project lead
<b>Michael Lufkin</b>	Local Food Economy Manager	King County, project representative
<b>Susanō Surface</b>	Executive Analyst, Office of Performance, Strategy, and Budget	King County, project representative

In addition to the Port of Seattle and King County offices, the IPM project is supported by an advisory committee made up of two co-chairs and twenty-four municipal, citizen, organizational, and entrepreneurial representatives.

Table 2: Advisory committee members

NAME	Position	Role
<b>Hamdi Mohamed</b>	Port Commissioner	<b>Co-Chair of Advisory Committee</b> , Port of Seattle
<b>Dave Upthegrove</b>	King County councilmember	<b>Co-Chair of Advisory Committee</b> , King County
<b>Bilan Aden</b>	Associate Director	African Community Housing and Development
<b>Haidar Al-Abedi</b>	Engagement and Outreach Manager	Iraqi Community Center of Washington
<b>Lorraine Chachere</b>	Economic Development Specialist	City of Burien
<b>Steve Claggett</b>	Community member	Community member
<b>Chris Craig</b>	Economic Development Manager	City of Burien
<b>Cynthia Delostrinos Johnson</b>	Tukwila city councilmember	City of Tukwila
<b>Allen Ekberg</b>	Mayor of Tukwila	City of Tukwila
<b>Bookda Gheisar</b>	Senior Director, Office of Diversity Equity and Inclusion	Port of Seattle
<b>Shamso Issak</b>	Executive Director	Living Well Kent
<b>Mohammed Jama</b>	Executive Director of Access to Our Community	Access to Our Community nonprofit and Wadajir Residences and Souq
<b>Domonique Juleon</b>	Chief Program Officer	Business Impact NW—Food Business Resource Center
<b>Mehdi Jumale</b>	Owner	Tawakal Supermarket and Zain Bakery
<b>Annie McGrath</b>	President/CEO	Seattle Southside Chamber
<b>Pete Mills</b>	Commission Office Strategic Advisor—Commissioner Mohamed	Port of Seattle
<b>Munira Mohamed</b>	Executive Director	East African Community Services
<b>Abshir Mohammed</b>	Operator	SeaTac Market
<b>Maribel Pastor</b>	Bilingual Outreach Coordinator	Villa Comunitaria
<b>Diana Phibbs</b>	Chief of Staff—King County Councilmember Dave Upthegrove	King County
<b>Derek Speck</b>	Economic Development Administrator	City of Tukwila
<b>Arni Villanueva Carullo</b>	Chair—Board of Directors	Global to Local—Food Innovation Network
<b>Aleksandr Yeremeyev</b>	Economic Development Manager	City of SeaTac

The project included five review sessions with the full advisory. All materials presented during the sessions were shared in advance with the project team and advisory co-chairs for review and feedback. Each advisory review session acted as a milestone for the project, with the advisory providing feedback on the material presented and making decisions as to whether to proceed with project work at the conclusion of each session.<sup>2</sup>

Table 3: Advisory review sessions

Review session	Agenda/focus	Date held
<b>Advisory review #1</b>	<ul style="list-style-type: none"> <li>Project initiation</li> <li>Roles, communication planning, introductions</li> <li>High level review of project workplan, timeline, and input expectations</li> <li>Outline of phase 1</li> </ul>	May 25, 2023
<b>Advisory review #2</b>	<ul style="list-style-type: none"> <li>Mid-project (phase 1) analysis report and conclusions presentation</li> </ul>	September 8, 2023
<b>Advisory review #3</b>	<ul style="list-style-type: none"> <li>Initial site and development review</li> <li>Site evaluation conclusions</li> </ul>	December 15, 2023
<b>Advisory review #4<sup>3</sup></b>	<ul style="list-style-type: none"> <li>Management structures</li> <li>Funding development plan</li> <li>Financial models review</li> </ul>	February 15, 2024
<b>Advisory review #5</b>	<ul style="list-style-type: none"> <li>Final feasibility report (phase 2) and conclusions presentation</li> </ul>	March 28, 2024

### Timeline and Methodology

NVA has developed a multi-stage planning process. The early stage examines the regional landscape to uncover gaps and opportunities for development. Where enterprise ideas are indicated, NVA develops and refines the business case in a phased approach that tests its viability before advancing. Table 4 below outlines the timeline, details, and methodological approach for this project.

Table 4: Project timeline and details

Project timeline details	Delivery dates
<b>Phase 1: initiation and market analysis</b>	
Project kickoff with study team <ul style="list-style-type: none"> <li>Kickoff with project team</li> <li>Create and maintain project plan and timeline</li> <li>Conduct preliminary interviews to inform the research plan</li> <li>Design and manage stakeholder outreach plan</li> </ul>	May 16, 2023
Advisory committee review #1 (initiation)	May 25, 2023
Design research plan, including <ul style="list-style-type: none"> <li>Confirm project goals</li> <li>Design and activate research tools: surveys, interviews, secondary research, case studies, consumer demand analysis, in-person workshops/focus groups and engagement activities (on-site)</li> </ul>	June 14, 2023
Finalize research tools	June 23, 2023
Conduct interviews	June 12–July 14, 2023
Survey available to the public	June 27 and July 31, 2023
NVA on-site	July 18–20, 2023

<sup>2</sup> The advisory proceeded through all reviews with approval to move forward along the scope as proposed. No decisions were made to stop work or the project during these meetings. Data was adjusted throughout the project to be responsive to the advisory’s feedback.

<sup>3</sup> Due to the extensive amount of material to be reviewed during this session with the advisory, follow-up sessions were offered to all advisory members to ask additional questions on any of the data/topics/modeling discussed. The City of SeaTac representatives, the City of Burien representatives, and Steve Claggett requested additional time for discussion.

Project timeline details	Delivery dates
Synthesis and analysis	August 1–25, 2023
Present research findings to study team	August 28, 2023
Advisory committee review #2 (analysis report and conclusions presentation)	September 8, 2023
<b>Phase 2: initiation and market analysis</b>	
Phase 2 initiation and kickoff planning meeting <ul style="list-style-type: none"> <li>Review conclusions and phase 1 analysis</li> <li>Confirm workplan and timeline for remaining scope</li> </ul>	September 15, 2023
Site analysis and evaluation work	September 15–November 30, 2023
Site visit to potential sites by NVA	October 23–25, 2023
Present site evaluation, market attributes, and analysis to project team	November 30, 2023
Advisory committee review #3 (site analysis and market attributes presentation)	December 15, 2023
Develop operational modeling, initial design, and financial modeling	December 15, 2023–February 13, 2024
Present all modeling to project team for feedback and review	February 13, 2024
Advisory committee review #4 (modeling)	February 15, 2024
Finalize all recommendations and prepare a comprehensive final analysis report with feasibility recommendations and a development timeline	February 15–March 28, 2024
Advisory committee review #5 (final report presentation)	March 28, 2024
Close of project and handover of final deliverables	April 1, 2024

## Summary of Findings

### Phase 1: Market Feasibility

This initial phase of the feasibility study was designed to assess the first lever of feasibility, which includes identifying community needs and objectives and whether they align with the proposed project’s objectives and potential outcomes. The analysis and outreach conducted identified clear community interest in and support of the proposed IPM. The potential space needs, community access points, and programs/services that community individuals and groups identified as being of value all align with the potential contributions of an IPM to the regional market. The analysis completed in phase 1 presents a viable argument for an IPM. There is significant support for an IPM in south King County, and there is a match between consumers' expressed desires and vendors' needs.

There is interest in retail/food retail spaces, community spaces, placemaking spaces (gathering), and vendors to support those interests. Businesses expressed a need for business support services to support their growth, and several regional organizations identified these as being among the services they offer. There is also a strong desire for authentic cultural representation through vending opportunities and educational or community-focused classes and events.

### Phase 2: Model Feasibility

The second phase of the feasibility study was designed to validate if the second and third levers of feasibility—operational viability and financial viability—are achievable in the advanced concept. Concept models were built to reflect the elements identified in the first phase of work that service community and potential tourism needs for an IPM located in south King County. A list was made of viable sites that could support the development (or refurbishment) of an IPM in the three municipalities selected—the City of SeaTac, the City of Burien, and the City of Tukwila.

Those models and sites were then pressure tested when management structures, funding structures, and financial analysis was overlayed to test if the four possible scenarios (models A, B, C and D) could demonstrate stable operations within the first five years.

Within these tests of feasibility, model A and model B demonstrate the ability to sustain operations over time—with a diversity of spaces to offer rental and lease access across a pricing spectrum, a catalog of programs and services desired by community members and potential tourism visitors, and management opportunities that include public entities and

space for additional operational partnerships. Both projects come with significant price tags that will require all project partners to take on risk, but in the long term, there is a viable outcome and argument to proceed with planning.

Models C and D offer a lessened risk with a reduced initial build cost, but the models are challenged with long-term sustainable financial operations. The reduced price tag comes from simplifying needed functional spaces that contribute significantly to the bottom line and support desired community access points. Both models would require higher utilization, which might be difficult to achieve in a starting facility.

NVA can recommend that this project proceed into future development phases. The research, outreach, and modeling have demonstrated that feasible models are possible, and the community has demonstrated a very clear interest and engagement in supporting the project's vision and objectives.

As has been clearly laid out in the discussions and arguments of this report, a feasibility study is the first step in a project of this type and scale. There is an opportunity here that NVA recommends the Port of Seattle, King County, and its future partners proceed with studying and evaluating for future development. That continued work will need to include the refinement of a model that is the best fit for the partners engaged (and their priorities), the future site selected (and municipal partners engaged), and the development team engaged in refining the designs, functions, and opportunities discussed herein.

#### Appendix A: General Project Resources<sup>4</sup>

- Project Kickoff Presentation Slides (Project Team and Project Advisory Versions) (PDF)
- IPM Project Workplan – Master Workplan/Timeline (PDF)
- IPM Project Workplan – Advisory Meetings Booking Outline (PDF)
- Project One-Pagers (4 Variations) (PDF)
- IPM Case Studies Original outline (PDF)

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<sup>4</sup> This report includes three Appendices with documents that were created during the study work between March 2023 and March 2024. All appendix documents were shared via a Google Shared Drive and provided to the Port and County project team representatives for future dissemination or storage.

## Phase 1: Market Analysis Summary Report

### Project Background and Conclusions Executive Summary

#### Phase 1: Purpose and Vision

The **vision** for the project is an international public market (IPM) that will attract tourists and visitors, provide a gathering space, showcase local cultural attributes, and support economic development and entrepreneurship for small businesses in south King County (with an emphasis on supporting small ethnic businesses).

Three objectives defined the feasibility study's purpose:

1. To conduct thorough stakeholder outreach and engagement to assess demand for a public market, including current market operators, current small business tenants, potential small business tenants, local food entrepreneurial experts, etc.
2. To determine the potential benefits of an IPM in south King County as part of stakeholder outreach and engagement
3. To evaluate current market conditions surrounding public markets and similar entrepreneurial spaces in south King County

#### Phase 1: Project Goals

The goal of this phase of the feasibility study was to understand the demand, viability, and potential benefits of an IPM as well as to identify the components and programs that could be most beneficial to both vendors and consumers. To that end, the study focused on the following actions:

- identifying potential operators
- identifying consumer (community) interests: products, foods, services, spaces, etc.
- determining infrastructural and programmatic needs
- identifying potential revenue and cost considerations (desired retail rates, desired frequency of vending, etc.)
- identifying the benefits of an IPM for the local community
- evaluating tourism and regional spending potential
- studying regional landscape to understand current market offerings and avoid overlap in services

#### Research Hypothesis

Iterations of research and planning for the formation of an IPM in south King County have been discussed for many years. For various reasons, such a market has not yet been launched, though there has been significant interest in the concept. When NVA was hired to complete phase 1 of the research, the project team and advisory committee co-chairs committed to completing research and public outreach to determine the current interest in an IPM. It was hypothesized that there would be interest in retail, but other offerings were to be explored, including community space, programming and educational offerings, and other infrastructure considerations like storage, production, parking, and so on.

#### Project Methodology

NVA has developed a multi-stage planning process. The early stage examines the regional landscape to uncover gaps and opportunities for development. Where enterprise ideas are indicated, NVA develops and refines the business case in a phased approach that tests its viability before advancing.

The research tools and methodology for this project were chosen to address the project’s diverse audience, the objective information needed in future models (phase 2), and the specific data points highlighted in the scope. Utilizing public and syndicated data, secondary research created an overview of the local, regional, and statewide food systems. Secondary research included a consumer demand analysis to inform the retail components of the project goals. Surveys, interviews, facilitated discussions, in-person visits, and interviews were the primary research tools identified for this project scope. The analysis of primary and secondary research tools presented a viable argument for an IPM. The following sections of this report detail the research and analysis performed between May and August of 2023.

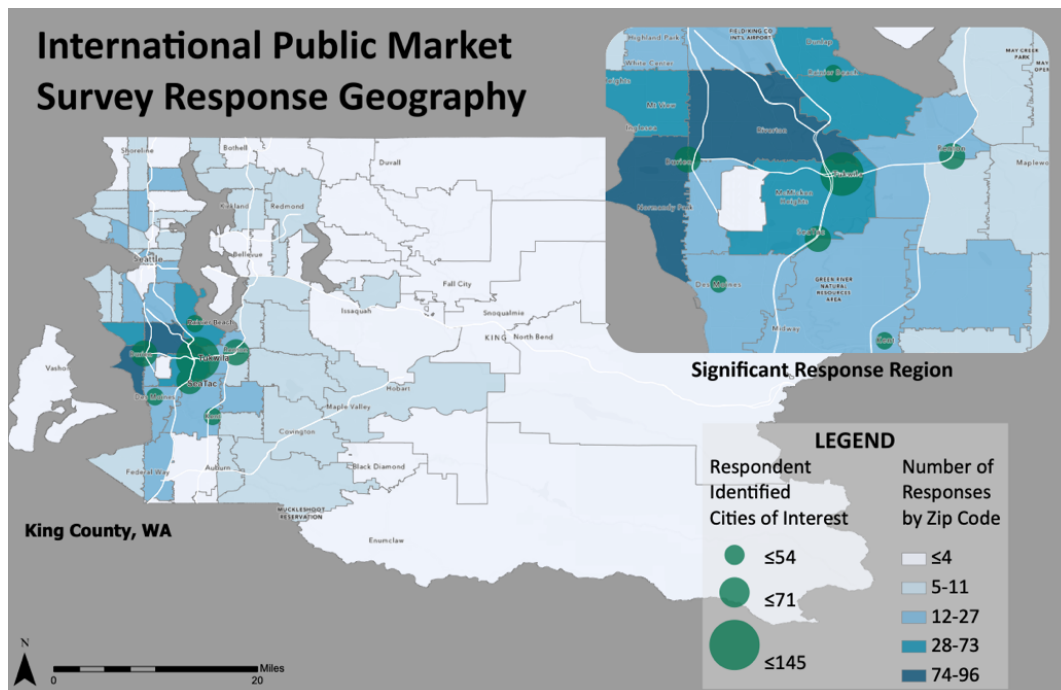
### Outreach

Utilizing surveys, interviews, and facilitated discussions, NVA was able to collect input from constituencies in nine different languages and received 928 survey responses. Figure 1 below shows the response rates by ZIP Code; respondents were predominantly from ZIP Codes identified as Tukwila, Seattle, and Burien, with significant responses also coming from SeaTac, Des Moines, and Kent.

At several planned mid-research intervals (detailed later in this report), NVA engaged the project team and advisory committee to ensure that the project received a statistically significant response rate that reflected the region as accurately as possible. The efforts of phase 1 will be followed by phase 2, which will allow further opportunities to engage with additional community partners and constituents. Interested parties should refer to the project site for more ways to engage. The project site is linked here:

<https://www.portseattle.org/projects/international-public-market-feasibility-study>.

Figure 1: King County survey response distribution and IPM cities of interest



### Summary of Findings

Phase 1 of the IPM feasibility study was designed to assess the first lever of feasibility, which includes identifying community needs and objectives and whether they align with the proposed project’s objectives and potential

outcomes. The analysis and outreach conducted identified clear community interest in and support of the proposed IPM. The potential space needs, community access points, and programs/services that community individuals and groups identified as being of value all align with the potential contributions of an IPM to the regional market.

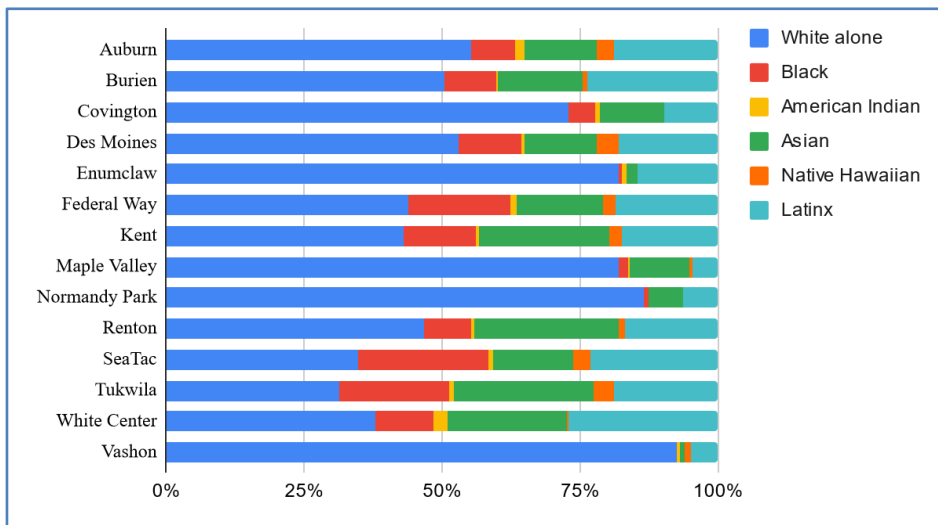
There is interest in retail/food retail spaces, community spaces, placemaking spaces (gathering), and vendors to support those interests. Businesses expressed a need for business support services to support their growth, and several regional organizations identified these as among the services they offer. There is also a strong desire for authentic cultural representation through vending opportunities and educational or community-focused classes and events.

### Landscape Analysis

A landscape analysis of the region was conducted in July 2023 to gain a better understanding of regional demographics, economic conditions, and the food system landscape as it relates to a public market. Secondary research accessed public and syndicated data to create an overview of the local, regional, and statewide food systems.

According to the 2020 Census, 665,655 people reside in the study area, a 24.8 percent population increase from 2010. The three most populous areas are Kent (136,588), Renton (106,785), and Federal Way (101,030). The region is diverse, with 51.5 percent of the population identifying as White alone, 9.5 percent as Black, 0.8 percent as American Indian, 14.3 percent as Asian, 1.5 percent as Native Hawaiian, and 15.7 percent as Latinx.<sup>5</sup>

Figure 2: Population demographics in the south Seattle region



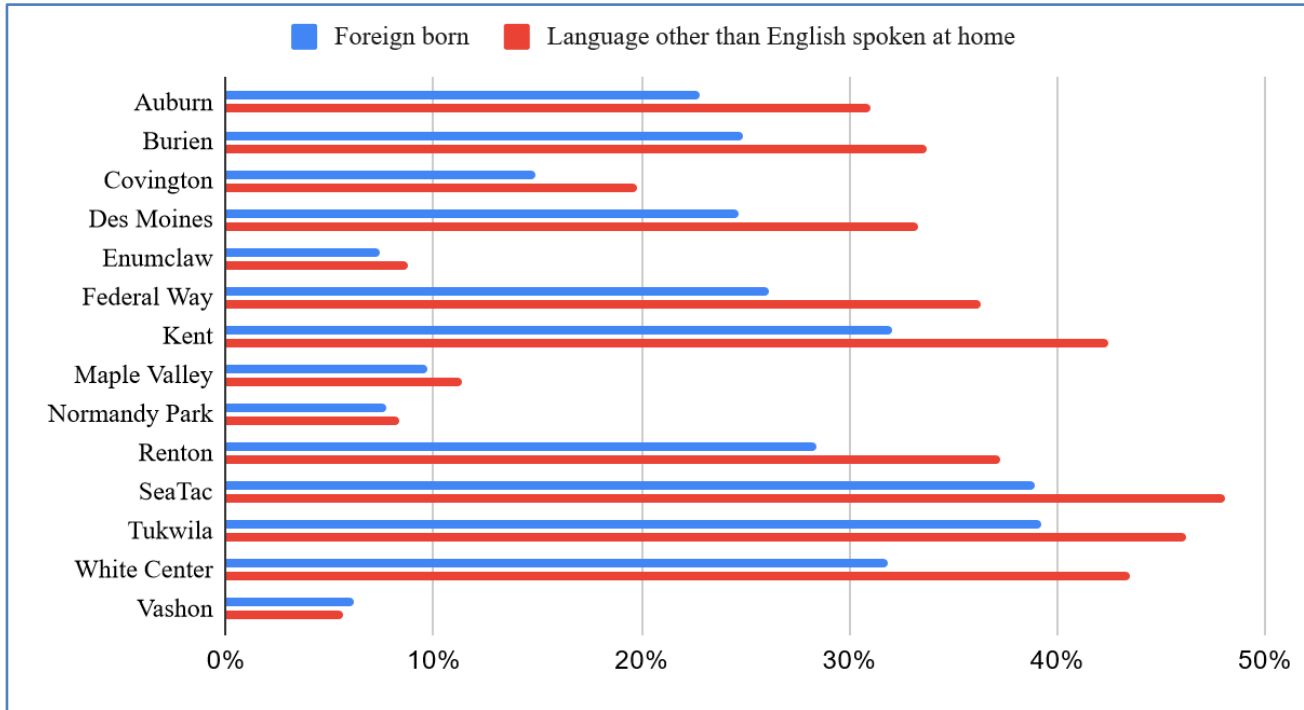
Washington state is the third largest refugee-receiving state in the United States. In the study area, 22 percent of the population is foreign-born, and 30 percent speak a language other than English at home. The foreign-born population grew by 39.8 percent from 2010 to 2020, from 117,342 to 173,094.<sup>6</sup> A 2016 study by the Pew

<sup>5</sup> United States Census Bureau, "Quick Facts," 2020, <https://www.census.gov/quickfacts/WA>.

<sup>6</sup> Ibid.

Research Center estimates there are 140,000 undocumented immigrants in the Seattle–Tacoma–Bellevue metro area.<sup>7</sup>

Figure 3: Foreign-born population (by city) in south Seattle region



The industries that have the highest share of foreign-born workers in the Seattle metropolitan area are professional, scientific, and technical services (32%); administrative support (31%); information (28.7%); health care and social support (26.7%); and tourism, hospitality, and recreation (27%).<sup>8</sup>

### Food Access

Access to healthy food options is essential to healthy eating habits, which are, in turn, essential to good health. Food access considers a consumer’s ability to physically get to places where healthy foods are available for purchase, the affordability of healthy food options, and the availability of assistance to ensure consumers can purchase healthy food.

- In 2021, the overall food insecurity rate for all people in King County was 7.3 percent; the insecurity rate among children was 8.1 percent. These rates are lower than the Washington state average of 8.9 percent and 11.8 percent, respectively.<sup>9</sup>
- The food insecurity rate is higher for non-White populations: for Black persons, the rate is much higher at 23 percent, and for Latino persons, it is 16 percent.

<sup>7</sup> Pew Research Center, “Estimates of U.S. Unauthorized Immigrant Population, by Metro Area, 2016 and 2007,” 2016, <https://www.pewresearch.org/hispanic/interactives/unauthorized-immigrants-by-metro-area-table/>.

<sup>8</sup> New American Economy, Seattle Metro Area, 2022, <https://www.newamericaneconomy.org/city/seattle/>.

<sup>9</sup> Feeding America, Map the Meal Gap, 2021, <https://map.feedingamerica.org/county/2021/overall/washington>.



- Eight percent of all households in King County are enrolled in SNAP. Only 5.4 percent of White households are enrolled in SNAP, whereas 25.7 percent of Black households and 13.7 percent of Latino households are enrolled in SNAP.<sup>10</sup>

### Small Business Landscape

A recent SmartAsset study ranked King County seventh best among Washington’s thirty-nine counties for small-business owners in 2020. In King County, almost 23.5 percent of the tax-filing population reported small-business income, and over 7.9 percent of total income was from small businesses.<sup>11</sup> The report “Immigrants and Opportunity in America’s Cities” reviewed twelve key indicators in America’s 100 most populous metropolitan areas to identify the communities where immigrants thrive. According to the report, the Seattle–Tacoma–Bellevue metro area ranks as the fourth best city for immigrants.<sup>12</sup>

As of 2019, there were 284,846 nonemployee establishment owners in the Seattle–Tacoma metropolitan area. Of these, 18 percent were foreign-born. Of the nonemployee establishments, 1,871 fell within food manufacturing, food retail, and restaurant sectors as indicated in table 5.<sup>13</sup>

*Table 5: Nonemployee establishments in the Seattle–Tacoma metropolitan area, 2019*

	Number of nonemployee establishments	Sales, value of shipments, or revenue
<b>Food Manufacturing</b>	451	\$24,120,000
Sugar and confectionery product manufacturing	32	\$790,000
Fruit and vegetable preserving and specialty food manufacturing	32	\$2,171,000
Seafood product preparation and packaging	38	\$3,853,000
Bakeries and tortilla manufacturing	115	\$4,207,000
Other food manufacturing (teas, coffee, spices, snack foods, dressing, etc.)	185	\$10,194,000
<b>Specialty Food Stores</b>	332	\$23,665,000
<b>Grocery Stores</b>	277	\$31,015,000
<b>Restaurants and Other Eating Places</b>	813	\$68,629,000

As of 2021, there were 12,495 foreign-born business owners in the Seattle–Tacoma metropolitan area.<sup>14</sup> Recognizing the important contributions immigrants make to the state's economic vitality, in 2019, the legislature passed SB 5497, "ensuring the state of Washington remains a place where the rights and dignity of all

<sup>10</sup> United States Census Bureau, “Food Stamps/SNAP in King County, 2021 American Community Survey 5-Year Estimates,” 2023, [https://data.census.gov/table?q=S2201:+FOOD+STAMPS/SUPPLEMENTAL+NUTRITION+ASSISTANCE+PROGRAM+\(SNAP\)](https://data.census.gov/table?q=S2201:+FOOD+STAMPS/SUPPLEMENTAL+NUTRITION+ASSISTANCE+PROGRAM+(SNAP)).

<sup>11</sup> Puget Sound Business Journal, “Study: Here’s Where King County Ranks among the Best Places for Small Businesses,” 2021, <https://www.bizjournals.com/seattle/news/2021/04/04/king-county-ranked-wa-for-small-businesses.html>.

<sup>12</sup>The George W. Bush Institute–SMU Economic Growth Initiative, “Immigrants and Opportunity in America’s Cities,” 2022, <https://gwbushcenter.imgix.net/wp-content/uploads/Immigrants-and-Opp-3.pdf>.

<sup>13</sup>United States Census Bureau Economic Survey, “Nonemployer Statistics by Legal Form of Organization and Receipts,” 2019, <https://data.census.gov/table?q=NS1900NONEM>.

<sup>14</sup> United States Census Bureau Annual Business Survey, “Owner Characteristics of Respondent Employer Firms,” 2021, [https://data.census.gov/table/ABSCBO2020.AB2000CSCBO?q=ab2000\\*&g=310XX00US42660&nkd=QDESC~O11](https://data.census.gov/table/ABSCBO2020.AB2000CSCBO?q=ab2000*&g=310XX00US42660&nkd=QDESC~O11).

residents are maintained and protected in order to Keep Washington Working.<sup>15</sup> A work group was established to bring recommendations to the governor and legislature with respect to legalization and related workforce and social service strategies to support undocumented immigrants impacted by federal legislation. Recommendations from the 2021–22 annual report include the following:<sup>16</sup>

- **Keep Washington Working:** Based at Highline College in Des Moines, the Puget Sound Welcome Back Center provides counseling and educational services to help immigrants practice their profession in Washington state.
- **Department of Commerce Small Business Resiliency Network:** This network builds on a trusted messenger model to provide critical small business development support to small businesses, including immigrant, refugee, and minority-owned businesses across Washington. As the Department of Commerce continues to expand this model, the Keep Washington Working workgroup encourages the department to explore how the program can be tailored to meet the needs of non-traditional workers (such as independent contractors and self-employed people).

### Food Business Support/Entrepreneur Incubator Programs

There are valuable initiatives and resources within the study area that support small business entrepreneurs and owners:

- **Shared commercial kitchen spaces:** In King County, there are as many as ninety formal and informal shared commercial kitchen spaces, with most being shared informally. Recent studies show that many of these kitchens have four or more businesses licensed in the same space. Most appear to be leased on an hourly basis.
- **Food business/entrepreneur incubator facilities and programs:** While more than sixty incubators/accelerators exist across the western Washington region, few cater to small and mid-sized food producers. Following is a list of regional resources that do so:
  - **International Rescue Committee** in SeaTac provides immigrants and refugees with business-skills training and supports entrepreneurship through mentorship and technical assistance.
  - **Project Feast** in Kent provides refugees and immigrants pathways to sustainable employment in the food industry.
  - **Ventures** in south Seattle offers business training and commercial kitchen rental.
  - **Food Business Resource Center (FBRC)** in Tukwila is a one-stop shop for Washington state food entrepreneurs to access skills, resources, networks, and marketplace opportunities needed to start, run, and grow a successful food-related business.
  - **Food Innovation Network** in SeaTac has a food business incubator program that helps entrepreneurs launch food businesses by providing training, mentorship, subsidized commercial kitchen access, and support with permitting, licensing, menu planning, and marketing.
  - **Spice Bridge** became home to Food Innovation Network’s food business incubator program, which supports under-resourced south King County residents, primarily women of color and immigrants. Food entrepreneurs can access a commercial kitchen, restaurant space, and a community hub.

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<sup>15</sup> Washington State Dept of Commerce, “Keep Washington Working,” 2021, [https://www.commerce.wa.gov/wp-content/uploads/2022/02/CommerceReports\\_20220125\\_OEDC\\_KeepWAWorking\\_Final.pdf](https://www.commerce.wa.gov/wp-content/uploads/2022/02/CommerceReports_20220125_OEDC_KeepWAWorking_Final.pdf).

<sup>16</sup> Ibid.

In addition to the accelerator and incubator list above, there are several organizations that provide small business and entrepreneurial coaching among their services.

## Retail Analysis

### Independent Food Establishments in the Market Area

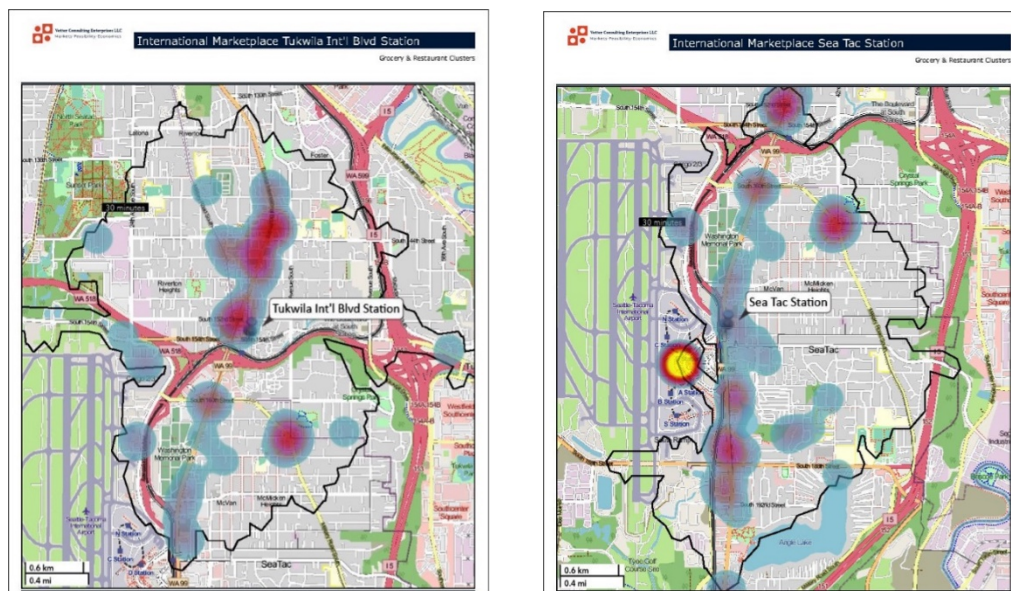
To assess the current market of retail establishments that might service a similar need to an IPM or the vendors that make up an IPM, NVA performed retail analysis to identify the locations, types, and the sizes (by employees and average annual sales) of current operators in the market. The retail analysis was conducted with the support of Vetter Consulting Enterprises, LLC.

All tables and charts in this section represent cumulative datasets based on a thirty-minute walk time from both the SeaTac light rail station and the Tukwila light rail station. In figure 4 below, the geographic parameters of these data sets are illustrated with a black line; Seattle–Tacoma International Airport is excluded from this retail analysis.

### Geographic Density of Food Establishments

In figure 4 below, two heatmaps are shown indicating the presence of independent food establishments within thirty minutes' walking distance of the Tukwila light rail station (left) and SeaTac light rail station (right). Independent food establishments are non-franchised or chain food businesses that are in the category of either convenience, grocery, restaurants, or cafes.

Figure 4: Heatmaps of independent food establishments Tukwila (left) and SeaTac (right)



In both maps, most of the food establishment clusters appear along International Boulevard, with pockets of retail activity in smaller volumes visible in other locations as well.

### Type and Size of Food Establishments

As seen in figure 4 above, the two defined market areas overlap slightly. For the following section, overlap has been removed to keep the datasets separated by city and walk time, versus strictly walk time. Table 6 below shows the number of food establishments by dataset broken into independent convenience stores, ethnic food

stores, and markets versus independent full-service restaurants and cafes. At its most basic, this table confirms that some of the core services of an IPM are already represented in the studied region, and they are quite small (number of employees and average annual sales). We see that SeaTac is home to more and larger restaurants, while Tukwila is home to more profitable convenience stores, ethnic food stores, and cultural markets.

Table 6: Food establishments within thirty minutes' walking distance of SeaTac and Tukwila light rail stations

	Convenience stores, ethnic food stores, markets (independent)	Full-service restaurants and cafes (independent)
<b>SeaTac</b>		
Number of establishments	10	24
Average # of employees	3	12
Average sales	\$450,000	\$786,059
<b>Tukwila</b>		
Number of establishments	10	15
Average # of employees	2.7	6
Average sales	\$651,111	\$383,500

### Current Spending in the Market Area

To evaluate the market conditions surrounding retail spending in food establishments, NVA performed a gap analysis of the convenience/grocery and the dining out categories for the thirty-minute walk time datasets around the SeaTac and Tukwila light rail stations.

Gap analysis compares the demand (spending by residents) against the sales in a specific region and category of spending. If the gap analysis shows that there is a “draw,” this means that there are more sales than demand in a given area; that is, there are people traveling to the region to spend money. In table 7 (below), the gap analysis shows that all four datasets have a market draw. This is promising for an IMP, as it indicates that people are already traveling to the identified regions to spend in both convenience/grocery and dining out categories.

The demand in the two geographic datasets is comparable, yet Tukwila shows a notably large draw in the convenience/grocery category. This indicates that the retail market for convenience or grocery items in Tukwila might not support more of this type of establishment. The same indications are not true in the dining category.

Table 7: Retail gap analysis for SeaTac and Tukwila<sup>17</sup>

SeaTac market areas leakage/draw by business type			Tukwila market areas leakage/draw by business type		
<b>Convenience/grocery</b>					
Demand (spending)	Sales	Leakage/draw	Demand (spending)	Sales	Leakage/draw
\$51,967,360	\$64,579,199	<b>\$12,611,839</b>	\$51,420,958	\$105,586,810	<b>\$54,165,852</b>
<b>Dine-out</b>					
Demand/spending	Sales	Leakage/draw	Demand/spending	Sales	Leakage/draw
\$25,983,196	\$42,002,206	<b>\$16,019,010</b>	\$25,833,655	\$42,824,780	<b>\$16,991,125</b>

<sup>17</sup> Tourism Economics, an Oxford Economics Company, “Economic Impact of Tourism in Seattle 2022,” prepared for Visit Seattle, 2023.

## Projected Tourism Spending

A key component to the vision of the IPM project is attracting not only local shoppers but travelers and tourists as well. To evaluate the viability of attracting tourism and begin to estimate the projected tourism spending at an IPM, NVA referenced a report prepared for Visit Seattle by Tourism Economics.<sup>18</sup> Using just the tourism spending data from 2022 and projecting forward, NVA considered the following important factors to make projections: proximity to Seattle attractions and day visitors versus overnight visitors. Additionally, NVA considered the categories of spending that overlap with the typical offerings of an IPM, including food and beverage, retail, and recreation (concerts, comedy shows, classes, etc.).

An IPM located outside of the primary tourist destination of a metropolitan region will require strong partnerships, marketing, and time to develop a significant consumer pull. Day visitors are more likely to visit a new market, as they are more likely to be arriving by vehicle from surrounding areas and are likely to have previously visited the region and be looking for new attractions. With conservative estimates based exclusively on the 2022 tourism spending data prepared for Visit Seattle, NVA projects a potential of \$43,280 of the current tourism spending could be redirected toward an IPM in south King County, with that number climbing to over \$4 million after year 3 (assuming capturing 2% of overnight market and 16% of day visitor market).

It is important to note that new retail destinations require significant marketing efforts and time to develop a retail draw. In phase 2 when sites are considered, proximity to Seattle-Tacoma Airport could be an important consideration, as it has the potential to encourage travelers or those with overnight layovers to build in time for an additional stop on their way in or out of the region. Phase 2 of NVA's work will include financial analysis, which will consider these projections among other factors to assess financial viability.

## Learning from Other IPMs

International public markets can be designed in many ways to highlight the cultural and economic priorities of the region they are looking to serve. There are many exciting examples worldwide of what an IPM can be to the community it is a part of—offering a cultural, community, event, or retail center. Table 8 highlights four examples representing diverse communities in Canada and the United States that share mission or community aims with this proposed project.


The examples highlighted include examples of municipalities supporting IPM projects from an operational standpoint, projects of varying sizes and economic impact, and highlight a variety of operating models that successfully showcase diverse retail and programmatic offerings.

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<sup>18</sup> Ibid.

Table 8: IPM case studies

Case study	Facility	Economic impact	Operations
<p><b>Eastern Market, Detroit, MI</b></p>  <p><b>Key takeaways:</b> Large market with many vendors, many revenue streams, and a very high economic impact</p>	<p>Farmers market, public market, incubator space, food hub</p> <ul style="list-style-type: none"> <li>• 125,000 square feet</li> </ul>	<ul style="list-style-type: none"> <li>• 125 vendors/retailers representing a diverse mix of culture and ethnicities</li> </ul> <p>Each year, approximately</p> <ul style="list-style-type: none"> <li>• 2 million people shop and buy food at EM (40,000 visitors daily during peak season),</li> <li>• \$360 million of wholesale food is sold in EM,</li> <li>• \$418 million of meat is sold, and</li> <li>• 1,300 are permanently employed in EM food businesses.</li> </ul>	<ul style="list-style-type: none"> <li>• Managed by a nonprofit corporation</li> <li>• \$7.1 million operating budget</li> <li>• Foundation and grants (82.5%)</li> <li>• Rental (16.5%)</li> </ul>
<p><b>St Lawrence Market, Toronto, ON</b></p>  <p><b>Key takeaways:</b> Large number of merchants spread through multiple facilities to increase impact; project operation is city-supported</p>	<p>Public market, demonstration kitchen, art gallery</p> <ul style="list-style-type: none"> <li>• 111,458 square feet</li> </ul>	<ul style="list-style-type: none"> <li>• 120 unique merchants</li> </ul> <p>Consists of 3 multi-use buildings</p> <ul style="list-style-type: none"> <li>• North Market: Saturday farmers market, Sunday flea market, and rental space</li> <li>• South Market: specialty vendors, prepared foods, fresh produce; art gallery on 2nd floor</li> <li>• St. Lawrence Hall: retail businesses, rental space, and city offices/uses</li> </ul>	<ul style="list-style-type: none"> <li>• Public asset managed by the Real Estate Services Division of the City of Toronto</li> <li>• Cost of current redevelopment of North Market is around \$116.3 million, largely coming from city budget</li> </ul>
<p><b>Essex Street Market, LES, NYC</b></p> 	<p>Public market, demonstration kitchen, gallery</p> <ul style="list-style-type: none"> <li>• 37,000 square feet</li> </ul>	<ul style="list-style-type: none"> <li>• 37 unique merchants</li> <li>• 2 restaurants</li> <li>• Includes a mix of over 10 different ethnic cuisines</li> <li>• Located within Essex Crossing, a development that includes 1,079 units of housing, half of which will be permanently affordable for low- to middle-income households and senior citizens, a 15,000- square-</li> </ul>	<ul style="list-style-type: none"> <li>• Managed by New York City Economic Development Corporation</li> <li>• Offers vendors rent at below-market rates and aids build out of their physical spaces</li> </ul>

Case study	Facility	Economic impact	Operations
<p><b>Key takeaways:</b> Multi-use space supporting diverse merchants; managed by Economic Development Corporation of NYC</p>		<p>foot public open space, a rooftop urban farm, office space, and a diverse mix of retail and community space</p>	
<p><b>Market Square, San Antonio, TX</b></p>  <p><b>Key takeaways:</b> Multi-use space dedicated to cultural representation and education, city-owned, and offers development opportunities to a moderate number of merchants; high volume of visitors drawn to events and cultural experiences</p>	<p>Historic Mexican market and outdoor plaza</p> <ul style="list-style-type: none"> <li>• Covers 3 city blocks</li> <li>• Hosts regular cultural events</li> </ul>	<ul style="list-style-type: none"> <li>• 53 small business vendors at the market and 32 at El Mercado</li> <li>• Up to 24 working artisans and 13 food vendors on the outdoor plaza</li> <li>• More than 1.8 million people visited Historic Market Square between August 2022 and July 2023. In March and April alone, more than 600,000 people typically visit for Fiesta events.</li> <li>• Part of the heritage portion of San Antonio’s tourism industry, which has \$2.5 billion in visitor expenditures, resulting in nearly 52,000 jobs and \$1.7 billion in salaries and wages each year</li> </ul>	<ul style="list-style-type: none"> <li>• City-owned</li> <li>• Managed by the Department of Historic Preservation</li> </ul>

## Secondary and Retail Analysis Findings

The findings of secondary research point to the finding that many of the key components necessary for the success of an IPM exist locally: demonstrated retail sales, a diverse community of entrepreneurs and organizations dedicated to business development, and the potential economic impact of a multi-vendor market.

## Primary Research

### Methodology

NVA utilizes multiple tools to build a comprehensive understanding of the regional landscape. For this project, primary research subjects included potential shoppers, vendors, and the large network of organizations and municipal partners invested in the region. The project team and advisory committee heavily supported the development of outreach lists, identifying communities of interest, and opening lines of communication between NVA and research partners. This work would not have been possible without the efforts of the full research team and advisory committee.

It is important to state that this initial phase of research was not able to include every ethnic and cultural group represented in the region; there are still many perspectives to continue to be incorporated into this project through its development, establishment, and eventually its operation.

Primary research included interviews, a survey, site visits, community events, and facilitated/translated discussions. Each of these tools were employed to learn from key partners and demographic groups in different ways to achieve the most well-rounded findings possible with the time and resources dedicated to this phase of research.

## Interviews

The following is a full list of stakeholders interviewed. Fourteen interviews were conducted virtually between June 12 and July 14, 2023. Interviewees included city officials, entrepreneurs and small business owners, and social welfare program workers.

*Table 9: Completed interviews*

Name	Organization
<b>Abdirahman Omar</b>	African Career and Resources Associates; King County Department of Community Health Services
<b>Hamdi Abdulle, Abokor Isaak</b>	African Community Housing and Development
<b>Aleksandr Yeremeyev</b>	City of SeaTac
<b>Derek Speck</b>	City of Tukwila
<b>Faisal Mohamed</b>	SeaTac International Mall
<b>Hien Kieu</b>	Partner in Employment
<b>Mark Everton</b>	Seattle Southside Regional Tourism Authority
<b>Marwa Sadik</b>	Iraqi Community Center of Washington
<b>Medhi Jumale</b>	Tawakal Supermarket and Zain Restaurant and Bakery
<b>Peter Gishuru</b>	African Chamber of Commerce of the Pacific Northwest, African Business Innovation Center
<b>Samantha Le</b>	Seattle southside Chamber of Commerce
<b>Shamso Issak</b>	Living Well Kent
<b>Maribel Pastor, Diana Hernandez, Nadia Melo</b>	Villa Comunitaria
<b>Jose Manuel Vasquez</b>	Growing Contigo
<b>Munira Mohamed</b>	East African Community Services
<b>Jessie Kotarski</b>	City of Renton
<b>Commissioner Hamdi Mohamed</b>	Port Commissioner
<b>Councilperson Dave Upthegrove</b>	Councilperson, King County
<b>John Schofield</b>	CuliNEX
<b>Gary Hopkins</b>	Mango Thai

## Results and Analysis

The full interview synthesis can be found listed in appendix A. The following is a summary of themes pulled from all interviews conducted:

**Need for a public market:** Ten interviewees agreed that “yes” there is a need for an international public market. There was enthusiasm, around the concept of an IPM primarily to give a unified home to the many cultures the region can showcase. Themes in interviews included a thoughtfully curated space, strong considerations to support the success of the vendors (business support, language facilitation, training, etc.), diverse retail options



and events for the customer, and resources to support the community. Interviewees identified grocery options as a regional need; halal was mentioned specifically several times.

When asked, interviewees envisioned a “global village” at the international market. They also hoped there would be synergy between all the businesses so that healthy competition and mutual thriving could be achieved. Types of businesses mentioned included food, arts, apparel, and technology.

**Stated benefits of an IPM:** Interviewees stated that an IPM could bring opportunities to the area to support the local economy, community building efforts, and social welfare. It would create more jobs in addition to enriching the cultural landscape and bringing new ideas of culture to the region, as it would be a space for gathering different groups together. A space to congregate resources would enable locals to find both their household needs and other socio-cultural needs in one place.

Interviewees expressed enthusiasm that an IPM would offer opportunities to invest in community businesses and make the region more popular to visitors.

**Location:** In interviews, individuals were asked what cities they thought would be suitable for a new IPM. There was a strong expressed interest in SeaTac as a potential market location (nine references), primarily because of the proximity to the airport and existing commerce on International Boulevard. Tukwila was also heavily cited as a potential location for an IPM, with six specific mentions.

When considering locations for an IPM, interviewees expressed the importance of modes of public transportation to make it accessible. If airport visitors are a priority market, interviewees suggested transportation be provided to or from the airport or other popular gathering sites to ease access.

**Existing regional programming:** Interviewees referenced the Mall of Africa, Spice Bridge, and the former Bakaro Mall when asked about retail or programmatic offerings similar to an IPM. Interviewees highlighted that retail spaces already in existence are limited in that they primarily served a narrow audience and are not necessarily accessible or targeted to a broad retail market.

**Important considerations:** The most common theme among interviewees was the importance of authentically advocating for the needs of the community and representing the cultures the IPM is designed to showcase. Suggestions to achieve this included ensuring that the development of the market is led and supported by people from within the community, building in considerations for vendor and shoppers language needs, and continually having community representation in decision making around IPM development and programming. **“Representation matters,”** one interviewee said. For an IPM to be a truly international market, issues from within the communities represented must continue to be part of outreach efforts and decision making. It was also referenced that coaching or curation could help make the products accessible to an audience that is not familiar with cultures represented or items sold.

With regards to **business preparation**, many interviewed not only suggested that potential vendors will require coaching to scale their business to the appropriate size but offered that their organizations already provide this type of programming. **Language barriers** were frequently cited as an important consideration for business preparation. Interviewees were concerned about making sure that potential vendors who might not be comfortable in English have access to the tools to help them understand how to navigate the opportunities presented by an IPM in addition to the challenges of interacting with customers that might also speak a variety of languages.

The **affordability** of products and rental space will need to be evaluated closely. Interviewees explicitly stated that for an IPM to service both locals and tourists, a range of price points will need to be reflected. Additionally, to support the development of generational wealth among south King County residents, business ownership must be approachable. To encourage this, it was suggested that entrepreneurs would benefit from having an IPM in which there is a pipeline to growth, starting with affordable, regular vending opportunities and building toward long term, higher-capital retail spaces.

**Customer demographics:** One of the goals of phase 1 research was to evaluate both regional and tourism spending. When asked if they expected that a project like this could meet the needs of local shoppers in addition to attracting tourism, one interviewee said, “Without the traveler, it can’t be successful.” In many interviews, individuals stressed that they were enthusiastic about the opportunity to showcase the region’s diversity in a retail setting.

**Communities to include:** In every interview inclusion was a major topic, be that through language accessibility, research outreach methodologies, market development strategy, partnerships with community to ensure longevity, or authentic representation. The following is a list of languages, countries, or cultures that were explicitly mentioned in interviews as priorities to represent the region: Afghani, Algerian, Hmong, Vietnamese, Congolese, East African, Ethiopian, Iraqi, Mexican, Middle Eastern, Pakistani, Pilipino, Punjabi, Somali, Syrian, Latinx, West African. This list is not exhaustive, and while interviewee suggestions informed research methodologies, NVA, the Port of Seattle, and King County focused outreach on the broadest reach possible to ensure that all interested parties were invited to join the conversation.

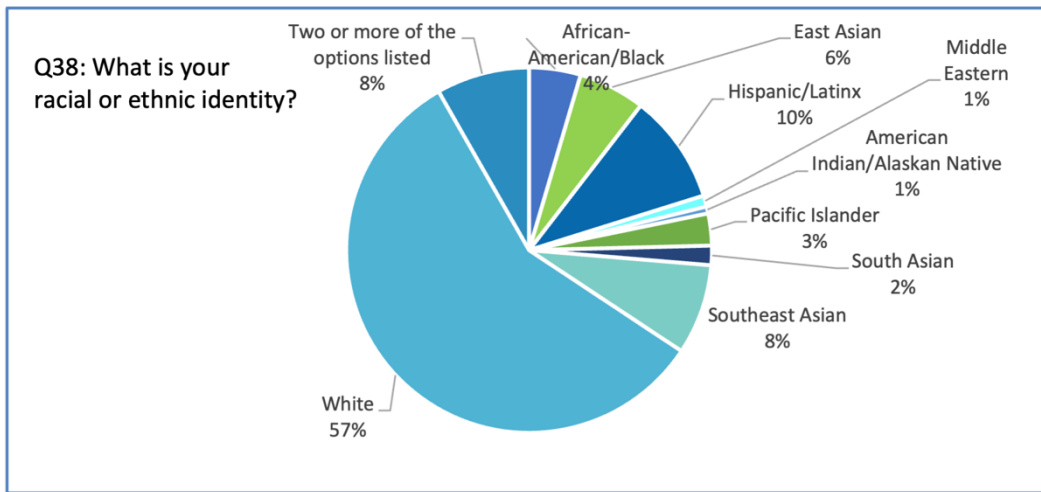
## Surveys

With a large and diverse study area, it was important to build a survey that could reach as many south King County constituents as possible. To ease the distribution of the survey, a single survey was designed that asked participants to self-select which of the following applied most to them: the desire to make or sell goods at an IPM (potential vendors) or the desire to shop or attend events at an IPM (potential customers). All respondents were asked the same set of questions designed to determine market demand, shopping habits, and perceptions of an IPM. Those that identified as potential vendors were asked an additional set of questions pertaining to their business, vending needs, and infrastructure requirements. The survey was written in English and translated into Somali and Spanish; all language options were accessible using the same web link.

Initial interview findings showed that SeaTac and Tukwila were key geographic areas of interest. As a result, the survey language highlighted these two cities. It is important to note that in this phase of the IPM study there has not been a city or site located for this project.

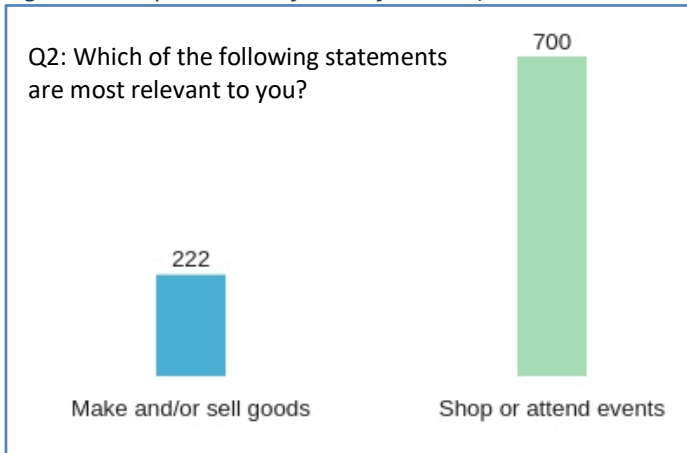
The survey was open between June 27 and July 31, 2023; in that time, a total of 928 responses were collected. At the beginning of the survey, each respondent was asked for their ZIP Code to help determine the geographic reach of the survey and proximity to potential future market sites. Respondents were predominantly from ZIP Codes identified as Tukwila, Seattle, and Burien, with significant responses also coming from SeaTac, Des Moines, and Kent. The racial or ethnic identity of survey respondents closely reflects that of King County as a whole (shown in figure 5 below). A majority (60%) of respondents identified as female, and 75 percent listed themselves as being employed full-time. English was listed by 93 percent of respondents as being among the primary languages spoken at home; roughly 2 percent of the total responses included more than one language as the primary language spoken at home.

Figure 5: Racial or ethnic identity of survey respondents



When asked if respondents thought their community would benefit from having a new IPM in SeaTac or Tukwila, 88 percent of respondents answered positively. Looking strictly at the respondents from these ZIP Codes, 92 percent responded positively. Two hundred twenty-two respondents identified as potential vendors of an IPM, and 88 percent of them (196 people) identified that they make or sell a food product. It is notable that only 2 identified as current or future farmers, and 15 are future business owners that do not currently have a business but are looking to begin vending.

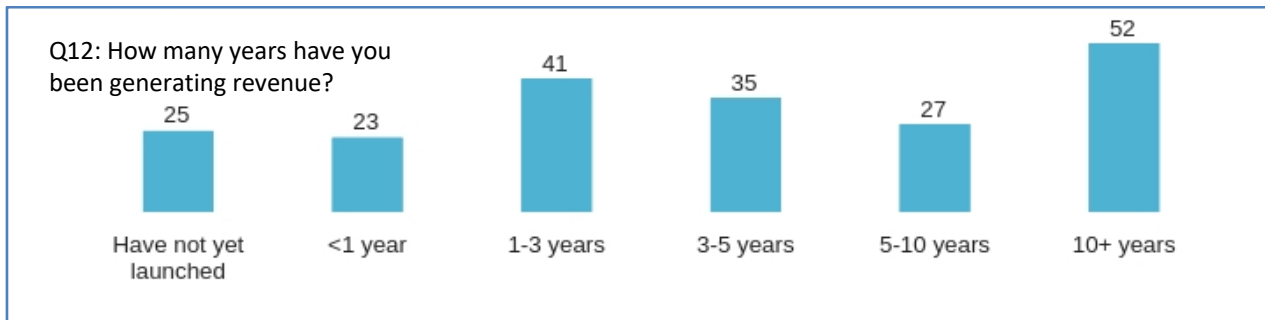
Figure 6: Respondent self-identification (vendor vs. customer)



### Vendors

The majority of vendors identified as food businesses. Within that, most identified as a restaurant or a producer of ready-to-eat food items. Other trends include baked items (bread, pastries, etc.) and mobile vending (catering or food trucks). Most businesses did not list any specific licensing or inspection requirements, but there was a notable interest in halal production and certification. Of the non-food item businesses, eight of twelve offer crafts or hand-made items as their primary product.

Figure 7: Years generating revenue (potential vendors)

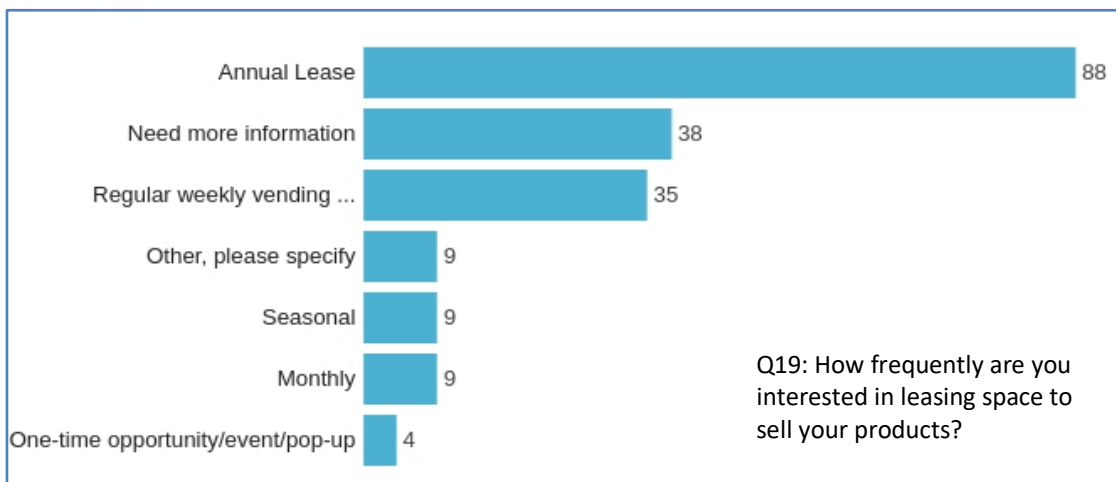


Potential vendors have been generating revenue for a wide range of years, but only 38 percent have been generating revenue for more than five years. After five years of generating revenue, many new businesses are considered to be more established. These numbers indicate that the potential vendors interested in an IPM are still relatively early in their development. Most vendors are also operating year-round.

Vendors are predominantly vending from their own stores or homes; many are also vending at special events (festivals, markets, etc.) or utilizing online sales. Of the vendors making their own products, most are producing out of owned or leased space, some of which was specified as a shared commissary or commercial kitchen.

Vendors report that labor is their primary barrier to growth, followed by access to customers, production space, and equipment.

Figure 8: Desired vending frequency



The most desired vending frequency is an annual lease, but there is a mix of interest in shorter term leases in addition to special event vending opportunities.

Among surveyed vendors, there is interest in space to make products, specifically kitchen space, but more information is needed. Additionally, storage (cold, dry, and frozen) was identified as desirable for potential vendors.

### Customers

Survey respondents were asked which factors they would value in an IPM (see table 10 below). **Freshness of the products and supporting a diverse range of business owners** were top priorities to a majority of respondents. The affordability of products as well as being able to shop for a variety of options were also a notable priority among potential customers. Neither walkability from respondents’ neighborhood nor SNAP/WIC eligibility were among respondents’ priorities. Most parties were neutral about products specific to their culture or heritage, but nearly equal amounts of people identified this as “not important” and “very important.”

Table 10: Factors that would make an IPM an ideal place to shop

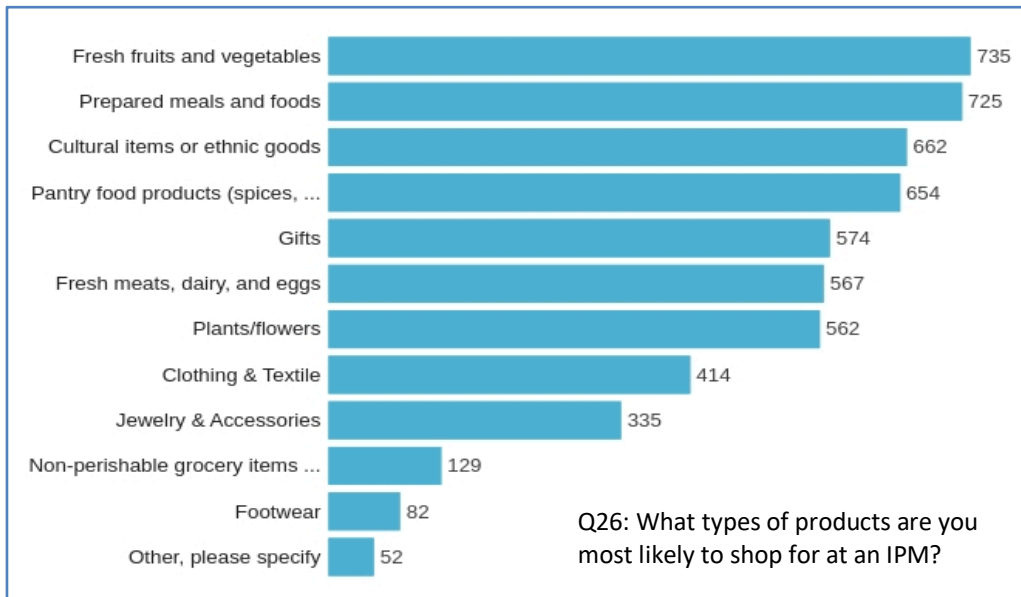
What factors would make an IPM ideal to shop? (Q23)	Not important	Somewhat important	Neutral	Important	Very important
SNAP/WIC eligibility	199	45	412	148	141
Hosting community events	41	71	302	320	211
Hosting classes	90	98	421	225	111
<b>Affordability of the products</b>	22	98	291	334	200
<b>Freshness of the product</b>	6	17	150	280	492
Products specific to my culture/heritage	144	56	397	184	164
Shops run by vendors who are a part of my community	40	51	260	305	289
<b>Supporting a diverse range of business owners</b>	18	29	190	234	474
Walkable from my neighborhood	208	102	390	130	115
Hours of operation	16	72	312	372	173
<b>Offering a variety of options</b>	7	25	188	378	347

Additionally, respondents identified that food stalls and restaurants were most likely to attract visitors, but a variety of vendors would be crucial to a well-rounded consumer experience. In addition to retail opportunities, 459 respondents (more than half) also listed an interest in gathering space.

Because attracting tourism was identified as a goal of this project, the survey also asked respondents what would make them visit an IPM in another city. Food was mentioned as a top attraction in addition to a unique experience, local vendors, events, quality of goods, and parking.

Potential customers are **likely to attend events** at an IPM, and in an open-ended question, the most volunteered types of events included cooking classes, cultural events, crafts courses, and music-based events. There is limited but still significant interest in hosting events (103 individuals), and of the events respondents are interested in hosting, cooking classes were the most common.

Figure 9: Products respondents are likely to shop for



The products respondents are most likely to shop for are **food items** (fresh fruits and vegetables as well as prepared meals and foods). Cultural items, grocery, and gifts were also appealing to potential shoppers.

The reported frequency that customers would shop at an IPM varies, which is important to developing a steady customer base. Predominantly, respondents identified that they would shop once a week, with many stating that they would shop once a month or every two weeks. Collectively, potential customers reported **regular** shopping frequency. Personal vehicles were the most selected transit modality to access an IPM, followed by public transit.

Survey respondents were asked what an ideal location for a market would be. This open-ended question encouraged respondents to input specific neighborhoods, streets, or addresses. There were 661 responses to this question, which is a high response rate for a write-in style question. Table 11 shows the number of times a specific city was referenced, Tukwila was the most commonly listed city. Other common responses included proximity to the light rail or public transit, safe locations, indoor/covered spaces to accommodate weather, and sites with ample parking.

Table 11: Write-in preferences for IPM location (city)

Write-in city suggestions	#
<b>Tukwila</b>	<b>145</b>
Burien	71
SeaTac	64
Renton	55
Rainier Beach	24
Des Moines	20
Kent	15

To assess how an IPM would fit into current offerings, the survey asked respondents what they believe the nearest overlap in services regionally would be. The most cited overlap was farmers markets (85 people), and Spice Bridge (50) and Pike Place (36) were listed as specific businesses of note.

Full survey response reports can be found in the appendix.

### Site Visit

To assist in the feasibility study research, NVA spent three days on-site in south King County to conduct in-person research and interact with the study region. In that time NVA conducted in-person interviews; took guided facility tours; visited markets, grocery stores, international malls, and other establishments that represent marketplace examples of similar ventures or infrastructure; and participated in community events to inform the study.

**Tabling:** While in south King County, NVA requested to participate at the Spice Bridge Farmers Market and SeaTac Music in the Park event. The purpose of these visits was to interact with potential customers to learn about IPM familiarity and interest, potential needs, and to market the survey.

The Spice Bridge market offered the opportunity to connect with people shopping for food, picking up free meals, and shopping for produce with vouchers. There were many languages and ages represented at this market; having a public presence at an event like this allowed NVA to speak to individuals that might not have been reached otherwise, and many of the conversations were interpreted by family members.

The Music in the Park event hosted by SeaTac in Riverton Heights Park was an opportunity to speak with families and groups of friends in the SeaTac area. Three individuals at this event stated that they had already seen and completed the survey.

At both events, NVA observed that groups were primarily arriving by car.

**Site visits:** Interviews and secondary research helped produce a list of markets, grocery stores, international malls, light rail stations, city centers, and areas of interest. While on-site, NVA visited eight retailers, three city centers, two light rail stations, and several other notable areas of interest.

NVA observed that most retailers offer parking, regardless of proximity to light rail stations. While sidewalks exist in the more populated city areas, pedestrian traffic was limited. International malls in the area are home to many vendors, but the range of products is limited to three to four primary types of vendors. Many ethnic grocery stores or convenience stores also offer a small menu of food items, but there are not many food courts or food halls that offer a variety of food and retail options like an IPM would.

With Seattle–Tacoma International Airport as a notable area of interest, NVA walked the light rail station and the surrounding streets and parking lots in addition to driving the adjacent length of International Boulevard. There is a heavy concentration of hotels, several airport affiliated businesses, and some food establishments. There are not a lot of available sites in this dense area, but there are existing bus and light rail transit routes that run north and south.

### Facilitated Discussions

Since interviews were predominantly with organizations, facilitated discussions were an important opportunity to speak directly with current and future business owners. In interviews, NVA learned that many of the cultures

represented in the region are verbal cultures, and people would likely benefit from being interviewed in their native tongue. With the support of two partners, Living Well Kent and Saadia Hamid, two facilitated discussions were hosted at the end of July: one in person and one virtually.

Each facilitated discussion had a list of questions that was translated by an interpreter and delivered either individually or in a group session. Language facilitators shared their notes, and NVA synthesized the findings.

Facilitated discussions took place with a total of thirty-two participants. The languages represented were Arabic, Punjabi, Spanish, Somali, Amharic, Tigrinya, Tigre, and Oromo.

**Vendors represented:** There was a range of business types represented at the facilitated discussions. Roughly half operated or planned to operate a food business. The other half was a mix of services (henna artists, clothing makers, furniture makers, day care operators) or individuals hoping to start a business. Most reported a small volume of current sales with production and sales happening from home or at special events. Most vendors are looking for a regular vending opportunities (a long-term space that allows for daily vending).

**Vendor needs:** In conversations with vendors, NVA found first and foremost that vendors are looking for support in gaining access to a new and larger customer base. While many reported that navigating the licensing process was challenging, primarily due to language barriers, many also reported that they are aware of organizations that can support them with these steps. The cost and limited availability of retail space was commonly expressed as a barrier.

## Research Summary and Takeaways

### Market Demand

There is a clear market demand for an IPM, with over 80 percent of survey respondents expressing that they believe SeaTac or Tukwila would benefit from a **new** international public market. Roughly one-third of respondents expressed an interest in vending at an IPM, which is statistically significant for a region this size, though businesses are relatively small and early in their careers. While research identified many interested vendors, a successful market will need a diversity of vendor types and sizes; it will be important to find larger, well-established vendors as well as providing business development support to entrepreneurs.

There is a strong overlap between what consumers identified as their priorities and the vendors that expressed an interest in an IPM. Consumers are primarily interested in shopping for food items (fresh and grocery items as well as meals). Most potential vendors (82%) identified as food-vendors offering mostly prepared foods (restaurants, caterers, baked goods, deserts, etc.) with a small representation of grocery/retail operators.

Research respondents are enthusiastic about a market in Tukwila and have interest in Burien, SeaTac, and Renton as well. Parking, safety, and access to public transit were notable desired site features.

### Offerings and Benefits of an International Public Market

**Vendors:** If we compare the barriers to growth that vendors reported against the features of an IPM, there is a lot of overlap. In surveys, facilitated discussions, and interviews, vendors repeatedly identified that they would like support gaining access to customers. IPMs offer a strong customer draw by offering a range of products, services, and experiences that not only appeal to broad audiences but also give people reasons to return. Additionally, potential vendors expressed that finding retail space is a great challenge for them due to limited space and the cost of renting. Retail space in a shared location can often be more affordable because management, utilities, and other expenses are shared among many vendors.



Staffing is a national challenge, and many vendors expressed that finding labor is a barrier for them. IPMs offer businesses consistent vending opportunities, which in turn makes them attractive employers. Some IPMs also see shared staffing models to support businesses that might not be able to offer full-time employment and wish to offer their employees a consistent schedule and workplace.

IPMS offer a variety of different retail spaces with different lease terms, sizes, and financial demands. With the number of early-stage businesses NVA interviewed, this flexibility and the opportunity to test out a business without a full-time lease could support sustainable growth versus exponential growth that can be hard to maintain.

Additionally, a theme among vendors and organizations was that an IPM would need to provide business coaching to support vendors as they grow and provide them the tools they need to interact with a broad and diverse audience. An IPM with many vendors makes a perfect location to host courses and trainings and allows the opportunity not only for formal learning but also for mentorship from established businesses vending at the market.

**Community:** The research shows that community members are looking for a community space to gather and learn. IPMs are typically built with a common space that is flexibly used for dining, gathering, and learning. In this way, an IPM is a great community gathering space. These spaces can be used to achieve some of the human services that the research identified as a priority like language classes, job fairs, trainings, and courses.

From a cultural representation standpoint, NVA heard through many channels that people are looking for spaces that showcase the regional diversity and provide opportunities to learn. IPM programming is strongest when a diversity of vendors is represented. Prioritizing a diverse range of businesses and cultures strengthens the draw of an IPM and provides the opportunity to host a broad range of cultural events like cooking classes, dance classes, and craft markets.

### Market Landscape and Indicators

To consider the viability of a retail market in south King County, it is important to investigate the potential market share. NVA's retail analysis focused on walking zones around the SeaTac and Tukwila light rail stations and of the four datasets (zero- to fifteen-minute walk and fifteen- to thirty-minute walk from each light rail station) three have a smaller daytime population than overall population. This means that people are leaving these areas during the day and indicates that a market would need to **attract daytime visitors** to this area.

Given that food is a major priority for consumers (and a highly represented vendor demographic), NVA looked at the retail demand and spending on convenience/grocery and dining out to consider what commerce is already taking place in the region. In each category there are more sales than there is a demand, which shows that there is a market draw to this area. This is promising as it shows that **people are already traveling to these areas for this type of spending**.

When we consider tourism spending, NVA's retail analysis focused primarily on Seattle tourism data provided by Visit Seattle to make industry-supported assumptions about spending. For an IPM outside of a major city center to attract tourism, **marketing and outreach must be a major priority**. It is also important to consider that tourism spending might likely come from regional tourists that visit the area often and are looking for new attractions versus first-time visitors that might be more likely to focus their travel time closer to Seattle.

The highlighted market region of SeaTac and Tukwila are already home to food businesses, but many of them are small with low average annual sales. SeaTac is home to larger restaurants, and Tukwila has more profitable convenience stores and cultural markets. There is no direct overlap in offerings in either area, and with a mix of local shoppers and tourism, there is potential that this market could draw more retail spending to the region.

Phase 2 of NVA's work will take a closer look at the financial implications of a market.

### Important Considerations

**Language considerations:** When considering an international public market in south King County, it is important to acknowledge that both potential vendors and shoppers might encounter language barriers to interacting with the market. In the NVA research, both individuals and organizations representing population groups clearly identified that accommodations for language barriers would need to be considered at every step of the way.

**Inclusivity:** In phase 1, NVA was not able to engage with all represented cultures and ethnicities in the region. As part of the continued efforts to design, build, establish, and eventually operate an IPM, a dedication to representation and inclusivity must be maintained at the core of all outreach and development. Establishing long-term relationships with local partners and organizations will support the authentic and inclusive representation of the region. Strategic partnerships and the continued support of the advisory committee can help manage and maintain inclusivity through the development of an IPM.

**Business pipeline development:** Due to the high engagement from early-stage businesses, building a pipeline of businesses at various stages of readiness will benefit the long-term success of an IPM. Partnerships with local organizations that can guide the sustainable development of local entrepreneurs will build a pipeline of strong local businesses. In addition to building into the local entrepreneur network, a successful IPM will benefit from building connections with established regional brands that can act as anchor tenants to attract customers and establish a model for operator success.

**Consumer education and marketing an IPM:** A large part of NVA's research work involved educating participants about what an IPM can be. A pivotal tool to integrating into the existing economy to support local businesses and attract new shoppers to the region will be education and marketing around the IPM. Cornerstone to an IPM model is offering a wide range of entry points for consumers, retail, education, events, grocery, and so on. The current perception locally is that a farmers market is the closest comparison for what an IPM can provide to a community. It will be important for the long-term success of an IPM that the distinction between existing retail operations and the mission of an IPM be clearly communicated.

### Partnership Opportunities

For the longevity of an IPM, it will be crucial to engage a strong list of community partners as collaborators. Intentional community partnerships will yield stronger connections to the local consumers, authentic representation of the region's diverse population, and more successful support services. Many organizations enthusiastically referenced their existing programming designed to support individuals as they grow their businesses. While many IPMs offer courses to the public, this IPM has the potential to distinguish itself from other models by prioritizing local partnerships and integrating their robust offerings into the market's development.

### Public Input

After publishing the phase 1 research report and sharing the findings with the advisory committee, the project team collaborated on a public input form to allow community members to ask questions and provide

commentary on the research findings. The input form was advertised on the project page and through social media.

The form consisted of six questions:

1. Your name (*not required, you may submit responses anonymously*)
2. Your email address (*to be used only if you would like follow-up on your questions or comments*)
3. What questions or comments do you have about the South King County International Public Market project?
4. What questions or comments do you have about the South King County International Public Market research and report?
5. Do you have a recommendation for a future site for this project? If so, please share your suggestion below.
6. Is there a local organization that you did not see referenced in our research that you would like to connect our team with to participate in our research? *The full list of organizations can be found on page 21 of the research presentation, linked in the next section. If so, please share the organization name and contact information below.*

Between November 9 and November 24, 2023, a total of eighty-one responses were collected.

### Input Findings

Members of the public had questions about the logistics of the market operation, the type of market and potential vendors, the ways in which the research was conducted, and the intended location.

Logistical questions centered around the of the facility, the ownership structure and management of the market and the ways in which it could create jobs for the public. There were questions about the types of vendors, how they would be selected, and the attraction and retention methods.

There were several questions asking about or affirming the importance of a diverse group of engaged research parties to ensure that the project properly reflected the region. In addition to representation of research subjects, there was a desire for continued public engagement and an emphasis on supporting minority owned businesses.

Lastly, the location of the market brought a significant response, ranging from suggestions of specific parcels to neighborhoods or towns in general. Parking, weather considerations, and kid friendly activities were also among requests for market location features.

### Frequently Asked Questions

In a continued effort to provide equitable and transparent access to project information, the project team created a list of frequently asked questions (FAQs) informed by the public input form. Nine questions were designed to thoughtfully provide additional context to the phase 1 research findings and help navigate the subsequent research work. The questions are listed below, and the full responses can be found in appendix A.

- What research phase is the International Public Market Feasibility Study currently in?
- Will this study lead to the development of this project?
- What is the vision for this market?
- Why is south King County the intended study region?

- How would an IPM showcase our local businesses?
- What are the criteria for evaluating potential sites for this study?
- Who is this market intended to serve?
- How will a project like this impact south King County communities?
- How is the research being conducted for this project?

## Conclusions

The above findings were presented to the advisory committee on September 8, 2023. The analysis presents a viable argument for an international public market. There is significant support for an IPM in south King County, and there is a match between the expressed desires of consumers and the needs of vendors.

There is interest in retail/food retail spaces, community spaces, placemaking spaces (gathering), and vendors to support those interests. Businesses expressed a need for business support services to support their growth, and several regional organizations identified these as being among the services they offer. There is also a strong desire for authentic cultural representation through vending opportunities and educational or community-focused classes and events.

## Phase 1: Market Feasibility

This initial phase of the feasibility study was designed to assess the first lever of feasibility, which includes identifying community needs and objectives and whether they align with the proposed project’s objectives and potential outcomes. The analysis and outreach conducted identified clear community interest in and support of the proposed IPM. The potential space needs, community access points, and programs/services that community individuals and groups identified as being of value all align with the potential contributions of an IPM to the regional market.

The next phase will address the remaining two levers of feasibility—operational viability and financial viability—via modeling and site analysis.

## Appendix B: Market Analysis Resources

- IPM Research Plan (PDF)
- Survey Appendix Documents:
  - IPM Survey Outline and Format (PDF)
  - IPM Survey Report Charts (PDF)
  - IPM Survey Data Complete (PDF)
- Interview Appendix Documents:
  - IPM Interview Guide Grid Format (PDF)
  - IPM Entrepreneur Interview Guide Grid Format (PDF)
- IPM Market Analysis Preview Presentation for On-Site Meetings (PDF)
- IPM Market Analysis Presentation (PDF)
- Appendix (3) of Supporting Data to Analysis Presentation (PDF)
- Link to GIS Map from Analysis Presentation (PDF)
- Post Analysis Public Input Documents:
  - IPM Public Input Form Responses (PDF)
  - IPM Public Input FAQ (PDF)

## Phase 2: Concept and Development Models Summary Report

### Project Background and Conclusions Executive Summary

Moving into this next phase, the focus of the study will be to validate assumptions built on analysis conclusions to support the development of a full concept model with operational, design, and financial modeling tools. This phase of work will include the following:

- assessment of market attributes via a site analysis to determine the size of the proposed market, scope of operations, and related considerations for infrastructure requirements as well as implications that impact the design and infrastructure of an IPM. This portion of the continued analysis includes the development of concept visuals and tenant strategy and recommendations.
- identification of potential sites and performance of a comprehensive site analysis across three municipalities: the City of SeaTac, the City of Burien, and the City of Tukwila. This portion included a second site visit by the NVA team to evaluate the sites in person and discuss partnerships and opportunities.
- drafting of initial concept designs to support and align with models under consideration
- development of potential operational models, including the identification of potential management structures, tenant strategies, and user profiles
- development of comprehensive financial modeling, including preliminary budget models (cost model) for the facility, along with proforma operating projections to support the concept models
- recommendation of potential funding approaches and plans
- drafting of a high-level development plan and timeline

### Phase 2: Purpose and Vision

The **vision** for the project is an international public market that will attract tourists and visitors, provide a gathering space, showcase local cultural attributes, and support economic development and entrepreneurship for small businesses in south King County (with an emphasis on supporting small ethnic businesses).

Five objectives defined the feasibility study's purpose in this phase:

1. To determine the size of the market, scope of operations, accessibility considerations, parking requirements, and key infrastructure requirements.
2. To identify preferred size, zoning, proximity to infrastructure/utilities, proximity to transportation, proximity to other amenities, visibility, aesthetics, etc.
3. To provide a preliminary estimate on the cost to develop an IPM facility.
4. To provide proforma operating projections to show revenues/expenses and grounding financials into core assumptions about public market operations (including operator/concessions assumptions).
5. To provide recommendations and strategies surrounding the development of a south King County IPM.

### Phase 2: Project Goals

During phase 2 (modeling), the primary goal was to assess the viability of the project by defining size, site, design, and operational context and projecting financial operations across the development timeline and initial five years of operation. To satisfy these goals, the study focused on the following actions:

- defining the market's attributes
- identifying, defining, and rating preferred sites across defined parameters
- conceptualizing a set of models to best represent recommendations and input from analysis

- defining the operational audience, management styles, and partner roles
- calculating a preliminary development cost across the four models
- calculating proforma operating projections for the first five years of operations
- evaluating funding opportunities and structures that could support the development
- evaluating the risks and benefits of the IPM project for local stakeholders
- determining recommendations and strategies surrounding the development

## Summary of Findings

### *Phase 1: Market Feasibility*

This initial phase of the feasibility study was designed to assess the first lever of feasibility, which includes identifying community needs and objectives and whether they align with the proposed project’s objectives and potential outcomes. The analysis and outreach conducted identified clear community interest in and support of the proposed IPM. The potential space needs, community access points, and programs/services that community individuals and groups identified as being of value all align with the potential contributions of an IPM to the regional market. The analysis completed in phase 1 presents a viable argument for an international public market. There is significant support for an IPM in south King County, and there is a match between consumers’ expressed desires and vendors’ needs.

There is interest in retail/food retail spaces, community spaces, placemaking spaces (gathering), and vendors to support those interests. Businesses expressed a need for business support services to support their growth, and several regional organizations identified these as being among the services they offer. There is also a strong desire for authentic cultural representation through vending opportunities and educational or community-focused classes and events.

### *Phase 2: Model Feasibility*

The second phase of the feasibility study was designed to validate if the second and third levers of feasibility—operational viability and financial viability—are achievable in the advanced concept. Concept models were built to reflect the elements identified in the first phase of work that service community and potential tourism needs for an IPM located in south King County. A list was made of viable sites that could support the development (or refurbishment) of an IPM in the three municipalities selected—the City of SeaTac, the City of Burien, and the City of Tukwila.

Those models and sites were then pressure tested when management structures, funding structures, and financial analysis were overlaid to test if the four possible scenarios (models A, B, C and D) could demonstrate stable operations within the first five years.

Within these tests of feasibility, model A and model B demonstrate the ability to sustain operations over time—with a diversity of spaces to offer rental and lease access across a pricing spectrum, a catalog of programs and services desired by community members and potential tourism visitors, and management opportunities that include public entities and space for additional operational partnerships. Both projects come with significant price tags that will require all project partners to take on risk, but in the long term, there is a viable outcome and argument to proceed with planning.

Models C and D offer a lessened risk with a reduced initial build cost, but the models are challenged with long-term sustainable financial operations. The reduced price tag comes from simplifying needed functional spaces that contribute significantly to the bottom line and support desired community access points. Both models would require higher utilization, which might be difficult to achieve in a starting facility.

NVA can recommend that this project proceed into future development phases. The research, outreach, and modeling have demonstrated that feasible models are possible, and the community has demonstrated a very clear interest and engagement in supporting the project’s vision and objectives.

As has been clearly laid out in the discussions and arguments of this report, a feasibility study is the first step in a project of this type and scale. There is an opportunity here that NVA recommends the Port of Seattle, King County, and its future partners proceed with studying and evaluating for future development. That continued work will need to include the refinement of a model that is the best fit for the partners engaged (and their priorities), the future site selected (and municipal partners engaged), and the development team engaged in refining the designs, functions, and opportunities discussed herein.

## Market Attributes

### IPM Space Priorities

Following the market analysis and communication input implications, a set of spaces, programs, and services were identified and prioritized for the potential IPM development. This refined list included the following (table 12):

Table 12: IPM space priorities

PRIORITY	MAIN SPACE CATEGORY	SPACES (DEFINED)
1	<b>Retail spaces (food or non-food)</b>	Shared vendor space (multiple vendors co-located)
		Individual stalls (small size or medium size)
		Storefront (small or medium size)—permanent retail (anchors)
		Pop-up, temporary, or short-term stalls (limited #)
		Service-based business stalls (short term or shared?—e.g., tax, barber, henna)
2	<b>Event spaces</b>	Demo kitchen space (classes, demos, cultural events)
		Classroom
		Divisible event space (small events to full-size community events, indoor/outdoor)
3	<b>Support spaces</b>	Catering/back of house production kitchen (minimal outside user use, mostly vendor production)
		Packaging space
		Vendor area (toilets, lockers, janitorial, shared scullery)
4	<b>Storage</b>	Dry, cold, frozen—some pallet, mostly racked or individual security cage or segmentation
		Supports vendor holding (heavier dry, medium cold, limited frozen)
5	<b>Other spaces</b>	Limited office (individual)
		Shared co-working space (potentially overlaps with classroom or event space)

PRIORITY	MAIN SPACE CATEGORY	SPACES (DEFINED)
6	Outdoor spaces	Parking
		Bike storage
		Accessibility access spaces
		Integration of hosting space—farmers market, food access distro (with support functionality attached to exterior of building)

### IPM Program and Service Priorities

In addition to this prioritized list of spaces, the following programs/services were identified as priorities for the potential IPM:

- small business development and incubation services or programs such as marketing, business structure, licensing, sales channel development, and social media
- workforce development and skills training services or programs to support market vendors with needed labor and to support community access to job opportunities
- acceleration support for graduates from local incubation programs: continuing social and business development wrap-around services for small businesses (especially BIPOC-owned or women-owned) moving into the facility out of local incubator programming
- community engagement programming, including cultural events, classes, and gathering opportunities that highlight the various ethnicities, cultures, and indigenous cultures and stories in the region
- potential bulk purchasing or collective purchasing opportunities to support vendors with lower-cost access to needed supplies and materials
- communication and conflict resolution services for the wide variety of potential vendors, users, consumers, and organizations involved
- cooking, nutrition, and healthy eating (with access to local produce and culturally relevant cuisines/items) programs for community members
- programs that promote and share cultural foods from all potential diverse groups involved with community members and tourists
- marketing and promotional supports/services to attract tourism and regional visitors and support the development of the IPM as a cultural hub for the region

### Market Attribute Recommendations/Considerations

Once these identified spaces, programs, and services for any potential IPM concept models were identified, NVA was tasked with providing recommendations or identifying preferred market attributes that could address the following considerations and inclusions:

- potential market size, including both scale and physical size (square footage)
- scope of operations (spaces, programs, services, partnerships)<sup>19</sup>
- design considerations (visibility, aesthetics)
- community considerations and preferences

<sup>19</sup> Prioritized space, programs, and services were discussed in the section prior—as informed by the analysis—partnerships will be discussed later in this report in terms of operational/management structures; limited recommendations are addressed in this section.



- site and access considerations (including zoning, utilities, transit, walkability, and related amenities)
- vehicles, trucks, and traffic considerations

These considerations drove and centered the subsequent IPM site and building design and informed the building program development, site evaluations, and resulting conceptual diagrams. The following questions emerged from the analysis and objectives for this portion of the scope and helped to shape the subsequent design and site analysis:

- What are the potential arrangements of diverse vendors and their support spaces, in the quantity and type identified in initial research phases, to facilitate daily IPM operations best?
- What could it spatially look like for IPM to cross-program development with potential anchor tenants/external partners so that both parties benefit from being co-located on the same site?
- Within the IPM itself, how can auxiliary, educational, and community engagement spaces be situated to allow for cross-programming by community organizations while still housing essential IPM functions?
- How can large assembly and event spaces (both indoor and outdoor) be situated on the site to
  1. accomplish program goals without disrupting daily IPM operations,
  2. provide expansion opportunities for vendors (catering), and
  3. elicit community interest and excitement via dynamic space design?
- How can public circulation spaces be designed to
  1. support periodic, dynamic events like pop-up markets and community performances;
  2. provide high-traffic/low-rent locations for small vendors with minimal infrastructure needs; and
  3. support accessible and safe wayfinding for multi-generational, multi-language IPM patrons?
- How can the site be arranged in relation to street frontage and other potential access roads to facilitate comfortable IPM truck, patron, and potential partner access?
- What are existing patterns of partnership development in King County that might be appropriate for the proposed IPM?

With these considerations and questions in hand, NVA provided the following key market attribute recommendations.

### *Sizing*

The objectives of sizing the facility should include compatibility with potentially available land or facility sites across the proposed municipalities and arrangement of the space to advantageously position and cross-pollenate a broad cross-section of vendors at various stages of business development, from kiosk-style small vendors to mature anchor tenant food stalls, such that IPM patron foot traffic flows between both.

- A minimum of approximately 20,000–30,000 square feet of market space would be needed to support the full inclusion of all component spaces identified in the research analysis and drawn from community input.
- Physical retail accommodations should be able to support businesses at multiple scales and for both food and non-food vendors:
  - incubation stage (small food stalls/kiosks at approximately 50–75 square feet)
  - established businesses looking to scale (medium food stalls/ storefronts at approximately 200 square feet)
  - mature retailers with significant production capacity (large food stalls/storefronts at approximately 400 square feet)

- retailers seeking prime anchor locations within IPM (extra-large stalls/storefronts at approximately 600 square feet)

### *Scope of Operations—Programming*

Beyond IPM retail operations, the facility/project should position itself to become a center for multi-ethnic community gatherings and cultural programming.

- **Dedicated** assembly spaces (i.e., rooms) should be offered for structured, reoccurring programming at multiple scales:
  - approximately 800–1,200 square feet for about 50 persons to facilitate
    - traditional classroom learning (AV-enabled classrooms)
    - interdisciplinary experiences like movement classes, performances, lectures, and cultural celebrations (open floor space)
    - at least one assembly room outfitted for cooking demonstrations (while remaining flexible enough to accommodate other programming comfortably)
  - approximately 1,500–2,500 square feet for 100–150 persons in banquet-style, formal events held both indoors and outdoors
- **Flexible** assembly spaces should be offered for dynamic, pop-up style programming such as holiday or themed markets or events at both large and small scales:
  - annex spaces within public lobby areas that could become pop-up markets or seasonal vendor spaces
  - open, amphitheater-style risers (Seattle Public Library–style) to accommodate casual users, public lectures, and cultural performances

### *Scope of Operations—Partnership Uses*

The IPM could benefit from a development partner whose function is complementary to its core functions. Site visits to the municipalities under consideration (SeaTac, Burien, and Tukwila) identified that all three proposed host municipalities may offer potential collaborative or partner opportunities, which could include (but are not limited to) the following:

- an affordable housing development that could co-develop and inhabit a larger building, specifically using a 4/5-over-2 podium design with retail functions on the lower floors and residential above, as seen throughout the region
- additional square footage partitioned to operate independently for an operational partner(s) who wished to have space to support complimentary service or functional offerings such as a daycare center, office space, or municipal or community services department<sup>20</sup>

### *Design Considerations*

The IPM's aesthetic should fit comfortably within the rich architectural landscape of King County and the surrounding Pacific Northwest region while striving for distinction as a “destination building.”

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<sup>20</sup> A daycare center was a space use and service need that was highlighted by multiple stakeholders as being extremely needed in all the communities under consideration and also complementary to the functions of the IPM since vendors of all backgrounds may include women or families with childcare needs in order to support the growth and development (and time required to operate) small businesses in the IPM.

- Building interiors should be thoughtfully considered to provide a multi-ethnic audience with a comfortable, respectful, and engaging experience through appropriate materials and colors.
- The arrangement of community amenities and welfare spaces (e.g., prayer rooms or restrooms) should be considered relative to daily use patterns and cultural traditions of target audiences.
- The building should offer a dynamic sectional arrangement with multi-story open spaces in public areas (e.g., circulation atrium or mezzanine for patron seating).
- The building exterior should be notable and easily recognizable from the street through the intentional placement of significant design features; clear entry points; easy-to-grasp, multi-lingual signage; and wayfinding tools.
- Care should be given to selecting a wayfinding design firm experienced in designing for multi-ethnic, multi-language audiences.

### *Community Considerations and Preferences*

Community access and opportunities have been a primary focus of this project since its inception. The IPM will have to balance between being a facility with the potential and resources to attract regional visitors and tourists that can bring in needed consumer spending/revenue and servicing the needs of the community in which it is housed. This brings several specific considerations:

- The IPM should be designed (both physically and programmatically) to service vendors and users from multiple cultural and ethnic identities. Although there are areas that cater to one particular country or ethnic identity, a facility of the proposed scale and offerings, such as the IPM in development, will need to create engagement, buy-in, and use from all potential audiences.
- The site selection and final design should both recognize that the IPM has the potential to serve as a community resource for affordable food access and support community food access programs. Appropriate design elements (such as including space in cold storage or allotting a consultation room for SNAP or benefits conversations) should be integrated where possible. These resources will also impact traffic patterns and parking needs for the facility and final site sizing and needs.
- The community has stated a preference (via the outreach/analysis) that the IPM should offer cultural and community place-making, so appropriate design and space features will be needed to address this request.
- An asset that will attract community members of all abilities and ages will need to have appropriate accessibility considerations for all abilities and ages.

### *Site and Access Considerations*

Sites considered for the IPM should be in or near prime commercial districts to best connect the IPM's offerings with engaged audiences from the community and beyond. These districts also offer the best zoning compatibility for the focus and scale of the proposed facility. Accessibility is a functionality of both the design of the facility—making it approachable and usable by audiences of all abilities—and its relationship to transit or other resources within the municipality.

- The IPM will be substantial, and it should be sited considering the scale of its neighbors.
- If the property is adjacent to areas zoned for smaller buildings, setbacks and other measures should be taken to avoid overwhelming neighbors.

- Existing zoning designations and standards should be compatible with developments of significant scale without requiring extensive variances or other interventions.
- Sites should have or be able to arrange straightforward access to all necessary utilities.
- Sites near prime commercial districts should be considered for synergistic community connections with other public-facing developments and amenities such that patrons can conveniently visit multiple locations on the same day.
- Sites should offer opportunities to employ passive design strategies that utilize the natural environment to provide heating, cooling, ventilation, and daylighting for the IPM building.
- The IPM should be sited for convenient and efficient intermodal access by suppliers, tenants, regular patrons, and occasional visitors.
- Parking should be ample and easily accessible while not occupying prime building frontage. Ideally, parking should be provided in an underground garage or adjacent structure and supplemented by limited surface parking for specific users/uses.
  - *The total number of required parking spaces will be determined by the total user count of the building and the requirements of the governing municipal zoning code; the total count may be negotiable at the time of development, given a site's relationship with public transit options.*
- Dedicated and safe drop-off zones should be provided for rideshares and carpools. These zones could be cross programmed to support potential partner spaces such as a daycare center (short-term drop-off zones), tour buses, or hotel shuttles.
- The IPM should be conveniently reachable by multiple forms of public transportation, including bus and light rail; the route(s) from final transit connection points should be safe and of a comfortable distance.
- Secure, well-lit bicycle parking should be provided on-site, along with a safe and clear route from the street.
- The site should provide convenient in/out access off major transportation routes for trucks of various scales (from personal vans and pick-ups to tractor-trailers) to deliver and distribute goods to vendors; the design should assume most vendors will be receiving goods at a designated receiving area adjacent to dry and cold storage areas.
- Final site selection should thoughtfully consider how to provide comfortable pedestrian access, especially if the site is situated within or on a high-traffic corridor.

## Site Evaluation

### Site Evaluation Objectives

The site portion of the feasibility study was designed to evaluate candidate properties that may be suitable for a public market using key criteria to assess the properties from both a qualitative and quantitative approach. The qualitative evaluation includes an assessment of community, social, sensory, human, and cultural considerations. The quantitative evaluation is a numeric ranking applied to each property across multiple categories to allow a comparison between sites and opportunities. The final objective of the site evaluation process is **not** to identify a single site nor for NVA to dictate where the facility will be located in any process following this study. This process aims to answer two questions:

- Are there compatible sites to support an IPM in the study area (as iterated in the concept models)?
- Which of the identified sites is most compatible with the concept models in development?

## Municipalities Under Consideration

The original project design was focused on the development of a concept in south King County, with the assumption that the City of SeaTac or the City of Tukwila might be a preferred municipality in which to site the proposed IPM. Representatives from these municipalities were originating members of the advisory and helped to bring the idea to the port and county for exploration via this study.

However, input received during the analysis phase identified three cities as desirable for the potential IPM: the city of SeaTac, the city of Tukwila, and the city of Burien. The project team and advisory discussed this and concluded that the city of Burien should be included in the considerations and evaluations as that was the guidance provided by the outreach and input of the community. Again, NVA is not recommending a specific site or municipality but evaluating the primary options available during the course of this study to determine if there are sites compatible with the concepts in development and how the proposed sites could support facility needs.

NVA requested potentially available sites from economic development leads in each city and received approximately thirty submissions in total.

## Site Evaluation Process

As noted, thirty submissions were received in total in response to NVA's initial request for potential sites (which could include vacant land, developable parcels, or existing buildings or structures). A later addition by the City of Tukwila was also included, which brought the total submissions under consideration to thirty-one.<sup>21</sup>

Submissions were initially culled to eliminate sites that were too small to fit the project program comfortably or would require the displacement of existing community assets or businesses. The parcels/buildings were then screened for location compatibility, sizing, and opportunity potential—and a short list of options was identified, which included approximately eight sites in each municipality. NVA's design and operations leads then conducted site visits of all remaining submissions over a three-day period in October 2023. Following those visits, NVA completed a comprehensive analysis of each parcel/building and ranked the parcels according to score.<sup>22</sup> These final scores were compiled for five parcels in the city of SeaTac, five parcels in the city of Tukwila, and four parcels in the city of Burien. A composite ranking of all sites was shared as a part of the Advisory #3 presentation and report in December 2023.

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<sup>21</sup> The City of Tukwila submitted one additional building, an existing structure, available for sale and development later in the project. As there was interest in evaluating an additional model that focused on re-using an existing building, as discussed in the concept models section in this report, the additional building/parcel was included in the final evaluations, bringing the total to thirty-one sites. An additional call was arranged with the City of SeaTac to discuss that there may be additional opportunity sites in that municipality (post the presentation of models), but no specific additional parcel or building site was submitted or included in any evaluations.

<sup>22</sup> Each of the municipalities provided supporting materials (or directed NVA to where these materials could be sourced), which included layouts/site plans, zoning, data provided by the municipalities on ownership, prior use, and any historical documentation. These documents were organized by each parcel's identification label and archived as a part of this project file.

## Site Evaluation Tools

To support the evaluation process, NVA utilized two tools (represented by the graphics in figure 10):

1. A **site analysis workbook** that examines each site in detail, informed by data and photographs collected during in-person site visits conducted by NVA, an online property database operated by King County, and interviews with municipal economic development leads
2. A **site evaluation matrix (for each municipality)** that assigned a cumulative “score” across the proposed sites to compare/contrast against the prioritized categories of information

Figure 10: Site evaluation matrix and sample worksheet

IPM: SITE EVALUATION MATRIX					
	SITE ATTRIBUTES	PRIORITY	SITE 1	SITE 2	SITE 3
SITE BUILDING & SURROUNDINGS	Lot / Existing Building Adequate for X SF of Building Development				
	Lot / Existing Building Adequate for X SF of Building Development + X SF of Future Expansion				
	Existing Structures Support Development Needs				
NEIGHBORHOOD & NEIGHBORS	Complimentary Neighbors / Neighboring Building Use				
	Close to Complimentary Businesses / Community Functions				
	Proximity to Residential Area for Target Market				
ZONING & REGULATORY	Development opportunities or collaborative uses				
	Existing Zoning Compatible with Use				
LEGAL INFORMATION & OWNERSHIP	Use Allowable via Zoning Variance Application Process				
	Property is Available within a Compatible Timeline				
NATURAL PHYSICAL FEATURES / ENVIRONMENTAL CONSIDERATIONS	Goal of Acquisition is Viable Within Project Parameters				
	Owner/Seller Situation Supports Development Needs or Opportunities				
CIRCULATION & ACCESS	Topography of Site will support development without major grading / grading / excavation				
	Site Does not have Wetland or Water Areas that Limit Development				
	Site is Generally Compatible with Anticipated Project Needs in Current Condition				
UTILITIES	Site Provides or Can Provide Viable / Drive-Friendly Truck Access				
	Existing Structures Include Docking Infrastructure				
	Site Provides or Can Provide Car-Friendly Access				
SENSORY	Site Provides Proximity to Highway or Major Thoroughfare Access (Trucks/Cars)				
	Site Provides Proximity to Public Transit Options				
HUMAN & CULTURAL	Site Has or Has Viable Access to Municipal and Private Utilities				
	Site Provides Favorable View Corridors into Neighborhood				
	Immediate (Sensory) Conditions Surrounding Site are Stable and Not Likely to Change				
	Patterns around Neighborhood Crime or Vandalism are Minimal and Can be Mitigated				
	Community Attitudes Towards Site / Neighborhood are Favorable				
	Site is Situated Favorably and Within Easy Access of Target Market / Demographic				

IPM: SITE ANALYSIS CRITERIA		
SITE ANALYSIS CRITERIA: INFORMATION TO DOCUMENT & CONFIRM	PROPERTY / LOT	STRUCTURES / BUILDINGS
SITE, BUILDINGS, & SURROUNDINGS	Address	Construction type of existing buildings?
	Street names (two major)	Cultural or functional? (Available for needs?)
	Existing buildings/condition	Existing businesses in buildings?
NEIGHBORHOOD & NEIGHBORS	Existing elevated parking	Is demolition an option if required?
	Is size of lot adequate to support use?	Is size of existing buildings adequate to support use?
	What are the uses in neighboring lots?	What are the uses of neighboring buildings?
ZONING / REGULATORY	Condition of neighboring lots?	Condition of existing neighboring buildings
	Is there any adjacent major development in progress?	Site development in progress?
	Existing Traffic Patterns	
LEGAL INFORMATION & OWNERSHIP	Proximity to other areas of community connection	
	Potential for partnerships related to development?	
	Current zoning designation (compatible / not compatible)?	Any restrictions on functional uses?
NATURAL PHYSICAL FEATURES / ENVIRONMENTAL CONSIDERATIONS	If not compliant, is special use permit / variance an option?	Allowable building footprint / size?
	Setbacks and no-build areas?	
	Ownership?	
CIRCULATION & ACCESS	Any holds or restrictions that would cause delay	
	Purchase or Lease (Any known terms)?	
	History of delays or difficulty with necessary?	
UTILITIES	Cost or price if known?	
	Is timeline of potential sale viable within project timeline?	
	Topography of Site: Site grades, valleys/ridges, outcroppings?	
CLIMATE (for Research Only)	Does land need to be extensively cleared & graded?	
	Any wetland areas? Streams? Natural drains?	
	Is site generally compatible with projected project needs?	
SENSORY	Are there construction concerns? Remediation needed?	
	How do trucks currently access the site? Space to support turn-arounds?	How do cars currently access the building(s)?
	How do cars currently access the site?	Are there existing viable parking infrastructure?
HUMAN & CULTURAL	Proximity to major roadways	Are there existing viable docking options?
	Proximity to mass transit and type	
	Walkability, cross streets?	
HUMAN & CULTURAL	Walking distance to nearest mass transit connection?	
	Is lot currently adjacent to or already connected to city water?	
	Is lot currently adjacent to or already connected to city sewer?	
HUMAN & CULTURAL	Is lot currently adjacent to or already connected to electric utility?	
	Is lot currently adjacent to or already connected to gas?	
	Orientation of site?	Orientation of buildings on site?
HUMAN & CULTURAL	Weather exposures? (Sun, Rain, Shade Considerations Impactful?)	Weather exposures? (Sun, Rain, Shade Considerations Impactful?)
	Opportunities to optimally locate exterior spaces for comfort?	
	Opportunities for geothermal or solar installations?	
HUMAN & CULTURAL	Are there desirable/undesirable views (of what)?	
	Are there (noisy) noise, odor, pollution or other sensory concerns?	
	What are the patterns around neighborhood crime or vandalism?	
HUMAN & CULTURAL	Are there specific community attitudes toward the site/neighborhood?	
	Existing patterns of ethnic groups in area as related to project?	

The site analysis workbook included a worksheet for each potential site under consideration and was developed to standardize the following evaluation criteria across all sites:

- site details: pictures, maps, ownership, total size, existing structures, location
- neighborhood: where the site sits in relation to complimentary community assets
- zoning and building code data
- legal ownership data
- natural, physical features, and environmental considerations
- circulation: private vehicle, commercial truck, public transit, and pedestrian and bicycle access
- climate: any significant effects on site or potential structures
- utility access
- sensory considerations: view corridors, sensitive factors (noise pollution, etc.)
- human and cultural considerations: target audiences, community connection points, etc.

A site evaluation matrix was compiled for each municipality to compare and contrast the sites against these prioritized site factors, and a cumulative “score” was assigned to each potential site. Site factors were given a rank of 1 (most compatible) to 3 (least compatible) for compatibility with project intentions. The BEST possible score would be a 25 (1 in all categories). The WORST possible score would be 75 (3 in all categories). All three municipalities had sites that were compatible with all site factors (cumulative scores of less than 40) and thus compatible with the IPM project intentions.

The full site evaluation workbook—including all individual site worksheets, each municipal evaluation matrix, and the supporting data for each site—was shared as a part of the presentation and project materials that are included in appendix B.

### Site Conclusions

Based on these rankings, we can conclude that fourteen sites are more than 50 percent compatible with both concept models in the three prioritized cities across all prioritized evaluation categories (table 13). All three municipalities had sites with scores under 40 points in the top five rankings. This provides the conclusion that there are sufficient compatible site opportunities across the three municipalities under evaluation for the proposed IPM and that there is a compatible development environment for the project.

*Table 13: Site evaluations (master score rankings—all sites)*

SITE	CITY	DESCRIPTION	SCORE	% COMPATIBILITY	OVERALL RANKING
T5	Tukwila	Bartell Retail Center building/lot	30	83%	1
T1	Tukwila	Healthpoint development lot	31	81%	2
S2	SeaTac	Angle Lake parking lot	32	78%	3
B1	Burien	Downtown grocery/bank lot	37	68%	4
B3	Burien	City parking lot	39	64%	5
T4	Tukwila	TIB development lot	40	63%	6
S1	SeaTac	Car sales lot (vacant)	42	59%	7 (tie)
S3a	SeaTac	Park N Fly Lot A	42	59%	7 (tie)
S3c	SeaTac	Wally Park Lot C	42	59%	7 (tie)
T2	Tukwila	SRO development lot	42	59%	7 (tie)
T3	Tukwila	Newporter development lot	42	59%	7 (tie)
S4a	SeaTac	Park N Fly Lot B	43	58%	8 (tie)
B4	Burien	Vacant lot (HK market adjacent)	43	58%	8 (tie)
B2	Burien	Strip mall (available)	47	53%	9

With these results in hand, the study was able to proceed into concept development with average building and lot sizes (out of the available options) to help refine sizing and design.<sup>23</sup>

## Concept Models and Design Development

### Concept Models Purpose

A concept model is a visual representation of the potential combination of spaces, services, and program access points. It is developed to illustrate the total opportunity potential of a proposed combination of these elements and to inform all subsequent modeling. It is useful in narrowing these elements to inform structural designs and identify preferred or recommended design features. Each concept model is informed or developed with three guides in mind:

1. The preferred spaces, programs, and services identified by the market analysis inputs
2. The minimum potential sizing to support the function of the IPM as outlined in the market attribute recommendations
3. The compatible potential sizing to support the function of the IPM as supported by the site evaluation

It is important to state that the concept models and design diagrams developed are not fully developed or finalized floor plans, building layouts, or construction documents. They are created to propose concept-level arrangements for vendors, anchor tenants, and partner spaces and to inform the development of cost models and operational/management plans as part of this feasibility study. These are not architectural schematics and cannot be used for development or construction. A state-licensed design professional will be required to develop all final architectural and engineering schematics, permit drawings, refine specifications, and inform construction documents if the project proceeds into implementation.

### Concept Models (Four Variations)

Informed by the analysis, the suggested market attributes, and the potentially compatible sites available in the study region, NVA developed the concept models to reflect the ideal inclusions (related to space and function).<sup>24</sup> These are illustrated in figure 11.

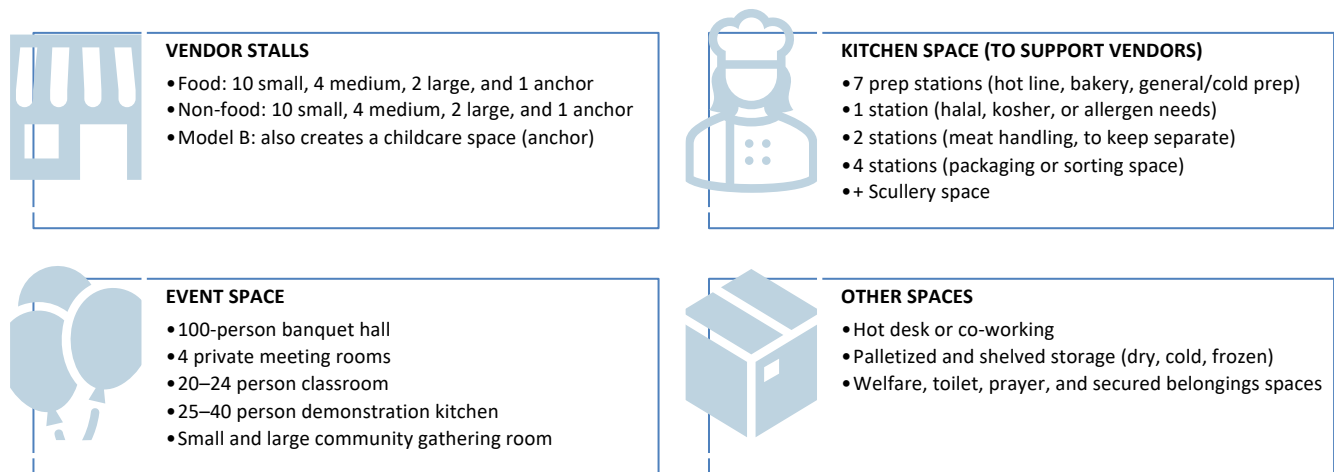
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<sup>23</sup> Site evaluations are completed in tandem with the initial design development and operational outline so that both processes can inform one another. That is, the site is informed by an initial estimate of building size to eliminate lots that are substantially smaller or too vast for the proposed concept, and then that sizing is refined based on aggregated sizing from the marketplace potentials. This process helps to create concepts that are realistic for the marketplace, thus representing the minimum sizing needed to fulfill functions identified in the analysis and sized to be viable for sites in the proposed locations realistically.

<sup>24</sup> During the process of developing and reviewing the models, the advisory requested that NVA address whether or not there was an opportunity to phase the development process (which may have an impact on the total capital needed upfront to develop and build a potential model). This will be addressed further in this report's development timeline and plan section. As noted during those events, any of these models could be phased. Traditionally, phasing is the limited build-out of specific spaces or features over a longer development timeline (i.e., event and vendor space are built first, and support spaces are built later) with the objective goal of delaying the need to raise capital for the sections to be built later. However, these models, as will be discussed in this section, have been designed to support maximum efficiency across spaces—the spaces may depend on one another or find cost efficiencies in design features such as shared utility walls. Any phasing should be chosen based on the final site, capital budget, and partners' priorities (involved in the project build-out). This will allow for the best determination of how to prioritize spaces/functions in partnership with a development team that can advise as to the real-world cost impacts of breaking up the development process.



Figure 11: Ideal space inclusions (concept models)



NVA created two initial models that could be developed into initial design and modeling (model A and model B). Both models included all proposed spaces needed to support the functions, programs, and services desired (informed by analysis). Both models have an approximately 17,000- to 23,000-square-foot building footprint and would fit on an approximately 1.6-acre parcel. The primary distinction between model A and model B was the integration in model B of additional square footage to support the participation of a partner (or partners) in the development process.<sup>25</sup>

Following the presentation of these two models during the Advisory #4 presentation in February 2024, two additional models were developed to respond to feedback shared during that workshop session. The third model, model C, modified the concept with the objective of reducing the total development (or build) cost. This was achieved by utilizing a “shed” structure. The “shed” refers to a primary open space at the center of the facility. The term comes from physical representations of this style at Eastern Market in Detroit, Michigan, and other existing public markets across the country. The shed model simplifies a central space that can be cross programmed for retail/vending or event use and is, therefore, a simpler space for the build. The model also includes fewer anchor or built-out vendor spaces, limited kitchen/back-of-house support spaces, and a subterranean storage area (below the primary street level).

The fourth model, model D, utilizes the simpler shed model and integrates it into an existing structure or building re-development (rather than the greenfield build proposed for models A, B, and C). This model was developed in response to input from the advisory that if existing structures could be repurposed in the proposed municipalities, that might support both a lower build cost (as the primary structure should be re-usable) and support the re-use of an existing community asset (rather than allowing a commercial structure to sit unused). Model D duplicates all the structural elements in model C but reduces them slightly in total footprint—this was based on the addition of Tukwila site 5 (the Bartell Retail Center) and two additional existing structures (both in Burien) that were evaluated.

Figure 12 and table 14 identify the main features, sizing, and differentiating factors of the models.

<sup>25</sup> As discussed earlier in this report, this could be a housing, officing, childcare, healthcare, government, community-function, or private partner entity. The space was adaptive to allow multiple partners to be considered and evaluated.

Figure 12: Four models—identifying features and size

Model A: Solo	Model B: Partner	Model C: Shed	Model D: Existing
<ul style="list-style-type: none"> <li>Represents a <b>stand-alone facility</b> (no partner builds)</li> <li>Could be reduced in total size (if remove component spaces)</li> <li><b>Provides all space, programs, and component spaces identified in analysis</b></li> <li>Maximizes indoor/outdoor opportunity</li> <li>Circular process flow around central market area</li> </ul> <p><b>SIZE: 114K square feet</b></p>	<ul style="list-style-type: none"> <li><b>Represents an IPM paired with compatible use/uses for a shared build</b></li> <li>Larger size model (requires larger parcel)</li> <li>Provides all space, programs, and component spaces identified in analysis</li> <li>Maximizes indoor/outdoor opportunity</li> <li><b>Requires the identification of partners to support additional space and functions</b></li> </ul> <p><b>SIZE: 181K square feet</b></p>	<ul style="list-style-type: none"> <li>Represents a <b>stand-alone facility</b></li> <li>Footprint comparable to other models to fit proposed lots.</li> <li>Provides a majority of spaces/programs from analysis (some differentiated spaces removed)</li> <li><b>Reduces build space/cost by unifying space for events AND vend opportunities into a single "open format" model</b></li> <li>Open format process flow - allows for differentiation of spaces with each set-up/functional use.</li> </ul> <p><b>SIZE: 78K</b></p>	<ul style="list-style-type: none"> <li>Represents a stand-alone facility</li> <li><b>Sized based on potential buildings of @20-30k square feet total (single floor)</b></li> <li>Provides a majority of spaces/programs from analysis (some differentiated spaces removed)</li> <li><b>Built upon Model C design</b></li> <li>Assumes some existing resources at site - parking, mechanical, loading, toilets, etc. that may be usable with limited intervention.</li> </ul> <p><b>SIZE: 37K</b></p>

Table 14: Four models—descriptors and differentiating features

MODEL	DESCRIPTOR/NOTES
<b>A</b>	<b>SOLO MODEL</b>
	Represents a stand-alone facility (no partner builds)
	Could be reduced in total size (if remove component spaces)
	Provides all space, programs, and component spaces identified in analysis
	Maximizes indoor/outdoor opportunity
	Circular process flow around central market area
<b>B</b>	<b>PARTNER MODEL</b>
	Represents an IPM paired with a compatible use for shared build
	Larger size model (requires larger parcel)
	Provides all space, programs, and component spaces identified in analysis
	Maximizes indoor/outdoor opportunity
	Circular process flow around central market area
<b>C</b>	<b>SOLO—"OPEN FORMAT/SHED" MODEL</b>
	Represents a stand-alone facility (no partner builds)
	Footprint comparable to other models to fit proposed lots
	Provides a majority of spaces/programs from analysis (some differentiated spaces removed)
	Reduces build space/cost by unifying space for events AND vend opportunities into a single "open format" model
	Open format process flow—allows for differentiation of spaces with each set-up/functional use
<b>D</b>	<b>SOLO—RE-USE OF EXISTING BUILDING MODEL*</b>
	Represents a stand-alone facility (no partner builds)
	Sized based on potential buildings (Burién, Tukwila) from site evaluations—@20,000–30,000 square feet total (single floor)
	Provides a majority of spaces/programs from analysis (some differentiated spaces removed)
	Utilizes shed/open format model building program to size/inform space use for simple conversion focused on costs
	Assumes some existing resources at site—parking, mechanical, loading, toilets, etc.—that may be usable with limited intervention

## Case Studies

NVA also provided cases studies during this portion of the study—each case study was selected to help illustrate the building types, layouts, space uses, and programs represented in the models. The goal of case studies is to help the project team and advisory to visualize the concepts being presented via currently operational spaces.

The case studies that were shared included the following. All case studies are included in the appendix documents with floor plans, photographs, and detailed data provided on each site (table 15).

*Table 15: Design and model inputs from case studies*

Market case study	Location	Of note/notes
<b>Essex Market</b>	New York City, NY	<ul style="list-style-type: none"> <li>• City partnership to support relocation of historic market site and multi-ethnic vendor market</li> <li>• Combination of retail, vending, and event spaces with development partner spaces overhead (housing)</li> </ul>
<b>Eastern Market</b>	Detroit, MI	<ul style="list-style-type: none"> <li>• Shed-style layout to primary market buildings</li> <li>• Public–private partnership management model</li> <li>• BIPOC focus of market relationships</li> </ul>
<b>St. Lawrence Market</b>	Toronto, ON	<ul style="list-style-type: none"> <li>• Municipality led market venture</li> <li>• Similar make-up of space uses and priorities</li> <li>• Multi-level market design (hybrid of shed and other features)</li> </ul>
<b>Half Street Market</b>	Washington, DC	<ul style="list-style-type: none"> <li>• New, in-development market site focused on BIPOC community involvement</li> <li>• Multi-level market design with lots of access features</li> </ul>

## Design Development<sup>26</sup>

In tandem with the concept model developments, designs of each model were drafted to reflect an ideal arrangement of spaces to suit the proposed function, services, and programs identified.<sup>27</sup> Full-size renderings of the designs have been included in the appendix documents.

Figures 13, 14, and 15 provide a snapshot of each design's primary floors. For views of all floors and features, please refer to the full-size renderings.

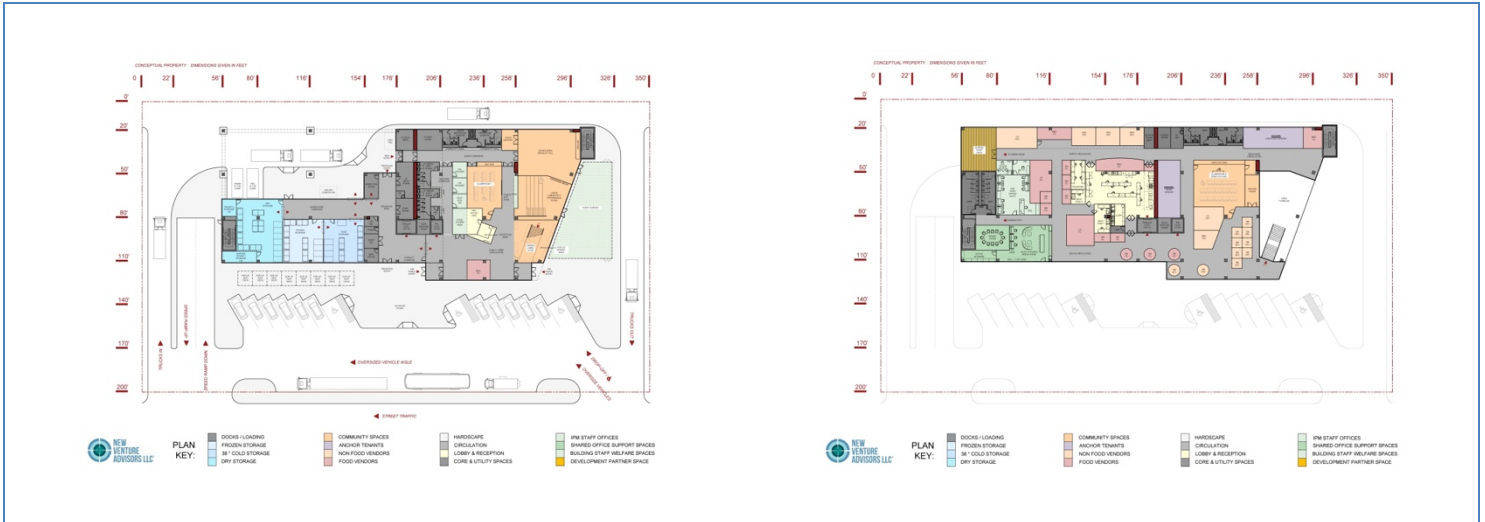
Models A and B reflect a design with a central concourse (level 1 assumed) that allows for circulation around all the primary public-facing elements (event space, vendor/retail space, engagement areas, meeting/consultation rooms, and supporting spaces). The primary levels also house logistics spaces that need to be sited on the primary floor for best efficiency—these include loading areas, storage spaces, and related. The upper levels

<sup>26</sup> It is important to state that the concept models and design diagrams developed are not fully developed or finalized floor plans, building layouts, or construction documents. They are created to propose concept-level arrangements for vendors, anchor tenants, and partner spaces and to inform the development of cost models and operational/management plans as part of this feasibility study. These are not architectural schematics and cannot be used for development or construction. A state-licensed design professional will be required to develop all final architectural and engineering schematics, permit drawings, refine specifications, and inform construction documents if the project proceeds into implementation.

<sup>27</sup> Three designs were developed, as model D, for the purposes of evaluating feasibility, is a duplication of the spaces and function represented by model C and would be sized and adapted in the development process to fit within the context of an existing structure.

expand on all functional spaces and add support spaces—such as offices, event storage, overflow areas, and technical spaces.

Figure 13: Model A design (floors 1 and 2)



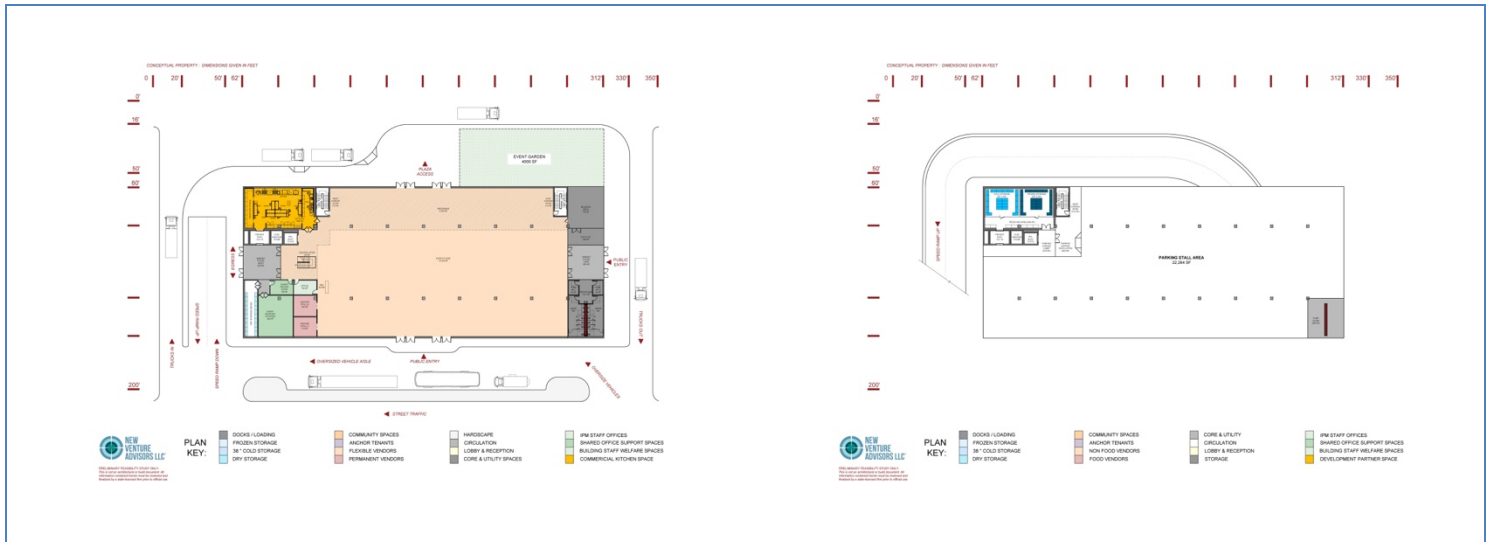
Model B differs from model A in the inclusion of additional square footage across all levels to support the inclusion of potential partners. Potential partnership opportunities will dictate the best or most appropriate location for these spaces (e.g., officing can be placed on upper levels, while childcare spaces should be prioritized on the main level for ease of access and use).

Figure 14: Model B design (floors 1 and 2)



Models C and D are built on the “shed” format discussed earlier—with a central corridor that can be programmed for events, vendor/retail uses, or both. Support spaces are at the end of the primary central open space, as well as a few limited vendor spaces. Support features are located on the mezzanine level and in the underground parking area. The mezzanine could also support additional seating, circulation, or storage space.

Figure 15: Models C and D design (floor 1 and basement)



All the designs consider vehicle movement, allotting transit corridors for pedestrians/bikes, cars, and trucks. The final allocation of parking, not designated on the designs, will be determined by total building occupancy and the municipality’s policies and codes.

The designs were shared with the advisory for input and feedback at the Advisory #3 presentation (models A and B) in December 2023 and the Advisory #4 presentation (all models) in February 2024.<sup>28</sup>

## Operational Models

### Modeling Objectives

Operational models were developed to help project partners understand

- potential operational components—how to activate spaces best to serve space, program, and service objectives;
- potential partnership opportunities;
- management structures;
- tiers of use/user profiles; and
- tenancing strategies.

The operational thinking of this study addresses each of these objectives and provides inputs that influence space use (sizing of spaces), space function (space allocation and location), and revenue generation (financial modeling). The operations and finance model workbook addresses each of the components discussed in this section and is included in the appendix documents.

<sup>28</sup> Although feedback was primarily positive to the designs and concept models, some criticisms from the advisory included a desire to see a hybrid model that might combine some of the expanded features of models A and B with the simplified design focus of models C and D. NVA advised that this design iteration is a first step, a component of the feasibility study, with the objective of providing some initial thinking about the look, process flow, and orientation. A hybrid, and potentially multiple variations, will be driven by the final selection of the site, partners involved, and priorities of space use (and function). It is a regular feature of the design development component of a development process.

## Operations Overview

The proposed International public market will act as a catalyst for the marketplace in which it is built. The primary operational spaces it will offer include the following:

- **vendor space** – retail booths, stores, and mobile spaces to accommodate vendors of all levels (early stage, developed, anchor)
- **event space** – multi-functional event spaces to support community, cultural, and focused events of all scales, including classes, demonstrations, cultural events, community/placemaking space, private event space, and corporate/organizational meeting space
- **support space** – office, kitchen/production, and storage spaces to support operations
- **logistics space** – docks, aggregation areas, and circulation spaces to support operations
- **functional space** – A/V and technology support spaces, specialized spaces such as consultation rooms, and other areas that support the primary operations of the facility

The facility's primary business function will be as a landlord, offering short- and long-term lease access to various spaces, rental access to specialized spaces, rental or lease of storage, and access for program and event partners. All the spaces identified above will be offered via lease or rental.<sup>29</sup>

The facility also has the opportunity to support programming related to the space functions described above; this may include (but is not limited to) the following:

- **small business development programs/services** – The facility could support wrap-around acceleration services (business building, marketing, licensing, how to run a business, how to grow a business, etc.) to small business operators leasing space within the facility.
- **cultural/community engagement programs/services** – All of the models incorporate space for cultural and community events, classes, demonstrations, and markets. All of these programs will need to be planned and executed.
- **nutrition, healthy eating, or culturally appropriate foods programs/services** – Market analysis identified that many small businesses and individuals across the community are interested in promoting the foods and menus of their home countries or cultures. In addition, connecting to local farmer groups, especially BIPOC farmers engaging immigrants and refugees, to source and promote products they are growing are all desired.
- **marketing and tourism promotion**—The facility will need to market the myriad spaces, programs, and services it offers to draw a local community audience, regional tourists, and tourists from beyond. In addition, the facility could partner with local municipalities, the port, airport groups, and other agencies to engage in tourism promotions and grow the facility as a destination.

These programs and others could generate fees or limited revenue in their offering. However, they will also require specialized staff and expertise, so all the programs and services highlighted above are prime opportunities for the facility to partner with local organizations with specialized skill sets that can support these needs. Multiple stakeholder groups and nonprofits that were engaged during the market analysis portion of this study identified themselves as providers of these types of programs and services. The ability of the primary operating partners to focus on facility operations and upkeep and allow others to focus on specialized programs will also help to simplify staffing and management models (both of which are discussed below).

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<sup>29</sup> Tiers of use, or pricing modifications, across the target audiences for each space are discussed in a section to follow.

## Partnership Opportunities and Roles

Successful projects of this scale typically involve multiple stakeholder groups who bring different resources, expertise, and operational value to a project. Like those projects, this multimillion-dollar venture has the opportunity to create an asset that appeals to community members and tourists alike. It is essential to consider each partner's role (and the opportunities they can support) when choosing management models, funding plans, and development plans. The primary partners (and roles) within the project structure may include (but are not limited to) the following:

- **Port of Seattle and King County:** These entities bring development expertise, management resources, organizational capacity, and alignment on project objectives (community and tourism benefits) to support a long-term development project of this scale.
  - Public or public–private ownership/management structures will be the only compatible options for their involvement.
- **City Leadership:** The city where the facility is built will need to be a key partner, protecting community interests and bringing management/funding resources, organizational capacity, and potential site use/collaborations to the project.
- **Community Organizations and Site Partners (Nonprofits):** All three cities offered potential opportunities to partner with outside entities who could support the site via co-development, shared resources/assets, and long-term financial stake. These include healthcare, city agencies, community nonprofits, and for-profit businesses.
- **Private Operators, Anchor Tenants, and Individuals:** The long-term sustainable operation of the market will depend on these entities contributing to the lease and use of spaces.

Engaging potential partners early in this category will help shape the final design and operational potential (and fine-tune economic forecasts). The role of each partner will be shaped/defined by the final site and components. Partners will be an important part of the development process and should be engaged early.

## Defining Partners

The site evaluation visits and continuing discussions in this study have identified multiple partner opportunities that may support the future development of a south King County IPM. These may include, but are not limited to the following:

- **nonprofit organizations** – Healthcare, community advocacy, housing services, social services, and food access organizations have all been engaged in this study and process and expressed interest in potential partnerships to support this project.
- **private or nonprofit development groups** – Healthcare, housing, and other development entities active in the proposed municipalities have all been approached about partnership in this project. As discussed in the site evaluation background data, there are multiple opportunities to partner with these existing development partners and sites to support the integration of IPM elements into their project sites.
- **municipalities and community service groups** – The Cities of SeaTac and Burien have both expressed an interest in integrating the IPM into their municipalities' development strategies. This may entail pairing this project's focus with community access, private development, or other city functions to support the project's long-term objectives.

## Management Structures

A management model is a theory or structure that analyzes different approaches to the organizational or day-to-day operational viability of the proposed project. The goal of a management model is to provide practical, strategic frameworks for how the project could be implemented in this specific location (assuming an understanding of the partners and players involved). This means identifying not only who will own or hold the lease for the land but also who will operate the primary day-to-day functions within the spaces, support programs, and offer desired services.

Two public entities, the Port of Seattle and King County, are the primary partners who have supported the exploration of this concept via this feasibility study. In addition, each of the potential site municipalities has expressed an interest in supporting the project within their borders. The analysis also identified multiple private nonprofit, for-profit, and community organizations that could be viable partners in the execution and operation of the proposed IPM.

With all these partners in the mix, several management models are on the table for application.

However, as illustrated in the graphic (figure 16), the most likely scenario is the public–private partnership (second column). The involvement of the port, county, and city partners requires consideration of the constraints of their charters and any legal restrictions. These parameters as well as their mission objectives, strategy alignments, and budgets must be considered. A solely public-led project (column 1) is unlikely, as the multi-faceted offerings of a facility of this nature do not fall into the primary focus of any of these public entities—they can play a role, but the day-to-day operator is unlikely to be that role. It is most likely that one of these public entities could support ownership of the land (or support its acquisition) and could partner in the development (build, construction, and launch) while other groups are engaged for operational purposes.

In addition, the public–private partnership (or P3 as it is often referred to) offers the opportunity to maximize public and nonprofit objectives for funding support and alignment across the project (as will be discussed further in the funding development portion of this report). Further, the P3 model allows for each partner to maximize their strengths in contributing to the project’s development and mission, which is an important consideration in considering both ownership and day-to-day management structures.<sup>30</sup>

Further, there has been tremendous interest throughout this project in a community ownership model or in exploring the viability of such. The complexity of the proposed IPM might not lend itself to a cooperative or community ownership model at the onset. However, P3 models, illustrated above, may allow for the integration

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<sup>30</sup> It is important to recognize that most P3 management structures involve a third-party entity—a nonprofit, public board, or related organization—being involved as the oversight and operations entity. The port, county, and various city entities are not in the position or business of running a venture such as the proposed IPM, and a third-party board or entity can be a better fit for support strategy, financial, and operational oversight in the long term. This role may be filled, especially in Washington state projects, by a public development authority (or PDA). In the state of Washington, PDAs are government-owned corporations. They are established under [RCW 35.21.730](#). For example, the City of Seattle has numerous PDAs: the Burke Gilman Place PDA, Capitol Hill Housing Improvement Program, Historic Seattle PDA, Museum Development Authority, Pacific Hospital PDA, [Pike Place Market](#) PDA, and Seattle Chinatown/International District PDA. A PDA is legally separate from the city or county that establishes it. Under state and federal law, all PDA contracts must specify that liabilities incurred by the corporation must be satisfied exclusively from their own assets. According to the City of Seattle, "This allows accomplishment of public purpose activities without assuming them into the regular functions of City government." Each Seattle PDA is governed by a volunteer council that oversees PDA activities and staff. ([MRSC](#))



of community ownership components as the project progresses. These hybrid scenarios may allow for P3 models, which rely on the strength and capacity of city/government partners to push development forward and private, nonprofit, and community partners to sustain operational viability over time to demonstrate their fit for the proposed project.

Figure 16: Potential IPM management models

Public/government ownership and operation	Public-private partnership	Nonprofit or private ownership	Community ownership
<ul style="list-style-type: none"> <li>• Government body owns the property and buildings</li> <li>• Project focus is often to fulfill a public purpose – such as job creation, small business development, tourism</li> <li>• Government can also act as an operator or engage a third party</li> <li>• **Both variations typically include an advisory or oversight board that reviews operating and financial decisions</li> <li>• EXS: St. Lawrence Market (Toronto), Milwaukee Public Market (WI), Pike Place Market (WA)</li> <li>• PROS: may be able to secure more favorable rates on land, build, or existing structures; allows the ability to request larger federal grants and tap port, city, and county budgets</li> <li>• CONS: development timeline may elongate due to gov't processes; gov't budgets are limited; may have caps or restrictions on private capital in project</li> </ul>	<ul style="list-style-type: none"> <li>• A long-term arrangement between a gov't entity and private-sector institution(s)</li> <li>• Commonly seen in infrastructure projects to support the involvement of private capital</li> <li>• Similar to public ownership – variety of operator arrangements and typically involve a board</li> <li>• EXS: The Hatchery Chicago (IL), Downtown Market (MI)</li> <li>• PROS: potentially most versatile dev vehicle; an opportunity to integrate future community models; maximizes ability to combine public/private funding</li> <li>• CONS: may need to factor a public approval process into the timeline; often utilizes a capital campaign, which requires an involved organization staff or board and capacity to launch and manage</li> </ul>	<ul style="list-style-type: none"> <li>• Nonprofit: an entity (often formed for this specific purpose) is formed to oversee, fund, lead, own/operate the project</li> <li>• Private: a private entity (for-profit) funds and builds a project (most commonly found in revitalizations with strong tourism opportunity)</li> <li>• May involve third-party operator or be overseen by the owner entity</li> <li>• EXS: Reading Terminal (PA), Oxbow Market (CA), Ferry Terminal (CA)</li> <li>• PROS: potentially fastest path through private development; often driven by active, engaged, well-capacitated entities</li> <li>• CONS: private would be ineligible for some grants; often driven by a known return for the investment (tourism, shopping district); transition to community models may be limited</li> </ul>	<ul style="list-style-type: none"> <li>• A community-focused model typically using a cooperative or trust ownership model</li> <li>• Third-party operator is most common; board represents community/ individual perspectives to guide operations</li> <li>• Most common in land-ownership or single-focus commercial (i.e., grocery store or retail store)</li> <li>• EXS: NE Investment Coop (MN), Powell Mercantile (WY)</li> <li>• PROS: supports community ownership and equity development; may have access to both public and private funding vehicles (dependent on structure)</li> <li>• CONS: requires significant leadership and capacity to organize and sustain; longer timeline for formation; limited examples for multi-focus commercial assets like a public market</li> </ul>

The management structures are also illustrated in a worksheet in the operations/financial workbook included in the appendix documents.

### Tiers of Use and Tenant Strategy

The set of parameters for identifying the individuals and organizations who will utilize space, programs, and services in the proposed facility is the tiers of use strategy. This includes identifying a preferred mix of products, business types, and space uses that align with the facility's mission/objectives and target audiences (community and tourists). The project objectives typically inform this mix. The user groups (defined as tiers of use) allow pricing model adaptations to encourage the participation of a wide variety of business types (entrepreneurs, community businesses/services, women or minority-led) and to ensure that the facility will have equitable access.

For the proposed IPM, the analysis and input have clearly identified that multiple groups may need accommodations to support equitable and community access to the facility—both from an audience perspective and a vendor perspective. The proposed tiers of use model, which is built into the financial models discussed in

the next sections of this report, allow for accommodations to address market, community, and BIPOC users' equitable access to the facility (table 16).<sup>31</sup>

Table 16: Tiers of use—user profiles

USER GROUPS	DESCRIPTION	% DISCOUNT	NOTES
<b>Market rate</b>	<ul style="list-style-type: none"> <li>Tourists/general users</li> <li>Existing businesses</li> </ul>	0%	<ul style="list-style-type: none"> <li>Competitive rates and pricing are modeled to be competitive with other south King County malls, markets, and facilities</li> </ul>
<b>Community rate</b>	<ul style="list-style-type: none"> <li>Community organizations</li> <li>Community members/entrepreneurs</li> <li>Start-up or early-stage businesses</li> </ul>	35%	<ul style="list-style-type: none"> <li>Discounted rates and pricing models to support community or start-up entrepreneurs' access to opportunities</li> <li>Ensures that community cultural events will have access to space/use</li> </ul>
<b>Food access/service rate</b>	<ul style="list-style-type: none"> <li>Food access organizations, programs, or services</li> <li>Clients/neighbors accessing these services</li> </ul>	45%	<ul style="list-style-type: none"> <li>Discounted rates and pricing modeled to ensure that food access programs, services, and organizational use of the facility is supported</li> </ul>
<b>Full discount</b>	<ul style="list-style-type: none"> <li>Overlapping space needs or operator needs</li> </ul>	100%	<ul style="list-style-type: none"> <li>Flexibility built into modeling to support cross-use of spaces by operators or cross-programming needed to support tenant growth.</li> </ul>

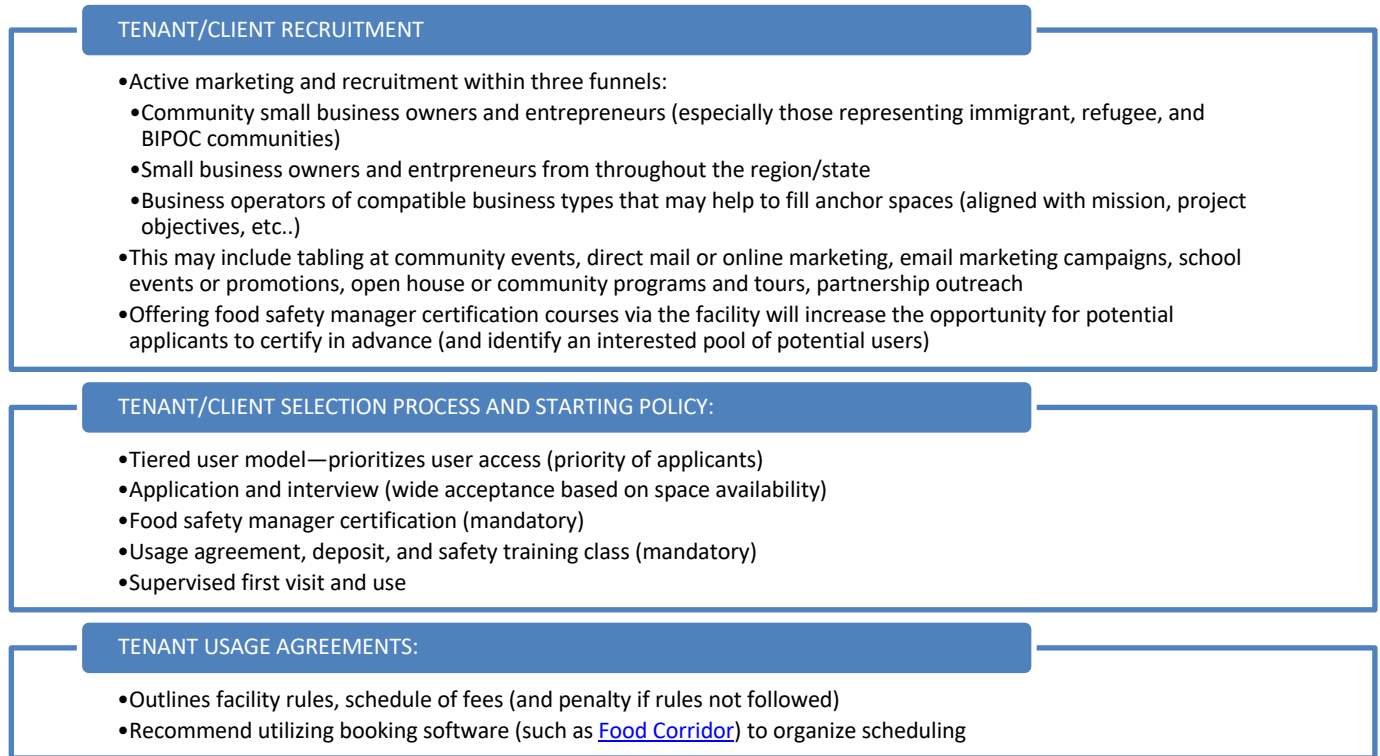
In addition to building access considerations into pricing and tenant strategies, the facility will need to consider parameters that assess the viability of tenants to commit to participation (tenant strategies). In a traditional mall or market environment, tenant strategies are designed to protect the operator and ensure that viable tenants are identified that can pay rent, commit to long-term lease structures, and support long-term viability projections. However, the proposed IPM is designed to service an audience of community-focused, multi-cultural, start-up entrepreneurs who may need considerations and not check the traditional evaluation metrics. With these additional considerations in mind, the IPM should develop a tenancing strategy that integrates the following parameters/categories with consideration of BIPOC and community access considerations:

- compatibility of the business to the market's objectives, mission, and product diversity mix
- strength and/or credibility of the business plan
- relationship or connection to community, business development, or municipal partners
- women, minority, or refugee ownership credentials
- compatibility of operations plan with market operations or objectives
- business experience
- relationship with accredited incubation or acceleration support group or organization
- financial resources or relationships
- credit-worthiness or banking affiliations

<sup>31</sup> These models may be applied as discounted access rates. Scholarship or pricing offsets, subsidized or grant-supported opportunity funds, or straight pricing structure in accordance with state, regional, and municipal restrictions.

To successfully operate the proposed spaces—kitchen, classroom, and related spaces—the facility will need to attract potential facility users from within their immediate community and (if space allows) the wider community. Figure 17 details recommendations for tenant/member recruitment and retention.

Figure 17: Tenant recommendations—recruitment and retention



Once members and tenants have been identified and recruited for use of the facility, the IPM will need to establish clear guidelines for their use and operation within the spaces. The following are key recommendations for the development of these internal guides:

- A facility guide should be provided to each user of the facility – including all vendors, partners, and users of spaces such as the shared kitchen, processing spaces, event/classroom, and outdoor spaces.
- The guide should also include parameters for those wishing to cross-dock or use storage at the facility.
- The guide should have the following primary sections (at a minimum):
  - safety (overall facility)—regulatory, licensing, and related
  - food safety and HACCP planning and requirements
  - booking, usage, and rules of the facility
  - schedule of fees (including rule infractions)
  - general outline of current calendar
  - resources, tools, and valuable contacts
- The facility guide is also a vehicle for clearly communicating the objectives or mission of the facility and its programs and service offerings.

## Operational Components and Costs

The operating and financial workbook included in the appendix documents addresses all the operational planning and cost needs for the facility—which are used to develop financial models and addressed in the subsequent sections of this report. These include the following:

- a **labor model** that projects potential roles to support day-to-day and long-term operational goals for the proposed facility. Each role is built with salary, potential workload, benefit, and tax structures over the first five years of operations.
- **specialized operations costs** identified for the facility's specific food-focused functions, including specialized costs like equipment maintenance, specialty software, pest control/related contracts, and other SG&A (selling, general, and administrative expense) categories
- **equipment and the upkeep costs associated with these specialized items** to inform initial development planning and ensure that their upkeep, maintenance, and day-to-day operational needs are considered

The operations/financial workbook, included in the appendix documents, details each of these cost categories.<sup>32</sup>

## Economic Metrics and Considerations

A project of this scale will include a qualitative analysis of the cost-benefit to the community into which it will be built and contribute. To this end, NVA identifies the economic and evaluation metrics that should be considered and evaluated as it proceeds into development.

Metrics provide a foundation for reporting success, or operational improvement benchmarks, to advisors, grantors, and related organizations. Metrics can also help to create user and attendee profiles to assist with marketing efforts and outreach. It is recommended that metrics be consistently assigned to each action in the facility/program pipeline: application, welcome/new user, active program participant, and graduate. Table 17 details common program metrics that are recommended for similar facility programs as proposed for the IPM.

Table 17: Program metrics

METRICS CATEGORIES	METRICS CATEGORIES
<b>PRIMARY INFORMATION (APPLICANTS, USERS)</b>	<b>ANNUAL DATA (TRACKED)</b>
Organization name	Growth over past 12 months (annual)—<> % (sales)
Leads/owners	New accounts (retail, wholesale, institutional)
License/ID #	Sell wholesale?
Insurance information	Sell to institutional clients?
Product declaration	Sell retail?
<b>JOB STATS (TRACKED)</b>	Sell direct to consumer?
Total employees (paid)	Primary sales venues (checklist)
Total workers (volunteer or other)	New products in product mix (count, price)
Total interns or additional roles	New classes, services, programs offered (write-in)
New roles created in last year?	Annual sales (brackets/checklist)
Unfilled positions (on offer)?	Any milestone or goals achieved? (qualitative)
<b>DEMO DATA (TRACKED)</b>	<b>GRADUATION DATA (TRACKED)</b>
Female owned business?	Graduated (year)?

<sup>32</sup> All costs—both build/development and day-to-day operations—have been taken into consideration and adapted to integrate inputs from the city/county/port as key partners in this development project. This recognizes that these public entities have different processes for projecting costs and making accommodations for public input, public bidding processes, and project execution than a typical privately run project would.

METRICS CATEGORIES	METRICS CATEGORIES
Demographic (ethnicity)	Business continuing?
Sex (personal identity)	Scale (original sales vs. current sales, % growth)
Age bracket (checklist)	Moved to? (own site, other facility, other)
Veteran or U.S. military	Reason for separation?
Disability or differently abled	Total graduated companies (operational vs. non-operational)
<b>USER DATA (TRACKED)</b>	<b>BUSINESS/JOB METRICS (PROJECTED)</b>
Use functions of facility (checklist)—what use?	Additional members served (growth as result of development)
Primary functions not served (write-in)—needs?	New businesses created
Storage used (write-in)	New jobs created
Participated in programs (checklist)	Increased entrepreneurialism
Participated in/used services (checklist)	New products (local) created
Needs not being met (write-in)	Total #s of local product supported by businesses using kitchen
Is your role (company owner/operator) full time?	Total classes offered to the community (new vs. existing)
Was this your first small business?	Total classes offered to entrepreneurs/small businesses (new vs. existing)
If no, how many previous ventures did you operate (success—operational vs. non-operational)?	Potential spend of new businesses (private investment) in local economy

### Funding Development Plan

The funding development plan is a customized overview of the different opportunities available to augment the costs of building the International Public Market. Table 18 below provides an overview of each recommended tool that will become part of the funding plan.

Table 18: Funding tools

Funding source	Description	Timeline	Resources needed	Funding range
<b>Donations/capital campaign</b>	Unrestricted use	Ongoing (typically last 2–5 years)	Planning, strategy with outlined goals, board support, dedicated committee, collateral, naming considerations	Determined by organization of what is feasible based on findings
<b>Grants</b>	<b>Capital grants:</b> general support <b>Program grants:</b> support for program-related expenses that correspond with specific outcomes	2–6 months	Application, development/operating plan, informational memorandum, staff support, cash flow as federal grants are typically reimbursable	Specified in each grant Capital generally >\$1 million Program are <\$1 million
<b>Government earmarks</b>	Capital or program support applied directly through congressional reps	6 months (usually released in March)	Relationship with congressional representatives; pitch on how projects align with topics of interest	Can be >\$1 million
<b>Building and energy incentives</b>	Incentives to integrate energy-efficient equipment and design	NA	Based on the type of incentive—may include building plan, environmental scan, architecture schematics, etc.	-

Funding source	Description	Timeline	Resources needed	Funding range
<b>Debt</b>	Fund construction/development and ongoing operating budget	6–12 months (typical timeline from solicitation to close)	Financial model, business, and operational due diligence items, permits, zoning, legal documents, local government approval, etc.	75–80% loan-to-value, multiple of earnings or multiple of book value of equity

Finding financial support is a practice of patience and relationship building and is often composed of different sources. A mix of outside funders and financial institutions will enable the partners to offset the large-scale building project, associated operating costs, and programmatic implementation.

### Funding Tool Recommendations

The Funding Development Plan is a customized overview of the different opportunities available. Based on the project scope, NVA recommends pursuing the following tools.

#### Capital Campaign

It is recommended that donations be raised through a capital campaign as much as possible. While it requires more work upfront, donations are generally unrestricted in how they can be used and do not require the heavy reporting that comes with grants. Donations can also provide cash flow for the project, as most federal grants are reimbursable only.

#### Grants and Incentives

The partners should then identify grant opportunities for both government and non-government. It should be noted that most grantors do not support capital projects. The federal exception is the EDA grant. Non-capital grants will play a larger role in financing the later stages, such as for programming, personnel, and equipment.

- **Government grants** – a means to distribute federal funds toward ideas and projects that provide public services and stimulate the economy. Because government grants are funded by tax dollars, they require stringent compliance and reporting measures for ensuring the money is spent according to federal guidelines. In addition, most grants are reimbursable, sometimes requiring debt in the form of lines of credit to help with cash flow.
- **Building incentives** – tax credits or grants based on building design and integrating green energy systems. Rebates are often available for installing energy-efficient equipment and design strategies to help new commercial buildings reduce energy usage and costs.

#### Loans

The development of the IPM will likely require taking on debt in the form of loans and lines of credit to help with cash flow. **Community development finance institutes** (CDFIs) offer tailored resources and innovative programs that invest federal dollars alongside private sector into communities that lack access to financing.

Most considered areas for the IPM fall within a designated [NMTC zone](#), making the projects eligible for new market tax credits (NMTC), the use of tax credits in the form of low-interest loans (sometimes grants) that attract private investment to distressed communities.

Table 19 is a list of grants, building incentives, and lenders the partners should consider for the IPM.<sup>33</sup>

Table 19: Grants, incentives, and loans

Funding source	Funding amount	Notes/steps to pursue
<b>Pre-construction costs</b>		
<a href="#">WA State Community Economic Revitalization Board (CERB) Planning Program</a>	Grant for up to \$100,000 + 20% cash match	Contact staff to discuss project before applying Eligible activities related to environmental impacts, land use, permitting, project engineering, site planning, and site readiness activities
<b>Construction costs</b>		
<a href="#">PSE- Commercial New Construction</a>	Incentives for efficient equipment and design-lighting, comprehensive measures/whole building.	Review the different options PSE provides and determine which is the best fit for the public market (this could also fit with a renovation project)
<a href="#">King County: Re+ Circular Economy Grant</a>	Up to \$200,000 for projects that reduce waste and keep valuable resources in the economy and out of the landfill	Example of grants: pilot the use of plastics in hot mix asphalt; support food businesses in using durables; instead of single-use items, transform surplus food into culturally appropriate meals for neighbors in need
<a href="#">EDA- Public Works and Economic Adjustment Assistance Grant</a>	Up to \$30 million (though awards typically range from \$1 million to \$7 million)	Can include both pre-construction and construction costs Meet with local EDA representative before applying
<b>New market tax credits (NMTC)- <a href="#">Grow America</a>- awarded \$45M in NMTC to deploy in 2023</b>	Line of credit, bridge loan	Contact for terms
<a href="#">Community Development Block Grants- King County</a>	Up to \$1 million (fund both pre-development and construction costs)	Project needs to qualify as a community, recreation, childcare, or early learning center, which could be accomplished through partnerships
<a href="#">WA State Community Economic Revitalization Board (CERB) Committed Private Partner Construction</a>	Loans up to \$5 million with interest rates between 1% and 3% (mix of grants/low interest loans)	Must have evidence that a private development or expansion is ready to occur Contact staff to discuss project before applying

<sup>33</sup> A question arose in the review of the funding development plan (from an advisory member) as to the exact ratio of each suggested tool that is recommended for this project. This is not a question that can be answered at this time, as the appropriate tools will need to be chosen once a site, final design, final partnership structure, final management structure, and focus of operations and programming have been chosen. Each of these decisions will help to highlight funding tools that might be most accessible, for which the facility has a higher likelihood of success in securing, or which may be allowed/not allowable based on the partners at the table. For example, TIF or NMTC funding opportunities would be best supported by the involvement of a public entity such as the port, county, or city, who have the capacity and expertise to support the application for such tools. A smaller nonprofit may not have the capacity or appropriate skill set to secure that specific funding type. In addition, projects of this scale often engage a funding or development consultant who can support a custom plan designed for the final project make-up/focus. This individual is generally from within the community or region and familiar with the policies, leadership, and legal implications of all tools to secure capital and financing for a project of this complexity.

## Additional Funding Considerations

### *New Market Tax Credits (Debt or Equity)*

Investment decisions are made at the community level, and typically, 94 to 96 percent of NMTC investments into businesses involve more favorable terms and conditions than the market generally offers. An IPM must fall within a designated [NMTC zone](#) (similar to the [OZ Map](#) but more expansive). It can also qualify if it serves NMTC-designated populations. The average investment in projects like IPM ranges from \$8.2 million to \$13 million. [Grow America](#), which invests in projects that create jobs and build community in underserved markets, is a CDFI receiving NMTC allotments serving Washington.

### *Building Incentives*

**Puget Sound Energy** offers grants for energy-efficient equipment and design strategies to help new commercial buildings reduce energy usage and costs. **King County Re+ Circular Economy Grant** is interested in the use of recycled materials or planning for food waste. As of now, the proposed IPM is not eligible to receive funds from the Climate Commitment Act, as these are mostly allocated to transportation projects and tribes.

TIF ([tax increment financing](#)) is a tool that local governments can use to fund public infrastructure in targeted areas. In Washington state, a local government can have up to two active increment areas that cannot overlap. The process of utilizing this tool can be quite cumbersome to manage and track.

## Financial Models

### Overview of Financial Modeling

The four contemplated facility models were assessed based on their financial feasibility using three primary underwriting analyses:

1. **Cost model:** This model provides the total project upfront construction and development budget along with a five-year forecast of the annual operating costs based on the sizing and functionality of each layout. Annual operating costs have itemized inputs across each cost category.
2. **Revenue model:** This model provides a ground-up, five-year forecast based on projected volume, tiered pricing, and space utilization. This build informs the total revenue each model could generate by operating components, spaces, and programs featured.
3. **Profit and loss (P&L) model:** Combining the cost and revenue model assumptions to form a five-year, consolidated operating model, the P&L illustrates and compares the cash flow-generating capabilities across each model, which allows us to assess “breakeven” within the pivotal first five years of operations.

### Construction, Development, and Operating Model Introduction

The summary below (figure 18) shows a side-by-side comparison of each model’s construction and development metrics. The difference in upfront cost between models is primarily a function of facility size, the operational components used in the space, and the equipment and internal layout required for each model.

- **Models A and B** are more expensive to build yet offer the greatest opportunity to operate sustainably over time.
  - With a more diversified component offering, these models offer a greater number of leasing opportunities, programs, and services desired by community members and potential tourist visitors. Both models cater to a broader range of activities, thereby increasing the potential for revenue generation and long-term sustainability.



- **Models C and D** offer the opportunity for a facility at a lower upfront build price, yet given the reduction in the component offering, they are challenged with the ability to reach operational stability.
  - Sharing the primary event and retail space—two components that meaningfully contribute to the bottom line—reduces their rental capacity and challenges operational performance. The ultimate success of this model layout is significantly more dependent on high utilization rates throughout the operational forecast.

Figure 18: Financial models overview (all models)

Model A: Solo		Model B: Partner		Model C: Shed		Model D: Existing	
SIZE	114K sq ft	SIZE	181K sq ft	SIZE*	78K sq ft	SIZE	37K sq ft
LAND PURCHASE	\$3.8 MM	LAND PURCHASE	\$3.8 MM	LAND PURCHASE	\$3.8 MM	BLDNG PURCHASE*	\$10.3 MM
CONSTRUCTION COST	\$29 MM	CONSTRUCTION COST	\$67.4 MM	CONSTRUCTION COST	\$22.2 MM	CONSTRUCTION COST*	\$10.8 MM
SALES TAX	\$3.7 MM	SALES TAX	\$8.5 MM	SALES TAX	\$2.8 MM	SALES TAX	\$1.4 MM
PRE-DEV SOFT COSTS	\$16.9 MM	PRE-DEV SOFT COSTS	\$38.6 MM	PRE-DEV SOFT COSTS	\$12.9 MM	PRE-DEV SOFT COSTS	\$6.4 MM
FF&E	\$2 MM	FF&E	\$2 MM	FF&E	\$939K	FF&E	\$939K
OPER RESERVES	\$1.7 MM	OPER RESERVES	\$254K	OPER RESERVES	\$4.5 MM	OPER RESERVES	\$176K
<b>TOTAL DEV. COST</b>	<b>\$53.7 MM</b>	<b>TOTAL DEV. COST</b>	<b>\$112 MM</b>	<b>TOTAL DEV. COST</b>	<b>\$44 MM</b>	<b>TOTAL DEV. COST</b>	<b>\$28.5 MM</b>

### Construction and Development Budget

A building program based on the initial schematic design validated square footage and process flow to accommodate all building components and their respective functional uses. Construction costs are detailed by component based on an estimated price per square foot, taking into consideration necessary equipment, capacity, and space buffering.<sup>34</sup>

<sup>34</sup> Construction costs are sourced from three national construction resource firms, which update their projections bi-annually or annually based on inflation, market dynamics, and other fluctuating factors. These costs are represented as per-square-foot averages (\$/sq foot) for each dynamic space type—for example, kitchen spaces, cold storage spaces, and office spaces all have different cost estimators. These costs are also benchmarked to a specific regional area (e.g., the Pacific Northwest) or state, depending on the source. Finally, the costs are adjusted to reflect urban versus rural build locations and variations, which may result in access to firms and resources. All of these per-square-foot costs reflect the total construction cost to build and finish the space to a whitebox or level 1 finish (meaning all equipment is connected and a layer of finish has been applied). Where needed, we have adjusted to incorporate the additional cost of specialized equipment installation (specifically related to storage and production spaces) and/or to incorporate higher levels of finish (such as those needed to meet food safety requirements in a food-vending or food-production space). All these costs are referenced by space with any specific assumption adjustments in the operations financial workbook included in the appendix documents. This tool is meant to illustrate the foundational assumptions that drive our hard construction costs.

Model A represents a stand-alone facility and could be reduced in total size through decreasing the number of component spaces. This layout provides all space, programs, and component spaces identified in the initial market analysis. Indoor and outdoor spaces are maximized with a circular process flow around the central market area. Table 20 below illustrates the hard construction costs associated with the build of Model A.

Table 20: Model A construction costs

MODEL A: SOLO SCENARIO—HARD CONSTRUCTION COST DETAIL				
Building component	Square feet	% of total	Cost/sq ft	Cost
Product receiving and distribution	5,836	5%	\$360.50	\$2,103,905
Utility areas	4,025	4%	\$384.75	\$1,548,619
IPM vendor hall	7,515	7%	\$537.84	\$4,041,882
IPM staff and officing	2,299	2%	\$479.32	\$1,101,967
IPM community spaces	6,167	5%	\$575.37	\$3,548,316
Circulation areas	12,518	11%	\$154.92	\$1,939,336
Exterior areas	6,089	66%	\$148.69	\$11,313,630
Partner development opportunities	—	0%	\$0.00	\$0
Total cost of construction	<b>114,449</b>	<b>100%</b>	<b>\$223.66</b>	<b>\$25,597,656</b>
WA state sales tax				\$3,727,194
<b>Total hard construction costs</b>				<b>\$29,324,850</b>

Table 21 illustrates the total project cost—including land purchase, construction costs, pre-development costs, itemized furniture, fixtures, and equipment (FF&E) to support each component space and a reserve for startup expenditures.<sup>35</sup>

Table 21: Model A development costs

MODEL A—TOTAL CONSTRUCTION + DEVELOPMENT COST ASSUMPTIONS <sup>36</sup>	
Project item	Cost
Land purchase	\$3,811,500
Hard construction costs	\$29,324,850
Total pre-development soft costs	\$16,922,865

<sup>35</sup> FF&E is estimated based on spec quotes provided by national retailers and wholesalers. A list of potential equipment, furniture, and fixtures to meet the functional needs of all listed spaces has been developed. It is included in the operation-financial workbook in the appendix documents. In this case, this list was shared with three national wholesalers who provided estimates based on examples or recommended models that met the listed functional needs. The national marketplace for equipment is extremely volatile, with frequent price fluctuations and extensive delays in ordering windows. This was accounted for in a small increase to the overall budget. Shipping and installation were also included in the projected costs.

<sup>36</sup> Due to the potential involvement of port, county, and city partners in the proposed project build, NVA modified their normal process for estimating pre-development costs and utilized a cost-estimator workbook provided by the Port of Seattle. This tool was developed by the port financial departments to help project pre-development costs such as architecture, project management, and escalation or delay costs from both an internal and external perspective. This means the cost to fund needed staff capacity, resources, or expenditures within these entities as well as the cost to support specialized firms who would be engaged to complete this work (or additional planning, studies, and related development process roles). The worksheet showing all assumptions is included in the operation-financial workbook included in the appendix documents to illustrate how these assumptions were developed and inform the total project cost projected. Typically, NVA benchmarks these assumptions against comparable projects; however, it was determined that this specialized data tool would provide a more realistic illustration of projected costs for this specific development.

FF&E (outfitting, component equipment, fixtures, vehicles)	\$1,992,300
Operating reserve	\$1,668,487
<b>Total cost of project</b>	<b>\$53,720,002</b>

#### Model A Construction and Development Costs

- **Total facility size:** 114,000 square feet
- **Total cost of construction:** \$25.6 million (\$234 per square foot)
- **Washington state taxes:** \$3.7 million
- **Land purchase:** \$3.8 million
- **Pre-development costs**
  - **External pre-dev and design:** \$10.3 million
  - **Internal pre-dev and design:** \$6.3 million
  - **Energy and sustainability:** \$325,000
- **FF&E (outfitting, equipment, fixtures, etc.):** \$2.0 million
- **Operating reserve**
  - Startup operating loss reserve: \$1.5 million
  - Working capital reserve: \$212,000
- **TOTAL PROJECT COST: \$53.7 million**

Model B contains the approximate total square footage and component layout as model A with the addition of 70,000 square feet for leasable partner development space. The partner space component is envisioned as a long-term arrangement between a government entity or private sector institution. This is commonly seen in infrastructure projects seeking additional revenue through the involvement of private capital. Considered as an IPM paired with compatible uses for a shared build, model B's increased size provides all space programs and maximizes the space's indoor and outdoor opportunities. This model will require the identification of a partner or partners to support additional space and function. Table 22 illustrates the hard construction costs associated with the build of Model B.

Table 22: Model B construction costs

MODEL B: PARTNER SCENARIO—HARD CONSTRUCTION COST DETAIL					
Building component	Square Feet	% of Total	Cost/sq ft	Cost	
Product receiving and distribution	5,836	3%	\$360.50	\$2,103,905	
Utility areas	4,025	2%	\$384.75	\$1,548,619	
IPM vendor hall	7,515	4%	\$537.84	\$4,041,882	
IPM staff and officing	2,299	1%	\$479.32	\$1,101,967	
IPM community spaces	6,167	3%	\$575.37	\$3,548,316	
Circulation areas	12,518	7%	\$154.92	\$1,939,336	
Exterior areas	72,459	40%	\$149.93	\$10,863,568	
Partner development opportunities	70,289	39%	\$479.90	\$33,731,763	
Total cost of construction	<b>181,108</b>	<b>100%</b>	<b>\$325.11</b>	<b>\$58,879,356</b>	
WA state sales tax				\$8,540,241	
<b>Total hard construction costs</b>				<b>\$67,419,598</b>	

The partner space addition results in a \$58 million increase to the total upfront construction and development costs of model B—driven by increased hard construction costs, pre-development costs related to internal and external budgets, and additional equipment and fixtures to outfit the space. Model B presents the most versatile

development vehicle and opens the possibility for future community model integration. The partner space also allows for the opportunity for private capital funding of the development—and may need to factor in additional time to run the investment process.

Table 23: Model B development costs

MODEL B—TOTAL CONSTRUCTION + DEVELOPMENT COST ASSUMPTIONS	
Project item	Cost
Land purchase	\$3,811,500
Hard construction costs	\$67,419,598
Total pre-development soft costs	\$38,598,242
FF&E (outfitting, component equipment, fixtures, vehicles)	\$2,179,300
Operating reserve	\$254,241
<b>Total cost of project</b>	<b>\$112,262,882</b>

*Model B Construction and Development Costs*

- **Total facility size:** 181,000 square feet
- **Total cost of construction:** \$58.9 million (\$325 per square foot)
- **Washington state taxes:** \$8.5 million
- **Land purchase:** \$3.8 million
- **Pre-development costs**
  - o **External pre-dev and design:** \$23.6 million
  - o **Internal pre-dev and design:** \$14.6 million
  - o **Energy and sustainability:** \$439,000
- **FF&E (outfitting, equipment, fixtures, etc.):** \$2.2 million
- **Operating reserve**
  - o Startup operating loss reserve: \$0
  - o Working capital reserve: \$254,000
- **TOTAL PROJECT COST: \$112.3 million**

Model C represents a stand-alone facility with a footprint compared to a shed layout to fit the proposed components. This build would provide a majority, but not all, of the originally identified components yet reduces the build space by unifying space for events and vendor opportunities into a single “open format” model. This allows for differentiation of spaces with each set up/functional use. Table 24 illustrates the hard construction costs associated with Model C.

Table 24: Model C construction costs

MODEL C: OPEN FORMAT/SHED—HARD CONSTRUCTION COST DETAIL				
Building component	Square feet	% of total	Cost/sq ft	Cost
Product receiving and distribution	1,850	2%	\$398.13	\$736,533
Utility areas	2,713	2%	\$384.75	\$1,043,827
IPM vendor hall	1,810	2%	\$608.63	\$1,101,614
IPM staff and officing	—	0%	\$0.00	\$0
IPM community spaces	19,094	17%	\$419.78	\$8,015,369
Circulation areas	10,169	9%	\$145.24	\$1,476,913
Exterior areas	42,111	37%	\$165.75	\$6,979,916
Partner development opportunities	—	0%	\$0.00	\$0

MODEL C: OPEN FORMAT/SHED—HARD CONSTRUCTION COST DETAIL				
Building component	Square feet	% of total	Cost/sq ft	Cost
Total cost of construction	<b>77,747</b>	<b>68%</b>	<b>\$248.94</b>	<b>\$19,354,171</b>
WA state sales tax				\$2,823,899
<b>Total hard construction costs</b>				<b>\$22,178,070</b>

Table 25: Model C development costs

MODEL C—TOTAL CONSTRUCTION + DEVELOPMENT COST ASSUMPTIONS	
Project item	Cost
Land purchase	\$3,811,500
Hard construction costs	\$22,178,070
Total pre-development soft costs	\$12,852,788
FF&E (outfitting, component equipment, fixtures, vehicles)	\$939,000
Startup operating reserve	\$4,466,214
<b>Total cost of project</b>	<b>\$44,247,571</b>

#### Model C Construction and Development Costs

- **Total facility size:** 78,000 square feet
- **Total cost of construction:** \$19.4 million (\$249 per square foot)
- **Washington state taxes:** \$2.8 million
- **Land purchase:** \$3.8 million
- **Pre-development costs**
  - **External pre-dev and design:** \$7.8 million
  - **Internal pre-dev and design:** \$4.8 million
  - **Energy and sustainability:** \$300,000
- **FF&E (outfitting, equipment, fixtures, etc.):** \$939,000
- **Operating reserve**
  - Startup operating loss reserve: \$4.3 million
  - Working capital reserve: \$190,000
- **TOTAL PROJECT COST: \$44.2 million**

Like model C, model D also represents a stand-alone facility. The overall sizing was based on 20,000–30,000 total square feet for a single floor providing a majority, but not all, of the spacing programs from the initial market analysis. Built on the model C design, this layout assumes some existing resources already within the existing infrastructure of the building. Total upfront build costs are reduced with the assumption that spaces for parking, mechanical, loading, and restrooms are usable with limited intervention (table 26).

Table 26: Model D construction costs

MODEL D: EXISTING STRUCTURE SCENARIO—HARD CONSTRUCTION COST DETAIL				
Building component	Square feet	% of total	Cost/sq ft	Cost
Product receiving and distribution	1,310	1%	\$399.31	\$523,098
Utility areas	1,300	1%	\$338.58	\$440,154
IPM vendor hall	1,810	2%	\$538.03	\$973,841
IPM staff and officing	—	0%	\$0.00	\$0
IPM community spaces	14,530	13%	\$374.51	\$5,441,785
Circulation areas	2,836	2%	\$141.09	\$400,127

MODEL D: EXISTING STRUCTURE SCENARIO—HARD CONSTRUCTION COST DETAIL					
Building component	Square feet	% of total	Cost/sq ft	Cost	
Exterior areas	15,000	13%	\$106.06	\$1,590,840	
Partner development opportunities	—	0%	\$0.00	\$0	
Total cost of construction	<b>36,786</b>	<b>32%</b>	<b>\$254.71</b>	<b>\$9,369,846</b>	
WA state sales tax				\$1,383,658	
<b>Total hard construction costs</b>				<b>\$10,753,504</b>	

Table 27: Model D development costs

MODEL D—TOTAL CONSTRUCTION + DEVELOPMENT COST ASSUMPTIONS	
Project item	Cost
Building purchase	\$10,284,000
Hard construction costs	\$10,753,504
Total pre-development soft costs	\$6,386,483
FF&E (outfitting, component equipment, fixtures, vehicles)	\$939,000
Startup operating reserve	\$176,000
<b>Total cost of project</b>	<b>\$28,538,987</b>

#### Model D Construction and Development Costs

- **Total facility size:** 36,800 square feet
- **Total cost of construction:** \$9.4 million (\$255 per square foot)
- **Washington state taxes:** \$1.4 million
- **Building purchase:** \$10.3 million
- **Pre-development costs**
  - **External pre-dev and design:** \$3.8 million
  - **Internal pre-dev and design:** \$2.3 million
  - **Energy and sustainability:** \$300,000
- **FF&E (outfitting, equipment, fixtures, etc.):** \$939,000
- **Operating reserve**
  - Startup operating loss reserve: \$0
  - Working capital reserve: \$176,000
- **TOTAL PROJECT COST: \$28.5 million**

#### Financial Summary

The upfront construction and development cost for each of the four facility types is only the first factor of the financial assessment. Of equal importance is each facility’s ability to demonstrate a path to profitability over a five-year operating forecast based on the differing combinations of components within each model.





Figure 20 summarizes each model’s five-year P&L forecast and highlights its sizing and determined path to profitability using conservative growth assumptions.

- **Models A and B**, while more expensive to build, present the most viable opportunity to operate sustainably over time and achieve breakeven profitability.
  - These models provide a greater combination of leasable components and services desired by community members and potential tourist visitors. This broader range of activity allows for

greater capacity utilization, which allows for stronger top-line growth and long-term sustainability given the necessary operational cost structure.

- **Models C and D**, while less expensive to build and at a lower operational cost structure, are more challenged in their ability to achieve a sustainable path to profitability. Given the decrease in square footage and component offering, capacity utilization caps each model’s ability to generate the revenue necessary to sustainably cover the operating cost structure over the five-year forecast.
  - Sharing of the primary event and retail space cuts both component’s revenue potential in half. Consequently, these models could only breakeven at high utilization rates during the first five years of the forecast—this is considered a key operational risk that might be difficult to overcome given the modest utilization ramp compared to similar projects across the region and county.

Figure 19: Summarized financials (all models)

							
Model A: Solo		Model B: Partner		Model C: Shed		Model D: Existing	
TOTAL REVENUE	\$2.2–3.7 MM	TOTAL REVENUE	\$3.6–6 MM	TOTAL REVENUE	\$867K–1.4 MM	TOTAL REVENUE	\$867K–1.4 MM
TOTAL OP COSTS	\$2.8–3.1 MM	TOTAL OP COSTS	\$3.5–3.8 MM	TOTAL OP COSTS	\$1.8–2 MM	TOTAL OP COSTS	\$1.8 –2 MM
UTILIZATION	37% to 63%	UTILIZATION	35% to 58%	UTILIZATION	38% to 63%	UTILIZATION	38% to 63%
BREAKS EVEN?	YEAR 4	BREAKS EVEN?	ALL YEARS	BREAKS EVEN?	NO	BREAKS EVEN?	NO
PROFIT POSSIBLE?	YEARS 4–5	PROFIT POSSIBLE?	ALL YEARS	PROFIT POSSIBLE?	<i>Not without higher utilization</i>	PROFIT POSSIBLE?	<i>Not without higher utilization</i>
OPER RESERVES	\$1.7 MM	OPER RESERVES	\$254K	OPER RESERVES	\$4.5 MM	OPER RESERVES	\$4.5 MM

### Summary P&L (Operating Model Detail)

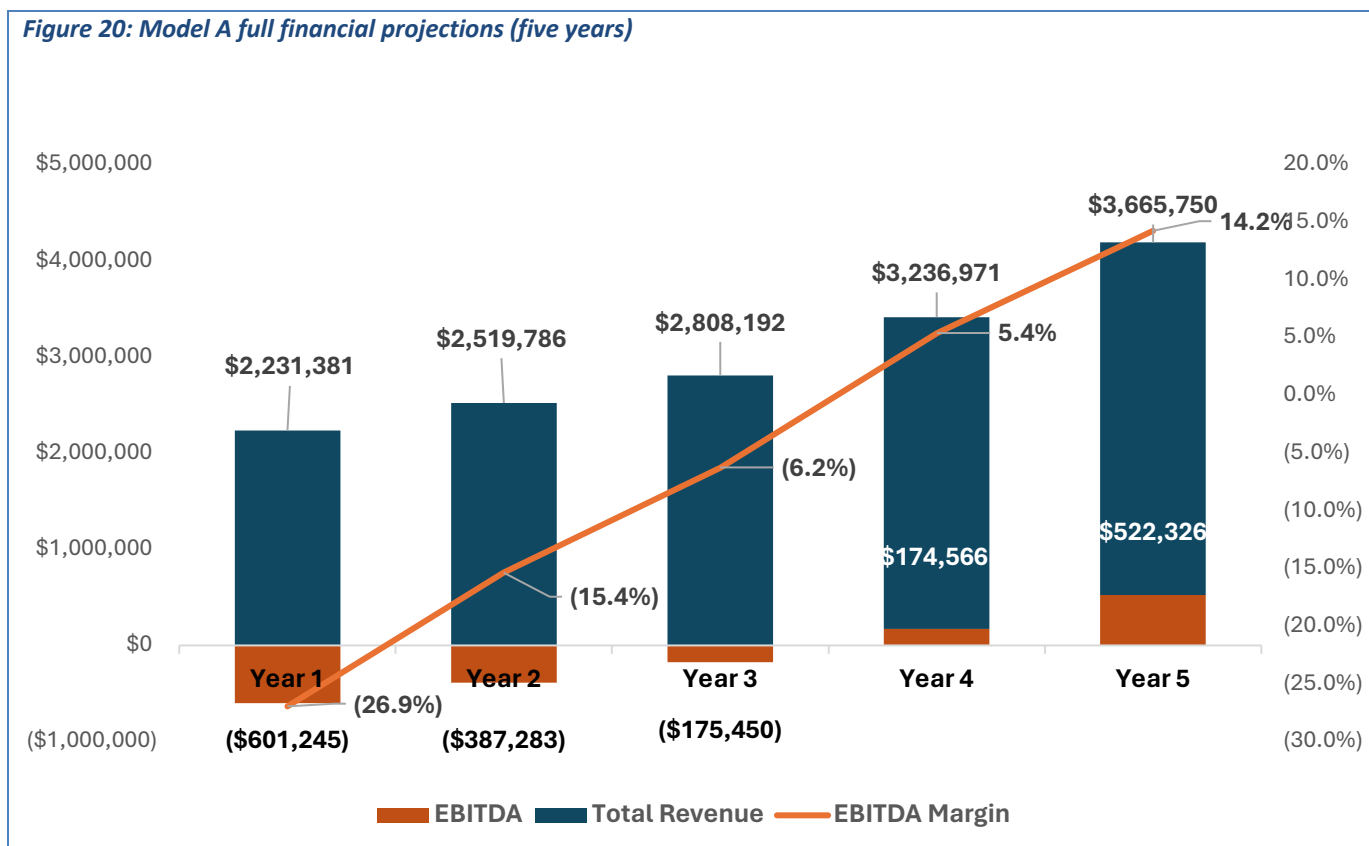
Model A achieves operational cash flow breakeven (positive EBITDA, defined as earnings before interest, taxes, depreciation, and amortization) in year 4. Total revenue grows at a 13.2 percent CAGR (compound annual growth rate) over the five-year forecast. The kitchen and retail components are the primary driver of revenue, combining to average approximately 81 percent of total revenue over the forecast. Blended utilization (defined as the weighted average utilization rate based on component revenue) increases from 37 percent in year 1 peaking at 63 percent in year 5 and is considered a conservative ramp based on facilities with a similar blend of components. Total operating costs are grown at 1 to 3 percent annually and were estimated to have the full cost load beginning in year 1, which is conservative for purposes of the forecast.

Table 28: Model A P&L (full financial projections)

MODEL A CAMPUS	SOLO—OPERATING FORECAST				
	Year 1	Year 2	Year 3	Year 4	Year 5
Blended utilization	37%	42%	47%	55%	63%
Total revenue	\$2,231,381	\$2,519,786	\$2,808,192	\$3,236,971	\$3,665,750

MODEL A CAMPUS	SOLO—OPERATING FORECAST				
	Year 1	Year 2	Year 3	Year 4	Year 5
% growth (YoY)		12.9%	11.4%	15.3%	13.2%
<u>Operating costs</u>					
General campus and component labor	1,592,475	1,640,249	1,689,457	1,740,140	1,792,345
Utilities and disposal	520,130	535,734	551,806	568,360	585,411
Maintenance and grounds	350,308	353,811	357,349	360,923	364,532
SG&A	193,304	199,103	205,076	211,229	217,565
Software and security	49,200	49,692	50,189	50,691	51,198
Insurance and taxes	127,208	128,480	129,765	131,063	132,374
Total operating costs	\$2,832,625	\$2,907,070	\$2,983,642	\$3,062,405	\$3,143,424
EBITDA	(\$601,245)	(\$387,283)	(\$175,450)	\$174,566	\$522,326
EBITDA margin	-26.9%	-15.4%	-6.2%	5.4%	14.2%

Figure 20: Model A full financial projections (five years)



Model B achieves operational cash flow breakeven throughout the entirety of the five-year forecast. Total revenue grows at a 13.4 percent CAGR, reaching \$6.0 million in revenue by year 5. The incremental revenue above model A is primarily attributed to the addition of the partner space. This component provides additional revenue of \$1.3 million in year 1 and increases to \$2.3 million by year 5. The blended utilization rate is slightly more conservative than model A and is a direct result of the partner space being conservatively forecasted at utilization rates at 30 percent in year 1 and topping out at 50 percent in year 5. EBITDA margins appreciate year-over-year from breakeven in year 1 to a stabilized 36 percent by year 5. While the operational costs are upsized

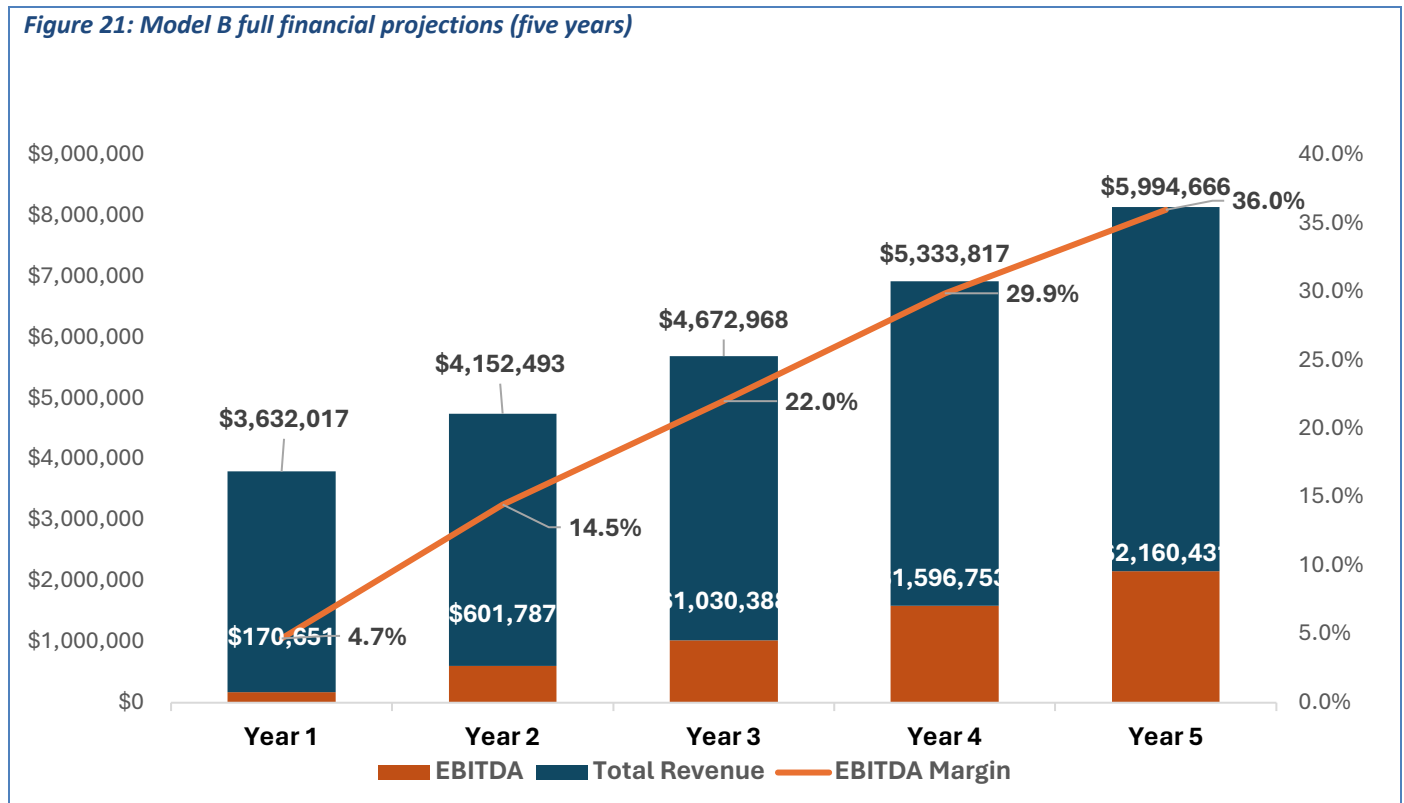


compared to model A given the larger layout coupled with added staffing, greater operating leverage is achieved throughout the forecast.

Table 29: Model B P&L (full financial projections)

MODEL B CAMPUS	PARTNER—OPERATING FORECAST				
	Year 1	Year 2	Year 3	Year 4	Year 5
Blended utilization	35%	40%	45%	51%	58%
Total revenue	\$3,632,017	\$4,152,493	\$4,672,968	\$5,333,817	\$5,994,666
% growth (YoY)		14.3%	12.5%	14.1%	12.4%
<u>Operating costs</u>					
General campus and component labor	1,730,908	1,782,835	1,836,320	1,891,410	1,948,152
Utilities and disposal	794,765	818,608	843,166	868,461	894,515
Maintenance and grounds	457,060	461,631	466,247	470,910	475,619
SG&A	210,609	216,927	223,435	230,138	237,042
Software and security	49,200	49,692	50,189	50,691	51,198
Insurance and taxes	218,824	221,012	223,222	225,454	227,709
Total operating costs	\$3,461,366	\$3,550,705	\$3,642,580	\$3,737,064	\$3,834,235
EBITDA	\$170,651	\$601,787	\$1,030,388	\$1,596,753	\$2,160,431
<b>EBITDA margin</b>	<b>4.7%</b>	<b>14.5%</b>	<b>22.0%</b>	<b>29.9%</b>	<b>36.0%</b>

Figure 21: Model B full financial projections (five years)

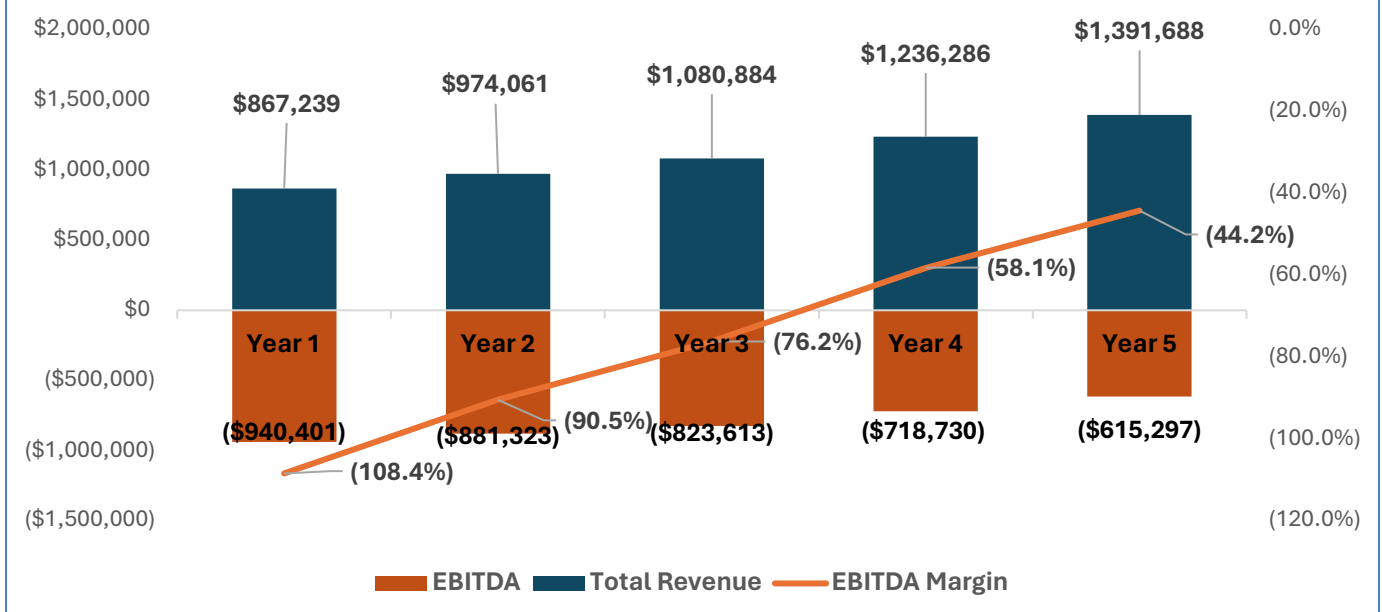


Models C and D demonstrate the ongoing operational challenges of managing a smaller space with limited component offerings. Revenue is materially less than models A and B, ranging from \$867,000 in year 1 and growing to \$1.4 million by year 5. The blended utilization rate is slightly higher yet remains conservative given the nature of building awareness within the community and advancing user access, starting at 38 percent in year 1 and increasing to 63 percent by year 5. While the annual operating cost load is 36 percent less than model A, the lower lease revenue capacity is insufficient to grow into a sustainable cash flowing operation during the first five years of operations.

Table 30: Models C and D P&L (full financial projections)

MODEL C AND MODEL D CAMPUS	SHED/EXISTING—OPERATING FORECAST				
	Year 1	Year 2	Year 3	Year 4	Year 5
Blended utilization	38%	43%	48%	55%	63%
Total revenue	\$867,239	\$974,061	\$1,080,884	\$1,236,286	\$1,391,688
% growth (YoY)		12.3%	11.0%	14.4%	12.6%
<u>Operating costs</u>					
General campus and component labor	1,001,768	1,031,821	1,062,775	1,094,658	1,127,498
Utilities and disposal	359,318	370,097	381,200	392,636	404,415
Maintenance and grounds	201,073	203,084	205,115	207,166	209,238
SG&A	122,306	125,975	129,755	133,647	137,657
Software and security	24,700	24,947	25,196	25,448	25,703
Insurance and taxes	98,476	99,460	100,455	101,460	102,474
Total operating costs	\$1,807,640	\$1,855,385	\$1,904,496	\$1,955,016	\$2,006,985
EBITDA	(\$940,401)	(\$881,323)	(\$823,613)	(\$718,730)	(\$615,297)
<b>EBITDA margin</b>	<b>-108.4%</b>	<b>-90.5%</b>	<b>-76.2%</b>	<b>-58.1%</b>	<b>-44.2%</b>

Figure 22: Models C and D full financial projections (five years)



### Revenue Inputs

Revenue assumptions across all models utilized a tiered pricing structure identified for each component. This structure was based on four different types of user cohorts and blended based on the uniquely identified user mix percentage for each component:

- tourism/market rate                                    0% market discount
- community members/partners                        35% market discount
- food access/service groups                           45% market discount
- fully subsidized     100% market discount

This blended tier was then priced into each component lease rate and grown based on the forecasted utilization rate.<sup>37</sup>

<sup>37</sup> A utilization rate is based on a high-level assumption of what the maximum utilization of a specific space or function would be (i.e., how many hours, days, or weeks is the shared kitchen station available for rental). This maximum utilization (100%) is then adjusted downward to benchmark it against comparable facilities and operations for a more realistic or conservative estimation of what type of use could be estimated for this facility in years 1–5. In reality, no facility truly operates at maximum utilization (24 hours a day or 52 weeks a year), and this blended utilization referenced allows the facility to estimate more conservatively what the proposed facility can realistically expect to support. These “real” utilizations are benchmarked against similar operating facilities across the country such as Pike Place Market, Eastern Market, the Hatchery, and others.

Table 31: Model A revenue model

Model A	Revenue allocation	Component forecast				
		Year 1	Year 2	Year 3	Year 4	Year 5
<b>Kitchen space</b>	<b>46.1%</b>					
utilization		35%	40%	45%	50%	55%
Total component revenue		\$1,036,227	\$1,184,259	\$1,332,291	\$1,480,324	\$1,628,356
Revenue growth (YoY)			14.3%	12.5%	11.1%	10.0%
<b>Retail space</b>	<b>34.4%</b>					
utilization		45%	50%	55%	65%	75%
Total component revenue		\$802,635	\$876,583	\$950,531	\$1,098,428	\$1,246,325
Revenue growth (YoY)			9.2%	8.4%	15.6%	13.5%
<b>Event space</b>	<b>15.9%</b>					
utilization		30%	35%	40%	50%	60%
Total component revenue		\$321,633	\$375,239	\$428,844	\$536,055	\$643,266
Revenue growth (YoY)			16.7%	14.3%	25.0%	20.0%
<b>Storage space</b>	<b>2.9%</b>					
utilization		30%	35%	40%	50%	60%
Total component revenue		\$58,826	\$68,631	\$78,435	\$98,044	\$117,653
Revenue growth (YoY)			16.7%	14.3%	25.0%	20.0%
<b>Office space</b>	<b>0.7%</b>					
utilization		20%	25%	30%	40%	50%
Total component revenue		\$12,060	\$15,075	\$18,090	\$24,120	\$30,150
Revenue growth (YoY)			25.0%	20.0%	33.3%	25.0%

The following assumptions detail the maximum utilization (or baseline) upon which the utilization has been adjusted. They also illustrate the pricing assumptions attached to each functional space.<sup>38</sup>

**Model A Kitchen Space:**

- **Hot line – main kitchen station – 2 stations**
  - prime day/afternoon shift—\$78 per hour; available 12 hours per day
  - graveyard shift—\$40 per hour; available 8 hours per day
- **Bakery – main kitchen station – 2 stations**
  - prime day/afternoon shift—\$78 per hour; available 12 hours per day
  - graveyard shift—\$40 per hour; available 8 hours per day
- **General/cold prep – main kitchen station – 3 stations**
  - prime day/afternoon shift —\$63 per hour; available 12 hours per day
  - graveyard shift—\$32 per hour; available 8 hours per day
- **Specialty kitchen – 1 station**
  - prime day/afternoon shift—\$78 per hour; available 12 hours per day
  - graveyard shift—\$40 per hour; available 8 hours per day

<sup>38</sup> Pricing models were built based on three resource inputs: (1) marketplace comparables – NVA looked for three to five examples of a similar space, program, or service within the regional marketplace; (2) project comparables – these were then checked against comparable projects on which NVA has worked in the last three to five years to ensure they are realistic for this operating context; and (3) survey inputs – potential users were also surveyed with questions to understand their pricing sensitivity and these inputs were also taken into consideration. All three inputs were then aggregated into the model. All these inputs, formulas, and the structure of each pricing model with supporting assumptions are detailed in the operation-financial workbook included in the appendix documents.

- **Meat room/prep kitchen – 2 stations**
  - prime day/afternoon shift—\$78 per hour; available 12 hours per day
  - graveyard shift—\$40 per hour; available 8 hours per day
- **Packing station – 4 stations**
  - prime day/afternoon shift—\$55 per hour; available 12 hours per day
  - graveyard shift—\$28 per hour; available 8 hours per day

*Model A Retail Space:*

- **Vendor food hall – whitebox – pricing for each also includes retail charge of 2 percent of base rent plus retail charge of 6 percent of lessee retail sales**
  - small – 10 units, 58 square feet each; \$27 per square foot per month; available 12 months per year
  - medium – 4 units, 222 square feet each; \$27 per square foot per month; available 12 months per year
  - large – 2 units, 389 square feet each; \$27 per square foot per month; available 12 months per year
- **Non-food vendor hall – whitebox – pricing for each also includes retail charge of 2 percent of base rent plus retail charge of 6 percent of lessee retail sales**
  - small – 10 units, 50 square feet each; \$30 per square foot per month; available 12 months per year
  - medium – 4 units, 203 square feet each; \$30 per square foot per month; available 12 months per year
  - large – 2 units, 361 square feet each; \$30 per square foot per month; available 12 months per year
- **Anchor storefronts – pricing for each also includes retail charge of 2 percent of base rent plus retail charge of 6 percent of lessee retail sales**
  - food tenant – 612–square foot storefront; \$27 per square foot per month; available 12 months per year
  - non-food tenant – 597–square foot storefront; \$30 per square foot per month; available 12 months per year
- **Interior market stall – 6 units, 60 square feet each; \$175 per square foot per week; available 48 weeks per year**
- **Exterior market stall – 12 units, 100 square feet each; \$50 per square foot per week; available 32 weeks per year**

*Model A Event Space:*

- **Interior**
  - banquet hall – \$250 per hour; available 30 hours per week, 48 weeks per year
  - board room – \$65 per hour; available 40 hours per week, 48 weeks per year
  - classroom 1 – \$65 per hour; available 40 hours per week, 48 weeks per year
  - classroom 2 – \$138 per hour; available 40 hours per week, 48 weeks per year
  - small community room – \$108 per hour; available 35 hours per week, 48 weeks per year
  - large community room – \$150 per hour; available 35 hours per week, 48 weeks per year
- **Exterior**
  - courtyard market space – \$288 per hour; available 30 hours per week, 32 weeks per year
  - roof deck – \$70 per hour; available 30 hours per week, 32 weeks per year

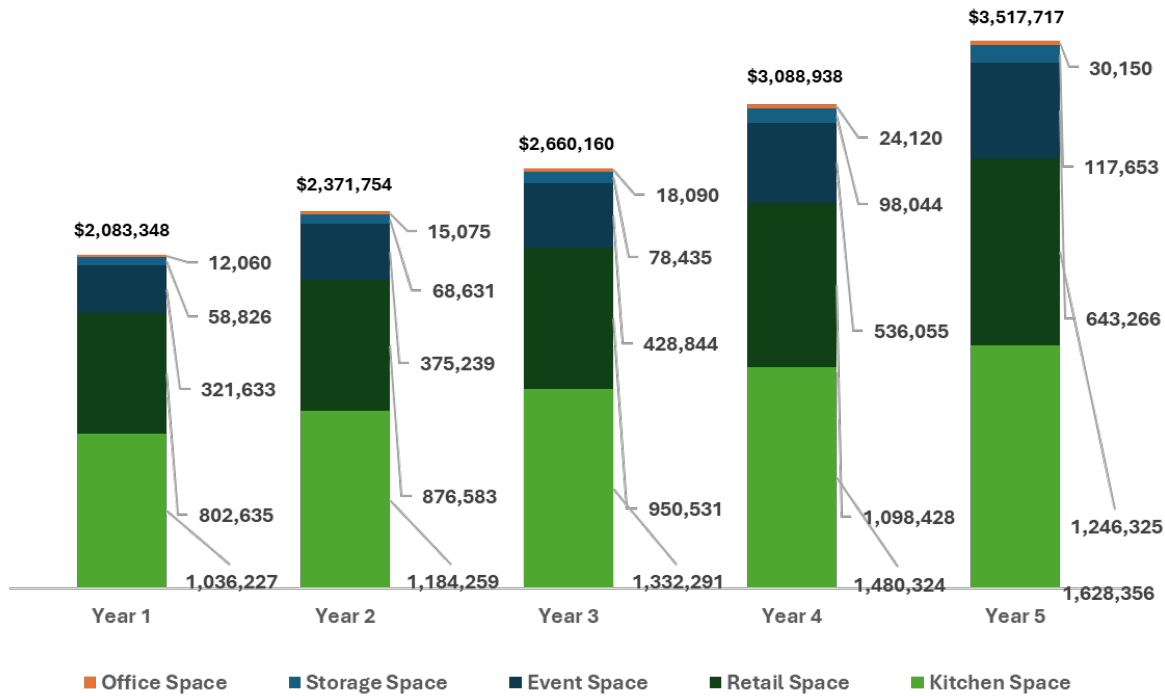
*Model A Storage Space:*

- **Dry storage**
  - pallet – 64 pallets at \$79 per month; available 12 months per year
  - rolling rack – 7 racks at \$63 per month; available 12 months per year
- **Cold storage**
  - pallet – 40 pallets at \$193 per month; available 12 months per year
  - rolling rack – 5 racks at \$155 per month; available 12 months per year
- **Frozen storage**
  - pallet – 56 pallets at \$279 per month; available 12 months per year
  - rolling rack – 4 racks at \$223 per month; available 12 months per year

*Model A Office Space:*

- **Working space**
  - open office space – 7 private desks at \$45 per day; available 5 days per week, 48 weeks per year
  - private office 1 – 1 private office with 1–2 desk capacity at \$235 per month; available 12 months per year
  - private office 2 – 1 private office with 1–3 desk capacity at \$235 per month; available 12 months per year

**Figure 23: Model A revenue projections (all components)**



The same exercise was repeated across all four model variations, with model B differentiating from model A with the addition of assumptions around partner space leases and rentals.

Table 32: Model B revenue model

Model B	Revenue allocation	Component forecast				
		Year 1	Year 2	Year 3	Year 4	Year 5
<b>Kitchen Space</b>	<b>28.0%</b>					
utilization		35%	40%	45%	50%	55%
Total component revenue		\$1,036,227	\$1,184,259	\$1,332,291	\$1,480,324	\$1,628,356
Revenue growth (YoY)			14.3%	12.5%	11.1%	10.0%
<b>Retail space</b>	<b>21.1%</b>					
utilization		45%	50%	55%	65%	75%
Total component revenue		\$810,852	\$884,800	\$958,749	\$1,106,645	\$1,254,542
Revenue growth (YoY)			9.1%	8.4%	15.4%	13.4%
<b>Partner space</b>	<b>39.0%</b>					
utilization		30%	35%	40%	45%	50%
Total component revenue		\$1,392,419	\$1,624,489	\$1,856,559	\$2,088,629	\$2,320,699
Revenue growth (YoY)			16.7%	14.3%	12.5%	11.1%
<b>Event space</b>	<b>9.7%</b>					
utilization		30%	35%	40%	50%	60%
Total component revenue		\$321,633	\$375,239	\$428,844	\$536,055	\$643,266
Revenue growth (YoY)			16.7%	14.3%	25.0%	20.0%
<b>Storage space</b>	<b>1.8%</b>					
utilization		30%	35%	40%	50%	60%
Total component revenue		\$58,826	\$68,631	\$78,435	\$98,044	\$117,653
Revenue growth (YoY)			16.7%	14.3%	25.0%	20.0%
<b>Office space</b>	<b>0.4%</b>					
utilization		20%	25%	30%	40%	50%
Total component revenue		\$12,060	\$15,075	\$18,090	\$24,120	\$30,150
Revenue growth (YoY)			25.0%	20.0%	33.3%	25.0%

Model B Kitchen Space:

- **Hot line—main kitchen station – 2 stations**
  - prime day/afternoon shift—\$78 per hour; available twelve hours per day
  - graveyard shift —\$40 per hour; available 8 hours per day
- **Bakery – main kitchen station – 2 stations**
  - prime day/afternoon shift—\$78 per hour; available 12 hours per day
  - graveyard shift —\$40 per hour; available 8 hours per day
- **General/cold prep – main kitchen station – 3 stations**
  - prime day/afternoon shift—\$63 per hour; available 12 hours per day
  - graveyard shift —\$32 per hour; available 8 hours per day
- **Specialty kitchen – 1 station**
  - prime day/afternoon shift—\$78 per hour; available 12 hours per day
  - graveyard shift —\$40 per hour; available 8 hours per day
- **Meat room/prep kitchen – 2 stations**
  - prime day/afternoon shift—\$78 per hour; available 12 hours per day
  - graveyard shift —\$40 per hour; available 8 hours per day
- **Packing station – 4 stations**
  - prime day/afternoon shift—\$55 per hour; available 12 hours per day
  - graveyard shift —\$28 per hour; available 8 hours per day

#### *Model B Retail Space:*

- **Vendor food hall – whitebox – pricing for each also includes retail charge of 2 percent of base rent plus retail charge of 6 percent of lessee retail sales**
  - small – 10 units, 58 square feet each; \$27 per square foot per month; available 12 months per year
  - medium – 4 units, 222 square feet each; \$27 per square foot per month; available 12 months per year
  - large – 2 units, 389 square feet each; \$27 per square foot per month; available 12 months per year
- **Non-food vendor hall – whitebox – pricing for each also includes retail charge of 2 percent of base rent plus retail charge of 6 percent of lessee retail sales**
  - small – 10 units, 50 square feet each; \$30 per square foot per month; available 12 months per year
  - medium – 4 units, 203 square feet each; \$30 per square foot per month; available 12 months per year
  - large – 2 units, 361 square feet each; \$30 per square foot per month; available 12 months per year
- **Anchor storefronts – pricing for each also includes retail charge of 2 percent of base rent plus retail charge of 6 percent of lessee retail sales**
  - food tenant – 612–square foot storefront; \$27 per square foot per month; available 12 months per year
  - non-food tenant – 597–square foot storefront; \$30 per square foot per month; available 12 months per year
- **Interior market stall – 6 units, 60 square feet each; \$175 per square foot per week; available 48 weeks per year**
- **Exterior market stall – 12 units, 100 square feet each; \$50 per square foot per week; available 32 weeks per year**

#### *Model B Partner Space:*

- **Childcare space**
  - interior – 1,956–square foot whitebox space; \$14 per square foot per month; available 12 months per year
  - exterior – 1,674–square foot ground space; \$8 per square foot per month; available 12 months per year
- **Development space A**
  - interior – 19,665–square foot space with vertical expansion; \$21 per square foot per month; available 12 months per year
  - exterior – 1,851–square foot rooftop space; \$8 per square foot per month; available 12 months per year
- **Development space B**
  - interior – 1,298–square foot space with vertical expansion; \$21 per square foot per month; available 12 months per year
  - exterior – 2,559–square foot rooftop space; \$8 per square foot per month; available 12 months per year
- **Office space – 1,956–square foot whitebox space; \$21 per square foot per month; available 12 months per year**



#### *Model B Event Space:*

- **Interior**
  - banquet hall —\$250 per hour; available 30 hours per week, 48 weeks per year
  - board room —\$65 per hour; available 40 hours per week, 48 weeks per year
  - classroom 1 —\$65 per hour; available 40 hours per week, 48 weeks per year
  - classroom 2 —\$138 per hour; available 40 hours per week, 48 weeks per year
  - small community room—\$108 per hour; available 35 hours per week, 48 weeks per year
  - large community room—\$150 per hour; available 35 hours per week, 48 weeks per year
- **Exterior**
  - courtyard market space—\$288 per hour; available 30 hours per week, 32 weeks per year
  - roof deck—\$70 per hour; available 30 hours per week, 32 weeks per year

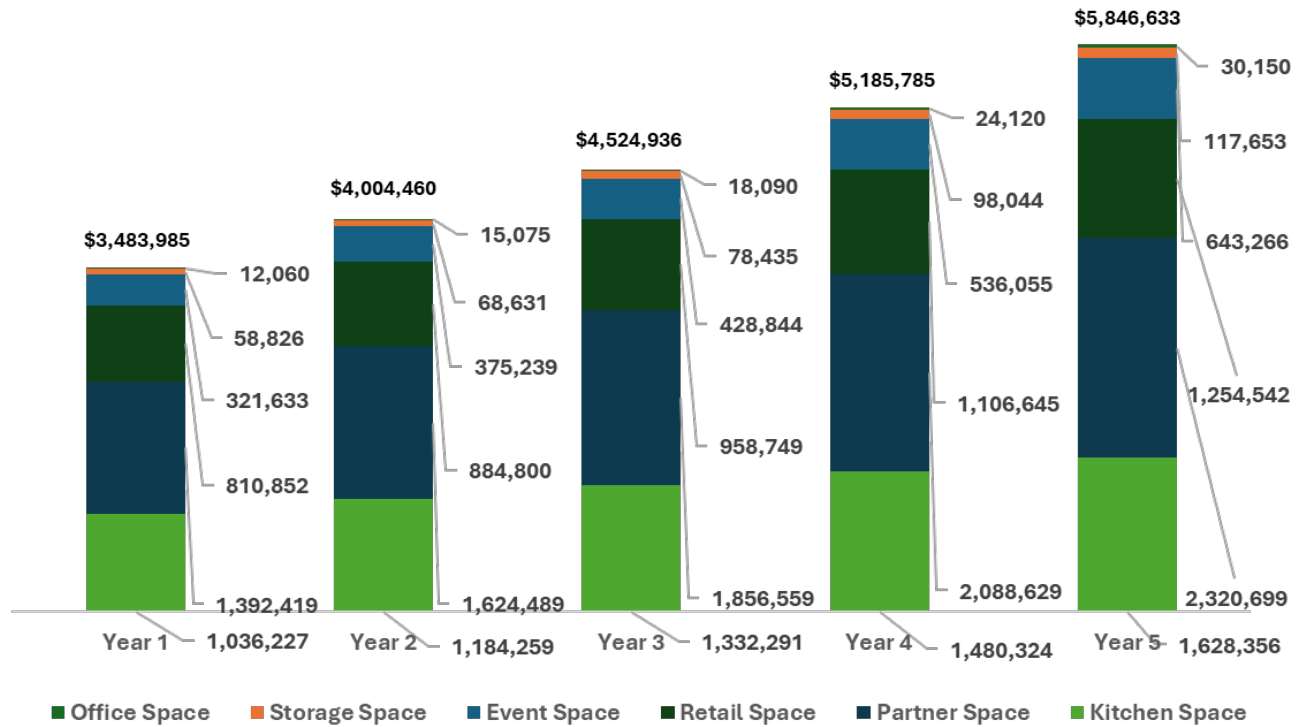
#### *Model B Storage Space:*

- **Dry storage**
  - pallet – 64 pallets at \$79 per month; available 12 months per year
  - rolling rack – 7 racks at \$63 per month; available 12 months per year
- **Cold storage**
  - pallet – 40 pallets at \$193 per month; available 12 months per year
  - rolling rack – 5 racks at \$155 per month; available 12 months per year
- **Frozen storage**
  - pallet – 56 pallets at \$279 per month; available 12 months per year
  - rolling rack – 4 racks at \$223 per month; available 12 months per year

#### *Model B Office Space:*

- **Working space**
  - open office space – 7 private desks at \$45 per day; available 5 days per week, 48 weeks per year
  - private office 1 – 1 private office with 1–2 desk capacity at \$235 per month; available 12 months per year
  - private office 2 – 1 private office with 1–3 desk capacity at \$235 per month; available 12 months per year

Figure 24: Model B revenue projections (all components)



As models C and D were built on the same fundamental template (space use and size), their projections were combined into one illustrated model. The primary difference with models C and D is, of course, the reduction into total revenue component spaces with the simplified floorplan and functions.

Table 33: Models C and D revenue model

Models C and D	Revenue allocation	Component forecast				
		Year 1	Year 2	Year 3	Year 4	Year 5
<b>Kitchen space</b>	<b>47.2%</b>					
utilization		35%	40%	45%	50%	55%
Total component revenue		\$407,696	\$465,938	\$524,180	\$582,422	\$640,665
Revenue growth (YoY)			14.3%	12.5%	11.1%	10.0%
<b>Retail space</b>	<b>34.8%</b>					
utilization		45%	50%	55%	65%	75%
Total component revenue		\$320,113	\$345,454	\$370,795	\$421,478	\$472,161
Revenue growth (YoY)			7.9%	7.3%	13.7%	12.0%
<b>Event space</b>	<b>14.8%</b>					
utilization		30%	35%	40%	50%	60%
Total component revenue		\$114,897	\$134,046	\$153,196	\$191,495	\$229,794
Revenue growth (YoY)			16.7%	14.3%	25.0%	20.0%
<b>Storage space</b>	<b>3.2%</b>					

Models C and D	Revenue allocation	Component forecast				
		Year 1	Year 2	Year 3	Year 4	Year 5
utilization		30%	35%	40%	50%	60%
Total component revenue		\$24,534	\$28,623	\$32,712	\$40,890	\$49,068
Revenue growth (YoY)			16.7%	14.3%	25.0%	20.0%

#### Models C and D Kitchen Space:

- **Hot line – main kitchen station – 4 stations**
  - prime day/afternoon shift—\$78 per hour; available 12 hours per day
  - graveyard shift—\$40 per hour; available 8 hours per day
- **General/cold prep – main kitchen station – 1 station**
  - prime day/afternoon shift—\$63 per hour; available 12 hours per day
  - graveyard shift—\$32 per hour; available 8 hours per day

#### Models C and D Retail Space:<sup>39</sup>

- **Anchor storefronts – pricing for each also includes retail charge of 2 percent of base rent plus retail charge of 6 percent of lessee retail sales**
  - food tenant – 230–square foot storefront; \$27 per square foot per month; available 12 months per year
  - non-food tenant – 215–square foot storefront; \$30 per square foot per month; available 12 months per year
- **Interior market stall – 100 units, 60 square feet each; \$175 per square foot per week; available 29 weeks per year**
- **Exterior market stall – 25 units, 100 square feet each; \$50 per square foot per week; available 32 weeks per year**

#### Models C and D Event Space:<sup>40</sup>

- **Interior**
  - full banquet hall – 18,225–square foot space; \$625 per hour; available 30 hours per week, 9.5 weeks per year
  - half banquet hall – 9,118–square foot half sections (2) of banquet hall; \$237 per hour; available 40 hours per week, 48 weeks per year
- **Exterior**
  - event garden—\$288 per hour; available 30 hours per week, 32 weeks per year

#### Models C and D Storage Space:

- **Dry storage**
  - pallet – 20 pallets at \$79 per month; available 12 months per year
  - rolling rack – 12 racks at \$63 per month; available 12 months per year
- **Cold storage**
  - pallet – 22 pallets at \$193 per month; available 12 months per year
- **Frozen storage**
  - pallet – 22 pallets at \$279 per month; available 12 months per year

<sup>39</sup> Note: Retail and event share the same space; assumed 60 percent/40 percent capacity utilization split, respectively.

<sup>40</sup> Same note as above.

## Operating Budget

The operating budget is a model of forecasted costs for the day-to-day operations of the facility that takes into consideration all primary cost categories seen on comparable facility P&Ls.<sup>41</sup>

Table 34: Model A forecasted operating costs

MODEL A CAMPUS – FORECASTED OPERATING COSTS						
		<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Operational costs	YoY growth					
Payroll costs	3%	\$1,592,475	\$1,640,249	\$1,689,457	\$1,740,140	\$1,792,345
Utilities and disposal	3%	\$520,130	\$535,734	\$551,806	\$568,360	\$585,411
Maintenance and grounds	1%	\$350,308	\$353,811	\$357,349	\$360,923	\$364,532
SG&A	3%	\$193,304	\$199,103	\$205,076	\$211,229	\$217,565
Software and security	1%	\$49,200	\$49,692	\$50,189	\$50,691	\$51,198
Insurance and taxes	1%	\$127,208	\$128,480	\$129,765	\$131,063	\$132,374
<b>Total operating costs</b>		<b>\$2,832,625</b>	<b>\$2,907,070</b>	<b>\$2,983,642</b>	<b>\$3,062,405</b>	<b>\$3,143,424</b>

- **Payroll costs – includes wages, payroll taxes, and benefits<sup>42</sup>**
  - 4 management FTEs
  - 4 contract operator FTEs
  - 7 support operator FTEs
  - 7 component support FTEs
- **Utilities and disposal – based on utility price per square foot**
  - water and sewer
  - electric
  - gas
  - oil and grease handling – based on annual estimated tonnage
- **Maintenance and grounds**
  - preventative maintenance – benchmarked against comparable facilities
  - repair/replacement budget – benchmarked against comparable facilities
  - pest management – benchmarked against commercial facilities
  - linen, rug, and chemical contract – benchmarked against commercial facilities
  - space inspections – benchmarked against commercial facilities
  - licensing and regulatory inspections – benchmarked against commercial facilities
  - food audits/commercial inspection agencies – benchmarked against commercial facilities
  - janitorial resources – benchmarked against commercial facilities

<sup>41</sup> Cost assumptions across all primary categories were estimated based on real-time market data, such as existing utility rates and assumed insurance rates. These were validated with financial representatives from the port and county project teams to check against common expenditures for large facilities. NVA also includes cost estimates for specialized needs – such as those that are detailed in the SG&A and software and security sections. These are based on spec quotes from national firms supplying these services when available and from comparable expenditures from sample P&Ls where not. All costs and assumptions are detailed above to show where inputs are assumed and in the operation-financial workbook included in the appendix documents.

<sup>42</sup> Payroll costs are benchmarked against comparable positions in the local marketplace (here they were cross-checked with roles in SeaTac, Burien, and Tukwila specifically). State payroll taxes are applied at current rates, and benefit structures assumed based on non-governmental roles. All roles include a 3 percent inflation increase year-over-year to adjust the base salary accordingly. Where applicable, hourly roles are benchmarked 20 percent or more above mandated local minimum wage taking into consideration any planned increases in minimum wage. The labor model in the operation-financial workbook details each role, the wage or salary assumptions, and assumed hours/weeks.

- lawn/landscaping – price per exterior square foot
- maintenance/general site resources – price per exterior square foot
- **SG&A**
  - marketing/communications – percentage of average annual revenue from vendor halls
  - language/support resources – benchmarked against commercial tier businesses
  - accounting, legal, professional services – percentage of annual operating budget
  - recruitment – benchmarked to similar public market facilities
  - grants, funding, and contracting support
  - office and program supplies – small equipment repairs, shipping, postage, rentals
  - staff development
  - bank charges and processing fees – benchmarked against commercial tier businesses
- **Software and security – benchmarked against commercial tier businesses**
  - security and keycard
  - booking systems
  - uniform budget
  - travel, meeting, food and beverage budget
- **Insurance and taxes**
  - liability insurance – Washington state, commercial multi-tiered business
  - workers comp insurance – per annual payroll
  - property insurance – based on property value
  - business and occupancy tax – based on gross business revenue

Figure 25: Model A forecasted operating projections

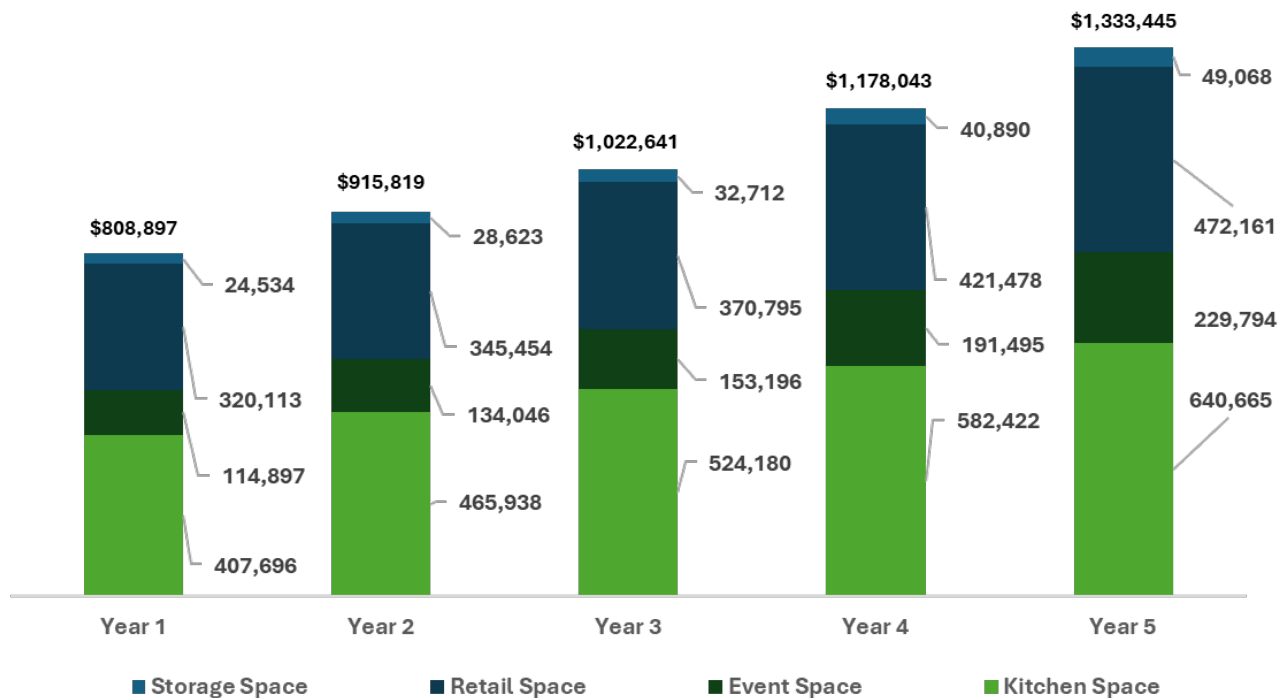


Table 35: Model B forecasted operating costs

MODEL B CAMPUS – FORECASTED OPERATING COSTS						
Operational costs	YoY growth	Year 1	Year 2	Year 3	Year 4	Year 5
Payroll costs	3%	\$1,730,908	\$1,782,835	\$1,836,320	\$1,891,410	\$1,948,152
Utilities and disposal	3%	\$794,765	\$818,608	\$843,166	\$868,461	\$894,515
Maintenance and grounds	1%	\$457,060	\$461,631	\$466,247	\$470,910	\$475,619
SG&A	3%	\$210,609	\$216,927	\$223,435	\$230,138	\$237,042
Software and security	1%	\$49,200	\$49,692	\$50,189	\$50,691	\$51,198
Insurance and taxes	1%	\$218,824	\$221,012	\$223,222	\$225,454	\$227,709
<b>Total operating costs</b>		<b>\$3,461,366</b>	<b>\$3,550,705</b>	<b>\$3,642,580</b>	<b>\$3,737,064</b>	<b>\$3,834,235</b>

- **Payroll costs – includes wages, payroll taxes, and benefits**
  - 5 management FTEs
  - 4 contract operator FTEs
  - 12 support operator FTEs
  - 7 component support FTEs
- **Utilities and disposal – based on utility price per square foot**
  - water and sewer
  - electric
  - gas
  - oil and grease handling – based on annual estimated tonnage
- **Maintenance and grounds**
  - preventative maintenance – benchmarked against comparable facilities
  - repair/replacement budget – benchmarked against comparable facilities
  - pest management – benchmarked against commercial facilities
  - linen, rug, and chemical contract – benchmarked against commercial facilities
  - space inspections – benchmarked against commercial facilities
  - licensing and regulatory inspections – benchmarked against commercial facilities
  - food audits/commercial inspection agencies – benchmarked against commercial facilities
  - janitorial resources – benchmarked against commercial facilities
  - lawn/landscaping – price per exterior square foot
  - maintenance/general site resources – price per exterior square foot
- **SG&A**
  - marketing/communications – percentage of average annual revenue from vendor halls
  - language/support resources – benchmarked against commercial tier businesses
  - accounting, legal, professional services – percentage of annual operating budget
  - recruitment – benchmarked to similar public market facilities
  - grants, funding, and contracting support
  - office and program supplies – small equipment repairs, shipping, postage, rentals
  - staff development
  - bank charges and processing fees – benchmarked against commercial tier businesses
- **Software and security – benchmarked against commercial tier businesses**
  - security and keycard
  - booking systems
  - uniform budget
  - travel, meeting, food and beverage budget
- **Insurance and taxes**

- liability insurance – Washington state, commercial multi-tiered business
- workers comp insurance – per annual payroll
- property insurance – based on property value
- business and occupancy tax – based on gross business revenue

Table 36: Models C and D forecasted operating costs

MODEL C and MODEL D CAMPUS – FORECASTED OPERATING COSTS						
		<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<b>Operational costs</b>	<b>YoY growth</b>					
Payroll costs	3%	\$1,001,768	\$1,031,821	\$1,062,775	\$1,094,658	\$1,127,498
Utilities and disposal	3%	\$359,318	\$370,097	\$381,200	\$392,636	\$404,415
Maintenance and grounds	1%	\$201,073	\$203,084	\$205,115	\$207,166	\$209,238
SG&A	3%	\$122,306	\$125,975	\$129,755	\$133,647	\$137,657
Software and security	1%	\$24,700	\$24,947	\$25,196	\$25,448	\$25,703
Insurance and taxes	1%	\$98,476	\$99,460	\$100,455	\$101,460	\$102,474
<b>Total operating costs</b>		<b>\$1,807,640</b>	<b>\$1,855,385</b>	<b>\$1,904,496</b>	<b>\$1,955,016</b>	<b>\$2,006,985</b>

- **Payroll costs – includes wages, payroll taxes, and benefits**
  - 2.5 management FTEs
  - 3.75 contract operator FTEs
  - 5.25 support operator FTEs
  - 3 component support FTEs
- **Utilities and disposal – based on utility price per square foot**
  - water and sewer
  - electric
  - gas
  - oil and grease handling – based on annual estimated tonnage
- **Maintenance and grounds**
  - preventative maintenance – benchmarked against comparable facilities
  - repair/replacement budget – benchmarked against comparable facilities
  - pest management – benchmarked against commercial facilities
  - linen, rug, and chemical contract – benchmarked against commercial facilities
  - space inspections – benchmarked against commercial facilities
  - licensing and regulatory inspections – benchmarked against commercial facilities
  - food audits/commercial inspection agencies – benchmarked against commercial facilities
  - janitorial resources – benchmarked against commercial facilities
  - lawn/landscaping – price per exterior square foot
  - maintenance/general site resources – price per exterior square foot
- **SG&A**
  - marketing/communications – percentage of average annual revenue from vendor halls
  - language/support resources – benchmarked against commercial tier businesses
  - accounting, legal, professional services – percentage of annual operating budget
  - recruitment – benchmarked to similar public market facilities
  - grants, funding, and contracting support
  - office and program supplies – small equipment repairs, shipping, postage, rentals
  - staff development
  - bank charges and processing fees – benchmarked against commercial tier businesses
- **Software and security – benchmarked against commercial tier businesses**

- security and keycard
- booking systems
- uniform budget
- travel, meeting, food and beverage budget
- **Insurance and taxes**
  - liability insurance – Washington state, commercial multi-tiered business
  - workers comp insurance – per annual payroll
  - property insurance – based on property value
  - business and occupancy tax – based on gross business revenue

### Sensitivity Analysis

Model A, forecasted at conservative utilization rates, breaks even in year 4 and is profitable thereafter. The chart below (table 37) sensitizes EBITDA based on keeping utilization rate levels constant for all components across the five-year forecast. Holding all forecast assumptions the same, model A could reach breakeven sooner should utilization rates exceed 50 percent and is generating positive operating cash flow throughout the entire forecast at utilization rates at or above 60 percent.

Table 37: Model A EBITDA sensitivity analysis

MODEL A – EBITDA sensitivity analysis						
		Forecast year—solo scenario				
		Year 1	Year 2	Year 3	Year 4	Year 5
Utilization rate (yrs. 1–5)	30%	(\$940,563)	(\$1,014,624)	(\$1,090,805)	(\$1,169,169)	(\$1,249,779)
	40%	(\$376,236)	(\$450,473)	(\$526,834)	(\$605,380)	(\$686,177)
	50%	\$188,091	\$113,678	\$37,138	(\$41,592)	(\$122,575)
	60%	\$752,418	\$677,828	\$601,109	\$522,197	\$441,027
	70%	\$1,316,745	\$1,241,979	\$1,165,080	\$1,085,985	\$1,004,629

The sensitivity analysis for model B demonstrates not only the downside protection to positive operating cash flow through the addition of the partner space but also the minimal utilization rate required to do so. The chart below (table 38) shows total EBITDA at various partner utilization rates held constant throughout the life of the forecast. Even at a 10 percent utilization rate on the partner space, model B breaks even by year 5. Further, model B breaks even each year of the forecast at a partner utilization rate that approaches 30 percent. Given the forecast has the partner utilization rates starting at 30 percent in year 1 and increasing to 50 percent in year 5, model B is considered as the strongest option to achieving financial stabilization quicker in the forecast and with comparably less downside to earnings variability.



Table 38: Model B EBITDA sensitivity analysis

MODEL B – EBITDA sensitivity analysis						
		Forecast year—partner scenario				
		Year 1	Year 2	Year 3	Year 4	Year 5
Partner util. rate (yrs. 1–5)	10%	(\$733,029)	(\$533,703)	(\$336,910)	(\$2,350)	\$329,527
	15%	(\$505,059)	(\$305,776)	(\$109,027)	\$225,489	\$557,321
	20%	(\$277,089)	(\$77,850)	\$118,856	\$453,328	\$785,115
	25%	(\$49,119)	\$150,077	\$346,739	\$681,167	\$1,012,909
	30%	\$178,851	\$378,004	\$574,622	\$909,005	\$1,240,703

The sensitivity analysis for models C and D illustrates how capacity constraints and a lower component offering inherently puts a cap on the ability to achieve positive operational cash flow. Utilization rates across all components were sensitized at a starting utilization and then grown ten percentage points each year through the remainder of the forecast. The resulting revenue was insufficient to cover annual operating expenses at utilization rates below 90 percent. In order to proceed with model C, management would need a strong conviction about its operational ability to fill each component quickly and maintain at or near full capacity utilization throughout the forecast.

Table 39: Models C and D EBITDA sensitivity analysis

Models C and D EBITDA sensitivity analysis						
		Forecast year – shed/existing scenario				
		Year 1	Year 2	Year 3	Year 4	Year 5
Utilization rate (yr. 1 – +10%)	40%	(\$861,023)	(\$695,123)	(\$530,591)	(\$367,466)	(\$205,791)
	50%	(\$647,379)	(\$481,479)	(\$316,947)	(\$153,822)	\$7,853
	60%	(\$433,735)	(\$267,835)	(\$103,302)	\$59,822	\$221,498
	70%	(\$220,091)	(\$54,191)	\$110,342	\$273,467	\$221,498
	80%	(\$6,446)	\$159,454	\$323,986	\$273,467	\$221,498

### Financial Summary

The financial models (cost, revenue, and P&L) illustrate the project's up-front development cost and the project's potential to operate sustainably over time. Based on the modeling, the following statements are true:

- This is an **expensive project to build** – from \$28.5 million to \$112 million – and the final development cost will vary based on factors such as the site selection and impact on facility size and the ability to engage partners.
- **Models A and B present models that, while more expensive to build, offer the greatest opportunity to operate sustainably over time.** By creating a diversity of spaces to offer rental/lease access, programs, and services desired by community members and potential tourist visitors, these models can cater to a broader range of activities, thereby increasing the potential for revenue generation and long-term sustainability.
- While **models C and D offer an opportunity to reduce initial build costs, both models are challenged with long-term sustainable financial operations** because of the reduction in component spaces. The sharing of the primary event and retail space means that both functions that contribute significantly to the bottom line have reduced space and opportunities. The key to model C/D being able to operate at breakeven is high utilization, which might be difficult to achieve when comparing the facility to similar projects across the country and region.

## Development Plan and Timeline

### Context of the Development Plan

Exploring and potentially developing a project of this scale and complexity frequently requires a multi-year timeline with multiple steps. The feasibility study, which we are concluding, acts as the **FIRST** step in that process if involvement, funding, and capacity are identified to allow the process to continue. A percentage of these projects end with the concept (about 30–35%) if they are deemed not feasible or not viable by the key partners or supporters.

The following language illustrates a potential development process and timeline to offer a high-level representation of how that process could proceed if no major delays are encountered. The timeline represented is not a guarantee and will vary depending on choices around the final site, concept or model, partnerships, city involvement, and funding (these are some important factors and not an exhaustive list). This illustration aims to help interested parties understand the long-term investment of time, knowledge, and resources required to bring a project of this scale to fruition.

### Development Plan Components

A development plan represents the steps that a project will need to undertake to proceed from the initial concept verification (feasibility) to construction and implementation (construction). The proposed development plan is a high-level overview of the steps typically involved in a project of this scale with the partners and considerations evaluated in this report. As with any project of this scale and complexity, timelines and processes will vary.

The development process typically includes four major milestone components:

1. **Concept development and ideation:** This initial stage allows for the development of an idea, concept, and project. This portion of the development plan is based on creating widespread community engagement, gathering feedback and refinement of an idea, and identifying the stakeholders to move the project forward. This feasibility study fits within this portion of a development plan.
2. **Pre-development:** Following the initial vetting of a concept, it proceeds into pre-development, which tasks the core project team with solidifying partner roles, identifying site and development partners and objectives, and securing financing. This is a complex stage of development that can significantly extend timelines depending on the partners and variables involved.

- 3. **Development:** Once all primary variables have been defined, a development entity (construction firm, architects, engineers, specialists, etc.) is engaged to guide the project through the stages of construction. This stage is responsive to market fluctuations and can add significant time to a timeline.
- 4. **Implementation and occupancy:** Day 1 is the stage for this portion of a development timeline and is highly variable as operators, partners, and programmatic are defined.

The following tables (table 40-42) illustrate the primary considerations and major milestones for each stage of the development process.

Table 40: IPM pre-development stage and milestones

PRE-DEVELOPMENT TASKS	MODEL A	MODEL B	MODEL C	MODEL D
	SOLO	PARTNER	SHED	EXISTING
Development partner identification; establish development/management/operating agreements between partners/parties	X	X	X	X
Site partner identification; establish development/operating agreements between partners		X	O	O
Anchor tenant identification; establish lease terms and operating agreements	X	X	X	X
Host stakeholder and community (building user) design charettes for inputs into planning	X	X	X	X
Define unique development goals: sustainability certifications (green building), accessibility goals, etc.; engage experts to inform pre-development	X	X	X	X
Refine space analysis per specific user needs and unique project goals to inform final building program	X	X	X	X
Refine property search to comply with inputs from above; move toward procurement of final parcel/building(s)	X	X	X	X
Assess existing condition of parcel to determine necessary interventions (abatement of site contaminants); identify and make plan to pursue financial incentives to reclaim site	X	X	X	X
Assess existing condition of parcel and building(s) to determine necessary abatement interventions; make plan to pursue financial reclamation incentives				X
Seek preliminary review meetings with regulatory bodies responsible for inspections and licensing for building program elements (health dept, childcare oversight, etc.)	X	X	X	X
Seek preliminary quotes from specialty vendors (fse, ff&e, unique building systems) for cost model	X	X	X	X
Using final inputs from planning stage, refine operating/cost/capacity/revenue models	X	X	X	X
Integrate pre-development work into an articulated project plan that aligns with project goals and is compliant with budget and schedule parameters (may include business plan and/or management plan)	X	X	X	X

Table 41: IPM development plan stage and milestones

DEVELOPMENT TASKS	MODEL A	MODEL B	MODEL C	MODEL D
	SOLO	PARTNER	SHED	EXISTING
Establish internal project team to take building from design > occupancy (project mgrs, owner's rep, construction mgrs)	X	X	X	X
Engage design team of architects and building engineers; retain specialty consultants required for unique work	X	X	X	X
Engage construction team; determine any necessary pre-construction services as complexity and funding demands	X	X	X	X
Engage communications team and set plan for internal reporting and community engagement	X	X	X	X
As property is procured, study compliances around zoning, parking, traffic, environmental remediation, etc.	X	X	X	X
Pursue any required variances via zoning attorney or engineers (civil, environmental, etc.)	X	X	X	X
Set schedule for design milestones: schematic design (~20%), design development + permit documents (~70%) and construction documents (~100%)	X	X	X	X
After securing permit, project construction commences; duration will be determined by scope and scale of final design	X	X	X	X
Project close-out begins as construction ends; construction team passes building operation tools to owner and conducts necessary operations trainings	X	X	X	X
Potential integration of external property management company begins	X	X	X	X

Table 42: IPM implementation plan stage and milestones

IMPLEMENTATION TASKS	MODEL A	MODEL B	MODEL C	MODEL D
	SOLO	PARTNER	SHED	EXISTING
If project is pursuing 3rd party ratings (i.e., leed), building commissioning begins as owner takes possession of building and all systems are tested for performance and compliance	X	X	X	X
As final inspections are complete, on-staff building mgrs/superintendents take over ipm building operations	X	X	X	X
As final inspections are complete, potential for independent management company to take over full-building operations while ipm mgrs are responsible for internal market spaces	X	X	X	X

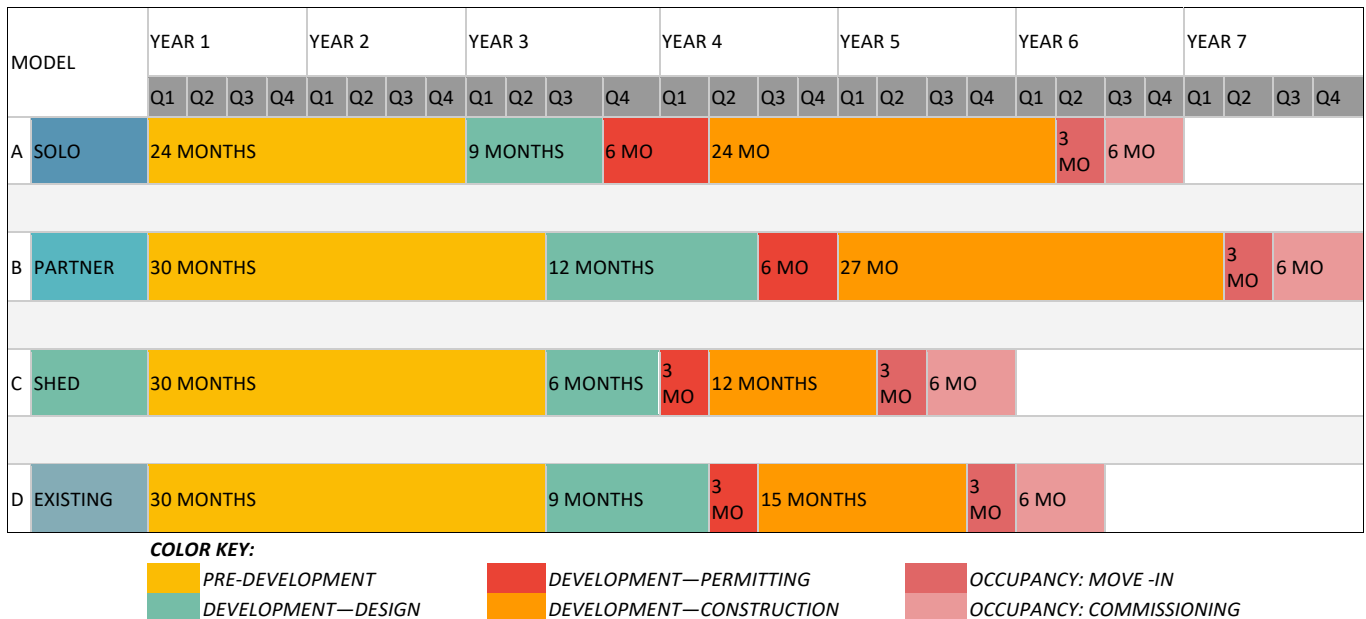
There are slight variations among the models in terms of development progress; figure 27 below outlines these distinctions.

Figure 26: Development plan variations per model

Model A: Solo	Model B: Partner	Model C: Shed	Model D: Existing
<ul style="list-style-type: none"> <li>Project moves forward at sole discretion and pacing of Port Authority under terms of hosting municipality</li> <li>Parcel development is straightforward on undeveloped site zoned for mercantile use (or site with limited development, i.e. parking lot) with limited exposure around unknown site factors</li> <li><b>UNIQUE RISK: Full responsibility for project development, financing and operations is with Port Authority</b></li> </ul>	<ul style="list-style-type: none"> <li>Project begins with exploration around mutually agreeable project goals and development of formal partnership agreements</li> <li>Parcel development is similar to Model A is BUT may require larger developable area zoned for taller, mixed-use building development</li> <li><b>UNIQUE RISK: Establishment of Partnership Agreements will require longer pre-development time and longer construction periods due to increased scale and complexity of project</b></li> </ul>	<ul style="list-style-type: none"> <li>Project does not require coordination with permanent or anchor tenants and moves forward with simplified building program under Port Authority</li> <li>Development is compatible with smaller parcel zoned for mercantile use, but must accommodate large assembly</li> <li><b>UNIQUE RISK: Parcel selection must ensure easy in-out access for continually changing user conditions. Full project development responsibility is with Port Authority.</b></li> </ul>	<ul style="list-style-type: none"> <li>Project moves forward with to-be-finalized building program as potential existing building asset(s) are considered at discretion of Port Authority</li> <li>IPM may or not move into building with existing or new partners; may involve partnership negotiations</li> <li><b>UNIQUE RISK: IPM may benefit from lower upfront development cost depending upon condition of existing building but may need to adjust IPM scope / scale to fit within existing constraints; renovation could be more complex than new build.</b></li> </ul>

All the components discussed above can be mapped against a projected timeline. The timeline will vary depending on multiple factors—primary project partners, municipalities/county involvement, capital vehicles, and so on—but it is possible to provide a baseline timeline (figure 28) that illustrates the potential development progress that a project of this scale could follow.<sup>43</sup>

Figure 27: Potential development timeline (IPM)



<sup>43</sup> All timelines are subjective and will vary in application based on the parties, sites, and factors involved. This may result in a significant expansion of the proposed timeline. The timelines provided are based on comparable projects with similar conditions developed in comparable marketplaces in which NVA was involved. It should be noted that the Port of Seattle project team leads noted in the review of these materials that projects led by the port often follow an elongated timeline that may exceed the timeline represented.

## Phased Development Plan Considerations

As addressed earlier in this report, questions arose at advisory meetings (#2–4) of whether any potential development could be “phased” or built over an extended timeline to spread out the cost and risk. The motivation to phase a development plan is generally built on three goals:

1. ***Desire to reduce initial capital or funding needs***—Segmenting some spaces or functions allows the development to be stretched out over a longer timeline and reduces the upfront capital needed.
2. ***Need to delay operational or programmatic components until partners are identified***—The decision not to activate all spaces or programs with a unified opening day may be due to the inability to identify the right operator or partners to support those spaces/programs/services. A delay in their activation could afford the primary operational team or partnership additional time to identify resources, groups, or individual staff roles to support those needs.
3. ***Desire to see returns or interest validated before full operations***—Finally, the decision to segment activation of a project of this complexity may be due to some or all of the project partners wanting to see some validation of financial returns or community interest. This is seen in projects where a portion of retail is phased into a secondary or third activation (or event space, etc.) once the primary spaces have been leased or demonstrated financial stability. This allows for lighter operational costs (fewer utilities, staff, etc. to oversee or activate) and may help a facility to grow slowly or manageably.<sup>44</sup>

As noted, phased development is possible across all scenarios. This statement means that each of the models presented (A–D) could be phased to activate some spaces at a later date or time. Models A and B, being of greater complexity, may have the ability to phase in a way that is less impactful on financial bottom line or resource needs than models C and D (due to the simplicity of that design).

However, it should be kept in mind that all models were developed to maximize the efficiency of build and partner opportunities with a view toward reducing costs and expenditures. Some of these efficiencies may be lost (i.e., savings) if the development is extended or spread across a longer development timeline or if portions of the space are not developed in tandem. Any potential project partnership will need to discuss potential opportunities to phase with their development partners to weigh initial savings over long-term expenditures.

The graphic below (figure 29) weighs the potential opportunities and costs of integrating phasing across models. These potential phasing scenarios help to illustrate how the total operational need of the facility (i.e., all functional spaces, programs, and service models) could be segmented.

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<sup>44</sup> In NVA’s expert opinion, goal number 3 is the most realistic or pragmatic reason to phase a development. In the case of the proposed IPM this could be done. However, the full space would most likely still be constructed as one core project, but spaces such as retail vending locations or event spaces could be walled off or have “coming soon” marketing language until activation.

Figure 28: Phasing implications on development timeline and actions

Model A: Solo	Model B: Partner	Model C: Shed	Model D: Existing
<ol style="list-style-type: none"> <li>1. Parking Infrastructure, Shell and Core of project are constructed; all MEP functions activated</li> <li>2. Non-IPM Anchor Tenant / Partner Spaces, and any shared amenities / support spaces are completed</li> <li>3. Ground Floor IPM Support Spaces are built out: Warehousing and Storage, Restrooms and all centralized building functions (reception desk, lockers, etc.)</li> <li>4. IPM tenant spaces are built-out along with centralized shared kitchen</li> <li>5. Event / Assembly Spaces are built-out as day-to-day IPM functions reach benchmarks</li> </ol>	<ol style="list-style-type: none"> <li>1. Parking Infrastructure, Shell and Core of project are constructed; all MEP functions activated</li> <li>2. Key Partner Spaces / Floors are built-out along with shared support spaces like building lobbies</li> <li>3. Ground Floor IPM Support Spaces are built out: Warehousing and Storage, Restrooms and all centralized building functions (reception desk, lockers, etc.)</li> <li>4. IPM tenant spaces are built-out along with centralized shared kitchen</li> <li>5. Event / Assembly Spaces are built-out as day-to-day IPM functions reach benchmarks</li> </ol>	<ol style="list-style-type: none"> <li>1. Parking Infrastructure, Shell and Core of project are constructed; all MEP functions activated.</li> <li>2. IPM support spaces are built-out (storage; shared kitchen) and could become operational for tenants with external business channels</li> <li>3. IPM functionality is built-out with FF&amp;E, A/V, and event capabilities</li> <li>4. Soft Building Opening for Market Use only as vendors acclimate</li> <li>5. Grand Building Opening with large event capabilities as day-to-day IPM functions reach benchmarks.</li> </ol>	<p><i>All Phasing Considerations will be informed by specific configuration and character of existing building:</i></p> <ol style="list-style-type: none"> <li>1. Parking Infrastructure, Shell and Core of building are renovated and all MEP functions activated.</li> <li>2. All IPM support spaces and vendor spaces are built out for day-to-day market operations.</li> <li>3. Grand Building Opening with large event capabilities as day-to-day IPM functions reach benchmarks.</li> </ol>

### Continuing Role of the Partners, Advisory, and Stakeholders

If the development process illustrated continues, there will be continuing roles for the project partners, advisory members, and key stakeholders who were engaged in this feasibility study. These roles will be based on final decisions of how the project will proceed—that is, final site, project components, management structures, partners engaged or involved—and the resources needed to bring the project to fruition.

Typically, NVA has seen an advisory adapt into a structured board that supports the continuation of the mission or project objectives that drove initial feasibility studies. This board may be a community advisory board, a facet of a PDA, or an oversight committee as part of a contract with a third-party operating entity. In each scenario, the board is generally tasked with ensuring that mission or community commitments are honored, that equitable access remains a priority focus, and that the project’s strategy and long-term objectives are responsive to changing needs and audiences.

### Feasibility Assessment and Recommendations

#### Feasibility Focus (Outline)

As discussed in the opening of this report, a feasibility study is tasked with validating a project across three levers of viability:

1. **Community needs and support:** The first lever of feasibility questions whether the proposed study concept aligns with community needs and whether there is support from local and regional stakeholders/community members. Market analysis is designed to engage as many community members, stakeholders, organizations, and potential users of the proposed project as possible to ascertain if the need matches local perception and support exists.
2. **Operational viability:** The second lever of feasibility is multidimensional and attempts to determine if there is a location (site), a model (concept model/design), and an operation (operating model and management model) that would serve the project's objectives and could be supported by local resources. The modeling exercises in phase 2 explore all aspects of this component of viability.
3. **Financial sustainability:** The final lever of feasibility is designed to assess if there is an opportunity for the proposed facility to operate sustainably—meaning it will not require outside funding supports, grants, or debt vehicles long-term and can generate enough revenue to offset its operational costs. Most funders of projects of this scale would like to see a facility that can achieve some sort of financial

stability in year 3 or 4. Some facilities, especially with priorities and objectives similar to this project, may not achieve stable financial operations until post-year 5, and this is a risk (discussed next) that project partners have to determine if they are comfortable taking on. The financial modeling exercises are comprehensive in order to assess this lever adequately.

### Risk Assessment and Remediation Strategies

The risks associated with a project of this scale, complexity, and price are abundant. However, the following risks have been seen across similar projects with impactful remediation opportunities and should be discussed and built into planning if the project proceeds into future stages of development:

1. **Risk of match/commitment by public partners:** The proposed facility is a multi-faceted and complex project with an expensive development price tag. Each of the models presented carries with it the risk that the primary public entities (the port, the county and municipal/city partners) who would be best suited to help drive this project toward development (in terms of capacity, expertise, funding access, and political will) may not be willing to commit budget/funding or time to a project of this scale for a multitude of reasons.
  - a. **Remediation:** Immediate and active engagement with the appropriate leadership representatives from each entity should be engaged to gauge capacity, interest, and commitment. In addition, a strong champion organization (nonprofit or community organization) that can continue to advocate for this project as a key partner can help to build the leadership necessary to develop the coalitions or collaborative partnerships needed to keep public partners engaged and active in a project of this scale.
2. **Risk of political obstacles or objections to the project:** It is possible that during upcoming election cycles or with the change of leadership in key political roles throughout the region, this project may have changing support among key figures (or lose support with the loss or change of key champions). These political champions are important to long-term success for a project of this scale and with these objectives.
  - a. **Remediation:** Active continued engagement of political leadership at all levels is important to the long-term identification of champions and advocates who can help support funding, public advocacy, and other needed resources. As noted above, identifying key leadership amongst the project partners who can continue to engage and identify the appropriate political leadership is an important role. Further, the continued inclusion of public partners (port, county, and city officials) helps to remediate, as many of these political relationships are existing within their purviews.
3. **Risk that the facility's focus is too diversified:** The facility is designed to engage and service multiple audiences (community members, regional tourists, and tourists from beyond) and offer retail, tourism, cultural, community, and production resources to those audiences. This wide scope may not directly align with the strategy or mission focus of public/governmental partners or other organizations interested in the project.
  - a. **Remediation:** The project team will need to continue refining the proposed IPM's offerings and aligning each of those offerings or objectives with the right agency, organization, or partner group. This matchmaking allows organizations with the right strategic focus, skill sets, capacity, and leadership to champion aspects of the IPM and work collaboratively toward its eventual launch.
4. **Risk that the appropriate site is not identified:** The study identified multiple sites that could be compatible with the models presented. However, changing market conditions may make those parcels



unavailable, or the changing focus of key partners may change the design or scale to be incompatible with specific parcels or buildings.

- a. **Remediation:** The development plan presented requires the active engagement of city officials who have participated in the feasibility study to gather feedback and identify opportunities for improvement. A city will be a key partner in the coalition or collaborative partnership that can help a project of this scale proceed forward, offering resources and connections to help secure the appropriate site when needed.

As these remediation strategies illustrate the following “next steps” are key components of de-risking any facility development of this scale:

- identifying and engaging key partners to advance the project and build a coalition or working group to support next development actions
- identifying and engaging municipal partners to involve in further site processes and to engage in that working group
- identifying and engaging key public or governmental entity partners to involve in further development work
- continuing to refine the working concept of the proposed IPM to reflect partner objectives, meet audience needs, and match site/building opportunities. This may include the development of a formal business plan, additional studies (traffic, cost-benefit/economic analysis), or the engagement of specialists to help refine design, financials, or other tools created.
- identifying capital needs and engaging a specialist to support long-term funding development

## Conclusions

### *Phase 1: Market Feasibility*

This initial phase of the feasibility study was designed to assess the first lever of feasibility, which includes identifying community needs and objectives and whether they align with the proposed project’s objectives and potential outcomes. The analysis and outreach conducted identified clear community interest in and support of the proposed IPM. The potential space needs, community access points, and programs/services that community individuals and groups identified as being of value all align with the potential contributions of an IPM to the regional market. The analysis completed in phase 1 presents a viable argument for an IPM. There is significant support for an IPM in south King County, and there is a match between consumers' expressed desires and vendors' needs.

There is interest in retail/food retail spaces, community spaces, placemaking spaces (gathering), and vendors to support those interests. Businesses expressed a need for business support services to support their growth, and several regional organizations identified these as being among the services they offer. There is also a strong desire for authentic cultural representation through vending opportunities and educational or community-focused classes and events.

### *Phase 2: Model Feasibility*

The second phase of the feasibility study was designed to validate if the second and third levers of feasibility—operational viability and financial viability—are achievable in the advanced concept. Concept models were built to reflect the elements identified in the first phase of work that service community and potential tourism needs for an IPM located in south King County. A list was made of viable sites that could support the development (or refurbishment) of an IPM in the three municipalities selected—the City of SeaTac, the City of Burien, and the City of Tukwila.

Those models and sites were then pressure tested when management structures, funding structures, and financial analysis were overlayed to test if the four possible scenarios (models A, B, C and D) could demonstrate stable operations within the first five years.

Within these tests of feasibility, model A and model B demonstrate the ability to sustain operations over time – with a diversity of spaces to offer rental and lease access across a pricing spectrum, a catalog of programs and services desired by community members and potential tourism visitors, and management opportunities that include public entities and space for additional operational partnerships. Both projects come with significant price tags that will require all project partners to take on risk, but in the long term, there is a viable outcome and argument to proceed with planning.

Models C and D offer a lessened risk with a reduced initial build cost, but the models are challenged with long-term sustainable financial operations. The reduced price tag comes from simplifying needed functional spaces that contribute significantly to the bottom line and support desired community access points. Both models would require higher utilization, which might be difficult to achieve in a starting facility.

NVA can recommend that this project proceed into future development phases. The research, outreach, and modeling have demonstrated that feasible models are possible, and the community has demonstrated a clear interest and engagement in supporting the project’s vision and objectives.

As has been clearly laid out in the discussions and arguments of this report, a feasibility study is the first step in a project of this type and scale. There is an opportunity here that NVA recommends the Port of Seattle, King County, and its future partners proceed with studying and evaluating for future development. That continued work will need to include the refinement of a model that is the best fit for the partners engaged (and their priorities), the future site selected (and municipal partners engaged), and the development team engaged in refining the designs, functions, and opportunities discussed herein.

### Appendix C: Modeling Resources

- IPM Case Studies (PDF)
- IPM Site Evaluation Workbook (PDF)
- IPM Concept Model Designs (PDF)
- Financial and Operating Model Documents – includes 22 PDF documents of model tabs (PDF)
- IPM Development Timeline Supporting Slides (PDF)