



Public Market Feasibility Study And Business Plan

City of Vernon, British Columbia

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Summary of Recommendations

Despite the lingering after effects of a global financial crisis or perhaps because of it, public markets are blossoming in popularity across North America. With a focus on promoting locally produced agricultural and artisan products these unique, community specific enterprises are proving especially attractive to consumers seeking fresh, local products. Specifically, public markets bring with them an array of economic, social and environmental benefits. For example, they provide: 1) economic opportunity to a range of operators and entrepreneurs; 2) properly structured they provide communities with an opportunity to revitalize, renew and refresh neighborhoods and downtown enclaves; 3) they are an especially important gathering places for social interaction; and, 4) they link communities to their agricultural roots and environs by providing pathways for good health and nutrition.

This project was undertaken by Lochaven Management Consultants Ltd. (LMC) on behalf of the City of Vernon. The purpose of the investigation was to:

1. Determine whether there is a market for a public market in Vernon.
2. Explore various public market models/scenarios and define those that are the most efficient/viable in terms of: (a) governance; (b) location; (c) products and services; (d) human resource requirements; (e) information technology; and (f) procurement.
3. Explore and define the relative challenges and opportunities in respect to whether and how a properly functioning public market can best meet the needs of consumers and vendors.
4. Assess the financial realities associated with the proposed public market (business model) and outline tactics for financial sustainability.

Over the period January to March 2011 substantive primary and secondary research was undertaken by LMC as part of this assignment. This effort served to gain greater clarity not only on the feasibility of a public market in Vernon, but also clarification on its location, product mix, operations and organizational design.

While overall feasibility is a function of time, place and entrepreneurial acumen, the outputs arising from the research suggest there is a feasible “operational” option within the City of Vernon for such a facility. That option envisages a business model with five specific business units:

1. Small public market for high quality/unique “North Okanagan” products;
2. Commercial kitchen and food processing teaching area;
3. Restaurants with locally sourced menus;
4. Community event area; and,
5. Vernon and North Okanagan Tourism and Visitor’s Centre.

Within the context of this proposed business model it is recommended that the public market undertake such efforts as are required to establish itself as the recognized premier location for North Okanagan products (agriculture and arts/crafts). By implication this requires restricting product offerings to an especially unique collection of high quality North Okanagan agricultural, artistic and craft products.

With this positioning the public market will attract local residents who prefer supporting local producers as well as visitors who want to take home unique, location specific products, i.e. products of the Okanagan. Additionally, this recommended positioning strategy will be attractive to an audience that believes in the need to promote environmental stewardship, supports local producers, and is desirous of being identified as conscientious yet nonconforming consumers.

It should be noted that a private public partnership (P3) was found to be the most feasible and sustainable format for a Vernon public market. Under the terms of this type of arrangement the City of Vernon would provide concessions to a developer(s) to construct and provide the main/lower level for a public market in exchange for retaining the remaining upper floors for mixed office space and/or apartments.

Furthermore, the business strategy proposed for the public market would give strong emphasis to the development of competitive capabilities; adaptability and flexibility in order to respond to changing market conditions; as well as solidifying and strengthening the facility's market position over time. In terms of implementation, the strategy recommended would encompass the following key elements:

1. A focus on enhancing customer value by fulfilling market-driven needs.
2. Purposeful differentiation, emphasizing the development of functional operation strategies. In this instance all functional-level activities will need to align with the objective of encouraging early market acceptance, adoption and diffusion.

Several sites are particularly well situated to satisfy the unique and demanding locational needs of the proposed facility. It is however important to emphasize that the more significant the real estate investment, the more critical the need to raise funds for capital costs. Failure to open a market essentially debt-free will threaten the overall viability of the centre.

Careful consideration also needs to be taken in regards to governance, processes and management. As proposed the public market needs to be structured as a not-for-profit enterprise governed by a volunteer Board of Directors comprised of committed and knowledgeable community citizens. This implies a diverse yet relatively equal representation of the community's key user groups on the Board.

Clearly the financial goal of the proposed market is to be self-sustaining. This implies an operation that does not draw on the financial resources of the City of Vernon or a sponsoring agency while at the same time allowing for organic growth. The initial capital investment is estimated to total \$345,704 and additionally assumes the following:

- Private Public Partnership with:
 - Developer(s) building required facility space;
 - City of Vernon providing \$225,160 in concessions.
- Commercial Kitchen; and
- Millwork completed by Public Market.

Based on the draft financial analysis the proposed public market could achieve profitability in its first year of operations and, as designed, would be financially sustainable. However, it is important to

note that the start up and launch will require careful planning and conscientious implementation. Having a skilled team to execute the plan and then operate the public market in the future is critical.

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1.0 PROJECT DEFINITION AND APPROACH

“... public markets are the heart and soul of a community, its common ground, a place where people easily interact, alive with social and economic activity.....”¹

In point of fact public markets have been around for centuries. They have been an important source of commerce and social discourse for over 6000 years ago. Today they are a ubiquitous presence in a vast majority of cities, towns and villages throughout the world. This is not to say that public markets are the same from whence they started or the same from community to community. Physically the differences from one public market to the next are certainly obvious though it is also true of the individual specifics of presence, purpose and function. The concept and practice of public markets has itself evolved over time. From community to community they tend to operate at the least a little bit differently from their neighbor and arguably in most cases quite dramatically different. That being said, clearly they continue to serve an important need within the communities they operate. They exist because they serve that need. They are able to function effectively because they are able to embrace and reflect the unique cultural, political, social and economic realities of the time and place in which they operate.

Within the circumstances of the City of Vernon there is a concern for the impacts of: *“[c]hanges in the food systems of the local area, provincial and federal food policies as well as global food trade agreements [which] have significantly affected food access and food choice in the Okanagan.* From the consumer’s perspective *“local food has become difficult to access, expensive to buy and often not available in the region in which it is grown.”* From the producer’s perspective the challenge is equally as concerning. It is within this context that a Public Market is being considered and the necessity to perform *“... a Public Market Feasibility Study for the City of Vernon....”²* is premised.

1.1 Problematique

In December 2010 Lochaven Management Consultants Ltd. was contracted to undertake a Public Market Feasibility Study on behalf of the City of Vernon. Specifically, the call for proposals sought to establish the feasibility of a public market comprising the following components or performance areas: 1) a permanent farmers’ market; 2) a commercial kitchen and food processing teaching area; 3) restaurants with locally sourced menus; 4) commercial storage facilities; 5) office space and business incubator; 6) community event area; and, 7) the Vernon and North Okanagan Tourism and

¹ Public Markets, Phase I Report: An Overview of Existing Programs and Assessment of Opportunities as a Vehicle for Social Integration and Upward Mobility, The Ford Foundation, September 2003.

² P-Plg-10-80 Professional Services: Public Market Feasibility Study, The City Of Vernon, November 2010.

Visitor Centre. The focus of the contracted assignment was to address four critical considerations in respect of the overall feasibility:

1. Determine whether there is a market (apparent/actual need) for a public market and what that market/need represents.
2. Explore various public market models/scenarios and define those that represent the most efficient/viable in terms of: (a) governance; (b) location and facility; (c) products and services; (d) human resource requirements; (e) information technology; and (f) procurement.
3. Explore and define the relative challenges and opportunities in respect to whether and how a properly functioning public market can best meet the needs of consumers and vendors.
4. Assess the financial realities associated with the proposed public market (business model) and outline tactics for sustainability.

I.2 Context of the Investigation

As denoted in the Request for Proposals issued by the City of Vernon, the City and the North Okanagan region have significant historical, social and economic ties to agriculture and food production. The industry today, while less significant in terms of economic impact relative to other emerging sectors within the area, nonetheless remains an important determinant of overall socio-economic well being within the community. It is denoted further in the RFP that *“[c]hanges in the food systems of the local area, provincial and federal food policies as well as global food trade agreements have significantly affected food access and food choice in the Okanagan. Local food has become difficult to access, expensive to buy and often not available in the region in which it is grown. Community awareness of the health benefits of local food, the environmental and social costs of long distance food transportation and concerns over pesticide spraying, genetically modified crops and food access have grown and with them political emphasis on food and local agriculture has gained momentum.”*

Some additional considerations of note in the context of the investigation as indicated in the Request for Proposals included the following³:

Permanent farmers’ market: At present seasonal farmers’ markets are held on Mondays, Thursdays and Fridays in Vernon. As presently structured these markets are the most

³ For the most part these descriptions are taken near verbatim from the Request for Proposals. There are however some editorial changes that have been made and a few additional comments/opinions appended where appropriate to add further depth/understanding to the various issues raised. These additional comments are interspersed throughout. Inasmuch as the point here is to provide the context in which our investigations took place we believe that these additional comments and opinions are necessary to include. However in providing these additional comments and opinions we may have inadvertently or consciously changed the perspective presented by the Client. Thus in terms of formatting we have chosen not to italicize or site this narrative as direct quotes even though many remain unchanged. As well, while we believe the narrative on these points is accurate we nonetheless accept responsibility for any mistakes in fact or perception arising therefrom.

significant source of locally grown food available for purchase by Vernon and area residents. However, the timing, location and duration of these markets can create challenges for many in the community to access. For example, during the summer the markets are held Monday and Thursday mornings between 8:00 am and noon, and on Friday afternoon between 3:00 and 7:00 pm. This makes it somewhat inconvenient for working people and those with children to access. As well locationally they are removed from the City's downtown area with its high concentration of seniors making it particularly inaccessible to a significant demographic cohort. Further unlike some public markets little emphasis is paid on promoting/fostering social interaction.

Wholesale purchase of local food can also occur at these farmers' markets or on individual farms throughout the North Okanagan. At individual farms, gate sales are open to all, although the travel involved and the need to schedule one's time around the hours when purchasing opportunities are available can complicate the ease of access for local consumers and businesses. In fact, no centrally organized and relatively flexible wholesale purchasing is available without travel to the Central Okanagan.

Commercial kitchen and food processing teaching area: A permanent and food safe certified commercial kitchen and food processing teaching facility does not exist in Vernon at the present time. A mobile community kitchen program as it is usually structured provides local organizations with cooking skills instruction, but there is no permanent home for the program within the City. While the possibility of a commercial kitchen was identified in the North Okanagan Food System Plan⁴, the development of such a facility has not yet occurred. Some contend that the reason in part for the absence of such a facility is due to the prohibitive cost for local non-profit groups and also because such a facility is not currently within the educational mandate of local schools, college or the university.

Restaurants with locally sourced menus: Currently in Vernon only the Ora Restaurant at the Prestige Hotel features the use of local produce and meat in its seasonal menu. For the majority of other restaurants in Vernon this market strategy is not being pursued even though this approach to sourcing food and advertising menu choices appears to be growing ever more popular in many parts of the province and the world. That being said, both community interest in sourcing local food and the increasing number of restaurants in Vernon suggest that interest here does not differ substantially from that of other communities. The creation of restaurant space within a public market could provide a special, easily understood and readily accessed point of introduction to this practice.

⁴ There is some thought that there is a "need" for this service and there may very well be. However in the report this was a recommendation/suggestion and the relative merits of the idea from a business case perspective were not spelled out and thus it is difficult to ascertain whether the suggestion is a need or an idea. *"Opportunities for enhancing processing include: Encourage the use of commercial kitchen facilities in the community that could provide small entrepreneurs with opportunities to build their businesses and develop job skills."* pp 6 and 48, A North Okanagan Food System Plan Strengthening the Regional Food System, funded by Union of BC Municipalities, Contributing Authors: Buffy Baumbrough, Wendy Aasen and Andrea Gunner, Dave Whiting, and Laura Kalina, January 2009.

Commercial storage facilities: Commercial food storage facilities no longer exist within Vernon, although these kinds of facilities existed in the past as part of the tree fruit system. Insofar as a public market is concerned, the creation of commercial storage facilities could be beneficial because businesses and groups renting the commercial kitchen will likely require storage to house their raw inventory and finished product. In addition, properly organized the commercial storage facilities would be able to accommodate an array of other users including vendors.

Office space and business incubator: Many new businesses and NGOs in Vernon struggle to find small, affordable and accessible office and/or other forms of incubator space. The inclusion of a number of small offices and additional incubator space would minimize rental costs for these types of tenants, and at the same time enhance the direct marketing opportunities of the public market. Whether these tenants are local food businesses, start-ups, non-profit organizations or other users, the inclusion of office space in a public market complex will provide year round rent as well as employees as potential customers for the farmers' market, restaurants and other businesses in the market.

Community event area: Access to public facilities that can host community events, while available, is thought to be at best limited in Vernon. The Vernon Recreation Centre and the local seniors' centre, the Schubert Centre, provide space for public events, but these spaces are heavily used, are of limited availability, and do not have available "public" kitchen facilities. The Vernon Recreation Centre is accessible to all potential groups but the space is too large for small events. The Schubert Centre provides smaller rooms, but seniors' organizations and events receive priority access. Additional event space, the type normally associated with proximity to restaurant services, public washrooms, and kitchen access is highly likely to contribute to the viability of a public market and help meet the need for additional space for events in the City.

Vernon and North Okanagan Tourism and Visitor's Centre: The creation of a public market is proposed to also provide the opportunity to house a centralized visitor centre, most likely as the anchor tenant. At present the City operates the tourism function for the Vernon area and is responsible for the operation of two visitors' centres – a seasonal one on the northern outskirts of the community and a year round centre in the south.

To be a viable, vibrant part of the community, creating a centralized visitor centre in Vernon's city centre has been identified as a priority of the Tourism Strategic Plan 2010-2015. This plan also identified agritourism as a key attraction for Vernon and local products are currently supported and sold at the year round location, although inventory and space is limited there.

I.3 Research Methodology

We chose to utilize a research methodology that encompassed both exploratory investigation and in-depth descriptive research⁵ of both qualitative and quantitative factors. In terms of scope the research effort included the collection and assessment of both secondary and primary data. Secondary research investigations were utilized first as a means to identify data deficiencies and key issues from which the subsequent primary investigations were logically premised, i.e. the formulation of interview questions and the identification of notable interviewees. While extensive, this overall research approach was deemed the most appropriate in recognition of the significant risk accruing to the City of Vernon as a consequence of project outcomes/recommendations in respect to ownership, governance and operation of a public market.

The research sought to comprehensively address three key objectives:

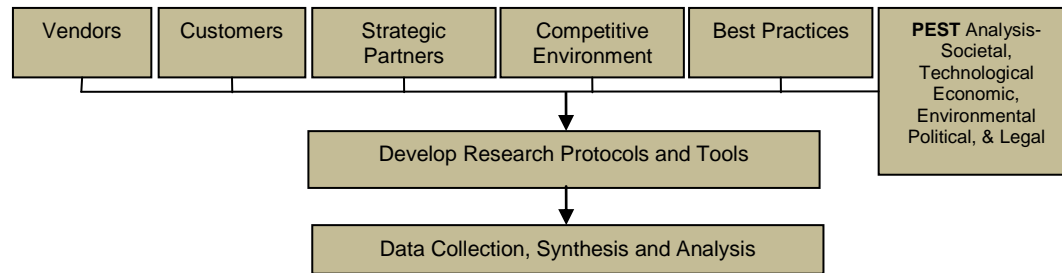
- a. To ascertain the apparent level of demand/need by the business community to participate as vendors within the context of a proposed public market;
- b. To identify, develop and articulate the most appropriate operational and marketing approach for such a market (premised on local circumstances and best practice norms); and,
- c. To determine and assess the financial implications associated with the development and operation of a public market.

Interviews included, but were not restricted to, major centre's of influence within the North Okanagan agriculture and tourism industry with a particular focus on potential vendors. Valuable industry and market information was obtained through these interviews. Further these one on one discussions providing a platform to foster community buy-in and confirm the potential of cross-marketing opportunities. In depth interviews were also undertaken with the operators of a number of selected public markets in an effort to ascertain best practices on the one hand and on the other to highlight potential challenges in the development and operation of a newly constituted public market.

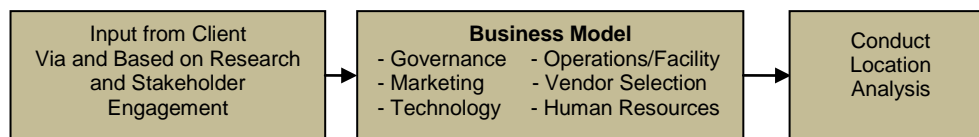
The methodology presented in the Charts below, outlines the individual phases and tasks we undertook for this assignment. This methodology was premised on an open, incremental process that allowed for flexible responses to contingencies or improvements identified during project investigations. From the outset it maintained the active participation and input of the Client (City of Vernon) and Steering Committee.

⁵ Exploratory research is used to define direction by following a less structured and more flexible approach. Descriptive research is highly structured and comprehensive, most commonly highly quantitative and focused. Utilizing both approaches in a single research effort maximizes the effectiveness of the overall research effort.

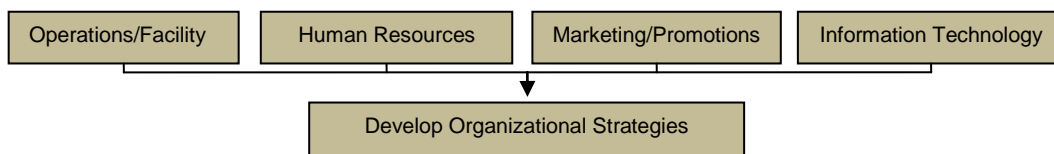
Research Process:



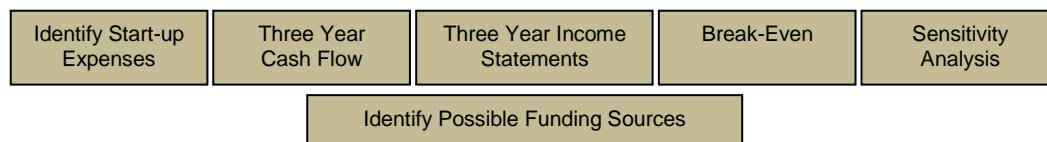
Business Model Investigation:



Organizational Development:



Financial Analysis and Pro-Forma Preparation



I.4 Assumptions and Limitations

As with any consulting effort, regardless of the care taken, certain limitations are inherent from the methodology of investigation and the assumptions made. Some of these limitations do not preclude the veracity nor value of the observations made nor the conclusions drawn. Others are more serious. As much as possible we have endeavored to ensure the effects of any shortcomings in either our methodology or our research have been minimized. Nonetheless while there is a level of confidence

that our analyses are firmly based and valid some limitations exist and it is important for the reader of this document to be made aware of them. Most significantly:

1. Within a number of interviews we asked individual stakeholders to approximate their apparent level of interest and ultimately their participation in a public market. We used these discussions to quantify and qualify the apparent level of demand for such a facility within the community/region. As the facility itself is estimated to take approximately five (5) years to come on-stream this apparent level of demand is subject to change either in a positive or negative way inasmuch as it is strongly dependent on the dynamic realities of the marketplace i.e. economic conditions, societal trends, demographic shifts, and other such factors not to mention the presence/absence of alternative facilities.
2. There are inherent self-selection and social desirability biases in the interviews. To the degree that these biases unduly impact on our estimates of interest/participation it is difficult to assess and thus to discount accordingly. That being said we structured the interview questions and employed such appropriate research tactics that would best mitigate against such bias.
3. The tenor of this assignment is premised on capturing economic benefits. Clearly there are significant social and even environmental impacts (benefits) that will also be realized with the introduction and operation of a public market as envisioned herein. As much as possible however we have investigated both potential costs and benefits of proceeding as our focus has been to provide the Client with a balanced perspective from which a proper decision to proceed or not proceed can be made.
4. Some parts of the feasibility study involve a financial assessment requiring the employment of financial assumptions. We recognize that financial assumptions within feasibility studies are inherently fraught with controversy because of difficulties associated with their exact measurement and relevance to the task at hand. As much as possible we have taken a conservative approach so as to err on the side of being overly cautious thereby protecting the veracity of our overall observations and conclusions.

Notwithstanding the collective importance of these assumptions and limitations we are confident that the analyses undertaken and the observations made throughout this report, are germane, realistic and supportable.

2.0 BENEFICIAL IMPACTS OF PUBLIC MARKETS

2.1 What are Public Markets

Not surprisingly the term public market has many definitions and implies many different structures, processes and activities. A public market has traditionally been represented as a civic owned and operated facility or “space” where vendors sell fresh food from open stalls. While some public markets still emulate this definition, public markets now come in many shapes and settings, offer a wide diversity of different products and experiences; and are owned and operated by various types of organizations. This diversity of structure makes them adaptable to communities and locations with vastly differing characteristics fostering a renewed interest in their application and potential. That being said there are certain common characteristics of all public markets⁶⁷, most notably:

1. Public markets generally have public goals with a local purpose in mind such as attracting shoppers to a downtown or neighbourhood commercial district; promoting/preserving farming in the region; promoting local entrepreneurs; revitalizing a local area or neighbourhood and so forth.⁸
2. Second, public markets are often utilized to create a safe, inviting public space in the community; a place where local citizens can interact easily, and a setting where other community activities can take place.
3. Thirdly, public markets are usually comprised of locally owned and operated enterprises.

2.2 An Overview of Public Market Benefits

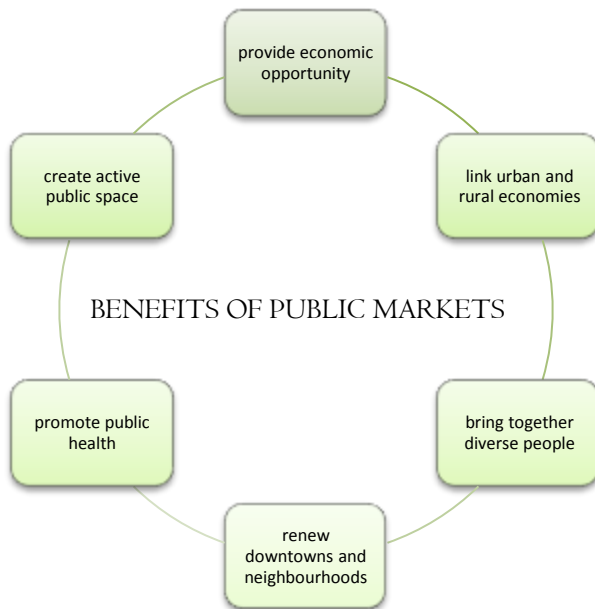
While not strictly the domain of public markets the point to note is that the food industry today, not unlike many other economic sectors, is typically based on large-

⁶ Public Markets as a Vehicle for Social Integration, Phase I Report: An Overview of Existing Programs and Assessment of Opportunities, Partners for Livable Communities, Washington, DC, September 2003.

⁷ See also: The Project for Public Spaces (PPS) as quoted in Birmingham Public Market Study, Market and Financial Feasibility. James O. Bukenya, Alabama A&M University et al. January 2007.

⁸ “Such markets are important community gathering and economic revitalization tools in many other communities.” Pybus Public Market Feasibility Analysis, Property Counselors. February 2010

scale facilities, long transportation distances and the absence of contact between producer and consumer. These conditions, while premised on firm or industry specific economic rationale, bring with them increasing social and environmental costs to communities and regions.



Source:
www.pps.org/articles/the-benefits-of-public-markets/

Public markets, on the other hand, bring with them an array of important and exciting economic, social and environmental benefits.⁹¹⁰ Public markets provide economic opportunity to a range of operators and entrepreneurs; properly structured they provide communities with an opportunity to revitalize, renew and refresh neighborhoods and downtown enclaves; they can be an especially important gathering place for social interaction amongst a range of demographic and socio-economic cohorts; they provide public space; they link the community to its agricultural roots and environs; and they are pathways for good health and nutrition to name but a few of the more obvious benefits that accrue with the development of a public market.

2.3 Economic Benefits

A significant reason for the proliferation of public markets lies in the not insignificant economic opportunities they represent for both producers and consumers.

⁹ “City revitalization practitioners – whether from government, the private sector, or from community-based organizations – are beginning to recognize that new definitions of “revitalization” and “economic development” are needed today. These strategies recognize the importance of public spaces that connect everything together, and that public gathering places are inextricably related to the potential for economic opportunity and upward mobility of lower-income people. One of the most obvious, but perhaps least understood, methods of enhancing social integration in public spaces and encouraging upward mobility are public markets. Increasingly, community leaders and local government see public markets as a means of addressing some of the more vexing problems of our cities: the need to bring people of different social groups and incomes together; the need to make inviting and safe public spaces; the need to reinvigorate low- and moderate-income neighborhoods and to support small-scale economic activity; the need to provide fresh, high-quality produce to inner-city residents; and the need to protect open space and preserve farming around cities.” www.pps.org/articles/the-benefits-of-public-markets/

¹⁰ See as well: Public Markets Promote Economic, Social, And Health Benefits - And Should Be Encouraged. Steve Davies And Dr. Neal Kaufman, The Planning Report, March 2006.

Public markets have become an important focal point for the restoration and preservation of local food systems. In today's global economy the bulk of the world's food supply is controlled by but a few large enterprises. This corporate concentration of food distributors impacts significantly on the viability of producers especially the very small operations who lack the recognition and respect to fully and fairly participate in the business.¹¹ Dealing with an ever-shrinking number of buyers means that returns to the producer through conventional distribution channels are not as high as when a product is marketed directly to consumers. With the existence of a public market, the producer is able to perform all supply chain functions, including storing, grading, marketing, and retailing. With that comes the revenue and costs that would otherwise go to a long line of intermediaries. It is estimated that producers realize a 40-80% increase in return on their product by marketing through farmers' markets rather than utilizing traditional brokers¹².

There are other significant economic advantages of note.

The lifeblood of many small Canadian communities is a healthy and active small business sector. Public markets are the *"ultimate small business incubator"*^{13,14} providing not only low cost space, ease of market entry and a synergistic environment for new business start-ups. The public market is thus a platform from which new dollars¹⁵ and employment are generated; community-business linkages are enhanced; and healthier, more diverse and more resilient local economies are developed. Successful public markets are the heart and soul of many downtowns and neighborhoods reinvigorating areas and encouraging spin-off development.

Public markets also offer the advantage of improved market information through direct contact with the consumer, which allows the producer to learn customer preferences first-hand. This knowledge can be transformed into higher returns as producers adjust and add products to better meet buyer needs.

As with many small businesses cash flow is a critical determinant of survival and ultimate success. Public market transactions have the advantage of being cash-based, removing the worry of

¹¹ Oligopoly dominates the modern economic landscape, accounting for about half of all output produced in the economy. Oligopsony is the buying-side equivalent of a selling-side oligopoly. In the food industry in particular the oligopsonist behaviours are quite significant. Like much of the imperfection that makes up the real world, there is both good and bad associated with the existence of an oligopsonist structure. In agriculture in particular the impact of few selling opportunities for farmers almost always squeezes out the smaller operations by the oligopsonist's market conduct and associated price distortions. See for example Oligopoly And Oligopsony Power In Concentrated Supply Chains, Trude B. Andersen, Frank Asche, Helen Roll, et al August 2009.

¹² Farmers' Markets in North America: A Background Document, Kim Sanderson, Michael Gertler, Diane Martz, and Ramesh Mahabir, Community-University Institute for Social Research, Saskatchewan. 2005.

¹³ www.pps.org/articles/the-benefits-of-public-markets/. "Typically, markets work as entry points for new entrepreneurs because they are relatively inexpensive to start and operate. Vendors often only have to invest in minimal stall infrastructure which requires fewer resources and risk than building up a stand-alone business."

¹⁴ "Small farmers are using farmers' markets and other direct marketing channels to create a new entrepreneurial agriculture that operates independently of traditional wholesale commodity market channels and provides a gateway into farming for those with limited resources. Farmers' markets are a crucial marketing channel for small farmers." Enhancing The Success Of Northwest Farmers' Markets: An Executive Summary. Garry Stephenson, Larry Lev, Linda Brewer. Oregon State University Extension Service. 2006.

¹⁵ It has been asserted that farmers' markets in Ontario generate an estimated \$500 million in sales last year (2010). The total economic impact for the Province is estimated to be approximately \$1.5 billion.

delayed or default wholesaler payments. There is no risk of produce being rejected by wholesalers, who may have more stringent product standards unrelated to the quality of the product.

2.4 Social/Societal Benefits

Public markets bring with them an array of social and societal benefits or advantages in a variety of broad areas including but not limited to benefits in respect of: social integration; community character and livability; health and nutrition; city image and identity; and, community activity.¹⁶ Turning to each of these in turn:

Public markets provide the venue in which local government can satisfy the need for public space, the essential prerequisite to **social integration**. The environment in which social integration is maximized normally accrues with a public market that has “something extra.” That is, the market must have an attractor beyond its role as a place to buy goods. For example, the typical response to the question, “With whom do you usually visit the market,” when an analysis of public market attendance was investigated showed that in those that were felt to facilitate social integration most significantly the response “family” and “friends” was the highest-ranking.

Public markets contribute to **community character and livability** by reinvigorating or revitalizing downtowns and neighborhoods; increasing the interaction between rural and urban areas (a little bit of country in the city); and by bringing together a diverse variety of demographic cohorts, cultures and interests.

With today’s almost overwhelming preoccupation with **health and nutrition**, public markets play an important role in a community. Local products, especially produce, are generally sourced at the peak of the season and normally presented to the market place within 24 hours. This means consumers are buying fresh, highly nutritious products. With a growing emphasis toward buying more organic products coupled with the popularity of the “100 mile diet”, public markets play an especially important role by supporting/allowing for the participation of small organic producers and ensuring a product’s origin is local.

Public markets provide the opportunity to showcase the uniqueness of the community. In smaller communities the public market is often the **community image and identity**. Public markets are a visible and operational reflection of the community in which they operate. Properly leveraged this showcasing can foster substantive community pride and engagement beyond the activities of the public market.

¹⁶ It should be remembered that these social and societal impacts also have significant economic implications. The central thesis of social capital theory is that ‘relationships matter’. In terms of the pursuit of economic development the central idea is that social networks as facilitated through the presence of a public market are a valuable asset inasmuch as interaction enables people to build communities, to commit themselves to each other, and to knit the social fabric that is the essence of the community’s identity.

Public markets by drawing a consistent number of local and non local visitors every year represent a **vibrant anchor for community activity**. Various studies of public markets suggest that when pedestrian traffic counts are significant these levels of patronage have spillover effects to external retailers, hotels, entertainment venues and other businesses within close proximity.

As a final point, it should be remembered that a public market is a unique public good, in many senses of the word. Visitors enjoy the market regardless of whether they purchase anything. Street musicians, local vendors, unique businesses with diverse product offerings, the vibrant atmosphere of a public market provide entertainment value to all visitors, whether they come from across the country or from nearby.

2.5 Environmental Benefits

Arguably public markets bring with them environmental benefits. However though they might be significant they tend to be less understood and seldom measured. Of note:

- The existing system of food transportation and distribution requires vast amounts of energy and resources. As products travel shorter distances, there are less “product miles” associated with both transportation and its related costs. With less transportation there is less pollution, less noise and less energy usage.
- Public markets are an important outlet for local agricultural producers to sell organic and less intensively produced food. By doing so, they support and encourage environmentally friendly product diversification.
- By facilitating the survivability of local producers, public markets help to protect and preserve agricultural land

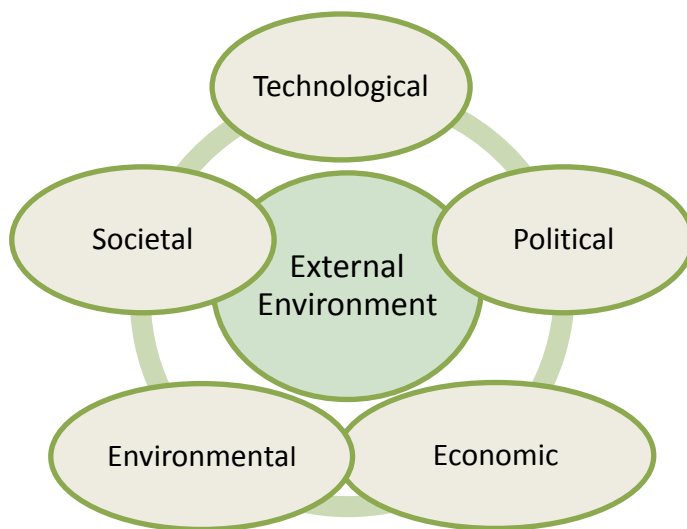
3.0 THE DEVELOPMENT ENVIRONMENT

“Public markets, unlike ubiquitous retail chains operating in a globalized food economy, cannot be divorced from the place in which they are found.”¹⁷

3.1 Emerging Trends

The City of Vernon is at a pivotal point in its evolution. Despite the lingering uncertainty of the global economic situation, the City and the North Okanagan region are growing rapidly and will continue to do so. This new growth will result in significant new developments and of course new residents. What happens in Vernon’s downtown core over the next few decades will be of paramount importance. With a rapidly diversifying economic base, a thriving small business sector, substantive tourism interest, and a rich history and heritage borne out of small farm agriculture, the question of concern here is how best a public market might fit within this new reality.

The essential foundations for the success of a public market within the City of Vernon depend on a proper understanding of what the community represents today; what it aspires to be tomorrow; and how best the public market might fit within this reality. In assessing the relative merits and viability of a public market then it is first important to position that investigation within the context of the



macro-business environment in which it is proposed to operate. While there are numerous approaches that might be utilized, a particularly useful tool in this regard is a PEST analysis. PEST incorporates four perspectives: political, economic, social/demographic or societal, and technological. Importantly the task here is not to define/describe the North Okanagan and Vernon’s business environment per se, but rather to key in on those aspects of the business environment or trends that are particularly relevant to the viability of a proposed public market. An abundance of more extensive community and regional profiles exist for the purpose of profiling the community. Thus with PEST analysis the

exercise is threefold: to first identify pertinent trends; secondly, to determine the relative magnitude or

¹⁷ PPS Services: Public Market Feasibility, Development And Implementation. Project for Public Spaces. <http://www.pps.org/markets>.

impact of each; and then thirdly to propose or consider various approaches by which the proposed venture might best position itself to exploit the opportunities, and blunt the threats. In this section of the report we focus on the identification and articulation of key trends. In subsequent sections of the report the impact of these trends is encapsulated in the feasibility assessment.

SUMMARY OF PERTINENT EXTERNAL FACTORS	
OPPORTUNITIES	<ul style="list-style-type: none"> • B.C.'s economy is expected to grow moderately over the next year. Economic outlook is positive for most sectors. The global economic context, while still fraught with higher than usual uncertainty and developing risks, has continued to deliver increasing growth opportunities. • Leisure interests and interests in arts, culture and heritage will continue to grow. • In-migration of new residents and new enterprises to the City of Vernon including entrepreneurial and/or skilled immigrants will continue to grow. • City will become more multicultural with in-migration. New product/service offering will present themselves. • Environmental and "clean and green" initiatives will continue to generate innovative opportunities. • Health/nutrition consciousness of consumer purchasing behavior will continue to accelerate. • Aging of the population will create increased demands for medical/health services, social housing, opportunities for social interaction and other critical goods/services. • Innovations are about new business models, enterprise and marketplace collaborations (clustering, value chains, P3s). • "Local movement" in consumer behavior will accelerate.
THREATS	<ul style="list-style-type: none"> • Strong Canadian dollar is expected to continue to hinder/impede importing industries and erode visitation to the Okanagan. • Citizen demands for more and better services will continue with increasing populations. • Access to venture capital will be limited as 'skittish" investors continue to re-evaluate their positions. • More downloading of federal, provincial services and programs to regions and communities eroding local budgets and stretching resources.

3.2 Public Private Partnerships (P3)

Public-private partnerships have traditionally been defined as “.... projects in which there is cooperation between government agencies and private companies in the financing, development, construction, operation and/or ownership of infrastructure assets. The public sector commonly provides the policy framework, the mandate for change and financial incentives to the private sector; the private sector in turn provides private sector capital, expertise and delivery of projects that fulfill the need and serve the public good.”

This definition has evolved somewhat over time because today there are essentially four types of P3s: (1) hard economic infrastructure public-private partnerships e.g. roads and water systems; (2) soft economic infrastructure PPPs e.g. financial institutions; (3) hard social infrastructure PPPs e.g. hospitals, public markets; and (4) soft social infrastructure PPPs e.g. social security/programming.

Because public-private partnerships serve various purposes they may consist of a specific single activity, a set of actions, or an ongoing alliance or collaboration. No one model fits all occasions.

Some Common Public-Private Partnership Modalities

Schemes	Modalities
Build-own-operate (BOO) Build-develop-operate (BDO) Design-construct-manage-finance (DCMF)	The private sector designs, builds, owns, develops, operates and manages an asset with no obligation to transfer ownership to the government. These are variants of design-build-finance-operate (DBFO) schemes.
Buy-build-operate (BBO) Lease-develop-operate (LDO) Wrap-around addition (WAA)	The private sector buys or leases an existing asset from the government, renovates, modernizes, and/or expands it, and then operates the asset, again with no obligation to transfer ownership back to the government.
Build-operate-transfer (BOT) Build-own-operate-transfer (BOOT) Build-rent-own-transfer (BROT) Build-lease-operate-transfer (BLOT) Build-transfer-operate (BTO)	The private sector designs and builds an asset, operates it, and then transfers it to the government when the operating contract ends, or at some other prespecified time. The private partner may subsequently rent or lease the asset from the government.

Perceived Benefits and Costs of Public Private Partnerships

The basic purpose of partnering is *“to take advantage of the potential for all parties to gain greater benefit than they could on their own.”* That being said each public-private partnership carries with it a number of benefits as well as costs. These will vary from case to case for a number of reasons including but not restricted to: the purpose of the PPP; who the partners in the partnership are and what they purport to bring to the table; the diversity of the model or manner of delivery; and the challenges and the circumstances of the effort.

Generally speaking the benefits expected to accrue to the public sector vary from those expected to accrue from the private sector. A brief description of some potential public sector benefits follows:

Value for money – In most instances public-private partnering is a value for money exercise. With the relative inadequacy of financial resources within the public sector to meet the myriad of demands for services today and into the future there is greater concern for ensuring the funds that are available are utilized in such a manner that efficiency and innovation are maximized on the one hand and expense and expenditure are minimized on the other. Importantly better value is not simply less cost but rather suggests better overall outcomes in terms of such considerations as higher quality; enhanced delivery; and sustainability.

Reducing public debt or off-balance-sheet financing - In some instances the private sector partner may have access to debt and/or equity markets and other forms of third party and/or alternative financing that is not readily available to public authorities. Access to these markets through a PPP reduces the demands on public funds.

Strengthening infrastructure/service development – With a public-private partnership a more accelerated plan to strengthen or add public infrastructure/services that would not otherwise be available within existing budgets can be realized.

Risk sharing - By definition PPPs encompass some sharing of project risks (e.g., operating and/or financial risks inherent in the project) amongst each of the participants. In fact the sharing of risk is often seen as the defining quality of public-private partnerships. Where this sharing is optimized the public sector will realize measurable gains.

Improvements in service levels – Depending upon the initiative, the public sector partner may benefit by selected economies of scale or new technologies to improve service delivery brought to the partnership by the private sector partner.

Access to a wider range of skills in planning, management, and service delivery – Through a public-private partnership the public sector may gain access to expertise and/or management support tools that may not be readily available within the organization.

Realize value of under-utilized assets - PPPs can provide an opportunity for the public sector to realize the value of assets that may be under-utilized or under-developed. Creative development projects, combined with creative financing techniques and/or intensified marketing efforts, can provide substantial financial benefits to the public sector.

Promote, foster and realize economic development opportunities - Depending upon the structure and scope of the PPP, an opportunity to develop new skills in the local labour force; promote and increase awareness of selected opportunities and issues; and/or encourage broader private sector investment in regions and local communities may be realized.

Other - There are a number of other benefits that may accrue to the public sector as a consequence introducing selected PPPs. By way of example there are a number of publicly supported public-private partnerships initiated solely for the purpose of obtaining funds with limited regard for the project itself - a toll on a highway or a tunnel for instance.

From the private sector perspective engagement in selected public-private partnerships is expected first and foremost to result in a fair return on its financial investment given the risks borne. The private sector partner may also expect to accrue other selected benefits as a consequence of its engagement, such as:

Access to a regulated market, with no or limited competition.

Entrance to a new market, including new geographic areas.

An opportunity to expand products or services beyond the company's established base.

An opportunity to enhance the private firm's credibility in the market or improve the public image of the company, through association with a government agency or a particular project.

While PPPs are most often associated with their potential benefits, these benefits may also come concurrently and/or separately with an array of potential costs or disadvantages. Some of these costs may more significantly accrue to the public versus the private sector. Of note:

Higher transaction costs and higher capital costs – While public-private partnerships provide an appropriate framework for keeping overall project costs in check, the costs of tendering and developing project TORs and the like are usually much higher than under the traditional procurement scenario in part because of the time and resources required to develop and negotiate complex arrangements that might extend over long periods of time. On the capital side costs are generally higher to reflect the relatively higher costs of private sector borrowing.

Risk premium – There is a cost of transferring selected risks to the private partner. This risk premium is not insignificant - usually representing the largest part of all additional costs involved in PPP procurements.

Transparency – With the devolution of authority from the public to the private sector resulting in increased managerial autonomy of the private sector operator, the level of transparency and accountability decreases.

Insecurity – PPPs depend on strong and positive relationships between the private and public sectors. Absence of a high degree of collaboration and cooperation can on the one hand add to inefficiencies of delivery or increased costs borne of misunderstandings; in the extreme, projects might be doomed to failure. Strong working relationships require good communication and a joint commitment to common values, goals and outputs. At the very least maintaining a strong and cooperative partnership costs resources from all participants.

Culture Gap – There is inherently a difference in culture between the public and private sectors. These differences are exemplified when one considers the underlying motivation of each partner to participate in a public-private partnership. These different cultures can lead to conflict; and in turn lead to higher project costs; less efficient delivery; and greater overall uncertainty.

Project Inflexibility – Because public-private partnerships by definition broadly extend over a long time frame (in some cases 30 years) the initial organization/agreement may lose relevance over time as conditions/circumstances change. Without some built in allowance for flexibility/renewal an inability to adjust to changing circumstances may exacerbate project inefficiencies and/or add to project delivery costs.

Project and Non-Project Risks

Of course the pursuit of public-private partnerships and the benefits expected to accrue there from, does not come without some inherent risk. These risks in turn imply additional costs; some of which are readily apparent and as such can be accounted for easily and assigned to the partner best suited to manage the risk. Other risks are less tangible; might not be readily discernable from the very beginning; nor lend themselves to ready amelioration or management. Broadly speaking there are two categories of risks: project related risks (those manageable by the partners) and non-project risks (those not directly manageable by the partners).

Project Related Risks

- Completion Risk (engineering & construction cost / time cost control)
- Operational Performance Risk (technical & operational know-how)
- “Market Risk” (Demand)
- Financial Risk (Exchange Rate and Interest Rate Fluctuations)
- Environmental Risk (past and future liabilities, project delays, costs overruns)

Non-Project Related Risks

- Political Risk (expropriation, political violence, currency convertibility & transfer)
- Contractual Risk [Regulatory Risks]. (Government’s default on contractual obligations, i.e., pricing formulas, right of way)
- Macroeconomics Environment -- Volatility Risk (changes in macro balance in relatively short periods, i.e., exchange rate, inflation, etc...)
- Legal Environment (rule of law, i.e., judicial system, regulatory procedures and arbitration).
- Residual risk (particularly relevant if at the end of the project there is an intention to transfer the asset)

The achievement or absence of success within a public-private partnership depends to a large extent on how realistically the risk of the project has been allocated amongst the partners. Of note:

1. Because the public sector can be overly risk averse there can be a tendency to transfer either too much or too little risk. In those instances where too much risk is transferred to the private sector the project might be too difficult to finance, which in turn reduces the quality of partners willing to bid on it and ultimately increases costs of delivery. Consequently, the public sector should be cognizant of the private sector's risk capacity constraints when structuring the initial bid document. Optimal risk transfer ensures that there are enough high-quality bidders to reap the benefits of competition and that the public sector does not "overpay" to transfer risk that it is better suited to retain.
2. The public sector often views partnering as a way to achieve higher service levels from the private sector. While this is more often than not the case, private partners are more than willing to provide high-quality service levels, but they expect to be paid for doing so. The public sector cannot expect to get enhanced quality at a discounted price. Understanding this at the outset will help to establish more realistic performance standards in the project agreement.
3. Public sector entities tend to be overly optimistic about a project's costs and time lines and about its potential to generate revenue. Separately, bidders' optimism is particularly pronounced when it comes to forecasting demand for a product or service, given the desire to provide the best bid possible. Governments must pay special attention to mitigating demand optimism bias. These may include setting a range of revenue returns in the contract terms; allowing for a renegotiation of the contract if the returns are below the set range and limiting the private partner's profits if returns are above the desired range; providing financial payments to the private partner if demand is below a certain level; and setting the duration of the total project concession to a targeted revenue amount.

Preconditions to Successful Public-Private Partnering

"Evolving political, economic and social forces argue for a new type of relationship between the private sector and the [public sector]. Much can be accomplished when entities from the business sector and the [public sector] combine forces. Yet such partnerships must not be entered into lightly. The choice of partner (the "who"), the articulated objectives (the "why") and the mode of operations (the "how") are decisive factors in the success of any partnership."

The idea of working together in partnership to address key developmental objectives, be they infrastructure or otherwise, is an admirable aspiration. However, implementing this type of partnership in an effective and mutually beneficial manner has more often than not proven to be elusive. Despite the relatively recent history of public-private partnerships there is considerable documentation and

experiences from which one can logically draw inferences pertaining to essential preconditions necessary for success. Of note:

- The project is appropriate and feasible for a public-private partnership approach (the need and justification for the project has been confirmed);
- The enabling environment (from attitude to regulation) is in place;
- There is proper planning from the very beginning, with clearly defined and articulated goals, objectives and initiatives;
- The project is developed and undertaken in such a manner that the principles of good governance are upheld as they relate to: transparency and accountability; i.e. there is respect and trust amongst the partners; there is an opportunity for public scrutiny; the process of project evaluation is systematic; there is effective communication and an open sharing of information amongst the partners; and there is independent oversight;
- There is an opportunity for innovation and flexibility;
- The risks and responsibilities are clearly and appropriately allocated;
- The partners have a common objective; and
- There is a sustained collaborative effort to project success.

4.0 BEST PRACTICES AND LESSONS LEARNED

There are a myriad of public markets worldwide and a substantive base of literature detailing and defining best practices and lessons learned in various aspects of public market, design, development and operations.¹⁸ The challenge is in determining what is an appropriate best practice or lesson learned within the context of a proposed public market within the City of Vernon. In that regard we have searched the literature, reviewed and studied first hand various case studies, and have distilled the salient points below. Notwithstanding the importance of drawing lessons from the successes of other public markets there is nonetheless the argument that while it is important to better understand these other experiences, it is as important to look at new paradigms and new implementation strategies that best reflect the realities and aspirations of the City of Vernon.

Development Stage	
Build on Relevant Best Practices:	Recognize that the factors that make good markets may not always be transferable. What works one place may not work in another
Planning:	Think about a 10-20 year plan – not a 2 year plan – for sustainability, recognizing that it may take a long time to get a market up and running.
Level of Community Support:	Community support for the project must be strong and unwavering in the development process. Building community support for a public market is a critical first step toward this goal.
Strategic Partnering:	Put the market in a larger economic context in a community, broadening the base of support for ongoing management and utilizing it more strategically for economic development. However avoid over-dependence on unreliable or unqualified volunteers and do not substitute well-intentioned amateurs for

¹⁸ For some further information the reader may want to look at the following: Farmers' Market Best Practices Toolkit: A Guide for Community Organizations in Newfoundland and Labrador. Lori Heath for the Food Security Network of Newfoundland and Labrador. January 2011; Voluntary Code of Good Practice for Farmers' Markets 2011-2012. Department of Agriculture, Fisheries and Food; 10 Principles of a Successful Farmers Market. Jim Farr. Rochester Public Market. 2007; Best Practices of Market Managers. Jim Farr. Rochester Public Market. 2007; Best Practices for Oregon Farmers Markets. Jenny Furniss. July 14, 2010; 4 Guidelines On Taking Public Markets To The Next Level, <http://www.pps.org/blog/4-guidelines-on-taking-public-markets-to-the-next-level/> 2011. Pioneering a Local Food System in Central Oregon, Sydney Leonard et al. 2011; Investigating Opportunities To Strengthen The Local Food System In Southeastern Michigan. Karl Buck, Laura E. Kaminski, Deirdra P. Stockmann, Ann J. Va. April 2007; Northwood Farmers' Market Preliminary Feasibility Report. Farmers' Markets America. April, 2010.

	the professional administration or market management that is really needed.
Project Sponsor:	Development of public markets are very complex undertakings, requiring a point person or group to facilitate negotiations, oversee the development process and serve as the chief and constant marketer of the project. In many communities, new organizations – often public/private and representative of local interests – have been established to better facilitate the development process.
Availability of Public Funding:	Public markets are expensive to build and maintain. The public sector (local, provincial, federal) often are required to share a substantial portion of financing the project. The cost of land assembly, the unique features of a public market and other factors figure into the high cost.
Urban Design Aspects:	Parking, open space, and accessibility are all critical features. Location in the downtown core is also often a critical element in generating customer support.
Building Design:	Public markets generally require large space and must consider the greater than average need for common area to make them work. As well, each must have a local flavour or flair, especially in the design and tenant mix.
Financial Sense:	The feasibility of the public market should make reasonable financial sense. It is important to realistically evaluate the project's direct costs and benefits, as well as the available financial resources.
Some Tenant Prospects:	The local area should have some unique, entrepreneurial individuals who would be good tenants in a project centred on local flair.
Flexible Approval/Development Process:	The approval/development process should be flexible with regard to public and private interests and needs, such as access to roads, parking, design, land assemblage, and changes in the length of the development process.
Exterior and Interior Design:	Both the interior and exterior should capture the city's spirit – its tastes, significant features, habits and all that makes the community appealing and unique.

Operations Stage

Even with the distinctive assortment of public markets, there are still common themes of strong mission and solid management that are shared by successful markets. Good public markets develop a clear brand; representative and responsive governing structures; and a management team that smoothly handles the array of operational tasks to keep a market running, from vendor relations and publicity to deliveries and storage.¹⁹

First tenants should be unique and interesting as possible. Second, food and restaurants are generally a major and important element in the tenant mix. Third, turnover in a public market should be regarded as healthy and expected. Turnover projections of roughly 5 percent a year are standard and necessary to maintain life and vitality to the market.

Creating a local flavour is an important step in tenant operations. Establishing a tenant mix of food and retail, Mom and Pop and pushcart vendors is important. Determining the overall structure of the tenant mix – percentage of food vs. specialty – often begins with an attempt to keep food at 60 percent of gross leasable space and retail at 40 percent.

The percentage of Mom and Pop operations is important for two reasons. These shops require more management assistance and may be more likely to fail than others. However, they also possess the unique qualities required of tenants in a public market. These special merchants often require technical and financial assistance, which can be provided through agencies in the community e.g. North Okanagan Community Futures, College.

Rents are generally high due to the expense of building and maintaining a public market coupled with the large amount of common space that tenants must subsidize.

Recognize the social benefits that markets bring to public spaces and that should be sustained by a variety of partners

The on-going success of a public market requires effective and creative promotion, and a strong special events program to continue attracting the market. The promotion should be tied to the tenant mix and the characteristics of the customers, whether they are residents, office workers, conventioners and tourists.

Special events should be an important part of the promotion of public markets. Places with good, fun and appealing atmospheres create loyalty. People watching, shopping and eating are all enhanced by quality performances at the special events areas around and in the public market.

Public markets require efficient common area management and maintenance policies. Interiors and exteriors should be kept freshly painted and the surrounding grounds well groomed so as to continue the emphasis on vitality.

¹⁹ Lechmere Square Public Market: Preliminary Feasibility Study. City of Cambridge Community Development Department, August 2010.

5.0 VERNON PUBLIC MARKET- ORGANIZATIONAL FORMAT

5.1 Vernon Public Market Objective

“To operate a Public Market to assist the North Okanagan region’s small farmers, artists and artisans to sell their products while highlighting the community’s unique social and cultural diversity and vibrancy for residents and visitors alike.”

5.2 Governance

Public markets are valuable facilities/organizations to promote and enhance local market opportunities for local enterprises. Yet all too often, weaknesses in their business structure undermine the fulfillment of their economic and community expectation and promise.²⁰ In this regard it is critical from the very beginning to introduce a coherent, realistic and relevant leadership and governance structure. Inherent within this task is the consideration of different legal formats or structures for operation each of which brings with it various strengths relative to operating a public market and of course a number of weaknesses. In that regard:

Non-Profit/Society: Farmers/public markets that choose to incorporate as a not-for-profit society will initially have to draft a set of by-laws and organize an appropriate Board of Directors. Additional actions will need to be taken such as filing a certificate of incorporation, obtaining an employer identification number (EIN), opening a bank account, and filing for federal tax exemption. A society is managed and controlled by its members. Who the members are and how many will have a bearing on operational strategies.

Co-operative: (Example Saskatoon Public Market) Farmers/public markets that chose to pursue a cooperative approach will need to be cognizant that a co-operative is an enterprise that is jointly owned by the members who use its services. All members of a co-op are equal decision makers in the enterprise, using a democratic system of one-member, one-vote. In turn, all members share the benefits of co-operation, based on how much they use the organization’s service.²¹

For Profit: Farmers/public markets that choose to incorporate as a for-profit entity may do so by forming a limited liability company (LLC). The advantages of running a business as a business might be offset by the continuing struggle to balance the priorities of operational viability with public good.

²⁰ <http://www.cdi.coop/farmersmarketpg1.php>.

²¹ <http://coop.gc.ca/COOP/display-afficher.do?id=1232132099776&lang=eng>

Operating As Part Of Another Organization:

Finally, farmers/public markets that choose to operate under the umbrella of another organization (including within the context of a strategic alliance, sponsorship, P3 or joint venture) a number of issues will need to be considered. On one hand, given a sponsoring relationship, the arrangement can help provide or secure a location for the public market and/or subsidize the cost of rent, utilities, printing, advertising, insurance and other important yet costly items. Sponsoring organizations can also help support management and the Board Of Directors when conflicts arise. Operating under the umbrella of another organization may also allow market organizers to forgo the learning and work involved with incorporating as an independent entity. On the other hand, sponsoring organizations may place the public market's goals behind their own and only allow public market organizers limited control over finances and decision making.

Recommendation: It is being recommended that the proposed public market be organized and operated as part of another organization and that organizational arrangement would be structured as a not for profit society. This will allow for economies of scale in terms operations and start-up expenses; shared risk; a quicker learning curve; and, more expeditious implementation.

Of course the selection of “potential partner” who will manage and control the public market has to be a proper fit. History shows that many of the markets that underperform or do not become self sustaining are a result of mismanagement. It must be clear that although the business is a social enterprise it is still in fact an enterprise. In an effort to assist the City of Vernon in the identification and proper selection of the most suitable organization we propose the following list of selection criteria. This list is based on our understanding that in order for an organization to be effective and successful in the development and operations of a public market the following characteristics are necessary:

PARTNER EVALUATION CRITERIA - VERNON PUBLIC MARKET

Strong leadership team

Social minded

Strong financial position – can look at this business unit to solve financial woes

Business focused and strong business acumen

Strong functional area capabilities (accounting, marketing, operations, technology and Human resources)

Strong understanding of the agriculture and artisan industries (North Okanagan specific)

Ideally the organization would also have following characteristics as well:

PARTNER EVALUATION CRITERIA - VERNON PUBLIC MARKET

ADDITIONAL DESIRABLE CRITERIA

Strong retail experience

Business development expertise (taking products to market)

It is conceivable that there may not be an organization that either meets this criteria or an organization that meets this criteria but may not want to participate in a public market. If this proves to be the case then the development of such an entity may need to be created.

5.3 Management

Public markets appear deceptively simple to open and operate yet they require careful planning and effective management if they are to achieve operational success quickly and become centers of community life and sustainable local growth and development in the long run.

Careful consideration needs to be taken in regards to the overall governance structure, processes and management. As proposed herein we see a public market as a not-for-profit enterprise governed by a volunteer Board of Directors comprised of committed and knowledgeable community citizens. In a best case scenario the Board of Directors should be comprised of no less than seven (7) and no more than eleven (11) members. Beginning with approximately half the Board elected for a two year term and the other half for one year terms, thereafter elections would be on an annual basis. The recommended governance approach would include a diverse yet relatively equal representation of the community's key user groups on the Board. A draft term of reference for the Board of Directors has been appended at the end of this report.

It will be important that from the very beginning the City of Vernon Public Market establish a full time, paid "Public Market Coordinator" position within the organization. This Public Market Coordinator will be responsible for overall management of the facilities and its operations. At no time should this position or the responsibilities associated thereto be assigned to a volunteer position. A draft position description for the Market Coordinator has been appended at the end of this report.

6.0 VERNON PUBLIC MARKET- PROPOSED OPERATIONAL DESCRIPTION

Public markets can be many things and can encompass very many or very few disparate functions. The key to success is in choosing the right things and doing them well. Pursuant to the Request for Proposals given the feedback from stakeholders and other interested citizens within the region, for the purpose of assessing overall feasibility of a public market within the City of Vernon, we would suggest testing a model encompassing several interdependent streams of activities broadly including: (a) a permanent farmers market; (b) a community kitchen/ food processing operation; (c) a food recovery and waste collection system; and, (d) food & beverage related retail facilities/operations.

A brief description of each potential stream has been provided below with more detailed analysis provided in the Appended Notes.

6.1 Permanent Farmers Market:

It is envisaged at the outset that an integral part of the proposed public market will be a small farmers market encompassing thirty or so high quality vendors. These vendors would feature locally produced agricultural products; value-added items such as baked goods, jellies, sauces and preserves; as well as various arts and crafts produced by local artists and artisans. However, particularly in periods of low or no availability, agricultural vendors would be allowed to carry product imported from other parts of British Columbia or elsewhere as necessary in order to meet public demand for selected products. This importation of products would be strictly regulated by market guidelines/rules governing vendor eligibility.

As much as possible the farmers' market will reflect the North Okanagan's unique culture and socio-economic circumstance. Some imported delicacies unavailable locally will be allowed to the extent they reflect special aspects of the region, such as its people, history or ethnicities. That being said the primary emphasis shall be on highlighting locally produced fresh produce, meats, baked products and special dishes, along with locally produced arts and crafts.

6.2 Community Commercial Kitchen (Food Production Space):

A commercial kitchen is proposed as a major component of the Public Market to provide new entrepreneurs time-share access to food production facilities. In addition, shared office services (e.g., access to computers, phone answering, office machines, etc.) will be offered to these entrepreneurs, as well as outreach programs such as counseling, capital and technical assistance. These outreach programs will be provided through partnerships with community providers in the North Okanagan; for example, North Okanagan Community Futures, Okanagan College, volunteers (e.g. chefs from restaurants, hotels, etc.) and so on.

Such a facility will provide new entrepreneurs the opportunity of starting and/or expanding specialty food and catering businesses without the excessive cost of building their own commercial kitchens. The kitchen(s) might be used by one individual business or multiple as in the case of various community kitchens nationwide that serve as incubator sites for many businesses too small to justify owning their own facility. These incubators can facilitate start-ups that later grow into their own facility, allowing the original kitchen to grow a new generation of businesses.^{22 23}

Ultimately as well, the facility will create new employment opportunities and create goods that highlight the uniqueness of the region's agricultural products, ethnic traditions and creative people.

The kitchen will also be available to farmers' market vendors in the Public Market as well as to other markets within the region. Depending upon space and time availability, social service groups, charitable organizations, churches, etc. will also be able to access the facility at nominal rental rates.

6.3 Food Recovery and Waste Collection:

Food waste management and recovery is most commonly defined as that series of activities where discarded food materials are collected, sorted, processed and converted into other materials and used in the production of new products.²⁴ The majority of food wasted is by consumers and food service establishments. Consumer, or household, food losses are the result of overpreparation, food preparation waste, table scraps, cooking losses, spoiled leftovers, and package failure and spillage. Food service businesses throw food away because of overpreparation, expanded menu choices, plate waste, and fluctuations in food sales beyond the control of food service operators.²⁵ On an aggregate basis within the North Okanagan region according to a study completed in 2005 it was estimated that nearly

²² "the value of community kitchens lies in a combination of economic and community development. They are successful as components of community centers and not as standalone projects." . See: Developing Shared-use Food and Agricultural Facilities In North Carolina. Center for Assessment and Research Alliances. Smithsonian Mills. February 2007.

²³ " Until now, most developers appear to have understood shared-use facilities as being of one type and geared towards supporting farm-based producers in rural communities. Our collective understanding should instead recognize these projects as incubators of food entrepreneurship in three forms: value-added regional food processing centers, rural community kitchens and shared-use agricultural processing facilities. To the greatest possible extent, projects must incorporate core programs to provide technical assistance, marketing support and access to capital." IBID

²⁴ Chapter 5. Food Waste Recovery. Mayor's Office of Sustainability. Oakland Food System Assessment. 2010

²⁵ Food Recovery And Waste Reduction: A Guide For Businesses And Institutions. North Carolina State University. 2000.

25% (5682 tonnes) of the waste coming to the region's landfills was food waste.²⁶ Clearly food waste is not an insignificant issue.²⁷

In looking at a food recovery and waste collection program for the proposed Vernon Public Market the implication is that food waste can be both a community output and an input back into the food system. Over and above the recognition that this practice represents not only an important component in the broader effort to develop a sustainable food system, there are other significant and measurable environmental, social, and economic benefits that can accrue to individual households, businesses and the community at large from a properly constituted food recovery and waste collection program not the least of which include the following:

- reducing trash collection and disposal fees for individuals and businesses;
- reducing traffic at regional land fill sites;
- helps to increase overall environmental awareness and present a community's green image;
- reducing pollution and the consumption of non-renewable materials;
- generating needed compost for urban and rural agriculture production; and,
- ensuring that edible food is redistributed to those who require emergency food.

6.4 Food And Beverage Related Retail:

The proposed structure and function of the Vernon Public Market is compatible with a smaller, singular combination restaurant/bakery/coffee shop. This multidimensional enterprise in complementing and building on the service and product offerings of other enterprises and activities within the public market, will operate largely as a casual, middle-of-the-road restaurant catering to a broad range of customers including local residents and tourists; young adults and young families; seniors and local businessmen/women. It is proposed that the operation itself will offer on-site and takeout food (including baked goods and coffee) service. Occupying approximately 1000 to 1500 sq ft the facility is expected to have permanent seating for 40 to 50 patrons (expandable during the summer months); a baked goods display and counter/coffee area; and a full function kitchen and food preparation area. While acknowledging some supplies will need to be secured from food distributors the proposed restaurant/bakery/coffee shop will highlight a menu of foods/baked products premised on the purchase of products from local producers.

²⁶ A North Okanagan Food System Plan. Strengthening the Regional Food System. The Regional District of the North Okanagan. Buffy Baumbrough, Wendy Aasen and Andrea Gunner, Dave Whiting, and Laura Kalina. January 2009.

²⁷ *"An estimated \$27 billion in Canadian food annually finds its way to landfill and composting, creating unnecessarily high levels of carbon and methane. More effectively managing the food already been produced would significantly benefit our economy and the environment."* Food Waste In Canada Opportunities To Increase The Competitiveness Of Canada's Agri-Food Sector, While Simultaneously Improving The Environment. Martin Gooch, Abdel Felfel, Nicole Marenick. November 2010.

6.5 Visitor Information Centre:

Because visitors' centres attract and encourage the travelling public to stop, many communities are now building them in partnership with local attractions, tourism businesses and other organizations. These new centres create symbiotic, mutually beneficial relationships with other businesses in the area that not only draw locals, but also visitors who come for information on things to see and do, as well as where to stay and directions to places of interest.

As mentioned previously, the Vernon Visitor Centre currently supports and promotes the sale of local products at its year round location, but inventory and space is limited there. Specifically, an expanded retail section within a visitor centre at the public market will assist artists, artisans and other local producers and create mutual market benefits not only for the other partner components of the public market, but also other businesses in the central business district.

7.0 OVERARCHING STRATEGY

Regardless of sector, format or activity when an organization has made a decision to enter a certain marketplace, there are a variety of options open to it as to how best to position itself. These options vary with cost, risk and the degree of control the prospective new entrant can exercise over certain circumstances and conditions. The business strategy proposed herein is intended to position the proposed Vernon Public Market to best achieve and maintain a competitive advantage. In doing so this will ensure the organization meets its ultimate objective *“to operate a Public Market to assist the North Okanagan region’s small farmers, artists and artisans to sell their products while highlighting the community’s unique social and cultural diversity and vibrancy for residents and visitors alike.”*

The strategy proposed below gives emphasis to the development of strong competitive capabilities; adaptability and flexibility in responding to changing market conditions; and strengthening and solidifying market position. The Public Market’s strategy is necessarily dependent on a number of internal and external factors, not the least of which include its core competencies and whether it has an externally-focused (market- or industry-based) or internally-focused (resource-based) orientation.

From a basic business perspective the Public Market is assumed to be in the introductory or infancy stage for the first three to four years of operation. As such it is being recommended that the City of Vernon adopt a two-fold implementation strategy encompassing the following key elements:

3. A market-oriented business strategy with a focus on enhancing customer value by fulfilling market-driven needs.
4. A focused differentiation approach with a market

development focus, for the development of operations (functional-level) strategies. In this instance all functional-level activities will need to align with the objective of encouraging market adoption and diffusion.

To be successful, the public market must be an anchor destination within the community and carry with it the unique community image/brand. Whether the public market is selling regional farm products, prepared foods, locally-made crafts, or antiques, it must be an economic generator for vendors and a welcoming place for customers.

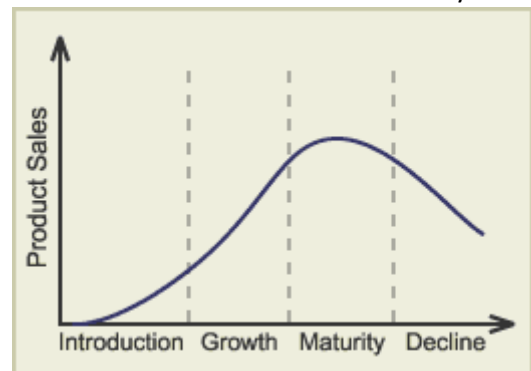


Figure 1 – Product Lifecycle

7.1 Key Criteria For A Successful Market Launch

Clearly a properly focused market launch will be critical to the establishment of a firm foundation from which subsequent operational successes will need to be premised. In this regard there are a number of fundamental principles. These principles are presented in the chart following.

Principles for a successful launch



Looking back at various case studies and earlier discussions in respect of best practices and lessons learned it should be pointed out that there are a number of factors that influence the manner and degree of success of a public market. It is important to be cognizant of these preconditions to

success in advance of a launch though importantly it is not about following each practice or infusing each quality specifically and separately but rather understanding the totality of these characteristics. Successful public markets share 10 notable qualities.

Notable qualities of successful public markets



In moving from strategy to launch it will be important for the City to concentrate on four priority areas: 1) management/ governance; 2) site development; 3) attraction of vendors; and 4) marketing the market to the end users. It is recommended that a detailed project management Gantt chart which encapsulates the proposed activities, assigns champions to tasks, and sets timelines for implementation is created once the project is closer to being realized.²⁸

²⁸ It is the understanding that the proposed market can be as far away as five years from execution and success strongly depends on the realization of a private public partnership. Therefore, a detailed project management tool would be of little value as of the date of writing this report.

8.0 OPERATIONS

The operation of the proposed public market is not expected to entail a highly complicated effort either in terms of understanding or on following through. However achieving maximal effectiveness of efforts will be considerably more challenging. It is these challenges that bear special attention.

From the interviews and best-practices research it is clear that the preeminent matter requiring considerable attention will be in respect to minimizing the potential for conflicts between the different user groups and these user groups and community stakeholders at large. Within that context it will be critical that the established systems of governance and management have fair and transparent processes for decision-making; and especially a clear and open approach for handling conflict. The process of making decisions is as important as the decisions themselves.

Through in-depth interviews with several public market managers it has been identified that conflicts are usually symptoms of a larger issue: typically, that the public market does not operate in a business-like manner with clear procedural protocols. It is of critical importance then that the City of Vernon learn from other experiences (positive and negative) and gain from proven best practices to allow for the development of a public market that will increase its market adoption and overall success.

POTENTIAL CONFLICTS EXPERIENCED AT PUBLIC MARKETS:

1. Space infringement;
2. Vendor spaces;
3. Display “blocking”;
4. Parking and set-up;
5. Unloading “space”;
6. Vendor fees;
7. Manager compensation ;
8. Bad weather no shows/early departure;
9. Early departure in general
10. Opening and closing times(early/late selling);
11. Customers with dogs;
12. Customer Parking; and,
13. Town/city regulations

As denoted earlier in this report it is proposed that the Public Market will be managed by a Market Coordinator reporting directly to the NGO Executive Director. (an appointee of the Board of Directors). The Market Coordinator will be expected to work five days per week. Initially the public market itself will be open to the public every Saturday as well as Tuesday Thursday and Fridays. The hours of the market are scheduled to be 10:00 am to 6:00 pm. The public market will have developed well-defined vendor rules which state that all vendors need to be ready and open for business during the hours of operation.

It is recommended that the Public Market Management Team enforce an adjudication process in the attraction of vendors. The selection of vendors will create the overall consumer brand for the public market. The creation of this family brand²⁹ often is a critical element in consumer decision-making as to whether or not they will attend a facility/event. The brand needs to be reflect and confirm the demands, interests and needs of consumers and is extremely difficult to fix or alter after the fact. In the narrative below (Section 9.0) this issue is explored further.

The recommended adjudication process for the attraction of vendors is proposed to be based on three essential criteria: 1) apparent consumer demand for certain products, 2) quality of products offered , and 3) whether the applicant is a North Okanagan resident. In an effort to remain demand-driven and create a market that meets both the needs of the consumers and the vendors, it is suggested that the allotment of booth spaces correlate with the demanded/requested product mix.

8.I Location

The choice of location for the proposed public market is of critical importance for a number of reasons, not the least of which include operational viability and downtown revitalization. During this exercise there were four (4) locations that were presented to Lochaven Management Consultants by City staff to evaluate as part of the overall feasibility investigation. Detailed drawings of these sites are appended at the end of the report. In order to objectively evaluate these potential sites we evaluated each from a number of perspectives including but not limited to the list of site location determinants noted in the adjacent chart.

While at first glance the four locations are close in proximity and therefore look similar there are some important and significant advantages of the proposed location, which have been provided to the client in a separate confidential document.

SITE LOCATION DETERMINANTS FOR A PUBLIC MARKET:

- Adaptability of location (Allow for seasonal fluctuations)
- Traffic count: Cars or pedestrians
- Zoning Requirements
- Visibility access
- Proximity to customer generators
- Accessibility (Customer/Vendors/Suppliers)
- Population density
- Parking Requirements
- Directional growth of area
- Terms and rental or purchase rates
- Supplier proximity
- Crime/shoplifting rates
- Area improving or deteriorating
- Land Needs
- Adequacy of utilities, gas, water
- Transportation accessibility

²⁹ Family brand refers to the inherent brand that an organization's brand becomes associated with, due to a multiple of products through brand extension.

In any event, the location needs to allow for the greatest degree of multi-use flexibility where a fixed structure can be created and take advantage of adjacent public spaces that can seamlessly be used for festivals and other special events. It is being recommended that a downtown location be considered as it offers these advantages in addition to the following:

- Proximity to customers (working professionals).
- Access to transportation hub (new public transit hub across the road).
- Directional growth of area consistent with green path.
- Desirable location for the realization of the P3 partnership being proposed.

The physical design of the space is beyond the scope of this assignment; however, functionality considerations need to take into consideration the most effective and efficient layout that also provides the greatest flexibility to accommodate not only multi-uses, but also the changing needs of management, vendors and the community at large as the facility gets up and running.

9.0 MARKETING PLAN

Since the Public Market is by definition a new market offering an enhanced and complete product offering, the organization cannot rely on brand strength or market reputation to encourage consumer adoption/engagement and must therefore develop its own market adoption strategy.

To better understand what the public market needs to do it is best to start by understanding the process from the consumers' perspective. Empirical research and historical consensus has identified six stages a consumer passes through in the process of choosing to purchase and use a product: awareness, interest, evaluation, trial, adoption and confirmation. Certainly a haphazard approach to consumer engagement will not work. There is a significant need for a comprehensive marketing strategy. The overall marketing strategy as recommended for the public market will need to be low cost due to minimal financial resources that the public market generates. In this regard the public market will need to continue to build on its existing relationships with centre's of influence in the North Okanagan and foster cross marketing activities with vendors.



Once underway, in order to maintain a high level of consumer interest in the public market and generate ongoing visitations by locals and visitors it will be important for the public market to consider such tactics as those pursued within the context of many festival marketplaces by introducing or focusing on a mix of selected themes over the expected ten weeks of high season visitation. Themes may include such ideas as: children's arts/crafts weekend; musical arts; culinary display and lessons; stage arts (theatre, etc.); horticulture; and the like. The common thread amongst these themes is an arts and culture focus. This focus will ensure that the events help drive the market brand and are significant enough to generate increased interest and, ultimately, increased attendance at the public market.

9.1 Market Position Objectives

It is recommended that the proposed public market pursue a market positioning as the recognized premier location for North Okanagan products (agriculture and arts/craft). This will imply emphasizing that the public market offers an especially unique collection of high quality North Okanagan agricultural, artistic and craft products that appeal to the discriminating local resident and tourist. For locals the public market will attract those who prefer to support local producers; in the case of visitors the public market will attract those who want to take home a piece of “**Okanagan’s Own Public Market**”. The Public Markets’ positioning strategy is directed to an audience that believes in the need to promote environmental stewardship, support local producers and wants to be identified as a conscientious yet nonconforming consumer.

9.2 Market Objectives

The **Okanagan’s Own Public Market**, as recommended will be a new retail locale that will serve to extend the North Okanagan producers’ selling season and by implication customer base. Within the first three years of operation the public market will seek to achieve the following milestones:

1. 100% retail space occupancy;
2. Measurable increases in local producer sales (vendors);
3. Removal or minimization of customers concerns respecting buying local products (both agriculture and artisan), leading to an increase in local producer sales that are dispersed over the entire year; and,
4. Measurable increases in customer traffic to the centre of town thereby increasing external sales to nearby retailers and service providers.

9.3 Branding

Intuitively everyone appreciates that branding is important in the external marketplace. But less intuitively branding is critical for internal operations as well. In fact a brand is everything - An organization’s brand spells out what it stands for. It represents a way of thinking and a lens through which management decisions are made. Organizations that have the best brands are easier to work in, because everyone knows where they are going and can pull in the same direction. The best brands create loyal clients and community partners, because they say what they do and do what they say.

Why a common brand in a public market? A common brand applied across all vendors creates a unified profile, allows the public market to leverage ‘strength in numbers’, increases profile and affords the public market significant communication and marketing synergies. The use of a common brand does not dilute or take away from the independence of any specific vendor.

9.4 The Branding Voice

When speaking about the public market and certainly germane to any effective marketing effort it is important to have in place a selection of core as well as expanded messages that communicate “who the public market is”; “what it offers”; and “how it goes about providing its offerings”. As the organization evolves to meet changing societal needs, these messages will need to be adapted accordingly. But in the beginning the core message will need to have five critical components that might best be structured as follows:

The Purpose: To operate a Public Market that assists agricultural, artist and artisan producers in the North Okanagan to sell their products while providing unique cultural activities for the residents and visitors of the North Okanagan.

The Brand Promise: The public market puts the quality of North Okanagan products at the center of the stage.

Who The Public Market Is: *Okanagan’s Own Public Market* is a showcase of the best agriculture, art and crafts the North Okanagan has to offer.

How The Public Market Does It: The vendors take the greatest pride in producing world class products that demonstrate the local residents’ balance of rural living and soft sophistication.

What the Public market Stands For: We stand for a core set of values that unite the market and its vendors:

Okanagan Community – we are here because the Okanagan community has invested in us and here to serve the same stakeholders.

Quality – Only through the offering of high quality products can each of the partners and stakeholder meet their goals.

Collective Strength – Through the leveraging on the movement of our collective strength we will be able to gain market exposure and become the preeminent retail outlet for high quality products that represent the great Okanagan community.

9.5 Promotion

The success of the public market, as implied at the business and community level, depends in large part on the vendors realizing their financial needs/goals, without whom the public market is just an idea. To achieve this end the public market will need to pro-actively promote and position itself as a realistic destination shopping centre. In order to accomplish this in turn, the public market will need to focus on a series of both external and internal promotional campaigns. It is important that these two areas of promotion work cooperatively and synergistically. As such all internal promotions should be integrated into external advertising efforts and vice versa to provide a proper level of consistency and recognition for the facility.

External promotion: The objective of the external promotion is to attract new and past customers back. In this regard in the North Okanagan there are several sources of local news. This includes five local newspapers (The Morning Star, The Okanagan Business Journal, as well as newspapers in Enderby, Armstrong and Lumby). Beyond this print media there are as well two different radio stations: KISS FM and SunFm. Certainly it will prove difficult to reach a large percentage of the public through one medium. Cognitive of this the public market must utilize a balanced promotional mix in order to reach and attract a wide range of consumers. In promoting the market outside of the retail outlet, the following media elements are proposed: press releases; newspaper ads; websites; social media; brochures; mini menus; and networking.

Internal or in-store promotions: Internal or in-store promotions are key in retaining and increasing sales volumes once customers are in place. Once the customer enters the public market the following common internal promotions or techniques/practices and/or initiatives either individually or collectively could be utilized in order to encourage/facilitate a longer stay resulting in increased sales, most notably: effectively designed store layout; attractive window displays; eye-catching internal displays; clear signage; promotional signs; location signs; understandable institute signs; and exciting atmosphere.

This list of potential promotions may seem intuitive or “I knew that”. But the truth of the matter is that retail is a sophisticate science with basic principles. National franchises recognize the importance of following basic principles and committing to them which is why they usually experience the greatest returns. By way of illustration of this point. Simply the use of appropriate (strategic) lighting can increase merchandising sales by up to 20%.

Effective promotion can also be realized through strategic partnering. It has been recognized for example that in order for the public market to reach its greatest impact there needs to be business development support to the vendors. This can be accomplished through partnering with organizations such as Community Futures – North Okanagan or North Okanagan Enhanced Employment Society will allow for affordable and skilled support.

Following is a detailed list of potential external marketing efforts the management of the public market can look to for promotional implementation.

WEB PRESENCE	PRESS	PROMOTION
<p>Free listings:</p> <p>Web</p> <ul style="list-style-type: none"> • Kijiji • Craigslist • Castanet • Vernon Tourism • CHBC • Arts Link • OK Now • Facebook – create ‘Friends Of’ group • Caetani Cultural Centre Website <p>Web links (Service Providers)</p> <ul style="list-style-type: none"> • Vernon Tourism • City of Vernon • Vernon Art Gallery • Vernon Community Art Centre • Arts Council of the North Okanagan • Plus all community events calendars • Virtual Vernon • Performing Arts Centre – Ticketseller • Greater Vernon Museum & Archives <p>Web links (Tourism Operators)</p> <ul style="list-style-type: none"> • Allan Brooks Nature Centre • Atlantis Waterslides • Davison Orchards • Funtastic Summer Festival • Okanagan Science Centre • O’Keefe Ranch • Opal Miners Gift Shop • Planet Bee • Sunvalley Speedway 	<p>Press launch (Invite to private walk-around before opening on first day, with incentive)</p> <p>Media Release schedule for:</p> <p>Print</p> <ul style="list-style-type: none"> • North of 50 • Morning Star • Daily Courier <p>TV/Radio</p> <ul style="list-style-type: none"> • CHBC – Mike Roberts on the Road • Shaw • Okanagan Now • Radio • Radio listings & announcements: • Kiss FM • Sun FM • B103 from Kelowna • Silk FM from Kelowna 	<p>Posters and Cards distributed and displayed at:</p> <ul style="list-style-type: none"> • Library • Museum • Towne Cinema • Recreation Centre • Vernon Art Gallery • Gallery Vertigo • Art Centre • Camp Sites • Hotels • Vernon Tourism • Coffee Shops: <ul style="list-style-type: none"> ○ Bean Scene ○ Bean to Cup ○ Blenz x 2 ○ Talkin’ ○ Donkey ○ Kalamalka Store <p>Develop e-mail database</p> <ul style="list-style-type: none"> • Weekly e-mail blasts

10 FINANCIALS

The financial goal of the Public Market is to be self-sustaining. More simply put the financial goal of the public market is to not draw on the financial resources of the City of Vernon or the sponsoring agency, while allowing for organic growth of the market. Certainly the public appetite for the continuous and long line of social enterprises that continue to request and draw on tax dollars has waned considerably. It is critical therefore that the proposed public market be modeled and operated based on prudent financial management, with the strategy of starting small and growing at the pace of its resources.

Unfortunately, unlike many existing public market models there is not the opportunity to capitalize on existing infrastructure at start up. Therefore, if the public market is to be realized it will require new construction in order to house the operations. In part to offset this expense the proposed launch is premised on a social enterprise model in partnership with an existing NGO; the utilization of significant numbers of volunteers; and a modest allowance for variable costs. This will allow the public market to launch with very modest incremental start-up and operational expenses.

The more significant the real estate investment, the greater the need to raise funds for capital costs. Failure to open the public market essentially debt-free can saddle operations, reducing the amount of funding that can be spent on other critical management needs, such as marketing. Conscientious financial planning is essential.



10.1 Public Market Vendor Mix

	Average Stall Size Usable sf	Number of Stall	Total Area Useable sf	Share (of Rented Space)
Permanent				
Restaurant	1,300	1	1,300	15%
Coffee Shop	1,100	1	1,100	13%
Artisan Vendors	700	2	1,400	16%
Butcher, Meat, Seafood	700	2	1,400	16%
Vernon Tourism	900	1	900	10%
Commercial Kitchen	700	1	700	8%
Total sf			6,800	78%
Indoor Kiosk				
Artisan Crafts	100	8	781	9%
Agriculture - Food	100	12	1,171	13%
Indoor Kiosk Total sf			1,952	
Permanent Tenant Total sf			6,800	
Total Vendor Space			8,752	79%
General Space			2,386	21%
Total Market sf			11,138	

Table Notes:

- (a) **General Space:** is comprised of the following shared spaces:
- Washrooms
 - Entrances
 - Halls
 - Utility Storage
- (b) **Indoor Kiosks** – are based on a 10x10 footprint
- (c) **Kiosk Vendor Mix** - The ratio of artisan to agriculture kiosks has been targeted at 33%, 66% respectively. This is based on the goal of improving local access to local agricultural products. This target is flexible and needs to be agreed upon by management.
- (d) The rental rates for restaurants and coffee shops are based on three (3) factors:
- Comparisons to other newly constructed spaces in Vernon;
 - Enhanced drawing power of the Public Market as a destination due to clustering of branded retailers, festivals and special events; and,
 - Efficient offering of shared space so that renters do not have to pay for as much unused space (e.g., bathrooms and common areas) resulting in increased net revenue per square foot.

10.2 Public Market Start-up Expenses

Public Market – Building Costs

Item	Cost
Millwork & Finishing of Space (a)	\$ 45,543.75
Construction Costs (b)	\$ -
Street Upgrades (c)	\$ 225,160.09
Telecommunications	\$ 4,500.00
General Supplies	\$ 2,000.00
Total	\$ 277,203.84

Commercial Kitchen

Item	Cost
Millwork Finishing of Space	\$ 18,750.00
Convection Oven	\$ 3,000.00
Gas Range	\$ 3,000.00
Commercial Dishwasher	\$ 4,500.00
Walk in cooler	\$ 12,000.00
Freezers, including walk-in	\$ 13,000.00
Commercial Food Processor	\$ 1,500.00
Commercial Blender	\$ 1,000.00
Commercial Mixer	\$ 4,000.00
Dehydrator	\$ 2,000.00
Mixmaster	\$ 200.00
Juicer	\$ 300.00
Utensils	\$ 1,000.00
5 Steel Tables	\$ 4,250.00
Total	\$ 68,500.00

Total Start-up Expenses

Item	Cost
Total Cost Commercial Kitchen	\$ 68,500.00
Total Cost Public Market Start-up	\$ 277,203.84
Total	\$ 345,703.84

Table Notes:

- (a) **Millwork & Finishing of Space:** Total cost of finishing the Public Market common space is based at \$10.50 per square foot.
- (b) **Construction Costs:** The actual cost of constructing the space would be the responsibility of the private (developer) partner based on the proposed Public Private Partnership model. However, in order to provide the client with detailed analysis of the many different options it has been determined that new construction costs would be approximately \$200/ft. Therefore new construction of the proposed public market would be roughly \$2,227,600 (11,138 sq feet x \$200).³⁰
- (c) **Street Upgrades:** In order to entice a private developer to provide access to the entry level floor for the purpose of the proposed Public Market the City of Vernon will need to remove the Streetscape Amenities. A detailed cost estimate street upgrades has been provided in a private document. The estimated cost to the City is \$225,160 (68 frontage metres x \$182.85)

³⁰ The cost provided is just an 'estimate'. It was not within the scope of the assignment to include a detailed description of the building and therefore precise quotes could not be obtained.

10.3 Public Market Revenue Assumptions

In an effort to provide the client with several scenarios the report includes three different rental rate scenarios (\$25, \$12 and \$18).

Vendor/Lessee	Total Area Useable sf	Rental Fee sf	Total Revenue/Year (a)	Rental Fee sf	Total Revenue/Year (a)	Rental Fee sf	Total Revenue/Year (a)
Permanent							
Restaurant (b)	1,300	\$ 25.00	\$ 32,500.00	\$ 12.00	\$ 15,600.00	\$ 18.00	\$ 23,400.00
Coffee Shop	1,100	\$ 25.00	\$ 27,500.00	\$ 12.00	\$ 13,200.00	\$ 18.00	\$ 19,800.00
Artisan Vendors	1,400	\$ 25.00	\$ 35,000.00	\$ 12.00	\$ 16,800.00	\$ 18.00	\$ 25,200.00
Butcher, Meat, Seafood	1,400	\$ 25.00	\$ 35,000.00	\$ 12.00	\$ 16,800.00	\$ 18.00	\$ 25,200.00
Vernon Tourism (c)	900	\$ 17.22	\$ 15,500.00	\$ 17.22	\$ 15,500.00	\$ 17.22	\$ 15,500.00
Commercial Kitchen (d)	700						
	Evening Rental Price	\$ 200.00	\$ 11,800.00	\$ 200.00	\$ -	\$ 200.00	\$ -
	Day Rental Price	\$ 300.00	\$ 9,000	\$ 300.00	\$ -	\$ 300.00	\$ -
	1/2 Day Rental Price	\$ 175.00	\$ 9,100.00	\$ 175.00	\$ -	\$ 175.00	\$ -
Totals	6,800		\$ 145,500.00		\$ 77,900.00		\$ 109,100.00
Indoor Kiosk							
	# of Stalls	Per Stall		Per Stall		Per Stall	
Artisan Crafts	8	\$ 300.00	\$ 28,107.00	\$ 300.00	\$ 28,107.00	\$ 300.00	\$ 28,107.00
Agriculture - Food	12	\$ 300.00	\$ 42,160.50	\$ 300.00	\$ 42,160.50	\$ 300.00	\$ 42,160.50
Indoor Kiosk Total sf	20		\$ 70,267.50		\$ -		\$ -
Total Estimated Rental Income (100% capacity)			\$ 215,767.50		\$ 77,900.00		\$ 109,100.00

Table Notes:

- (d) **Total Revenue:** Total Revenue is based the sales revenue the Public Market is able to produce based on 100% capacity. The detailed Sales Forecast Schedule is the most accurate representation of the experience the Public Market will experience.

Rental Rates: The rental rates for restaurants and coffee shops are based on three (3) factors: comparable rents within the City of Vernon; the premium that the space will demand as part of a retail destination which is consistent high level traffic locations; and, the markets location along the Polson Gateway increasing its attractiveness. Ultimately, the acceptable rent that a business is willing to pay is directly to the returns and financial gains that the business can expect. This is the very similar principle as why local malls (both trip and covered) can charge a premium see table below for comparisons:

Shopping Centre	Rent/sf
Village Green Mall Stores	\$25.00 - \$40.00
Shops at Polson	\$26.00
Fruit Union Plaza	\$25.00
Anderson Subdivision	\$26.00
Village Green Mall Kiosk	Cart: \$435/weekly Kiosk: \$510/weekly Vehicle: \$910/weekly
For Detailed Festival Rates	See Appended Notes

- (e) **Vernon Tourism:** The space requirement and the associated rental rates were provided by the City of Vernon and represent the existing rental agreement.

- (f) **Commercial Kitchen Rental Rates:** Prices were based on two (2) factors 1) local rental of kitchens is \$150 to \$200 per usage. Many are not interested in permanent tenants, and 2) a similar business model operating in Nanaimo BC - The Wellington Hall which is owned and operated by the Wellington Community Association for the use and benefit of the Wellington Community. The rates that they charge are as follows: All day \$350 (9 am to 3 pm) and evening \$250.

10.4 Public Market Operating Expense Assumptions

Market Operating Expenses (a)	Monthly	Annual
Utilities/Garbage/Janitorial & Repairs (b)	\$ 4,640.63	\$ 55,687.50
Marketing	\$ 800.00	\$ 9,600.00
Insurance	\$ 208.33	\$ 2,500.00
Office, Telecom, Web, Supplies	\$ 200.00	\$ 2,400.00
Market Coordinator (c)	\$ 3,750.00	\$ 45,000.00
Market Assistant Coordinator	\$ 2,250.00	\$ 27,000.00
MERCS (d)	\$ 720.00	\$ 8,640.00
Bookkeeping (e)	\$ -	\$ -
Interest & Bank Charges	\$ 100.00	\$ 1,200.00
Total	\$ 12,668.96	\$ 152,027.50

Table Notes:

- (a) **Market Operating Expenses:** The market operating expense are based on research and best estimates. The operating costs will be strongly influenced and determined by the operating organization.
- (b) **Utilities/Garbage/Janitorial & Repairs:** It has been estimated that \$5 per square foot (sf) is a reasonable estimate to cover the associated expenses with utilities, garbage and janitorial/repairs.
- (c) **Market Coordinator:** In an effort to create an business model that can stand alone without too much dependence on the governing organization to place into the market to make it viable. Therefore there are two (2) staff members that are associated with the proposed model. Many markets do operate with a paid manager and then fulfill many of the operating duties with volunteers. This line item can be minimized if the agency chooses to eliminate the Market Assistant Coordinator position.
- (d) **MERCS** – Mandatory Employment Related Costs including: Holiday pay, Employment Insurance, WCB based on 12%. The rate will be influenced by the Human Resource policies of the governing organization.
- (e) **Bookkeeping** – It is assumed that the governing NGO will provide bookkeeping services as part of its overarching management of the market. The governing NGO may wish to assign a cost to this service.

10.5 Public Market Sales Forecast Schedule

The following sales forecast schedule and corresponding cash flow statements are based on the assumption of a rental rate of \$25 for fixed tenants.

	MONTH											
	April	May	June	July	August	September	October	November	December	January	February	March
Kiosk												
Kiosks	10	10	12	13	15	15	15	16	16	16	16	16
Sales Price	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300
Total Monthly Revenue	\$3,000	\$3,000	\$3,600	\$3,900	\$4,500	\$4,500	\$4,500	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800
Commercial Kitchen												
Evening Rental #'s	2	3	4	4	4	6	6	6	6	6	6	6
Evening Rental Price	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00
Day	1	2	2	2	2	3	3	3	3	3	3	3
Day Rental Price	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00
1/2 Day	3	3	4	4	4	4	5	5	5	5	5	5
1/2 Day Rental Price	\$ 175.00	\$ 175.00	\$ 175.00	\$ 175.00	\$ 175.00	\$ 175.00	\$ 175.00	\$ 175.00	\$ 175.00	\$ 175.00	\$ 175.00	\$ 175.00
Total Monthly Revenue	\$ 1,225	\$ 1,725	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,800	\$ 2,975	\$ 2,975	\$ 2,975	\$ 2,975	\$ 2,975	\$ 2,975
Permanent - Eatery												
Permanent - Eatery sf	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400
Sales Price	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
Total Monthly Revenue	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Permanent - Boutique												
Permanent - Boutique sf	2,100	2,100	2,100	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800
Sales Price	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00
Total Monthly Revenue	\$4,375	\$4,375	\$4,375	\$5,833	\$5,833	\$5,833	\$5,833	\$5,833	\$5,833	\$5,833	\$5,833	\$5,833
Total Cash Flow All Vendors	\$13,600	\$14,100	\$15,075	\$16,833	\$17,433	\$18,133	\$18,308	\$18,608	\$18,608	\$18,608	\$18,608	\$18,608

Table Notes:

- (a) The forecasts presented are purposively conservative in nature. Therefore, the revenues are expected to be lower than the market will experience if properly launched and marketed.
- (b) As the Public Market is considered to be in the introduction or infancy stage for the first three to four years it is being and therefore it is realistic that its revenues (vendors rental) will grow over the market gets introduced and proves itself as a viable alternative for producers to sell their products.

10.6 Public Market Projected Monthly Cash Flow Statement

	April	May	June	July	August	September	October	November	December	January	February	March
Beginning Cash Balance	\$0	\$931	\$2,362	\$4,768	\$8,933	\$13,697	\$19,161	\$24,801	\$30,740	\$36,679	\$42,619	\$48,558
Cash In:												
Permanent Vendor Rental Revenue	\$9,375	\$9,375	\$9,375	\$10,833	\$10,833	\$10,833	\$10,833	\$10,833	\$10,833	\$10,833	\$10,833	\$10,833
Kiosk Rental Revenue	\$3,000	\$3,000	\$3,600	\$3,900	\$4,500	\$4,500	\$4,500	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800
Commercial Kitchen Revenues	\$1,225	\$1,725	\$2,100	\$2,100	\$2,100	\$2,800	\$2,975	\$2,975	\$2,975	\$2,975	\$2,975	\$2,975
Misc Revenues												
Total Cash In	\$13,600	\$15,031	\$17,437	\$21,601	\$26,366	\$31,830	\$37,470	\$43,409	\$49,348	\$55,288	\$61,227	\$67,166
General & Administrative Exp.												
Utilities/Garbage/Janitorial & Repairs	\$4,641	\$4,641	\$4,641	\$4,641	\$4,641	\$4,641	\$4,641	\$4,641	\$4,641	\$4,641	\$4,641	\$4,641
Marketing	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800
Insurance	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$208
Office, Telecom, Web, Supplies	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Market Coordinator	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750
Market Assistant Coordinator	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250
MERCS (d)	\$720	\$720	\$720	\$720	\$720	\$720	\$720	\$720	\$720	\$720	\$720	\$720
Bookkeeping / Accounting Audit												\$2,000
Interest & Bank Charges	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Total Cash Commitments	\$12,669	\$12,669	\$12,669	\$12,669	\$12,669	\$12,669	\$12,669	\$12,669	\$12,669	\$12,669	\$12,669	\$14,669
Ending Cash Balance	\$931	\$2,362	\$4,768	\$8,933	\$13,697	\$19,161	\$24,801	\$30,740	\$36,679	\$42,619	\$48,558	\$52,498
Monthly Shortage/Surplus	\$931	\$1,431	\$2,406	\$4,164	\$4,764	\$5,464	\$5,639	\$5,939	\$5,939	\$5,939	\$5,939	\$3,939
Monthly Sensitivity Analysis	6.8%	9.5%	13.8%	19.3%	18.1%	17.2%	15.1%	13.7%	12.0%	10.7%	9.7%	5.9%

Table Notes: The forecasts presented are purposively conservative in nature. Therefore, the revenues and cash flow is not estimate based on full occupancy. Realistically, of the eight (8) permanent tenant space six (6) will (should) be rented and generating revenues (the following spots should be rented in advance: Vernon Tourism, Restaurant, Coffee shop, Wine boutique and two boutique retailers). Of the twenty indoor kiosks a conservative estimate upon opening would be 50% occupancy (10 monthly rentals). Of course the occupancy levels depends strongly on the NGO's ability to market and sale space, the design of the building, and the operating NGO's reputation and business management abilities.

10.7 Public Market Projected Income Statement

**City of Vernon Public Market
Projected Income Statement
For the Year Ending March 31, TBD**

Scenario	\$25	\$ 12	\$ 18
Revenue			
Permanent Vendor Rental Revenue	\$ 125,625	\$ 77,900	\$ 109,100
Kiosk Rental Revenue	\$ 51,000	\$ 51,000	\$ 51,000
Commercial Kitchen Revenues	\$ 29,900	\$ 29,900	\$ 29,900
Misc Revenues	\$ -	\$ -	\$ -
	<u>\$ 206,525</u>	<u>\$ 158,800</u>	<u>\$ 190,000</u>
Cost of Good Sold	\$ -	\$ -	\$ -
Gross Profit Margin	<u>\$ 206,525</u>	<u>\$ 158,800</u>	<u>\$ 190,000</u>
Operating Expenses			
Utilities/Garbage/Janitorial & Repairs	\$ 55,688	\$ 55,688	\$ 55,688
Marketing	\$ 9,600	\$ 9,600	\$ 9,600
Insurance	\$ 2,500	\$ 2,500	\$ 2,500
Office, Telecom, Web, Supplies	\$ 2,400	\$ 2,400	\$ 2,400
Market Coordinator	\$ 45,000	\$ 45,000	\$ 45,000
Market Assistant Coordinator	\$ 27,000	\$ 27,000	\$ 27,000
MERCS (d)	\$ 8,640	\$ 8,640	\$ 8,640
Bookkeeping / Accounting Audit	\$ 2,000	\$ 2,000	\$ 2,000
Interest & Bank Charges	\$ 1,200	\$ 1,200	\$ 1,200
TOTAL Operating Expenses	<u>\$ 154,028</u>	<u>\$ 154,028</u>	<u>\$ 154,028</u>
Net Profit/Loss Before Taxes	<u>\$ 52,497</u>	<u>\$ 4,773</u>	<u>\$ 35,973</u>

10.8 Funding Opportunities

The funding of Public Markets, as with many economic development initiatives, can be very challenging. That being said however, the multiple benefits that Markets offer a community also bring with them several funding opportunities. Typically, these include five types of arrangements:

1. Equity/Investment
2. Debt (Loans)
3. Grants
4. Fee for Service
5. Sponsorship

Of course the ownership structure will strongly dictate what funding opportunities are possible. For example, a privately owned Market will experience significant challenges in trying to obtain grants or forgivable loans.

The model proposed in this report assumes a private public partnership to address the challenge of capital creation for the physical infrastructure needed. Each of the funding options as well as some of the programs that can be explored are explored below.

Equity/Investment

Refers to money that is invested in an organization in exchange for stock (portion ownership through shares) but which is not returned in the normal course of the business. Investors recover their investment only when they sell their shares to other investors, or when the assets of the firm are liquidated and the proceeds distributed among the shareholders after satisfying all the firm's other obligations.

As mentioned previously it is recommended that the proposed Public Market be organized and operated as an organization structured as a not for profit society, as this type of model will support an equity investment.

Debt (Loans)

The organization can enter into a loan agreement (loan note or mortgage) with an agency (i.e. CFDC, BDC, and/or SIDIT) that supports NGO's and other social enterprises with favorable interest/repayment terms. However, the projected financial pro formas indicate that the Market has only minimal debt servicing capacity. In fact, as previously mentioned in a cautionary note, failure to open the Public Market debt-free can overly saddle operations negatively; reducing the amount of funding that can be spent on other critical management needs, such as marketing. Conscientious financial planning is therefore essential.

Grants

For obvious reasons grants (non repayable financial contributions) are the most attractive form of funding for the type of economic development envisaged. Fortunately, granting agencies are likely to give proposals/applications for the Public Market serious consideration because of its proposed structure and the community benefits offered (i.e., social, economic, environmental).

Granting organizations are **most often** Government Departments, Corporations, Foundations or Trusts, which normally favor nonprofit entities, NGO's or educational institutions.

In order to receive a grant a proposal and/or application are usually required. Therefore, the organization operating the Market needs to have the required proposal writing and fund raising skills. As well, most grants are made to fund specific projects and require some level of compliance/reporting, along with matching funds.

The below list of possible funding options is for illustration purposes and is not intended to be an all inclusive list of possible funding alternatives.

1. The Social Enterprise Council of Canada (SECC)
2. Southern Interior Development Initiative Trust (SIDIT)
3. Local Government Agricultural Planning Program - The Investment Agriculture Foundation of BC (IAF)
4. Community Development Program - Canada's Rural Partnership
5. Canada - British Columbia Western Economic Partnership Agreement - Western Economic Diversification Canada and Province of BC
6. Canada Cultural Spaces - Canadian Heritage
7. Green Municipal Fund Brownfield Remediation Projects - FCM
8. Local Government Agricultural Planning Program - Investment Agriculture Foundation of British Columbia
9. Smart Development Partnership Program - Province of BC - Ministry of Community and Rural Development
10. TD Friends of the Environment Foundation Funding Program - TD Friends of the Environment Foundation
11. Co-operative Development Initiative — Innovative Co-op Projects - *Government of Canada - Co-operatives Secretariat*
12. Agri-Opportunities Program - Agriculture and Agri-Food Canada
13. Industry Development Trust Funds - Competitive Innovation Unit, Industry Competitiveness Branch, Ministry of Agriculture and Lands
14. Advancing Canadian Agriculture and Agri-Food (ACAAF) Program - Agriculture and Agri-Food Canada
15. Emerging Sectors Programming - The Investment Agriculture Foundation
16. Food and Beverage Processing Initiative - Agri-Food Futures Fund

Fee for Service

As with any business, be it a social enterprise or an entrepreneurial venture, there must be sustainable sales in order to meet monthly operating expenses and to allow for future growth. As mentioned in the 'Public Market Revenue Assumptions' portion of this report there are several fee for

service sales opportunities for the proposed Market. As well, it is important that Public Market management instills the values of an entrepreneurial culture in order to ensure long term sustainability.

Sponsorship

Canadian Corporations are increasingly getting involved in sponsorships. The most obvious are the partnerships created for sports activities; however, there is a growing trend for corporate sponsorships in other areas such as the arts and social causes. For example, the Halifax Region Municipality is currently considering funding for a new library through a corporate sponsor in exchange for selling the naming rights to the facility. A social program with a successful corporate sponsorship relationship is not very different from any other well-run program.

It should be noted that corporate sponsorships are an extremely competitive domain, and many companies are overwhelmed with proposals. Consequently, they should be approached with a strong business case and in a professional manner. If they are interested, they might be willing to engage in a long-term relationship, which will spread their initial cost over a larger return of benefits.

Specifically, in order for the Public Market to be successful in obtaining a corporate sponsor, it needs to demonstrate: 1) strong objectives, strategies and plans; 2) the right human skills and other resources; 3) good communications and monitoring; and 4) consistent senior level support. In addition, it is extremely important to understand the needs and culture of the corporate world.

II SOME FINAL THOUGHTS

“ To be successful, public markets must be anchor destinations that reflect their communities. Whether a market is selling regional farm products, prepared foods, locally-made crafts, or antiques, it must be an economic generator for vendors and a welcoming place for customers.”

Project for Public Spaces

There is a legitimate, demonstrable potential to create a successful permanent public market in The City of Vernon. On the demand side, the city and region is large enough to sustain a public market of reasonable size. The willingness of customers to visit the proposed public market is proven by the success of the outdoor farmers' market and reinforced by the emerging trends in the food industry. On the supply side, the availability of quality food merchants to be vendors in the Market is clear. That being said the vendor recruitment process will require looking for compatible, dedicated tenants. At another level the commitment by the City of Vernon and other stakeholders bode well for success. I

A downtown site is particularly well situated to satisfy the unique and demanding locational needs of the proposed facility. However it is important to remember that the more significant the real estate investment, the greater the need to raise funds for capital costs. Failure to open a market essentially debt-free can threaten the viability of the centre.

Start up and launch will require careful planning and conscientious implementation. Having a skilled team to execute the plan and then operate the public market in the future will be critical.

12 APPENDED NOTES

KEY DEFINITIONS

Commercial Tenants - Businesses that lease permanent space, typically individual shop spaces, from the PDA on an annual basis. The PDA has 190-200 commercial tenants.

Daystalls - Space rented out to farmers and craftsperson's on a daily basis. Unlike commercial tenants, daystall tenants might locate in a different space in the Market from day to day.

Farmers - The PDA ensures that every farmer selling at the Market complies with specific rules and regulations, which include inspection of the farms. Farmers can only sell products approved as part of the farm inspection. Farmers must actively grow (plant, cultivate and harvest) all products sold in the Market. Farmers are not permitted to purchase anything for resale.

Crafts - The PDA's Daystall Rules seek to foster successful crafts businesses, promote a unique, diverse mix of handmade products, maintain standards of artistic involvement by the producer and provide opportunities for incubation of new crafts businesses in the daystalls. As with produce, crafts must meet specific criteria for daystall sales. Most importantly, the seller must handcraft all items. (The PDA has very specific criteria established to determine whether products are handcrafted.)

SUMMARY FEASIBILITY ANALYSIS

I.0 Permanent Farmers Market

Overview/Definition: It is envisaged at the outset that an integral part of the proposed public market will be a small farmers market encompassing thirty or so high quality vendors. These vendors would feature locally produced agricultural products; value-added items such as baked goods, jellies, sauces and preserves; as well as various arts and crafts produced by local artists and artisans. However, particularly in periods of low or no availability, agricultural vendors would be allowed to carry product imported from other parts of British Columbia or elsewhere as necessary in order to meet public demand for selected products. This importation of products would be strictly regulated by market guidelines/rules governing vendor eligibility.

As much as possible the farmers' market will reflect the North Okanagan's unique culture and socio-economic circumstance. Some imported delicacies unavailable locally will be allowed to the extent they reflect special aspects of the region, such as its people, history or ethnicities. That being said the primary emphasis shall be on highlighting locally produced fresh produce, meats, baked products and special dishes, along with locally produced arts and crafts.

Industry Trends: The popularity of farmers' markets is growing worldwide. A 2006 study of the Vernon Farmers' Market noted that in British Columbia alone there are about 100 known markets, up from 60 known markets in 2000. This growth in farmers' markets reflects the multiple benefits they bring to communities, consumers and producers; and, confirms the significant role they play in local food systems.

In terms of tangible benefits to both producers and consumers, farmers markets allow small scale farmers a way of capturing more of the consumer's dollar while providing consumers competitively priced, high-quality fresh produce. Similarly, artists and artisans see farmers' markets as offering opportunities to direct sell to customers rather than having to incur the additional costs of middlemen to sell their artifacts.

The growing popularity of farmers' markets is also a consequence of emerging societal trends towards a greater focus on healthy lifestyles, food safety and environmental considerations, along with a general desire by many for greater social interaction given increasingly busy schedules and reliance on modern, indirect forms of communication technology. Consumers, for instance, agree that freshness of product and direct contact with vendors are among the main factors that entice them to visit farmers markets. In the aforementioned study customers at the Vernon Farmers' Market indicated that 'in season' and 'grown/produced locally', along with 'nutritional content' and 'grown/produced by someone known' were important factors they consider when purchasing food. Other factors rated highly included 'animal welfare', 'appearance of product', and 'food safety'. Over 75% also stated that they "spent at least some of their time at the market talking and socialising with others".

Rules and Regulations: In addition to federal, provincial and local laws and regulations, farmers' markets spell out specifically vendor rights and responsibilities to ensure not only the smooth operation of the overall facility but as well to ensure the intended broad stream of producer, consumer and community benefits are enhanced . Generally speaking, these provisions are contained in farmers' market rules, or in agreements or contracts between the market and the vendor.

While there are a myriad of possible rules that govern the farmers' market component of the public market, the following basic rules are recommended for the public market under consideration:

- Agricultural vendor eligibility should be limited to those featuring local agricultural products for sale. This maximizes freshness, minimizes the distance from producers to consumers, and encourages consumption of local products. That being said however, during periods of low or no availability, vendors should be allowed to carry agricultural products from other parts of British Columbia and elsewhere, as it is unrealistic to assume these vendors could operate year-round without being allowed to so.
- While a minimal amount of product overlap at the farmers' market should be allowed to encourage competition, the prime focus will be on promoting a diversity of agricultural products thereby minimizing the extent of product duplication by vendors.
- Only arts and crafts of local artists and artisans should be featured at the market. Perhaps to increase the variety of displays, arts and crafts could be displayed and sold through the visitor reception centre planned for the Public Market.

Beyond the above, other rules would have to be developed to address such matters as vendor fees/membership dues, inspections, lease arrangements, assignment of stalls, dispute resolution, requirements for insurance and so on. Ultimately, well designed rules will aid vendors understand their rights and responsibilities and assist the smooth management of the farmers' market.

Government regulations at the federal, provincial and local levels also govern the way farmers' markets operate and how individual vendors participate. Vendors in particular need to comply with laws regarding taxes, licensing, health, food handling, safety and others. Here, the "Temporary Food Market Guidelines" of the Provincial Health Services Authority are perhaps of most significance.³¹ In the case of food product vendors, unless fresh whole fruits or vegetables are only being sold, these guidelines specify that vendors must submit an application and receive an acceptance letter confirming lower risk food preparation is allowed in one's home from the Vernon Health Centre. On the other hand, foods that are considered higher risk are not allowed to be prepared in one's home and are regulated by the "Food Premises Regulation" of the "Public Health Act"³².

³¹ Temporary Food Market Guidelines – Handout. (Adopted Provincial Food Safety Guidelines); Interior Health, Health Protection. HPE9090 May 2009 Revised by Health Protection.

³² Bill 23 — 2008. Public Health Act. Government Of British Columbia

The “Temporary Food Market Guidelines” suggest:

“A market manager (or equivalent) should be designated as being in charge of the overall market operation. Market managers are responsible for ensuring that food vendors have obtained approval from the local Health Authority, and not allow sales by vendors unless they have produced a letter of acceptance or letter of confirmation ... Other responsibilities of the market managers should include:

- 1. Obtaining approval from local/regional governments to ensure compliance with local health, zoning, by-law and business license requirements;*
- 2. Ensuring each vendor has contacted the local Health Authority prior to the sale of lower hazard food and foods ... within the time deadlines established by the local Health Authority. Generally applications should be submitted at least 30 days prior to commencement of market/sales. The Health Authority where the facility is located and produces the food has jurisdiction and is responsible for issuing a letter of acceptance or confirmation ... for all approved applications.*

*(Note: ... Vendors are strongly encouraged to have in their possession a copy of the letter of acceptance/confirmation and any product documentation during the sales event to verify that the products have been reviewed and accepted by the Health Authority with jurisdiction. ... Applicants should reapply to a Health Authority in the prescribed format if any changes are made to the process or composition of the food(s), or for any new foods proposed for sale. ... **Vendors who sell only fresh whole fruits and vegetables are not required to submit an application, and do not require a letter of acceptance.**);*

- 3. Being responsible for ensuring all vendors are aware of all relevant policies and guidelines;*
- 4. Ensuring no home prepared, higher risk foods are sold or offered for sale;*
- 5. Ensuring each vendor completes a list of foods to be sold;*
- 6. Maintaining a written record of all vendors and foods sold, and have such records available for review by local Health Authority, upon request;*
- 7. Being present and on-site at all times the market is in operation;*
- 8. Ensuring each vendor provides an acceptable means of hand and utensil washing;*
- 9. Are recommended to have completed the FOODSAFE Level 1 Program of MarketSafe (when it becomes available).*

Finally, Appendix III of the above noted guidelines for temporary food markets prohibits the sale of higher risk foods i.e.

“The sale of higher risk foods to the public requires that the premises in which food is processed, packaged, and sold to the public comply with the Food Premises Regulations” (see Appendix XX of this report). Hence home prepared higher risk foods are not permitted to be sold to the public at temporary food markets unless prepared and sold in facilities that have been approved and in some cases issued a permit pursuant to the regulations”.

It should be noted that this business plan also contemplates a commercial kitchen that will seek approval for the preparation of higher risk foods. Consequently, it is expected that participating vendors, who prepare their product in this facility, would be able to sell higher risk processed foods from stalls located in the Public Market.

Entry Barriers: Other than the specific rules/regulations of the public market and specific health regulations relative to food processing and sale, there are few entry barriers for vendors participating in the farmers' market. Some vendors, particularly those marketing whole fresh vegetables and fruits may not want to operate a stall during times of low product availability and may view this as an entry barrier. In these cases, however, stalls could be rented by season, or perhaps a number of these vendors could share a stall during periods of low availability. And, of course, vendors would be permitted to sell under certain conditions produce "carried in" from other parts of the province and elsewhere during periods of low product availability.

Perhaps the most significant entry barrier would be the opportunity costs incurred by vendors choosing to give up their involvement in other farmers' markets in order to participate in the Vernon Public Market. These vendors would in essence be incurring opportunity costs to the extent that their participation in the Vernon Public Market involves foregoing benefits (e.g., income) from the other market (for example, because both markets occur at the same time/day). These foregone benefits are costs that need to be balanced against the benefits associated with participating in the Vernon Public Market, and depend ultimately on the particular circumstances and preferences of each vendor.

Competition: Competition for vendors to man stalls at the Vernon Public Market will depend on other farmers' markets that operate in the North/Central Okanagan region as far north as Kamloops/Sicamous. This is particularly true to the degree that these other markets operate during the same days of the week that the farmers' market is scheduled to operate in Vernon.

Markets: The primary market for the permanent and temporary farmers' market, which would operate primarily during the May to October period, is the greater Vernon marketplace. Beyond this secondary markets include the rest of the North and Central Okanagan regions, plus tourists stopping at the Tourism Vernon reception centre, which is scheduled to be part of the Public Market.

Although the sample size was small, an appreciation of the consumer market for the farmers' market can be gleaned from some of the data collected in the previously noted 2006 study of the Vernon Farmers' Market. In this study the total number of people attending the Vernon Farmers' market on July 6, 2006 was about 1,700 and they spent on average between \$19.00 to \$25.00 at the market. The average (weighted) annual household income of respondents was \$55,000 with just over 75% indicating they were 36 to 65 years of age. Almost 85% of the respondents came from Vernon and Coldstream.

The results of this survey also showed that customers shopped at the Vernon market once or twice a week during the farmers' market season (May to October). The top factors they considered important were: 'in season'; 'grown/produced locally'; 'animal welfare'; 'appearance of product'; 'nutritional content'; 'and food safety'. Over 75% also indicated at least some of their time at the market was spent talking to others. Clearly these product characteristics, along the socializing aspects associated with the Market, were among the prime factors attracting customers to the Vernon Farmers' Market.

Start-up Requirements: The start-up requirements of a permanent farmers' market are quite modest inasmuch as participating vendors would be expected to pick up the costs of stall construction and the signage required advertising their business and products on site. This could amount to about \$500 to \$1,000 per stall location, and for 30 stalls would amount to a maximum of about \$20,000 to \$30,000.

Beyond these start-up requirements, farmers' market management would have to ensure provision for appropriate power and water outlets, along with credit/debit card access. Again this entails minimal funding and, depending on the ultimate design and layout of the stalls, is estimated to come to no more than \$50,000 in total.

2.0 Community Commercial Kitchen (Food Production Space)

Overview: A commercial kitchen is proposed as a major component of the Public Market to provide new entrepreneurs time-share access to food production facilities. In addition, shared office services (e.g., access to computers, phone answering, office machines, etc.) will be offered to these entrepreneurs, as well as outreach programs such as counseling, capital and technical assistance. These outreach programs will be provided through partnerships with community providers in the North Okanagan; for example, North Okanagan Community Futures, Okanagan College, volunteers (e.g. chefs from restaurants, hotels, etc.) and so on.

Such a facility will provide new entrepreneurs the opportunity of starting and/or expanding specialty food and catering businesses without the excessive cost of building their own commercial kitchens. The kitchen(s) might be used by one individual business or multiple as in the case of various community kitchens nationwide that serve as incubator sites for many businesses too small to justify owning their own facility. These incubators can facilitate start-ups that later grow into their own facility, allowing the original kitchen to grow a new generation of businesses.^{33 34}

Ultimately as well, the facility will create new employment opportunities and create goods that highlight the uniqueness of the region's agricultural products, ethnic traditions and creative people.

The kitchen will also be available to farmers' market vendors in the Public Market as well as to other markets within the region. Depending upon space and time availability, social service groups, charitable organizations, churches, etc. will also be able to access the facility at nominal rental rates.

Industry Trends: Over the years, several trends and lessons learned relative to commercial kitchen design and operations have become evident. These include:

1. A trend towards designing larger commercial kitchens so that they are sufficiently large in size to accommodate more than one user at a time. The key to developing a revenue stream that can sufficiently fund staff expenses and utilities (the two largest operating expenses of a commercial kitchen) is simultaneous multiple occupancy, as well as keeping the facility open 24 hours per day.

³³ "the value of community kitchens lies in a combination of economic and community development. They are successful as components of community centers and not as standalone projects." See: Developing Shared-use Food and Agricultural Facilities In North Carolina. Center for Assessment and Research Alliances. Smithsonian Mills. February 2007.

³⁴ "Until now, most developers appear to have understood shared-use facilities as being of one type and geared towards supporting farm-based producers in rural communities. Our collective understanding should instead recognize these projects as incubators of food entrepreneurship in three forms: value-added regional food processing centers, rural community kitchens and shared-use agricultural processing facilities. To the greatest possible extent, projects must incorporate core programs to provide technical assistance, marketing support and access to capital." IBID

2. Commercial kitchens are also being designed with more storage space, as in the past these facilities have underestimated the amount of dry and cooler/freezer storage their clients require. Aside from limiting storage income, inadequate storage results in fewer tenants than the facility can reasonably accommodate.
3. Rather than merely being a landlord, commercial kitchens are finding they are most successful when they play an active role in helping their clients succeed. This is accomplished by providing training and technical support in addition to just the physical facility. This support is often offered through linkages to other community agencies that are already set-up to offer access to capital, training and technical assistance.
4. Many kitchens are beginning to support tenant associations, cooperatives and other flexible client networks in order to promote tenant synergy. These groups are often given their initial organizational start by the commercial kitchen, but eventually develop into stand alone organizations. Benefits provided to members include shared marketing and purchasing power, training in business skills and technical areas, as well as group product liability insurance.
5. Rental rates in commercial kitchens are ranging from about \$150 to \$200 per usage. In fact, most are going to stepped billing systems based on the number of hours a tenant uses the facility over a given month. More frequent use means that a client will have lower rental rates than those that use the facility less frequently.
6. Generally, it has been found that it is best for new kitchens to develop pricing schedules that reflect market rates from the beginning, as substantially raising rates at a later date proves to be difficult.
7. Successful commercial kitchens almost always have anchor tenants who rent a substantial number of hours on a sustained basis, thus providing a stable revenue stream for the kitchen. In exchange for the certainty of large blocks of billable hours, these commercial kitchens offer favourable rates to these tenants.
8. Invariably one aspect of successful kitchens is sound facility management.
9. The preferred legal form of ownership of commercial kitchens is a non-profit organization.
10. It has been found that the most successful commercial kitchens tend to be those that have met all capital costs (those associated with building and equipping a commercial kitchen) through grants. Doing so avoids any on-going debt obligations that require funding through operating income.

Rules and Regulations: By far the most important requirements governing the construction and operation of a commercial kitchen are specified by the Food Premises Regulations of the British Columbia Public Health Act. Part 2 of the regulations specify the following requirements in regards to seeking approval for the construction of such a facility:

1. *"A person must not construct or make alterations to food premises unless the plans and specifications for the construction or alteration have been approved by a health official.*
2. *An applicant for approval under subsection (1) must*
 - a. *Submit to a health official a copy of the complete plans and specifications for construction or alternation, and*
 - b. *Provide the health official with any other information the health official reasonably requires.*

3. *The health official may approve the plans and specifications submitted under subsection 2 if the plans and specifications indicate that the proposed construction or alteration conforms to the requirements of section 4” ... (section 4 spells out the general construction requirements for the overall facility as well as for washrooms).*

Part 3 of the regulation relates to operations, including required approvals and permits; training; food sources and protection; cleaning of equipment and utensils; employees; food safety management and other miscellaneous items. A copy of the full Food Premises Regulation can be found appended at the end of this report..

Given the importance of cleanliness in food preparation, it is essential that commercial kitchens also develop their own rules regarding the responsibility of tenants for keeping the kitchen clean and ready for the next user. Something like a kitchen “check list” form should be used to maintain day-to-day cleanliness. A tenant who arrives to use the kitchen and finds that an area has not been properly cleaned would complete this “check list” and leave it with office management. The kitchen manager could then refer to the schedule and identify the last tenant to use the kitchen or last tenant to use a particular piece of equipment. Cleaning charges would be billed for violation of the lease or perhaps deducted from the tenant’s cleaning deposit.

Product liability insurance is also especially important to safeguard commercial kitchens. Here tenants should be required to carry this insurance, naming the commercial kitchen as additionally insured. As well as extra protection, dual product liability coverage should be considered whereby the commercial kitchen would obtain appropriate coverage, and then require all tenants to similarly do so. This co-insurance reduces the likelihood that the commercial kitchen will be held responsible for errors or omissions on the part of individual tenants. As well, affiliation with a licensed, inspected commercial kitchen should make it easier to convince insurers to cover prospective tenants.

Entry Barriers: In general there are no significant entry barriers for a commercial kitchen in the North Okanagan. If anything was of concern it would likely relate to the requirements of the aforementioned Food Premises Regulations, which while are not overly onerous can be confusing for some. In addition, as noted in the section on competition below, alternative kitchens in the North Okanagan are not viewed as presenting serious entry barriers.

Competition: Competition for a commercial kitchen in the North Okanagan could come from several sources, none of which are likely able nor willing to offer the same level of facilities (e.g., dry storage, cooler/freezer storage, warehouse space, etc.) or services (shared office space, equipment, answering service, business training, etc). These sources include:

1. Restaurant/hotel/resort kitchens: These kitchens are typically unavailable because of concerns over scheduling, security and liability. As well, these facilities are designed for meal preparation rather than food manufacture. Typically they do not line up very well for food manufacture in the areas of design, available equipment and storage requirements.

2. Church kitchens: Some churches could rent their kitchens but most simply cook meals for church events. Like restaurant kitchens, church kitchens do not work well for food manufacturers in design, available equipment and storage requirements.
3. School kitchens: Schools do not normally rent their kitchens to outside users because of liability issues. Again they are generally incompatible for efficient food production in terms of design, equipment and storage requirements. Scheduling is also a challenge, as typically use would have to occur outside of normal school hours.
4. Other: Other facilities such as nursing homes, recreation and day care centre's are other possible sources of rental kitchen space. In fact, the Vernon Recreation Centre has been leased by some food producers in the past. The problems with these facilities, beyond scheduling mutually acceptable hours, fall into the familiar categories of security, safety and liability, as well as the limited storage space and services offered.

Markets: Very little information is available on the firms that are likely to be clients of a commercial kitchen facility in Vernon. However, secondary research suggests commercial kitchen users tend to be quite diverse. In general, the largest group seems to be makers of sauces, salsas and condiments comprising perhaps about 15 to 20% of all users. This group is followed by makers of bakery items and manufacturers of jams, jellies and syrups at about 10% to 15% each. Caterers and value-added producers (e.g. salad mixes, cut veggies, etc.) each contribute about 5% to 15% of users, with makers of juices/beverages, canned foods, dry mixes and herbal products each comprising about 5% to 10% of all clients. Other producers of items such as pasta, honey, smoked and cured meats, confections, and seafood normally comprise even smaller proportions of the client base.

While it is difficult to determine with any degree of precision, surveys of client intentions seem to suggest that roughly 40% of all clients will use commercial kitchens from one to two hours a week. Another 40% will use it two to fifteen hours, with the remaining 20% of clients stating they would use a commercial kitchen over 15 hours per week (a very small percentage - less than 2% - indicated they would use commercial kitchens more than 40 hours per week).

Clients generally place a high value on shared office services and the training they can typically access through a commercial kitchen. For instance, many indicate they appreciate and use shared services such as phone answering, faxes, copiers, computers, postage meters, office space, secretarial and so on. Additionally, they value the education/training in business planning, marketing, health regulations, food preparation, legal requirements of starting a business, etc. that are available through outreach programs offered by commercial kitchens.

Start-up Requirements: A commercial kitchen of approximately 750 square feet should offer sufficient space to accommodate a wide variety of users and producers. The kitchen itself would include production space for both wet/hot (sauces, salsas, jams, jellies, soups, etc.) and bakery/dry processing (cakes, pies, cookies, turnovers, etc.). Preferably this kitchen space would be designed to accommodate a minimum of at least two to three small producers simultaneously, or perhaps one larger company at a time. Other food space in the kitchen would be devoted to warehouse and storage (both dry and cooler/frozen storage). Ultimately, flexibility and multi-use should be major design considerations so that non-compatible types of production can occur easily and cross contamination between raw and cooked products avoided.

Insofar as equipment is concerned, clearly the commercial kitchen will require a large variety of items in order to fulfil the needs of its clients. The more obvious requirements here are ovens (deck, convection), grills, range burners, freezers, dishwashers, fryers, ice machines, sinks, pallet racking, rolling racks, coolers, carts, tables, steam kettles, and mixers.

3.0 Food Recovery and Waste Collection

Overview/Definition: Food waste management and recovery is most commonly defined as that series of activities where discarded food materials are collected, sorted, processed and converted into other materials and used in the production of new products.³⁵ The majority of food wasted is by consumers and food service establishments. Consumer, or household, food losses are the result of overpreparation, food preparation waste, table scraps, cooking losses, spoiled leftovers, and package failure and spillage. Food service businesses throw food away because of overpreparation, expanded menu choices, plate waste, and fluctuations in food sales beyond the control of food service operators.³⁶ On an aggregate basis within the North Okanagan region according to a study completed in 2005 it was estimated that nearly 25% (5682 tonnes) of the waste coming to the region's landfills was food waste.³⁷ Clearly food waste is not an insignificant issue.³⁸

In looking at a food recovery and waste collection program for the proposed Vernon Public Market the implication is that food waste can be both a community output and an input back into the food system. Over and above the recognition that this practice represents not only an important component in the broader effort to develop a sustainable food system, there are other significant and measurable environmental, social, and economic benefits that can accrue

³⁵ Chapter 5. Food Waste Recovery. Mayor's Office of Sustainability. Oakland Food System Assessment. 2010

³⁶ Food Recovery And Waste Reduction: A Guide For Businesses And Institutions. North Carolina State University. 2000.

³⁷ A North Okanagan Food System Plan. Strengthening the Regional Food System. The Regional District of the North Okanagan. Buffy Baumbrough, Wendy Aasen and Andrea Gunner, Dave Whiting, and Laura Kalina. January 2009.

³⁸ "An estimated \$27 billion in Canadian food annually finds its way to landfill and composting, creating unnecessarily high levels of carbon and methane. More effectively managing the food already been produced would significantly benefit our economy and the environment." Food Waste In Canada Opportunities To Increase The Competitiveness Of Canada's Agri-Food Sector, While Simultaneously Improving The Environment. Martin Gooch, Abdel Felfel, Nicole Marenick. November 2010.

to individual households, businesses and the community at large from a properly constituted food recovery and waste collection program not the least of which include the following:

- reducing trash collection and disposal fees for individuals and businesses;
- reducing traffic at regional land fill sites;
- helps to increase overall environmental awareness and present a community's green image;
- reducing pollution and the consumption of non-renewable materials;
- generating needed compost for urban and rural agriculture production; and,
- ensuring that edible food is redistributed to those who require emergency food.

Industry Trends: Amounts of waste are largely determined by two factors: first, the population in any given area, and second, its consumption patterns. In recent years there has been a growing concern with an increase in the production of food co-products and wastes. Their disposal by incineration or landfill is often expensive as well as environmentally sensitive. At an operational level food service managers are increasingly choosing to recover and reuse food scraps and other organic materials instead of throwing them away. Householders, farmers and food producers are increasingly aware of the environmental, economic implications of increasing amounts of food waste. As such throughout the industry there is increased attention directed toward commercial methods to manage food wastes and/or to reduce the quantity of waste produced in the first place. Within this context there have been a number of innovative responses to the challenge of finding practical and affordable actions which can be readily implemented. These efforts have included enhanced composting; innovative emergency food programming; to recycling food waste into green energy.³⁹ For the most part commercial food waste and collection enterprises are large operators who perform a range of waste management services.

Regulations in respect of the handling and disposal of food waste is covered by Organic Matter Recycling Regulation, BC Reg 18/2002 Environmental Management Act and Public Health Act Organic Matter Recycling Regulation. [includes amendments up to B.C. Reg. 198/2007, June 30, 2007].

Market Analysis and Entry Barriers: There is no single strategy for diverting food discards to beneficial uses. The opportunities for commercially viable opportunities in food waste recovery and collection is limited at best, even less so for small start ups. The existing market place is well served by established companies who offer a range of diverse services and programs. Further in respect to the adequacy and opportunity within the local market place, according to the document A North Okanagan Food System Plan. Strengthening the Regional Food System “....the Regional District of the North Okanagan completed an Organic Waste Strategy in 2008, as part of an overall solid waste management strategy (Gamble 2008). The organic waste strategy consists of thirteen specific programs that focus on reducing the amount of organic waste that requires centralized management, the collection of organic wastes, and the processing organic wastes. The primary goal of the strategy's reduction programs is not to prevent the generation

³⁹ Baxterstorey's Innovative Approach To Food Waste Management. Waste Management World. Adrienne Cohen.

of organic waste, but rather to reduce the amount of infrastructure needed to manage it. Other components of the overall solid waste management strategy, specifically education and outreach programs, will encourage waste generators to reduce consumption of resources and otherwise change their personal habits to reduce generation of waste (Gamble 2008)."

Conclusion: After some preliminary analysis it seems remote that a commercially viable food recovery and waste collection operation can feasibly be pursued within the context of the Vernon Public Market. That being said certainly the visibility of the Vernon Public Market demands it be a model of excellence in terms of supporting a healthy, sustainable food system, one in which waste management is an integral component thereof. Within the public market itself the emphasis on local foods that are produced and processed locally and require less packaging due to reduced transportation distances could demonstrate increased recoverability of food scraps by reducing non-recyclable and non-compostable components. Through modelling behaviour public awareness of food waste issues could also be enhanced. Further leadership in this area could be accomplished by persuading tenants to reduce wasteful food consumption, increase recyclability of food packaging, and increase diversion through creative and diverse programs that promote composting and food recycling for all types of food waste.

4.0 Food And Beverage Related Retail

Overview/Definition: The proposed structure and function of the Vernon Public Market is compatible with a smaller, singular combination restaurant/bakery/coffee shop. This multidimensional enterprise in complementing and building on the service and product offerings of other enterprises and activities within the public market, will operate largely as a casual, middle-of-the-road restaurant catering to a broad range of customers including local residents and tourists; young adults and young families; seniors and local businessmen/women. It is proposed that the operation itself will offer on-site and takeout food (including baked goods and coffee) service. Occupying approximately 1000 to 1500 sq ft the facility is expected to have permanent seating for 40 to 50 patrons (expandable during the summer months); a baked goods display and counter/coffee area; and a full function kitchen and food preparation area. While acknowledging some supplies will need to be secured from food distributors the proposed restaurant/bakery/coffee shop will highlight a menu of foods/baked products premised on the purchase of products from local producers.

Industry Trends: There are few industry sectors as competitive and as risky as the restaurant industry. The industry itself is exceedingly diverse with national and regional chains, franchises, and independent operators. Nationally we have 81,000 restaurants, bars and caterers who collectively generate nearly 4% of Canada's GDP and employ more than one million people in communities across the country. Some key trends in the industry include the following:

- While there has been some modest year over year growth in restaurant sales, consumers are eating less frequently in restaurants, particularly family style and casual dining establishments. Reasons for eating out less include high gas prices and cheaper alternatives

at home. Consumers also believe that meals at home are healthier and higher quality than fast food.

- Recent changes to the regulations and enforcement of laws in respect to “drinking and driving” are thought to have negatively impacted on the business of restaurants offering alcoholic beverages. Further the application of the HST on restaurant meals is also held to have had a negative impact. In the first instance the impact is less relevant to the proposed restaurant/bakery/coffee shop though in the second instance the impact will be more significant given consumer price sensitivity.⁴⁰
- Wholesale food prices are rising dramatically and restaurants find that they are unable to pass on these rising costs to the “price sensitive” consumer without significantly eroding their overall business. As such some operators are substituting ingredients, modifying recipes, or reducing portion size to avoid significant menu price increases.
- On an industry wide basis fast casual restaurants (of the type proposed herein) have carved out a small, but growing, niche business by offering quality food at a good value in a casual dining environment.
- Increasingly restaurants are leveraging increasing consumer interest in healthy eating and environmental sustainability by adding locally produced products and especially organic menu choices. Many consumers are willing to pay a premium for organic and environmentally conscious food.
- As a further response to capitalizing on the eating healthier movement and a consumer’s interest to taste a variety of food options, some restaurants are offering a mix of items each in smaller portions.
- On an industry wide basis take-out continues to offer a profitable niche/add-on for many restaurants and certainly is expected to be part of the offering of the proposed combination restaurant/bakery/coffee shop at the Vernon Public Market.
- Because technology can make ordering and paying in a restaurant easier, faster, and more accurate a growing number of restaurants allow customers to order through Internet sites. Some restaurants send daily menus and accept text orders via cell phone.

Market Analysis and Entry Barriers: As noted above the restaurant business is extremely competitive and extremely risky. This is certainly so in Vernon and especially so in Vernon’s downtown core. We also know that restaurants thrive in rapidly growing areas and the Vernon Public Market offers a unique opportunity to profitably share in the excitement of a new venue and high profile destination within the community.

In general there are no regulatory entry barriers for a new entrant other than those associated with most food service operations. There are however a plethora of micro and macro issues and concerns that will need to be understood, addressed, ameliorated or overcome not the least of which include: location and positioning; dynamic socioeconomic and demographic changes with concurrent impacts on consumer spending behavior(s)/patterns; volatile supply costs; increasing

⁴⁰ Price sensitivity as it relates to the purchase of meals out is arguably a function of the actual impact of rising prices **and** the perception that prices are rising. Thus in many cases it matters not whether the restaurant is able to lower menu prices so that the final bill (menu price plus HST) is the same to the consumer as before the HST (and the application of the HST should allow for this) the consumer will nonetheless have the impression that prices are higher and will adjust his/her spending accordingly.

competition by number (numbers of similar facilities coming on stream), by product (numbers of substitutable/alternative product choices coming on stream); and by encroachment (numbers of “other” operators eroding some part of your market, i.e. gas stations selling coffee); labor issues; global/local industry trends, i.e the impact of healthy living choices, the 100 mile diet and so forth; operational issues such as: staffing, leasing, parking, insuring, managing inventories and equipment, advertising and promoting, changing regulatory standards; and a whole host of other matters.

Conclusion: Our research indicates that there is an opportunity for a restaurant/bakery/coffee shop within the context of the Vernon Public Market. We know through a number of stakeholder interviews that there is an interest in having such a facility and we know as well there is interest by an existing downtown business to operate the facility.

MARKET COORDINATOR JOB PROCESS (DRAFT)

LEVELS OF PERSONAL COMPETENCY

- **Communication** – Clearly conveying and receiving messages to meet the needs of all, expressing self effectively, listening effectively and understanding underlying issues.
- **Teamwork** – Working cooperatively and productively with others to achieve results by actively participating in the team and involving other team members.
- **Problem-Solving & Judgement** – Ability to assess options and implications in order to identify a solution by breaking down problems and recognizing basic relationships of problems.
- **Adaptability** – Personal willingness and ability to work in and adapt to change, valuing the need for adaptability, demonstrating adaptability and adapting approach.
- **Client Focus** – Understanding and meeting or exceeding client needs through responsive client service and contributing to positive outcomes for the client.
- **Innovation** - Using original and creative thinking to make improvements and/or develop and initiate new approaches for own job/area and approaches new to the organization.
- **Relationship Building** – Developing and maintaining win/win relationships and partnerships through establishing formal working relationships.
- **Self-Management** – Reflecting on past experiences in order to manage and continually improve one's own performance, recognizing opportunities and addressing difficulties; taking responsibility and learning from mistakes.
- **Service Facilitation** – Creating networks to ensure required services are delivered effectively, providing information as required, creating networks of support.
- **Organizational Awareness & Commitment** – Understanding the structure and culture of the organization and supporting the organization's values, principles and goals; demonstrating an understanding of the organization beyond own workgroup and an ability to anticipate and meet organizational needs.

MARKET START-UP DUTIES

- Implement Business Plan with associated marketing strategies.
- Recruit new vendors.
- Monitor compliance with relevant regulations and codes.
- Secure necessary permits and licenses.
- Keep committee updated regarding competition.
- Make stall assignments.
- Review the budget and maintain records of market expenses and income.
- Make sure all vendor forms are completed properly and retained.

DAILY TASKS AND RESPONSIBILITIES

- Coordinate opening and closing of the market.
- Assist at stalls when necessary.
- Enforce the bylaws.

- Handle emergencies and complaints.
- Serve as the quality control person for items, as well as for the market's general appearance and cleanliness.
- Maintain an information booth, guest book, recipe postings, etc.
- Keep a daily market log.
- Hold vendor meetings as necessary.

COMMUNICATION AND NETWORKING TASKS

- Represent the market in meetings with community members.
- Develop a positive relationship with vendors.
- Educate and assist vendors with merchandising, pricing, and other marketing and business skills.
- Coordinate and encourage volunteerism from sponsors and community groups.
- Build positive customer relations.
- Maintain communications with Executive Director (report monthly).
- Follow instructions from and maintain communications with the Market Steering Committee.

PROMOTION AND ADVERTISING DUTIES

- Create an annual calendar of events.
- Develop new promotional ideas.
- Arrange for media coverage and represent the market to the media.
- Establish and monitor an advertising budget.
- Review logos and other marketing tools with a committee as necessary.

EVALUATION DUTIES

- Conduct periodic surveys to assess customer opinions and satisfaction.
- Invite, listen to, and use input from vendors and others to improve the market.
- Lead in monitoring and, when necessary, revision of the market's mission, goals, and strategies.
- Evaluate and improve the effectiveness of meetings and other team activities.
- Debrief participants after board meetings, workshops, and retreats.

TERMS OF REFERENCE PUBLIC MARKET STEERING COMMITTEE (DRAFT)

Resources: Executive Director & Market Coordinator
Approved by: Board of Directors

I. PURPOSE

The purpose of the Public Market Steering Committee (“the Committee”) is to:

- A. Oversee and monitor the operations, financial reporting, and Public Market policies on behalf of the NGO TBD.

II. COMPOSITION AND OPERATIONS

- A. The Committee shall be composed of not fewer than five (5) members.
- B. The Committee shall be composed of not fewer than two (2) and not more than four (4) directors.
- C. The Committee shall be composed of not fewer than one (1) and not more than two (2) vendors.
- D. The Committee shall be composed of not fewer than one (1) and not more than two (2) Art Centre of Influence (Example Vernon Farmers Market).
- E. The Committee shall meet at least four (4) times each year.

III. DUTIES AND RESPONSIBILITIES

The Committee has the responsibility to:

- A. Review and adjudicator potential vendor applications,
- B. Direct staff with respect to the Market operations,
- C. Assist Executive Director in creating Operational, Marketing and Financial Plans for the Market annually,
- D. Act as the governing committee for market conflicts.
- E. Recommend to the Board a performance evaluation process for the Market Coordinator.

IV. ACCOUNTABILITY

The Committee shall report its discussions to the Board by providing a report at the next Board meeting.

PUBLIC MARKET POLICIES

Market Objective:

“To operate a Public Market to assist the North Okanagan region’s small farmers, artists and artisans to sell their products while highlighting the community’s unique social and cultural diversity and vibrancy for residents and visitors alike.”

General Policies

1. North Okanagan grown or Artisan-made and-sold produce/food/arts/crafts.
2. It is not permitted to buy from someone else and re-sell at the Market.
3. Family members or strategic partners over the age of 18, who participate in the production of the merchandise sold and have full membership, may then operate the booth alone or in the company of any other family member or partner, subject to seniority regulations.
 - a) The Public Market adopts the position that a partnership must be recognizable as such under the law.
 - b) Partnerships must be willing to provide a copy of their legal partnership agreement to the Board or its legal counsel upon request. If no formal agreement exists, they must provide such other documentation as may be requested to prove their partnership status.
 - c) The Board has the right to refuse membership to any person whose status (employee, partner, owner) cannot be proven to the satisfaction of the Board.
 - d) Any person aggrieved by the decision of the Board has the right to appeal at the next general membership meeting, provided that written notice of appeal is given to the Board no later than one month prior to the membership meeting.
4. Stall space for Non-Profit Organizations **may** be made available. Groups applying to vend or promote their cause shall not vend products or fundraise items without prior approval of the Market Coordinator.
5. If you have been away from your assigned stall by your own choice for more than two (2) consecutive weeks you may not come back and reclaim it, unless prior arrangements have been made with the Market Coordinator.
6. The maximum number of stalls per business shall be one (1).
 - a) Rule 6 shall not apply when the allotment of more than one (1) stall does not preclude another business from obtaining a stall. This will be done according to the priority list.
 - b) For the purpose of rules 6 and 6a, a business shall be any member or combination of members which, in the estimation of the Board, conduct their operations in such a manner

that they appear to be a partnership, co-operative, or other such arrangements which are not at arm's length.

7. Members may register designated helpers to assist them in the booth.

MEMBERSHIP

1. To become a member of the Vernon Public Market, applicants must be at least 16 years of age, must complete a membership application and send it, with the \$17.00 Vernon Public Market Society membership fee and the annual registration, to the Market Coordinator.
2. All applicants must complete the application form, with their art/craft subject to adjudication by the Public Market Steering Committee before being accepted as members.
3. If the application is not approved the \$17 fee will be retained for administration costs and the booth rental will be returned (\$250.00 single member booth, \$350 partnered booth).
4. Members must pay the annual membership dues (\$250.00 single member booth, \$350 partnered booth) assessment by April 30. Annual memberships are good until March 31.
5. The status of an active member is retained by attending and paying the current registration each year.
6. Membership shall be limited to only residents of the North Okanagan to vend their products. Exceptions can be made for out-of-area products that are able to raise the profile of the market, such as guest artists.
7. Any member who wishes to sell food and/or beverage products must provide proof that the vendor meets or exceeds government regulations (example: Food Safe).

RULES AND REGULATIONS

1. Artisan-made and -sold arts/crafts. It is not permitted to buy from someone else and re-sell at the Market.
2. The maximum number of stalls per business shall be one (1).
 - a. Rule 2 shall not apply when the allotment of more than one (1) stall does not preclude another business from obtaining a stall. This will be done according to the priority list.
 - b. For the purpose of rules 2 and 2a, a business shall be any member or combination of members, which in the estimation of the Board, conduct their operations in such a manner that they appear to be a partnership, or co-operative, or other such arrangements which are not at arm's length.
3. Each business selling at the market must be a fully-qualified member of the Vernon Public Market Society, and a representative of the business must personally be present to operate their own booth at least 50% of the time at each market.
4. Members must pay the stall rent and membership assessment as set by the Board of Directors for that year.
5. **NSF** cheques will result in the collection of the bank fee charged for the returned cheque. Accounts are deemed delinquent if not available for collection on Market Day. Failure to keep accounts current will result in a 10% late fee. Accounts in arrears for 30 days will result in loss of space.
6. Stall holders must conform to Provincial and Municipal Public Health Regulations and Standards of cleanliness.
7. Two members may share a booth as long as:
 - a. both parties are Vernon Public Market Society members;
 - b. both members' products' have been adjudicated and approved by the Market Steering Committee;
 - c. both members have paid the additional \$100 fee.
8. Members are permitted to be absent for no more than one (1) market per year. It is a serious offence to exceed this limit. Offenders will be fined \$60 and the fine recorded on their file. A second offence could result in the permit to sell being revoked at the discretion of the Market Steering Committee.
9. Unloading time is **one hour** before the selling time. If you are later than **20 minutes** before the opening time, vehicles must stay at the entrance until the Manager of Operations or one of the directors can escort you to your stall.
10. All members with vehicles are expected to stay until **closing time**. If you sell out, be sure to post "Sorry Sold Out" sign on your table, and return at the end of the market to remove your table and clean up your stall.

11. Members are expected to have packed up and left the market site by **30 minutes** after closing time.
12. Stall holders must clean up their stall area after the market. **Please take your garbage home.**
13. If a member has been assigned a stall and does not intend to use it, the Market Coordinator **MUST** be notified at least one week in advance of the market, so that someone on the waiting list may use it. Failure to notify the Market Coordinator of absence will result in the member being invoiced for payment of day's stall fees.
14. No member may sell before the advertised opening time. This is a serious offence and persons found selling before opening time will be fined \$20 and the fine recorded on their file. A second offence will result in a fine of \$50. A third offence could result in the permit to sell being revoked at the discretion of the Market Steering Committee.
15. Each vendor must contain his or her table and merchandise within the allotted stall space.
16. Permits must be current and displayed prominently on the table.
17. Product prices may be displayed only when the item listed is on the table and offered for sale. When the product is sold out the advertised price must be removed or completely obscured (not crossed out).
18. All vendors are to supply their own tables and set up for marketing.
19. **INSURANCE:** Vendors are responsible for the placement, maintenance and cost of insurance covering all risk (liability, fire, theft, and damage) related to the Vendor's participation in the Market, and during the entire period the Vendor's goods remain in the Market.
20. Packaging must conform to the Dept. of Consumer and Corporate Affairs regulations and the Dept. of Health regulations.
21. Each member is responsible for obtaining and following all public health and safety requirements.
22. The vendor shall not engage in any unethical business practice. The Vendor shall not engage in any activity which would, in the opinion of the Market Steering Committee, tend to lower the character of the Market.
23. There is **No Smoking** at any vending outlet.
24. Busking, soliciting and outside advertising requires permission from the Market Coordinator.
25. Vendors shall adhere to all codes pertaining to liquor, drugs, health, fire, city and provincial ordinances.

26. Hot food and coffee pots and anything deemed hazardous must be on the back of the table on a firm base and away from the public.
27. All complaints or concerns must be made in **Writing**, to be presented to the Public Market Steering Committee for consideration and response.
28. The Public Market Steering Committee has the right to inspect the premises of any member if concerns arise regarding the legitimacy of the operation as required by membership, and for any Public Health concerns.
29. Current vendors must submit a new product application form as required and keep other information current.
30. Summer market season is from the first Saturday in July to the first Saturday in September.

MEDIA CONTACTS – OKANAGAN VALLEY

Print or Online Media	Website
Okanagan Life & Business Magazine Jim Murphy or Brian Melmas, Account Executives, Phone: 250-861-5399 Email: info@okanaganlife.com	www.okanaganlife.com
Events Magazine Krista Frasz, Ad Manager, Phone: 250-470-0761 Email: Krista.Frasz@ok.bc.ca	www.eventpub.com
Osoyoos Times Garry Enns, Ad Sales Manager South Valley Newspaper Network Cell: 250-488-2004 Email: sales@osoyoostimes.com	http://www.osoyoostimes.com/ Affiliated with 4 other newspapers
Similkameen News Leader 226A Bridge Street, Princeton, V0X 1W0 Phone: (250) 295-4149 Toll Free: 1-888-350-9969 Fax: (250) 295-4103 Email: Brenda@thenewsleader.ca	http://www.thenewsleader.ca/
Penticton Herald 186 Nanaimo Ave W, Penticton, BC V2A 1N4 Phone: 250-492-4002 Fax: 250-492-2403 Email: editor@pentictonherald.ca	http://www.pentictonherald.ca/
Penticton Western 2250 Camrose Street Penticton, B.C. V2A 8R1 Phone: 250-492-3636 Email: editor@pentictonwesternnews.com	http://www.bclocalnews.com/okanagan_similkameen/pentictonwesternnews/
Peachland Signal Phone: 250-767-3306 Email: signal@cablelan.net	
Summerland Review PO BOX 309 , Summerland, V0H 1Z0 Phone: 250-494-5406 Email: news@summerlandreview.com	http://www.bclocalnews.com/okanagan_similkameen/summerlandreview/

The Kelowna Capital News Eileen Campbell, Online Sales Manager Phone: 604-808-5911 Email: ecampbell@blackpress.ca	www.bclocalnews.com/okanagan_similkameen/kelownacapitalnews
The Kelowna (and Vernon) Daily Courier 550 Doyle Ave, Kelowna, V1Y 7Y1 Phone: 250-762-4445 Fax: 250-762-3866 Email: city.desk@ok.bc.ca	http://www.kelownadailycourier.ca/
The Lake Country Calendar #3 – 3370 Beaver Lake Road Phone: 250-766-4688 Email: newsroom@lakecountrynews.net	http://www.bclocalnews.com/okanagan_similkameen/lakecountrycalendar/
Vernon Morning Star 4407 – 25 th Avenue, Vernon, BC V1T 1P5 Phone: 250-545-3322 Email: newsroom@vernonmorningstar.com	http://www.bclocalnews.com/okanagan_similkameen/vernonmorningstar/
Lumby Valley Times PO Box 408, Lumby V0E 2G0 Phone: 250-307-0163 Email: lv@telus.net	http://www.lumbyvalleytimes.ca/about.html
Lakeshore News 161 Hudson Ave NE, Salmon Arm Phone: 250-832-9461 Email: lsn@lakeshorenews.bc.ca	http://www.lakeshorenews.bc.ca/contact.php Shuswap and Salmon Arm(includes Enderby)
Castanet Phone: 250-860-5050 Email: news@castanet.net	http://www.castanet.net/
Oliver Chronicle – site is under construction	http://www.thevalleysentinel.com/oliverchronicle/

PUBLIC MARKET SITE SELECTION CRITERIA

Criteria	Notes
Building Type	
Building Size	
Adaptability of Building (Allow for seasonal fluctuations)	
Meet future requirements	
Condition of premises	
Traffic count: Cars or pedestrians	
Zoning Requirements	
Visibility access	
Proximity to competition	
Convenience of Location	
Proximity to customer generators	

Accessibility (Customer/Vendors/Suppliers)	
Population density	
Parking Requirements	
Directional growth of area	
Suitability of Delivery Area	
Terms and rental rates	
Supplier proximity Crime/shoplifting rates	
Area improving or deteriorating	
Land Needs Adequacy of utilities, gas, water	
Transportation accessibility	

Addition Comments:

INFORMATION SOURCES

INTERVIEW SUBJECTS

1. Joel Allan – Incumbent President Vernon Farmers Market
2. Rob & Kathryn Hettler, Pilgrim's Produce: 250-546-3669
3. Jane Lister, General Manager, Community Futures
4. Wendy Aasen, North Okanagan Food Action Coalition
5. John Lent, Regional Dean Okanagan College
6. Lindsay Eason, Vice President Sustainable Development, GreenStep
7. Kevin Murphy, Resource Stewardship Agrologist
8. Dave Colombe, Vernon Community Kitchen & Okanagan College Culinary Arts Apprentice
9. Deb Claude - Saskatoon Farmers Market General Manager
10. Tamra Davison from Davison Orchards
11. Patrick Nicol – City of Vernon Councilor
12. Ed Nowek - Planet Bee
13. Tanis Farina, Vernon District Immigrant Services Society
14. Earl Hansen – DVA
15. Dave Weatherill
16. President of BriteLand and Chemac Industries
17. Michelle Jefferson, Tourism Vernon
18. Earl Hansen – DVA
19. Pat of *Wolfgang's* Grain and Flour – Coordinator of The Vernon's Winter Market
20. Roxanne Nachuk, Little Tex
21. Scott Gardner, Phoenix
22. Paul Moore, Italian Kitchen
23. Steven David - Vernon Golf & Country Club
24. Heeson Domay - Vernon Lodge
25. Shawn Coward - Predator Ridge
26. Sid Sidhu - Bella Vista Farm Market
27. Ross Derrick - Sparkling Hill Wellness Resort
28. Rob Cinkant - SYSCO

SECONDARY SOURCES PUBLICATIONS NES

- Agriculture Enterprise Development Centre Feasibility Study South Cariboo and Surrounding Region –
- A Place for the 100 Mile Diet and Beyond, By Stonefield Consulting - David Zirnhelt
- A Template for the Development of Community Commercial Kitchens September 2000 By Ministry of Agriculture Food & Fisheries and Northern Development Commission Government of British Columbia and Serecon Management Consulting Inc. Edmonton, Alberta
- A North Okanagan Food System Plan - *Strengthening the Regional Food System*, January 2009, for The Regional District of the North Okanagan *Contributing Authors:* Buffy Baumbrough, Wendy Aasen and Andrea Gunner, Dave Whiting, and Laura Kalina
- Agriculture Feasibility Analysis, by Gillian Watt BSc.Ag. MBA Black Creek Ranch Business Strategies
- City Centre Neighbourhood Plan, December 2010, By (Draft) City of Vernon
- Community/Commercial Kitchen Feasibility Study; Kaslo and Area Food Initiative
- Community Sustainability Briefing Paper City Council Community Sustainability Goal Committee, by Robin Bohannon, Crystal Gray, Shaun McGrath & Andy Schultheiss
- Comox Bay Farm Agricultural and Conservation Center (Comox Bay ACC), By Brent Warner and Gary Rolston
- Diversifying Farmers Markets - Expanding the Potential of State and Regional Farmers Market Associations, By Project for Public Spaces Inc. Funded by the W.K. Kellogg Foundation
- Economic and Community Impact Assessment, Vernon Farmers' Market; School of Environmental Planning, University of Northern British Columbia
- Economics Research RBC - PROVINCIAL OUTLOOK March 2011
- Establishing a Shared-Use Commercial Kitchen Incubator; Clallam County Economic Development Council
- Establishing Land Use Protections for Farmers' Markets, by The National Policy & Legal Analysis Network to Prevent Childhood Obesity (NPLAN) is a project of Public Health Law & Policy (PHLP).
- Exploration of Permanent Farmer/Public Market, Community Futures – North Okanagan
- Farmers Markets: Building Blocks for New York's Communities Best Practices of Market Managers March 8, 2007
- Farmer's Markets as Social and Economic Drivers of Local Food Systems, BALTA SERC II: B5 and B7, By Mary Beckie, University of Alberta Paul Cabaj, Canadian Centre for Community Renewal Hannah Wittman, Simon Fraser University Chris Hergesheimer, Simon Fraser University Emily Huddart Kennedy, University of Alberta Melisa Zapisocky, University of Montana
- Farmers Markets: Economic, Social and Community Building By Diane Eggert, Executive Director Farmers Market Federation of NY Presentation to the National Association of Produce Market Managers San Francisco, CA, March 2007
- Farmers, Farmers Markets, and Land Use Planning, Case Studies in Prince George and Quesnel; School of Environmental Planning, University of Northern British Columbia
- Farmers Markets: Consumer Trends, Preferences, and Characteristics; Rutgers, The State University of New Jersey
- Farmers Markets: Economic, Social and Community Building, by Diane Eggart, Executive Director Farmers Market Federation of New York

- Farmers Market Handbook -- UK Best Practices, by University of Birmingham
- Farmers’ Markets in North America: A Background Document, by Kim Sanderson, Michael Gertler, Diane Martz, and Ramesh Mahabir, Community-University Institute for Social Research
- Festival Marketplaces: The Formula for Success; National Council for Urban Economic Development
- Food Premises Regulation, B.C. Regulation 210/99; Interior Health, North Okanagan
- Food Premises Approval Guide; Interior Health, North Okanagan
- Food Processor Incubator Feasibility Assessment, By Steve Nicol, Lions Gate Consulting Inc. Cameron Wold, Boise State University, Darrell Zbeetnoff, Zbeetnoff Agro-Environmental Consulting
- Green County Community Commercial Kitchen – Survey Results
- Guidelines for Sale of Foods at Temporary Food Markets; Provincial Health Services Authority
- KEYS TO SUCCESS in Value-Added Agriculture, By Holly Born
- Locally Grown Foods and Farmers Markets: Consumer Attitudes and Behaviors, David Conner, Kathryn Colasanti 1, R. Brent Ross 2 and Susan B. Smalley
- How to Bring Wireless to Your Farmers Market, By Lucinda Megill
- Market Structure Matters, By Lynda Brushett, Ph. D. Cooperative Development Institute Barrington NH
- Market preparation: markets as business incubators By marketumbrella.org
- National Farmers Market Manager Survey, 2006; USDA Agriculture Marketing Services
- New Haven Public Market Concept Plan & Feasibility Study, Market Ventures Inc.
- North Okanagan Food Security Assessment and Action Plan; North Okanagan Food Action Coalition
- PA Keystone Kitchens Incubator Feasibility Study; Commonwealth Financing Authority/Pennsylvania Department of Community and Economic Development
- Public Markets & Community-Based Food Systems, Prepared for: The W.K. Kellogg Foundation
- Project for Public Spaces Inc.
- Policies to Promote the Security and Development of Farmers’ Markets in British Columbia, By Lynn (Fairall) Perrin
- Pike Place Market Preservation and Development Authority A Business, Economic and Public Policy Assessment of the PDA’s Properties January 2004
- Specialty Food Kitchen Incubator Feasibility Study: Value-Added Product Development; Georgia Rural Economic Development Center
- Starting a farmers’ market the right way, The New Farm, By Andy King
- Starting and Operating a Farmers’ Market: Frequently Asked Questions, by Bill McKelvey
- Successful Markets have Successful Boards, By Lynda Brushett, Ph. D. Cooperative Development Institute
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- Tomato Wars: Conflict Management for Farmers’ Markets, By Lynda Brushett, Ph. D. Cooperative Development Institute, www.cdi.coop
- Understanding Farmers’ Market Rules, By Jess Anna Speier & Jill E. Krueger
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- 2010 ECONOMIC OUTLOOK STABILIZING, BUT RISKS REMAIN Jan. 19, 2010 By Government of British Columbia

SECONDARY SOURCES WEBSITES

- Agricultural Marketing Resource Center - <http://www.agmrc.org>
- Business Council of British Columbia - <http://www.bcbc.com/>
- BC Farmers Market Association - <http://www.bcfarmersmarket.org/>
- BC Government - http://www.gov.bc.ca/keyinitiatives/economic_indicators.html
- Cooperative Development Institute - <http://www.cdi.coop/>
- Community Kitchen Incubator: Lanikeha - <http://huinet.hawaiiirp.org/molokai/kitchen.htm>
- Cross Roads Market - <http://crossroadsmarket.ca/>
- Farmers' Markets Canada - <http://www.farmersmarketscanada.ca/>
- Farmers Market Coalition - <http://farmersmarketcoalition.org/>
- Growing Farmers Market - <http://www.growingformarket.com/>
- City of Vernon - <http://www.investvernon.ca/>
- National Sustainable Agriculture Information Service - <http://www.attra.org>
- Lamoille Valley Year-round Farmers Artisan Market - <http://farmersartisanmarket.com>
- Market Umbrella – www.marketumbrella.org
- Multiple Listing Services – www.mls.ca
- Project for Public Spaces (PPS) - <http://www.pps.org/>
- Shared Use Commercial Kitchens Collation - <http://www.thresholdomaine.org/Shared%20Use%20Kitchen.htm>
- TD Economics - http://www.td.com/economics/comment/dp042911_bank_stats.pdf
- Westend Food Coop - <http://www.westendfood.coop/>
- Wellington Community Hall and Kitchen operated and maintained by the Wellington Community Association - <http://www.wellingtonbc.ca/hall/>