

West Side Market

Masterplan

Phase 2 Report:

Program, Capital Improvements & Operations

July 25, 2023




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West Side Market Introduction

Cleveland's iconic West Side Market will soon transition from city to nonprofit management. Since its establishment in 1912, West Side Market has been owned and operated by the City of Cleveland. In 2022, the administration of Mayor Justin Bibb initiated the process of establishing a new, independent nonprofit organization to assume responsibility for Market management while the city retains ownership of the real estate and facilities. In February 2023, Cleveland Public Market Corporation ("CPMC") was established as a nonprofit corporation and Mayor Bibb appointed the inaugural board members with input from the masterplan Advisory Committee, the United West Side Market Tenants Association, and Cleveland City Council. The board has held initial meetings to prepare itself to become a good steward and operator of the historic Market.

To provide CPMC with essential planning and operational tools informed by a solid foundation of research and national best practices, Ohio City, Inc., in partnership with the City of Cleveland, retained Market Ventures, Inc. (MVI) to create a masterplan for the Market. The master planning process has been informed by a diverse Advisory Committee.

The **Phase 1 report**, submitted in January 2023, presented research and analysis, and proposed a lofty but achievable vision for the Market. This Phase 2 report includes the core strategies, proposed program elements, design concepts, management plan, and pro forma analysis that will help CPMC and the City achieve their goals.

In addition to creating the masterplan, MVI is assisting the City and the CPMC board of directors with the transition process. This work has included board development activities, application for tax exempt status from the IRS, assistance with the search for CPMC's executive director, input into the lease and management agreement between the City and CPMC, and fundraising support. The transition advising and masterplan creation inform each other and provide the springboard for the new organization's successful launch and long-term viability.

Consultant Team

The consultant team is led by Ted Spitzer, President of Market Ventures, Inc. Ted founded MVI in 1996 to provide clients with specialized skills in planning, creating, and managing innovative food-based projects and programs, including public markets, farmers' markets, food hubs and food halls. Information about MVI can be found at www.marketventuresinc.com.

Hugh Boyd, FAIA, MVI Senior Associate, is a specialist in public market design and a Fellow of the American Institute of Architects. He has designed many award-winning historic and new public markets, including Cincinnati's Findlay Market and Essex Street Market in New York City, as well as Grand Rapids Downtown Market and the new Union Street Market in Fort Wayne. Hugh oversaw the design elements of the masterplan.

CoolSys Energy Design provided consulting engineering services to assess the Market's refrigeration, HVAC, and electrical systems as part of the Phase 1 work. CoolSys is a specialist engineering firm that offers sustainable and practical solutions for independent food stores and the largest national supermarket chains across the country and world.

In addition to the consultant team, &Estimate and JMT Architecture prepared cost estimates for the proposed physical changes and Studio Schafer created 3-D renderings of the design.



Masterplan Process and Methods

The master planning effort was performed in two phases. Phase 1 focused on market research, report review, facility assessment, stakeholder engagement including interviews and meetings with Market merchants and key informants, and SWOT analysis, which summarized the Market's current position and potential for redevelopment. The Phase 1 report can be accessed [here](#).

This Phase 2 report includes the following elements:

- Development and design principles, which summarize the core masterplan strategies
- Program elements, which describe new or altered functions within the Market and inform the proposed design changes and capital investments
- Conceptual design, with recommendations for altering the Market Hall basement, main floor, mezzanines, and the Market Arcades
- Innovations and partnership opportunities
- Strategies to optimize the parking lot revenue and user experience
- Management and operations recommendations
- Operations pro forma
- Development cost estimates
- Priorities and phasing for capital investments
- Performance metrics

ADVISORY COMMITTEE & CPMC BOARD OF DIRECTORS

At the outset of the planning process, Mayor Bibb appointed a diverse Advisory Committee that includes Market merchants, city officials, a former Market manager, area business owners, and nonprofit leaders to meet periodically throughout the study. Recordings of the Advisory Committee meetings can be found [here](#). Members of the Advisory Committee are listed in Appendix A.

Mayor Bibb also nominated the initial board members for CPMC, in consultation with the United West Side Market Tenants Association ("UWSMTA") and the Cleveland City Council, and with input from the Advisory Committee. Members of the board are also listed in Appendix A. At the expiration of their terms, future board members will be nominated by UWSMTA (three), the Mayor of Cleveland (three), and Cleveland City Council (one), with the balance nominated by the board itself.



The transition advising and masterplan creation inform each other and provide the springboard for the new organization's successful launch and long-term viability.

Vision, Values & Mission

CPMC adopted the following vision, values, and mission statement, which were initially proposed in the Phase 1 report. The masterplan recommendations are intended to provide a pathway to achieve the vision while adhering to the values.

VISION STATEMENT

West Side Market brings joy as an authentically Cleveland place to shop from local food entrepreneurs.

- Diverse, thriving independent businesses share their knowledge and passion for fresh, specialty, and prepared foods and local farm products with a continually growing base of customers.
- Functional needs of merchants and consumers are met with well-preserved and maintained facilities, updated for sustainability.
- The Market is a vibrant, welcoming place for regional residents and must-go destination for visitors.
- The Market plays a central role in the regional food system, expanding equitable access to fresh food, supporting local growers, improving community wellness, and offering opportunities to discover, celebrate, and contribute to Cleveland's culinary culture.

MISSION

Cleveland Public Market Corporation strives to make West Side Market the nation's premier public market by meeting the evolving needs of merchants, customers, and the community. CPMC preserves the city's public market tradition while making the local food system more accessible, equitable, and diverse.

VALUES

1. Diversity – welcome and serve businesses, residents, and visitors with diverse lived experiences and perspectives
2. Opportunity – create the conditions for thriving, independent, and diverse local businesses that offer good jobs in the community
3. Authenticity – preserve the unique historic characteristics that make West Side Market a cherished institution
4. Food access and education – improve the community's access to and knowledge about high-quality, interesting, creative, affordable, and healthy food
5. Sustainability – center environmental impact in decision-making
6. Community engagement – promote diverse and representative leadership that values input by stakeholders
7. Community building – create spaces and programs that build community connections
8. Fiscal responsibility – make sound financial decisions to achieve self-sufficient operations
9. Professionalism – operate to the highest standards of integrity, creativity, and competence

**Diverse
Functional
Vibrant**

Development & Design Principles

Development and design principles support the mission, vision, and values of CPMC by providing strategies for increasing the customer base, diversifying the merchants and program mix, and addressing both the interior and exterior of the Market to improve the customer experience and better serve merchants. Once adopted, the development and design principles should guide decision-making as both physical and policy changes are considered for the Market.

DEVELOPMENT PRINCIPLES

The following nine principles are the core masterplan development strategies. Following each principle are concrete examples, some short term and others long term, of how the principles can be applied in terms of facility improvements, programs, and management.

1. Prioritize the Market's traditional product offerings: fresh foods and specialty foods

Examples of applying the principle include:

- Maintain the Market Hall as the location for fresh and specialty food merchants, with minimal disruption to layout and uses
- Keep rents affordable by maintaining the rental structure for fresh and specialty food merchants
- Improve infrastructure to support traditional offerings, including upgrades to the basement, elevators, HVAC, and electrical systems
- Keep the Market operating and minimize disruptions while improvements are made
- Promote West Side Market as a place for fresh and specialty food shopping with expanded marketing initiatives

2. Support long term, multigenerational businesses

Examples of applying the principle include:

- Offer multiyear (3-5 year) leases once masterplan strategies are adopted
- Ensure the voices and interests of merchants are considered by Market management, including through active participation on CPMC board committees
- Create mentorship and loan fund programs that create pathways for business transfers

3. Expand product offerings to include more ethnic specialties and prepared food and beverages

Examples of applying the principle include:

- Set product diversity goals as part of the Market's merchandise mix plan
- Create a separate prepared food and beverage zone in the North Arcade with appropriate cooking infrastructure and dining areas
- Add sales of beer, wine, and spirits, with an emphasis on locally produced products
- Expand management staff to add capacity for proactive leasing and tenant recruitment

4. Diversify merchants to better represent the region's racial and ethnic composition

Examples of applying the principle include:

- Direct leasing staff to recruit diverse operators throughout Cleveland and adjacent communities, with multilingual staff and leasing materials in multiple languages
- Partner with diverse cultural institutions and entrepreneurship support organizations to encourage business applications and to support start-up businesses during their launch and operations
- Tenant the food hall with cuisines representing the diversity of Cleveland's ethnic communities
- Establish apprenticeship programs to provide pathways for diverse entrepreneurs to buy existing businesses as owners retire

5. Expand food production within the Market

Examples of applying the principle include:

- Create shared food production facilities in the basement, with staff to support start-up entrepreneurs
- Build and maintain cooking facilities in the North Arcade
- Modernize basement storage and improve elevator operation

6. Introduce merchandisers and technologies that better serve customers

Examples of applying the principle include:

- Upgrade display cases and merchandisers to make each appropriate for individual business
- Pilot an integrated point-of-sale system with gift card and loyalty systems for all vendors in the North Arcade food hall
- Support merchants interested in expanding online sales by investing in a common ordering system with a dedicated food consolidation and pick-up location

7. Increase the availability and promotion of local foods, including participation of regional farmers

Examples of applying the principle include:

- Promote local products already sold by merchants and encourage the sale of more local foods
- Recruit new merchants who focus on local foods
- Create and operate or partner with an existing outdoor seasonal farmers' market

8. Become the preeminent place to learn about and celebrate food

Examples of applying the principle include:

- Create a state-of-the-art, hands-on teaching kitchen facility on the mezzanine
- Develop public events and festivals that celebrate Cleveland's culinary traditions
- Feature Market merchants in classes and promotional activities

9. Diversify and grow the Market's income streams

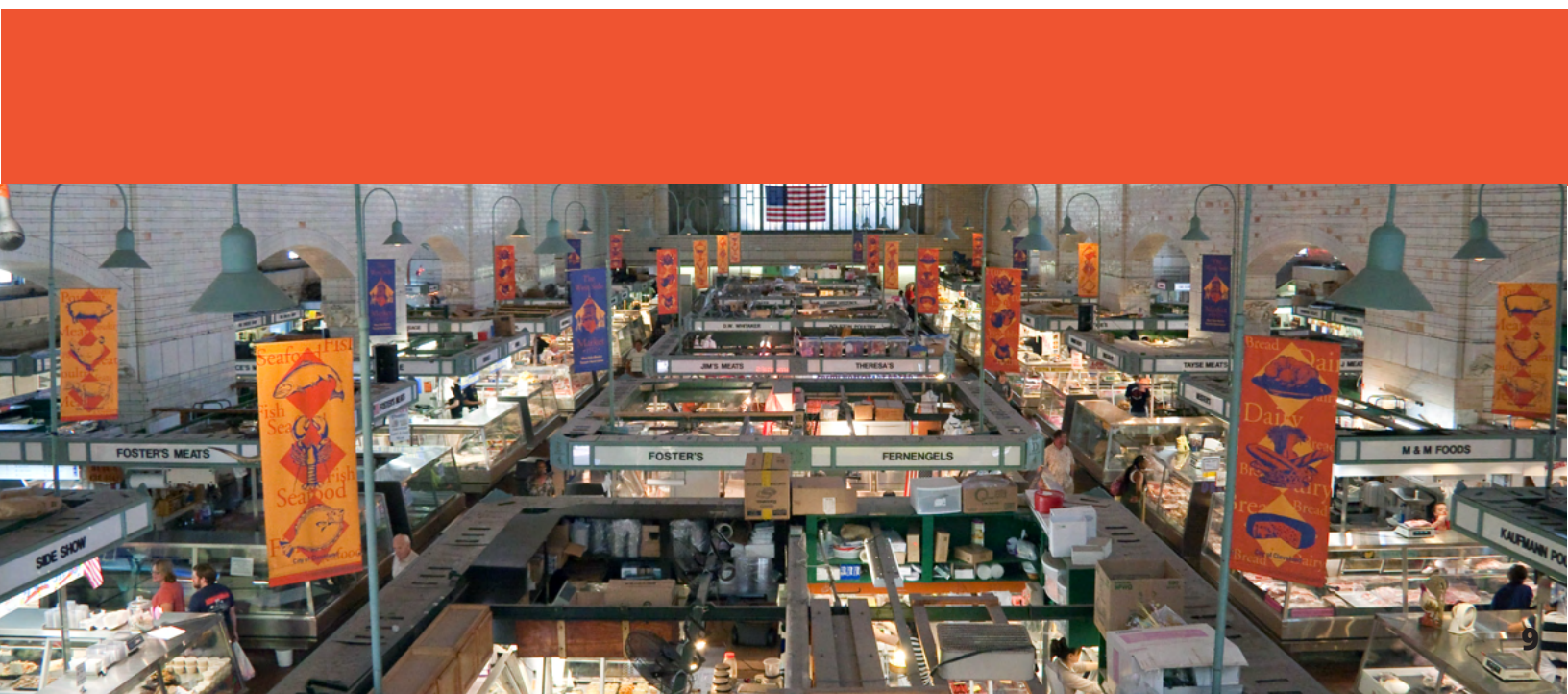
Examples of applying the principle include:

- Create spaces and managerial infrastructure to support a robust private event program, including opportunities for merchant catering and alcohol sales
- Utilize a percentage rent model for the food hall, sharing risk and reward with food hall vendors
- Enhance parking lot revenue with changes to operations and fees, particularly during hours when the Market is not operating
- Pursue sponsorship and grant revenues to support food access, education, and other community-benefit programs
- Equalize rents over time by increasing or decreasing rents per square foot so vendors' rents approach the average for their product category and location

DESIGN PRINCIPLES

The following nine design principles form the masterplan core strategies for design and are reflected in the proposed design and policy changes:

1. Preserve the historic structure and uses while updating equipment and systems for code compliance, greater functionality, comfort, resiliency, efficiency, and reduced environmental impact
2. Upgrade storage, food preparation, loading, and waste management to improve efficiency and reduce negative impacts (such as smells and rodents)
3. Encourage optimal displays for each merchant's merchandising needs, maintaining a balance between consistent design elements and individual characteristics
4. Accommodate product circulation through the Market via pallets
5. Provide various eating areas
6. Create dynamic spaces for educational and event programming
7. Expand and enhance on-site management offices
8. Minimize disruption to operations
9. Develop stall design guidelines that clarify stall configurations, building and fixture materials, and permissible equipment, and identify whether tenant or landlord is responsible for maintenance and repair



Program Elements

Developing the Market program of uses is an iterative process. The development principles interact with an understanding of the Market’s economics (including the imperatives of merchant profitability and the financial sustainability of CPMC) and the design opportunities (informed and constrained by the historic facilities).

Vacancies within the Market, including 22% of the square footage in the Market Hall and 50% in the Arcade, provide the opportunity to increase ethnic diversity of fresh and specialty food products, add prepared foods to the Arcade, and generate rents to pay for operations.



PRODUCT MIX

Fresh and Specialty Foods

As detailed in the Phase 1 report, West Side Market has a generally strong mix of fresh and specialty food products. The following chart categorizes the Market merchants by product type, based on the number of stalls (not the number of businesses), as well as the square feet within each major category:

Type	Stalls	% Stalls	Sq. Ft	% SF
Fresh	69	38%	9,256	24%
Fish	2			
Meat	19			
Poultry	14			
Produce	34			
Prepared	14	8%	3,615	12%
Ethnic	10			
Fast Food	3			
Restaurant	1			
Specialty	44	24%	8,175	27%
Bakery - Bread	4			
Bakery - Dessert	12			
Charcuterie	2			
Coffee	1			
Dairy / Cheese	6			
Dessert / Snack	2			
Dried F&V	3			
Edible Oils	3			
Maple	2			
Grocery	7			
Pasta	2			
Vacant	54	30%	9,791	32%
Total	181		30,837	

Fresh foods are those sold in their raw, fresh, or minimally processed states. In terms of fresh foods, the Market is particularly strong with merchants who sell fresh meats, including beef, pork, chicken, lamb, as well as less conventional meat products. Despite the reduction in the number of produce merchants in the Arcade in recent years, the Market still has a large produce offering (although customers voiced concerns about product quality and aggressive sales techniques).

With multiple merchants selling similar products, West Side Market achieves internal competition, which leads to product specialization, greater consumer choice, enhanced customer service, and competitive prices. With only one seafood merchant, the Market does not have internal competition in this category. The Market would benefit from at least one more seafood vendor.

By comparison, many public markets around the country have struggled to maintain their fresh food merchants. The large number and high quality of West Side Market's fresh food merchants form the foundational Market experience and are important reasons why customers keep coming back. Maintaining a strong fresh food offering is therefore a critical objective of the master plan.

The produce businesses are currently located in the eastern half of the North Arcade, with a few in the East Arcade. Once improvements are made to the East Arcade (described below), all the produce merchants should be located there, creating a robust shopping experience and freeing the North Arcade for renovations that can support prepared food vendors.

Specialty foods include a wide range of products that involve some "value add" to fresh foods. Specialty foods include baked goods, cheeses and other dairy items, spices, smoked meats, charcuterie, pasta, and a wide range of ethnic products.

With 44 stalls currently devoted to specialty foods, West Side Market has a robust offering yet there are several specialty food products typically seen in public markets that are not offered for sale. These include ice cream, chocolates, wine, and beer. The Market's prohibition on alcohol sales should be lifted under nonprofit management, both for retail (packaged) products and for on-site consumption.

Historically, the Market has been strong with ethnic specialty foods rooted in Eastern European traditions. While the range of ethnic specialties is wider today, the product mix does not reflect the full diversity of Cleveland's culinary traditions. CPMC should direct its leasing team to recruit businesses with diverse cultural and ethnic backgrounds from throughout the region.

Prepared foods

Research at West Side Market has consistently shown customer interest in more prepared foods and beverages to enjoy in the Market. The Phase 1 report identified over \$17 million in potential demand for prepared foods and beverages. In addition to meeting consumer demand, prepared food businesses can meet two other objectives: substantial rent income and a pathway to product and merchant diversity. The North Arcade provides the best location for clustering prepared food businesses into a "food hall." Unlike the Market Hall, the Arcade can more readily accommodate cooking exhaust systems. Proximity to West 25th Street is important so the food hall can operate in the evenings and be part of the dining activities that occur along that corridor.

The North Arcade is large enough to accommodate twelve vendors along with requisite indoor and outdoor seating. By concentrating the prepared food and beverage vendors in one location, the hours of operation can be different from other parts of West Side Market.

Prepared food businesses currently operating within the Market Hall without proper exhaust systems should relocate to the North Arcade. All businesses in the North Arcade should conform to the rules for that area, including the operating hours, rent structure, and use of point-of-sale systems, which are discussed below.

Alcohol

The North Arcade food hall should include alcohol sales for consumption on premises. The event spaces should also permit alcohol service, without needing a temporary license for a particular event. Market Hall merchants should be eligible to sell packaged wine, beer, and spirits, with a particular focus on products made in Ohio and the region.

The introduction of alcohol requires exploration of liquor licensing requirements. Ideally, customers consuming alcohol will be able to wander and sit anywhere within the Market's boundaries (and perhaps beyond, within Ohio City). To support the Market's small independent businesses, the cost of liquor licenses should be as low as possible.

One potential pathway is a Community Entertainment District, which permits multiple liquor licenses within a small geographic area that includes a combination of entertainment, retail, educational, sporting, social, cultural, or arts establishments that are near enclosed shopping centers, retail sales establishments, and restaurants, among others. Cleveland has seven CEDs, including one in Ohio City. Other cities have multiple CEDs in a single neighborhood, such as three CEDs in Cincinnati's Over the Rhine neighborhood (where Findlay Market is located). At present, the cost for an individual liquor license issued by the state within a CED is \$2,444, which is substantially below the cost of buying a license on the open market.¹

Another pathway is a Designated Outdoor Refreshment Area (DORA), which allows multiple liquor-permit holders to sell drinks within one footprint and people can walk within the designated area with those drinks. According to the Ohio Department of Commerce, the decision of whether to create a DORA, including its size, how many should be created, its hours of operation, what cups

are used, or any health, safety, and sanitation plans when the DORA is in effect are all locally-controlled decisions. The Van Aiken District in Shaker Heights is a DORA. There are not yet any DORAs in Cleveland.²

Nonfood Products

There is currently a small quantity of nonfood products offered for sale in the Market Hall, namely cookware. Food-related products like these are appropriate. Another valuable nonfood product typically seen in public markets is flowers, particularly if those flowers are sourced from local farmers. Flowers could be sold in either the East Arcade or Market Hall. Businesses selling other nonfood products, such as handmade crafts, should not be offered leases but could be incorporated into festivals or pop-up markets.

Many public markets offer branded merchandise such as t-shirts and hats. CPMC could install an automated merchandiser in an unused space for this purpose and sell merchandise online.



Merchbox with Union Market branded merchandise located at Union Market in Washington, D.C.

Leasing Guidelines

Numeric guidelines should be adopted for future vendor recruitment and leasing decisions. At present, 30% of total leasable area is fresh food. Removing the vacant space from the calculation, fresh food currently represents 43% of leased space. Specialty foods are 27% of leasable area and 41% of leased space, while prepared foods equal 12% of leasable area and 16% of leased space.

The proposed guidelines, based on leasable square footage, essentially maintain the percentages of fresh and specialty products while replacing the vacant spaces with prepared foods. The Market Hall and East Arcade are proposed to be places to shop for fresh and specialty products, while the North Arcade is the primary place to eat and drink (see chart below).

For the Market Hall, the goal is to reduce vacancies to three percent or less of leasable area, while adding fresh and specialty food merchants. The North Arcade is proposed to be mainly prepared food merchants and some specialty products (such as ice cream).

The East Arcade is recommended to be filled with produce vendors.

Once the board of CPMC adopts leasing guidelines, they should be used by Market staff as they recruit new merchants and bring proposed leases to the Merchant Relations Committee for consideration. The numbers provide a metric to evaluate leasing success.

“
The Phase 1 report identified over \$17 million in potential demand for prepared foods and beverages.

SF	Current	Market Hall	North Arcade	East Arcade	Total
Fresh	29%	40-45%	0%	85-95%	30-35%
Specialty	28%	40-45%	5-10%	0-10%	25-30%
Prepared	11%	10-15%	85-90%	0%	30-35%
Nonfood	0%	2-5%	0%	0-5%	1-2%
Vacant	32%	0-3%	0-3%	0-3%	0-3%



FOOD PRODUCTION & STORAGE

Production and storage facilities are critically needed to meet the goal of retaining fresh food merchants. Nearly all the merchants at West Side Market differentiate themselves from outside competitors by some value-added product or service. The butchers, for example, perform custom butchery, make sausages, and create smoked meat products (they also differentiate themselves by sourcing their meat from local farms and providing deep expertise and advice to customers). Most of the bakers produce their own products but in production facilities located elsewhere around the city. Storage is critical because most Market stalls are very compact and cold and dry storage are needed to maintain inventory that will meet customer demand.

Basement

The basement plays a central role in West Side Market's operation for both storage and food production. The meat and poultry merchants rely on their basement spaces for meat cutting operations. At present, the basement is wholly inadequate for these functions and outdated infrastructure makes cold storage highly energy inefficient. The basement should be upgraded to meet modern standards and meet health codes, including refrigerated cutting spaces, water and drainage, improved lighting, and insulated and efficient refrigerators and freezers.

Arcade produce businesses rely on the basement for storing their inventory. Since the Arcade is not air-conditioned or well heated, vendors typically move their entire displays into the basement each evening and



Production and storage facilities are critically needed to meet the goal of retaining fresh food merchants.

set up displays every morning, which is inefficient and can negatively impact product quality. By making the East Arcade fully conditioned space, vendors can keep some products overnight in refrigerated display cases, improving product quality and vendor operations. The ambient temperature will be suitable for products such as onions, potatoes, winter squash, and some fruit, thereby decreasing (but not eliminating) the need for basement storage space.

The basement currently extends underneath the North Arcade, providing an opportunity to add a new freight elevator and staircase in the Arcade that will greatly improve the movement of products and relieve pressure on the historic freight elevators, which frequently break down.

Pallet Jacks

Unlike most other retail public markets, merchants at West Side Market utilize pallet jacks to move large quantities of products between the loading dock, the selling floor, and the basement. The recommended basement redesign and infrastructure improvements support the movement of goods via pallet jack, with adequately wide corridors, functioning freight elevators, and a centralized place for charging.

Shared Commercial Kitchen

Merchants expressed interest in a shared commercial kitchen within the Market, including merchants who rent production spaces elsewhere in the region and must transport their products to the Market, increasing their costs. Several other public markets around the country have developed shared commercial kitchens and found them to be valuable assets to support merchants and meet their mission. Potential users include:

- **Existing merchants.** A shared kitchen can be used by a variety of merchants to expand their product offerings and supplement their production needs, particularly at high volume times such as Thanksgiving or Easter.
- **Start-up entrepreneurs.** Start-ups can produce their products in a certified kitchen and benefit from staff support and mentoring by experienced merchants. The Market can provide retail space for these start-ups to sell on a daily or pop-up basis, and entrepreneurs can access potential buyers for their products on a wholesale basis (leasehold merchants).
- **Caterers.** A shared commercial kitchen can support merchants who want to serve as caterers for events at the Market or elsewhere. This will become important once the proposed mezzanine event spaces are constructed.

Consolidation Hub for Online Sales

Following the transition to nonprofit management and a start-up period for CPMC to master its basic managerial responsibilities, CPMC should explore in greater depth the options for creating an online ordering platform that allows customers to purchase products from participating merchants throughout the Market.

Improvements in technology and changing consumer behavior have increased online sales and demand for the delivery for groceries. While some Market merchants have websites and do some online transactions, most still rely on the telephone for call-in orders. They do not have the space, staff, or comfort with technology to pursue online sales and delivery.

Several historic public markets have created online ordering systems, including Reading

Terminal Market, Findlay Market, and London's Borough Market, which combine a website that offers online ordering from multiple merchants, a place for product consolidation within the Market, and options for pick-up, local delivery, or shipping services.

An online ordering service is a business concept unto itself and requires careful planning and consistent execution. It may require additional staff support. Various software service providers offer this capability and have expressed interest in partnering with the Market. To consolidate and ship orders, a space of approximately 20' by 25' will be needed for shelving, refrigeration, prep tables, and packaging station. This space can be located within the basement, using one or two dry storage cages.

Basement Program

The proposed basement program includes:

Basement Program	Number	SF
Walk-in refrigerators/freezers	51	7,032
Dry storage and prep room cages	31	1,610
Consolidation hub	1	500
Shared kitchens (including staff office)	2	1,970
Shared clean room	1	320
Pallet jack charging room	1	635
Market storage	1	160
Employee break room and facilities office	1	578
Restrooms upgrades	2	

In addition, the basement development program includes:

- Upgrades to existing freight elevators
- New freight elevator and stair from the basement to the North Arcade
- New passenger elevator in the Market Hall's southwest corner linking the downstairs public restrooms to the first floor and to the mezzanine offices
- Modern, high efficiency refrigeration systems for cold storage

EVENTS & EDUCATION

CPMC's core values include improving the community's access to and knowledge about high-quality, interesting, creative, affordable, and healthy food. The organization's tax-exempt status relies in part on its educational purpose. Other core values, including community-building and community engagement, are well served by spaces and programs in the Market devoted to events and education.

Teaching Kitchen

A hands-on teaching kitchen provides a dynamic space for cooking and nutrition classes. A relevant model, developed successfully at the Grand Rapids Downtown Market, includes multiple adjustable height cooking stations that can accommodate young children through adults and a teacher's station. The teaching kitchen can be used for a variety of programming, including hands-on cooking classes for children and adults, merchants' product demonstrations, chef dinners, and nutrition education. The kitchen can also support catering that takes place in the mezzanine event areas.

The teaching kitchen provides the opportunity to partner with various Cleveland

organizations involved with nutrition and culinary education, including within the healthcare, education, and wellness space.

The teaching kitchen is proposed for the space on the mezzanine that was designed as the women's locker room and is currently used as an informal break room for women who work in the Market. A new employee break room is proposed for the basement.

Event Space

Public and private events play important roles at many public markets. Public events at public markets typically include food festivals, pop-up markets, lectures, and all manner of activities that serve the Market's mission. Private events include weddings, cocktail parties, sales meetings, and fundraisers. A dedicated space for events within West Side Market would open up these possibilities and provide valuable income streams.

The former men's locker room in the mezzanine at the east end of the Market Hall provides a suitable event space. Once redeveloped as a food hall, the North Arcade and the adjacent outdoor courtyard can also accommodate events, with the merchants serving the catering function.



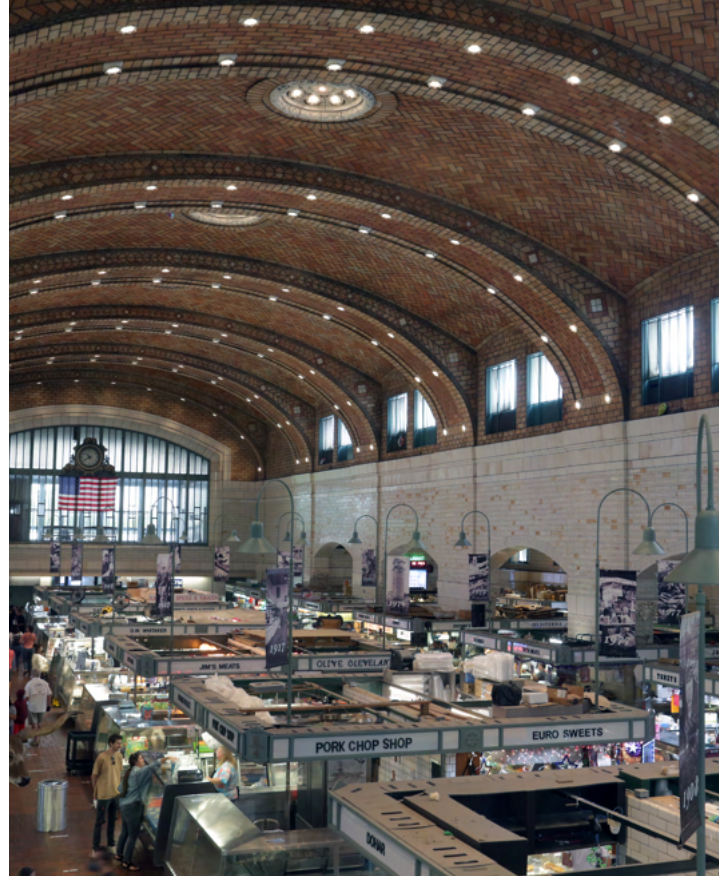
Teaching Kitchen, Grand Rapids Downtown Market

RESTROOMS

Existing basement restrooms should be upgraded and made more accessible with a new elevator in the Market Hall's southwest corner. New restrooms should be created in the northeast corner of the Market Hall to serve the mezzanine event and education spaces and to serve the North Arcade. Nongendered restrooms should also be created. Recommendations for bathroom locations are provided in the layout plans.

MANAGEMENT OFFICES

As will be discussed below, the Market requires a professional management staff of approximately eight to ten people. Management staff should have their offices in the Market, making them accessible to merchants and able to keep a pulse on the Market's functioning. The offices should include a meeting room. The two separate office spaces on the west mezzanine, connected by the catwalk, provide a suitable location for improved office spaces, served by the new elevator to make the space accessible.



The teaching kitchen can be used for a variety of programming, including hands-on cooking classes for children and adults, merchants' product demonstrations, chef dinners, and nutrition education.

Conceptual Design

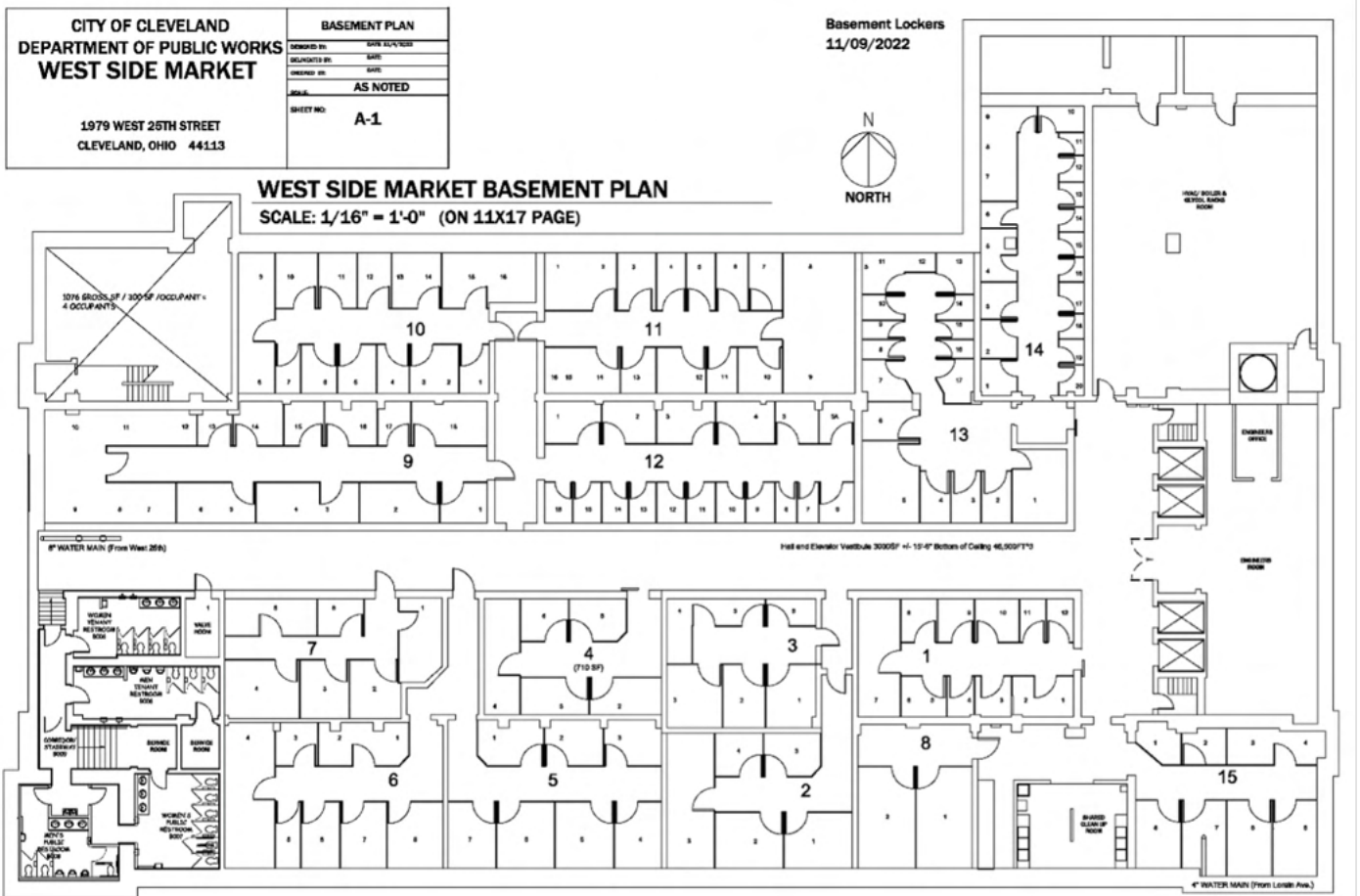
BASEMENT

The basement currently encompasses 29,500 square feet. Products arrive via four freight elevators, which are outdated and frequently fail. Shortcomings with the basement include:

- Inadequate ventilation
- Pest infestations
- Noncleanable surfaces
- Potential cross contamination
- Inadequate plumbing to support food processing
- Outdated and inefficient refrigeration equipment

Recent upgrades to the basement include electrical service and a reconstructed common cleaning room. The plan leaves these improvements in place.

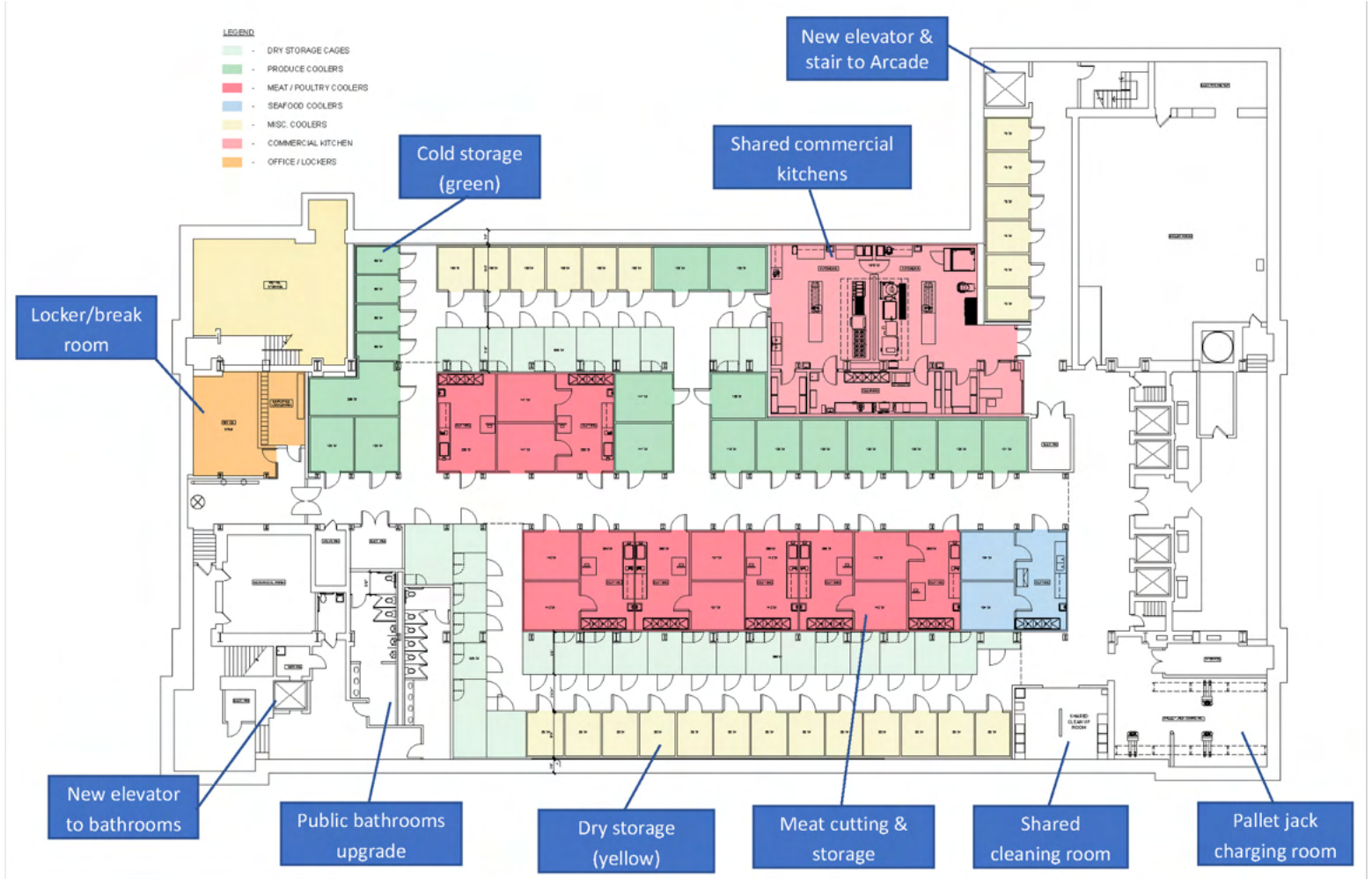
The basement currently encompasses **29,500** square feet



Current basement configuration

The proposed basement plan includes over 21,000 square feet of storage and production space.

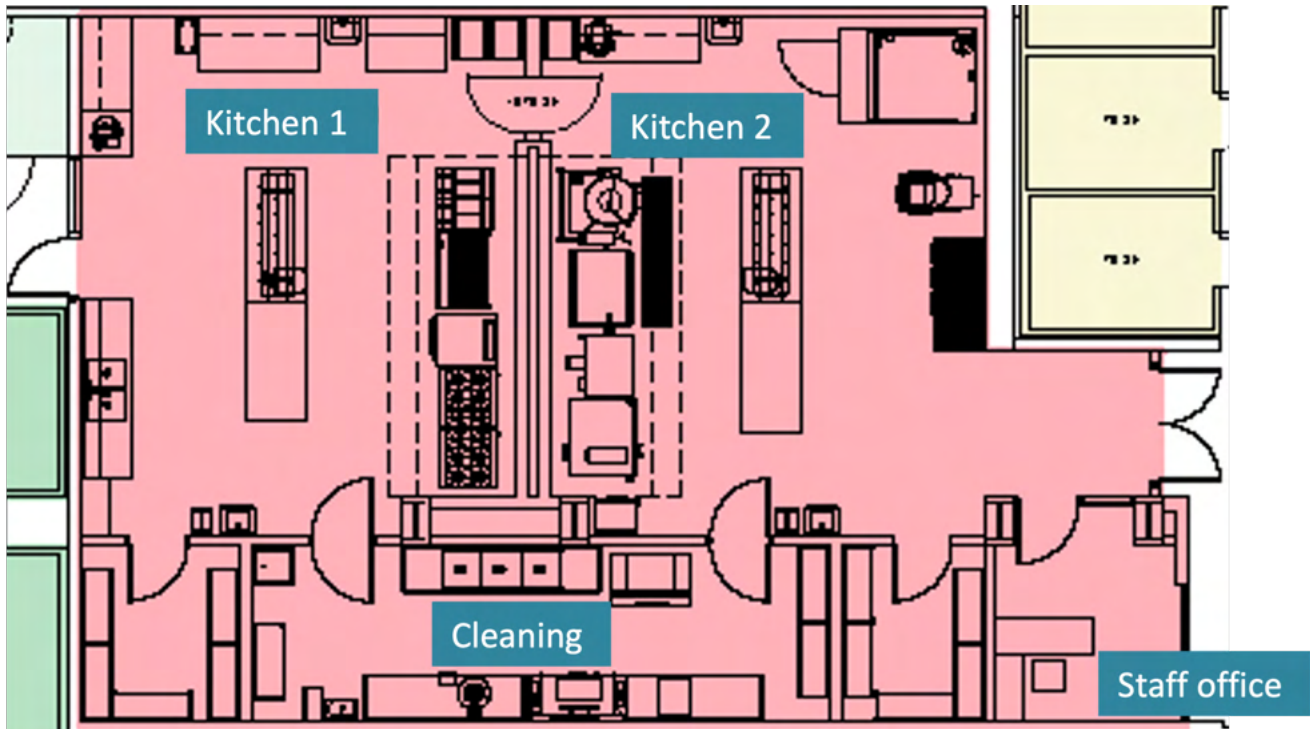
The basement plan represents an efficient layout of the design program, with clustering of cold storage around the central corridor and introduction of refrigerated cutting rooms for meat and seafood businesses.



Shared Commercial Kitchens

The plan proposes two kitchen zones so multiple users can cook simultaneously. There is a common cleaning room and two walk-in refrigerators, which can accommodate shared cold storage by renting individual shelves. The plan also shows a staff office.

Shared commercial kitchens typically provide a standard set of cooking equipment, including stoves, ovens, and mixers. Entrepreneurs needing specialty equipment, such as pasta machines, bring their own.

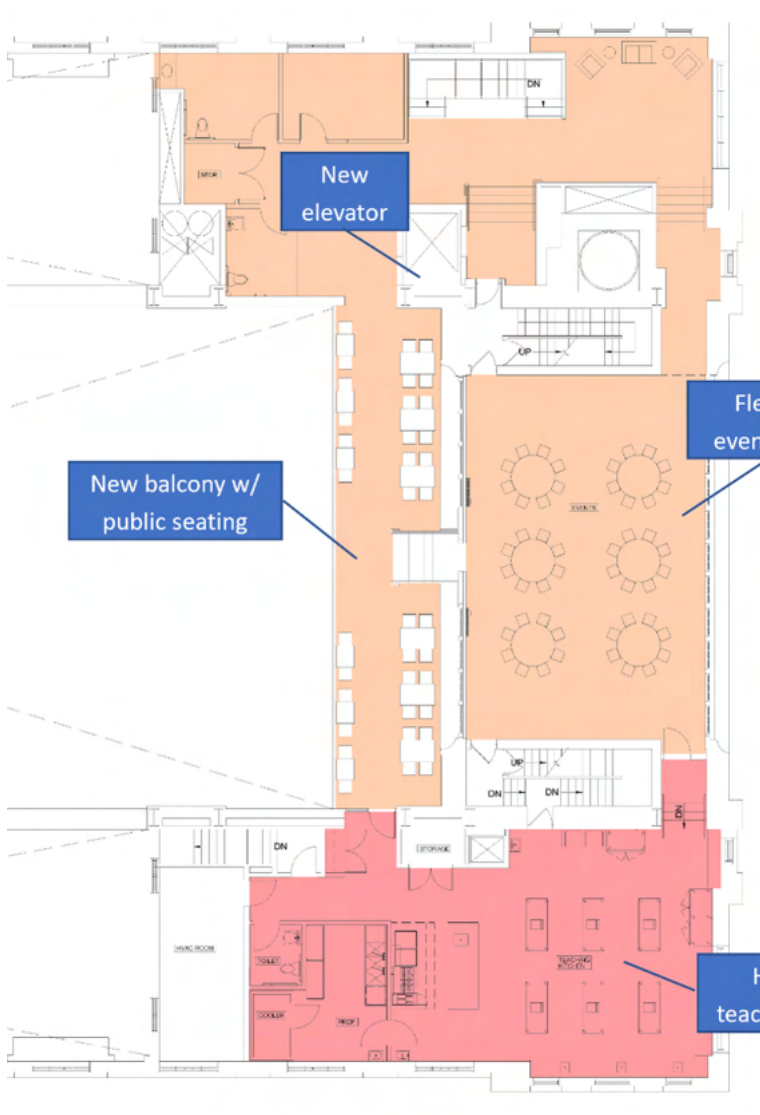


Shared Commercial Kitchen, Grand Rapids Downtown Market

EAST MEZZANINE - EVENT & EDUCATION

The proposed plan for the east mezzanine replaces vacant and underutilized spaces with a new seating area, event spaces, and a hands-on teaching kitchen. To address awkward elevation changes, a “bridge” is proposed in front of the glass windows for seating and to link the teaching kitchen to a new elevator and stairs on the north end. The north end also has a nongendered bathroom for convenience and a multipurpose green room/bride’s room next to the stairs.

The teaching kitchen offers six cooking stations for students and a demonstration or teacher’s station in the front. A prep/clean-up room is located behind the teacher’s station, with a walk-in refrigerator and a bathroom (which is particularly valuable if there are young students using the space). This space can be used as a catering kitchen to support catered events in the main event room.

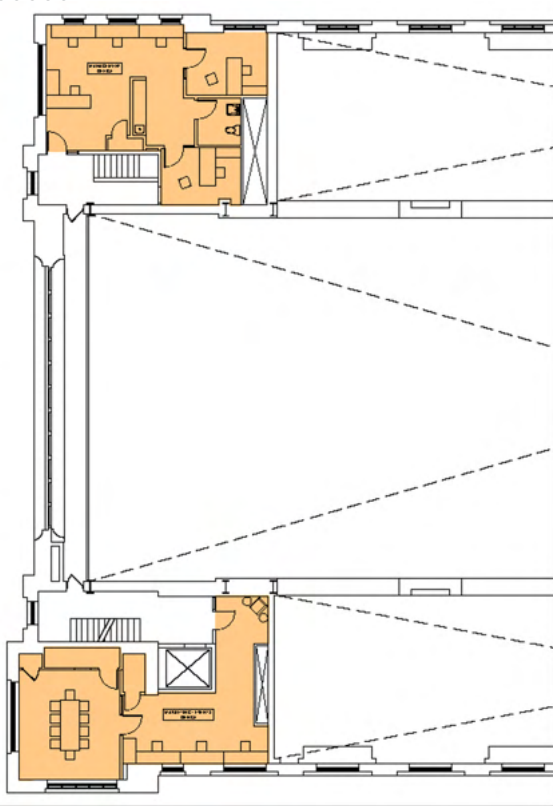




Artist's rendering of mezzanine event space



Artist's rendering of teaching kitchen

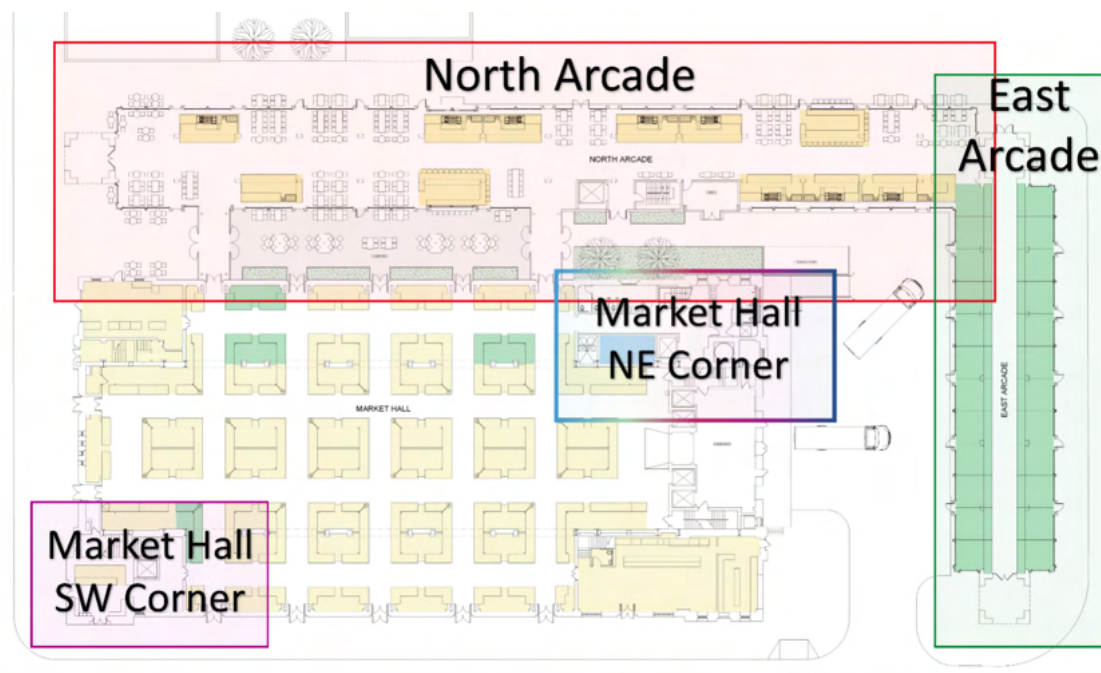


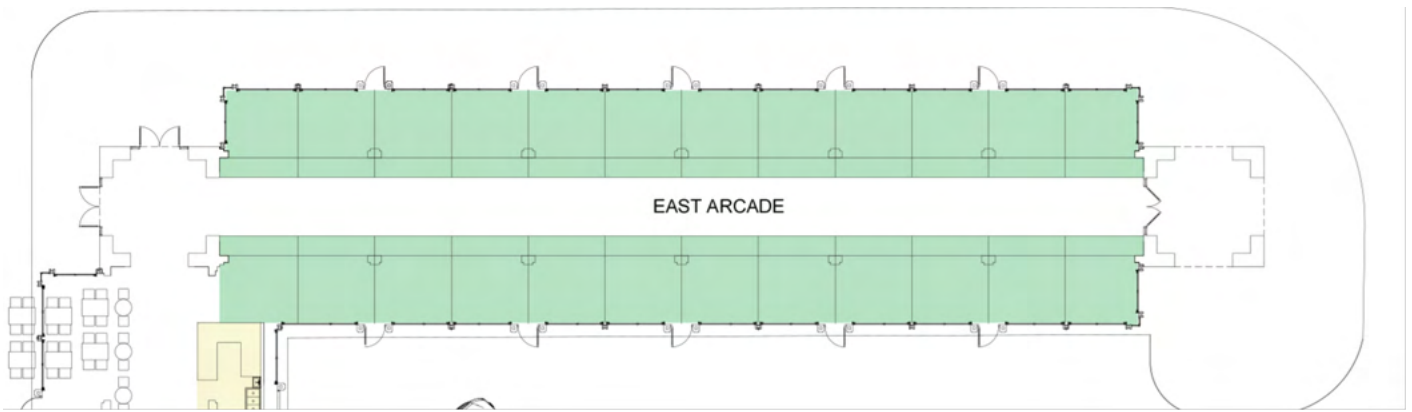
WEST MEZZANINE - MANAGEMENT OFFICES

The management office design utilizes the two corner spaces in the west end of the Market Hall, which today have the Market offices on the south side and the tenant association office and a large meeting room on the north side. The addition of an elevator on the south side makes the offices ADA accessible. Two additional rooms, accessible by stairs, can be upgraded into offices above the south office. In the future, the space inside the clock tower may be reimagined as a conference room or additional office space. The proposed layout might require adjustment if space is needed for new air handling units to support the Market's upgraded HVAC system.

GROUND FLOOR CONCEPTS

Changes are proposed in four areas: the North Arcade, East Arcade, Market Hall northeast corner, and Market Hall southwest corner.





EAST ARCADE

The produce businesses which currently are spread between the North and East Arcades – along with 50% vacant space – are recommended to be clustered in the East Arcade. As drawn, the East Arcade can accommodate 24 produce stalls of 127 square feet each (11' by 11.5').

Proposed improvements to the East Arcade include:

- HVAC
- Upgraded electrical to support refrigerated display cases
- Upgraded plumbing with hot and cold water and drainage at every stall
- Upgraded lighting
- Improved door systems to eliminate drafts, improve weather tightness, and reduce pest access

The proposed freight elevator and staircase connecting the basement to the North Arcade will allow the produce businesses to access their products in storage without going outside.

During renovations, the few vendors who currently sell in the East Arcade can be temporarily relocated to the North Arcade. Once East Arcade construction is completed, all of the produce vendors can move to the East Arcade and allow construction to begin on the North Arcade. Rather than continuing the

practice of one singular counter running the length of the Arcade, vendors in the East Arcade should configure their leased spaces to best suit their needs, including the addition of refrigerated cases. This might include “walk-in” spaces to increase the display area.

The East Arcade strategy keeps the produce businesses clustered together, as the current businesses requested, and keeps the produce closest to the parking lots, so nearly all customers are exposed to produce on arrival. While the North Arcade is under construction, customers will need to be routed through the East Arcade to Lorain Avenue, on their way to the Market Hall. This period will help create a new consumer traffic pattern that should support the produce merchants in the long run.



Artist's rendering of renovated East Arcade with produce merchants



Artist's rendering of renovated North Arcade food hall



Artist's rendering of new plaza and connectors between North Arcade and Market Hall

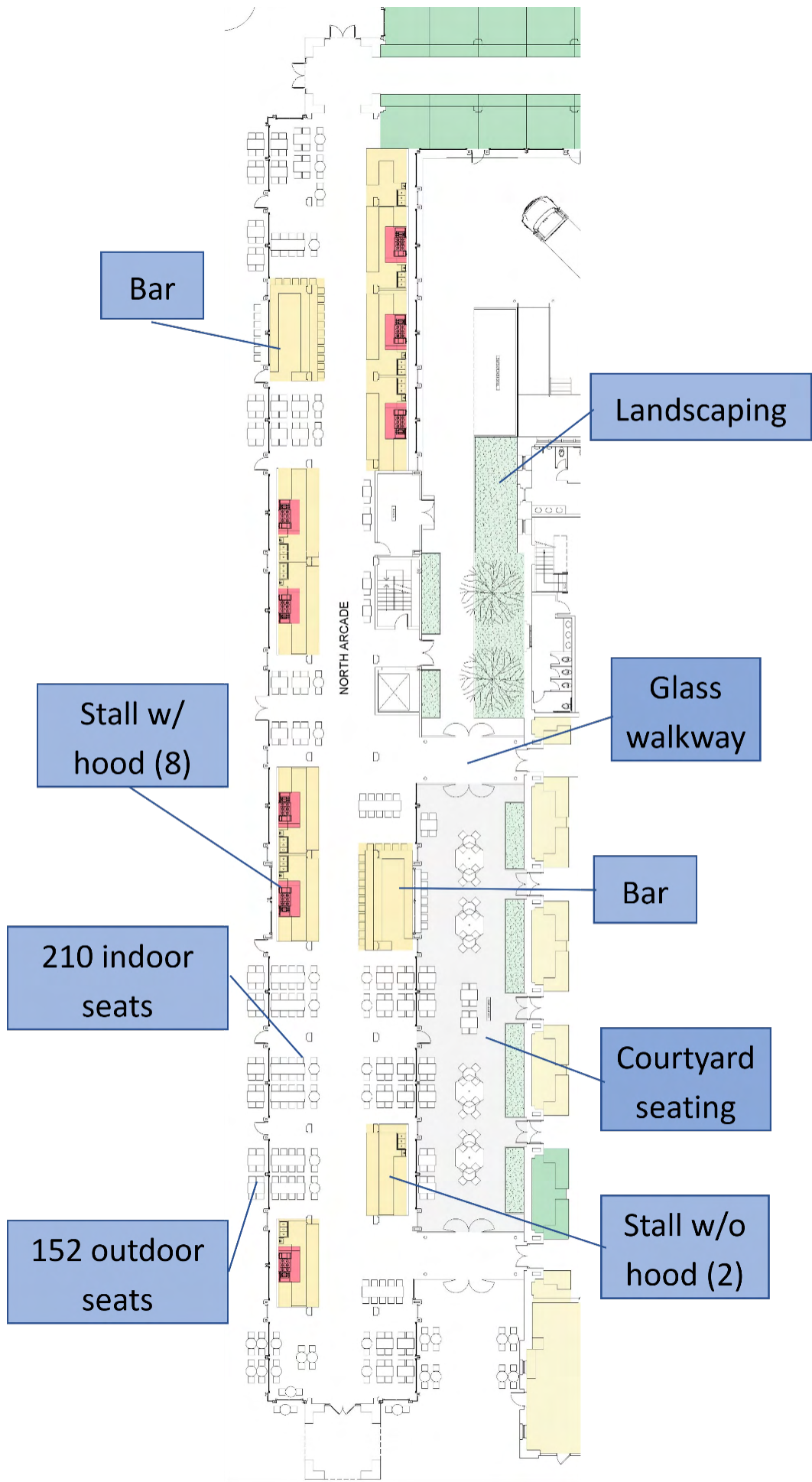
NORTH ARCADE

The layout plan for the North Arcade includes twelve vendor stalls: eight stalls with kitchen exhausts, two stalls without kitchen exhausts, and two bars. The plan shows 210 indoor seats and 152 outdoor seats.

Glass enclosed walkways are proposed to connect the North Arcade with the Market Hall. The current exterior doors therefore become interior doors that can remain open, eliminating a pinch point that currently impacts customers

with strollers or in wheelchairs. The walkways create a protected courtyard seating area, which can be used for private events while the North Arcade is open to the public.

New restrooms in the Market Hall's northeast corner can serve patrons using the North Arcade space, including hours when the Market Hall is closed.





Various methods have been explored to introduce air conditioning.

MARKET HALL – INFRASTRUCTURE

Heating, Ventilation and Air Conditioning (HVAC)

The existing mechanical ventilation system for the Market Hall consists of antiquated roof mounted supply and exhaust fans without heating or cooling. The lack of air conditioning not only makes the Market Hall uncomfortable for customers and merchants but causes the display cases to malfunction and break down. Refrigerated display cases are designed to operate within a specified range of temperature and humidity. High heat and humidity cause glass fogging, which makes it difficult to see products and thereby suppresses sales, and water dripping within the cases, leading to compressor failures and spoiled products. The lack of heating within the ventilation system means that cold air is being introduced into the Market Hall on cold days, making the heating system work significantly harder and less efficiently. The basement does not have mechanical ventilation, a code requirement.

Various methods have been explored to introduce air conditioning. The proposed solution from CoolSys is adding four large air handlers on the mezzanines, connected to rooftop compressors, for heating, cooling, and dehumidification control. Additional information from CoolSys is provided in their report.

Roof Repair

Holes in the roof are leading to water entering the Market. The roof requires repair and funds have been allocated already for this purpose.

Entrances and Signage

Narrow entrances into the Market Hall make entry difficult for wheelchair users and people pushing strollers. The proposed glass passageways between the North Arcade and the Market Hall will alleviate this problem because the doors in the Market Hall can be kept open during Market hours.

The Market Hall would benefit from greater transparency, particularly on the 25th Street side, so first-time visitors could glimpse the activities inside. Within the confines of the historic structure, the barriers that restrict visibility of the ground floor windows and doors should be removed.

Based on door count data, few customers use the midblock doors along Lorain Avenue. Three of these entranceways could be taken offline, better securing the building from weather and improving the customer experience.

West Side Market has limited signage on the building periphery, particularly at the pedestrian level. Exterior signs should be introduced, including a grand sign from the parking lots on the east side.

Display Cases

West Side Market utilizes a standard refrigerated display case for nearly every stall, which serves some businesses well but not others. Over time, ownership and maintenance of display cases should be the responsibility of merchants, not CPMC. Merchants should purchase display cases that meet their merchandising needs, since bakery cases (for example) are different than meat cases. Depending on CPMC's financial condition, it could offer some rent abatement to merchants who purchase their own cases.

Electrical Distribution

Planned electrical upgrades include replacing the electrical panels at each numbered vendor stall within the Market Hall. By code, nothing can be placed in front of electrical panels (although this requirement is generally not followed within the Market). Given the small size of stalls, this could severely impact vendors' operations if enforced.

One option worth exploring is a "bus duct" system that increases flexibility by using electric meter readers rather than power panels. Another option is to reduce the number of panels. CoolSys recommends installing two panels per quad and one panel for the adjacent two perimeter stalls, and using submeters to assign consumption costs.

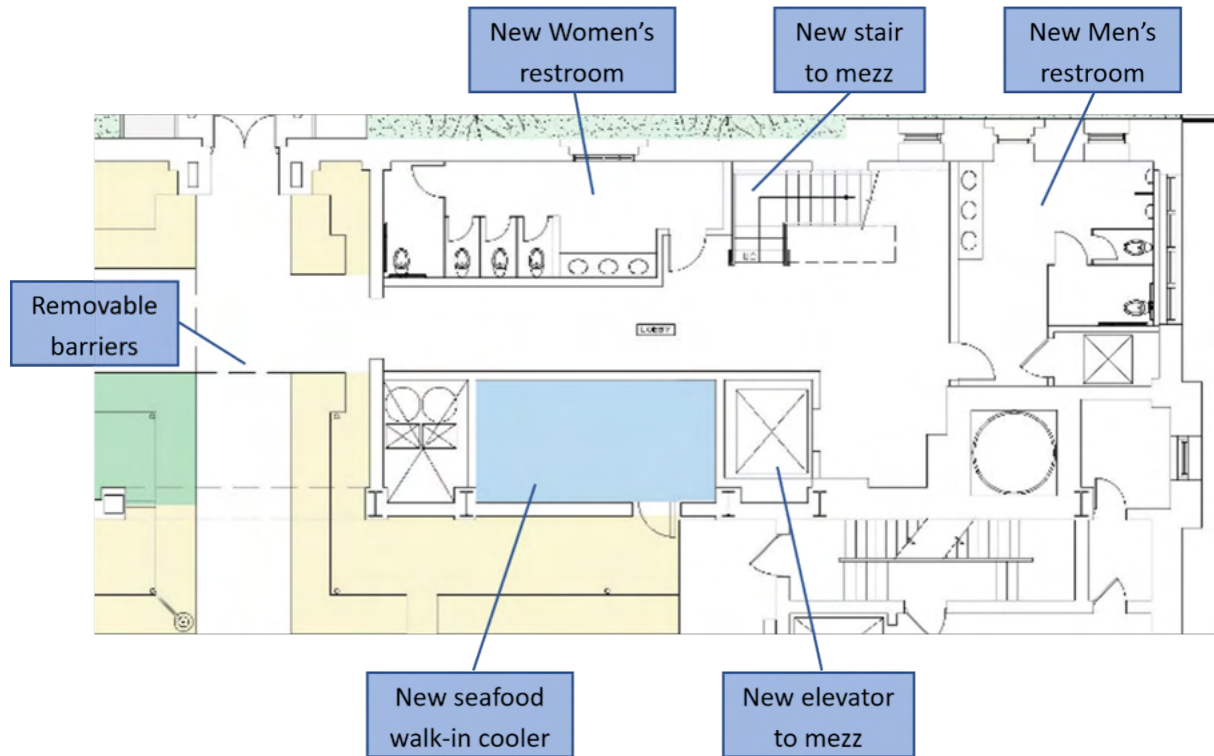
Emergency Power Backup

CoolSys recommends installing emergency power backup for the refrigeration system. This could be accomplished with outdoor mobile generators that are brought in when the power goes out, which is standard practice among supermarkets.



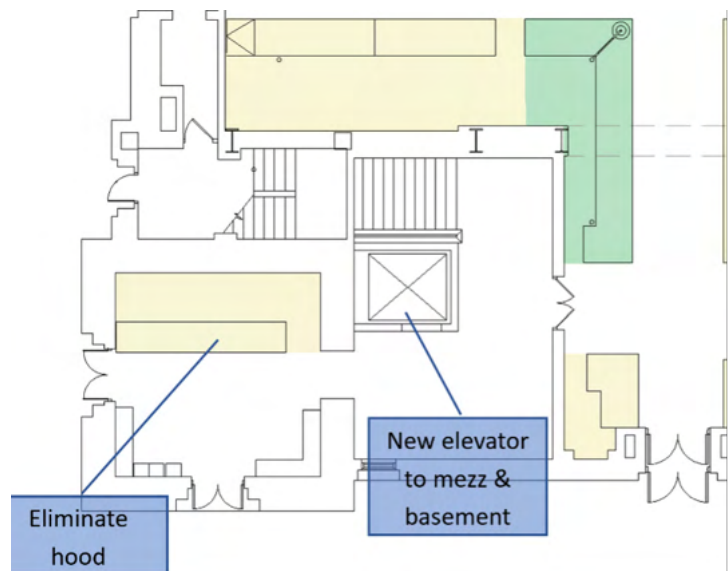
MARKET HALL - NORTHEAST CORNER

The Market Hall's northeast corner, which currently does not have any merchants, is redesigned to serve the circulation needs of the upstairs event and education spaces, to provide a walk-in refrigerator for the seafood merchant, and to provide ground floor restrooms. If events take place on the mezzanine or in the North Arcade when the Market Hall is otherwise closed, removable barriers can prevent customers from entering the Market Hall aiseways.



MARKET HALL - SOUTHWEST CORNER

Minimal changes are proposed for the southwest corner of the Market Hall. A new passenger elevator will serve both the offices above and the restrooms below. Removing the existing kitchen exhaust hood from the entrance vestibule improves the office layout on the mezzanine. This hood could be replaced with a ventless hood.



Innovations & Partnership Opportunities

EDUCATION AND WELLNESS

CPMC's status as a tax-exempt nonprofit organization stems in part from its educational mission. Education is also a core value of the organization, with the goal of improving the community's access to and knowledge about high-quality, interesting, creative, affordable, and healthy food. This educational function can happen directly with programs offered by Market staff and in partnership with both Market merchants and with educational organizations throughout the community.

Teaching Kitchen

The hands-on teaching kitchen provides the infrastructure for cooking and nutrition classes. Dieticians and doctors interested in culinary medicine from the city's health care systems are strong candidates for partnerships.

CPMC will need to create a rental fee structure for the teaching kitchen. A tiered cost structure might provide different fees for the following groups:

- Classes offered for free that are focused on low resource residents (free or subsidized use of the kitchen)
- Classes offered by Market merchants (*discounted, with a higher discount or no cost if the classes are offered for free*)
- Classes open to the public offered by outside instructors (*market-rate*)
- Private events that use the Teaching Kitchen, such as chef dinners or manufacturers' demonstrations (*market-rate, perhaps with a suggested donation as well*)
- Use of the kitchen for a fixed number of classes based on a sponsorship provided to the Market. The sponsorship might include naming or branding opportunities within the Teaching Kitchen, elsewhere within the Market, or on the Market's website or social media.

To estimate income for CPMC, the operating pro forma includes an average of \$300 per event for 50 events per year. This income starts in year three and the number of events and rent are projected to grow 3% each year.

Food Access

As one of the few remaining sources of fresh food in the City of Cleveland, coupled with the Market's accessibility via public transit, the Market's continued existence by itself provides an important food access function. This role can be enhanced by continuing to ensure that all eligible merchants take SNAP benefits and participate in other food access programs. The CPMC merchant sublease should require all eligible merchants to do so.

CPMC can play an expanding role in food access by partnering with other food access organizations, such as the Greater Cleveland Food Bank, to create programs that support each organization's mission and leverage their capabilities in order to help alleviate hunger in the community.

Once CPMC has gained experience with managing West Side Market,, it should explore innovative programs to bring fresh foods to accessible sites around the city. Eastern Market in Detroit has created satellite markets around that city to address similar issues.

ENTREPRENEURSHIP & WORKFORCE DEVELOPMENT

Small business entrepreneurship is at the heart of West Side Market. Public markets are natural incubators, with their small vendor stalls, minimal build-out needs, and supportive management infrastructure. West Side Market provides affordable start-up opportunities in a place with a consistent customer base and with seasoned merchants who often assist new merchants through either casual input or who demonstrate by example. Successful entrepreneurs can expand their business within the Market (as currently evidenced by the Market merchants with multiple stalls) or open locations around the region.

West Side Market can extend or accelerate entrepreneurship, particularly in service to the goal of expanding diversity among Market merchants. This work should be done both by Market management staff and with partnering organizations.

New entrepreneurs often lack core business skills and experience, and are unfamiliar with bookkeeping, how to calculate and use financial ratios, and uses of technology. The Market can partner with local small business assistance providers to place new or prospective merchants into the right training environment. Low cost or free software, including financial management programs (such as Quickbooks Online), sales tax compliance (such as Davo), employee scheduling (7 Shifts), and POS systems (such as Toast or Square), can all increase business efficiency and provide data that assist with cost containment and customer retention and growth. New merchants who need support should be required to use a Market-designated POS and provide sales information access to management and support organizations.

Shared Commercial Kitchen

The shared commercial kitchens provide infrastructure to launch a kitchen incubator program, where promising entrepreneurs are provided discounted access to food production facilities, training, and support services. The Market can also provide retailing space for incubator participants to sell their products directly to consumers (providing crucial feedback from end users) or existing merchants can make arrangement to sell the participants' products from their stalls.

Potential partnering organizations include the culinary program at Cuyahoga County Community College and Central Kitchen, which runs a successful kitchen incubator program on Cleveland's East Side. The NE Ohio Hispanic Center for Economic Development has expressed interest in supporting entrepreneurship initiatives at West Side Market. They currently interact with about 1,000 entrepreneurs per year, both helping to launch new businesses and supporting existing ones. Their counselors can provide technical assistance to start-ups and potentially help operate the Market's incubator program, with a particular focus on Hispanic entrepreneurs.



Public markets are natural incubators, with their small vendor stalls, minimal build-out needs, and supportive management infrastructure.

Hispanic/LatinX Strategy

Given the large Hispanic and LatinX population that lives nearby, the vibrancy of its small business economy, and feedback that Hispanic and LatinX customers have not found the Market to be inviting (see page 97 of the West Side Market Revitalization Plan report), West Side Market should explore a multipronged approach to tapping this opportunity. Initiatives could include:

- Recruiting Hispanic and LatinX-owned businesses to sell at the Market
- Encouraging Market merchants to carry and promote culturally appropriate foods (eg, produce such as avocados, cilantro, plantains, jicama, sweet peppers, and tropical fruit, and meat cuts such as flank steak)
- Staging Hispanic and LatinX themed events and music
- Targeting marketing toward the local Hispanic and LatinX community

Mentorship Program

Numerous merchants at West Side Market tell a similar story of starting as a teenage employee, becoming the apprentice to a skilled worker such as a meat cutter or baker, and eventually starting their own Market business or taking over operations from their mentors. To ensure continuity among the core Market businesses such as butchers, some of whom are likely to retire soon, the Market could initiate a workforce development program that supports this mentorship model and provides a pathway to business ownership transitions. Components of the program might include wage subsidies for apprentices, business training, a loan pool that provides capital for apprentices to purchase Market businesses, and legal services to support ownership transitions.

TECHNOLOGY

Rapid changes in the tech sector generally and the explosion of food halls around the country have stimulated innovations in point-of-sale, online ordering, and digital gift card systems that support multi-vendor facilities. These systems improve the customer experience, offer new ordering and tracking capabilities, and provide a wealth of data that can be valuable for both individual merchants and Market management. These systems are powerful and affordable.

New food halls and some public markets require that all merchants utilize an integrated POS system and participate in the Market's online ordering and gift card programs. The system can be designed so each merchant uses its own federal employer identification number (FEIN) to establish an account with the POS provider so all sales flow into the merchant's bank account. Transaction information is available to each merchant for its own sales and the Market has access to sales information across all merchants.

Merchants in historic markets typically oppose the idea of integrated POS systems and do not want management to have access to their sales information. This attitude flows in part from decades of antagonism between merchants and management. This is the case at West Side Market.³ Therefore, it is not recommended that the Market impose a common POS on existing all merchants in the Market Hall or the East Arcade. However, a common POS should be required for all merchants in the North Arcade and for new merchants entering the Market Hall or East Arcade.

The integrated POS facilitates implementation of a percentage rent model (discussed below), allows customers to order in advance or for delivery, provides text notification when orders are ready (eliminating the need to stand in line or hover around a stall while food is being prepared), and supports common gift cards. Management will have data to see how each merchant is performing, gauge the effectiveness of marketing initiatives, and tweak operational practices (such as hours of operation) based on solid evidence.

POS systems integrate with various business apps, including automated sales tax reporting, employee scheduling, online ordering, and financial management, creating a highly efficient and cost-effective ecosystem to support small businesses.

If the common POS proves to be successful in the North Arcade, then eventually CPMC could decide, with merchant input, to introduce the system throughout the entire Market, with reasonable safeguards to ensure confidentiality.

Currently, the merchant association offers gift certificates that can be used like cash with any vendor at the Market. By using a digital gift-card system, any merchant using the point-of-sale system can both sell and redeem the Market's branded gift cards. They can be configured so a percentage of the sale goes to the business that sells the card to a customer (typically about 8%), providing an incentive for merchants to sell cards at their stalls without incurring any cost of goods (but potentially credit card fees). Since a

substantial percentage of cards are never redeemed, the Market can benefit from the spread. Gift cards are particularly popular during the holiday season. They can also be used for catering at private events, with the event organizer purchasing gift cards that are then used by event attendees at whichever stall they want.

An integrated online ordering system allow a customer to purchase from multiple merchants in one order, with a single order and payment split to the appropriate vendors. Bbot, now a division of DoorDash, offers a system that is used by many food halls and integrates easily with Toast and other POS systems.

SUSTAINABILITY

CPMC's core values include sustainability, with the intention of centering environmental impact in decision-making, and fiscal responsibility. These values can be expressed through initiatives to lower the Market's carbon footprint through higher efficiency lighting and mechanical and refrigeration systems, to reduce the waste stream and encourage composting, to reduce water consumption, support the sale of local foods, and promote the use of public transit.



Currently, a substantial amount of water is wasted because of outdated refrigeration systems that rely on water cooling. The refrigeration needs to be replaced with environmentally friendly alternatives, as outlined in the CoolSys report. The Market recently introduced a food recovery and food waste composting initiative. Lessons from that pilot program will help inform future food recovery and composting strategies.

The Market can encourage or, if included in the lease, require merchants to use compostable packaging and food service wares. The addition of high volume, prepared food merchants in the North Arcade could drive up the waste stream so the Market should work with merchants to use compostable or minimally bulky food service wares and containers.

Local foods are typically regarded as more sustainable because they do not travel as far as most commodities and retail-oriented farmers often practice organic or regenerative agriculture. Creating an outdoor farmers' market, selecting leasehold merchants that source locally, and encouraging merchants to buy from local farmers can all be regarded as part of the Market's sustainability initiatives.

West Side Market sits adjacent to an RTA station and is served by various bus lines on both 25th Street and Lorain Avenue. Currently most customers report driving to the Market. To encourage the use of public transit the Market can offer incentives for using public transit, walking, and biking, while simultaneously raising the cost of parking to provide an incentive to use alternative transportation. The Rochester Public Market, for example, has offered \$5 gift cards to customers who rode bicycles to the Market.

Parking

Abundant, easily accessible, and free short-term parking are needed to serve the West Side Market's customers, who travel from throughout the region to shop for groceries. The West Side Market Lot (393 spaces) and the Hicks Lot (194 spaces) were upgraded in 2017 and both are used regularly by Market customers. The lots are also used heavily during the evenings by visitors frequenting the restaurants and bars along West 25th Street and they are used by fans attending games at the downtown stadiums.

The lots are publicly owned but operated by a private parking lot management company, ProPark Mobility, on behalf of the City. As part

of the transition to nonprofit management, the lease and management agreement between the City and CPMC will include the two parking lots. CPMC will be responsible for their operating income and expenses. Numerous public markets rely on parking lots to serve their customers and for revenue to support operations. The Hicks and West Side Market Parking Lots are critical for both purposes: ensuring that customers can park conveniently when they visit the Market and, with operational changes, for being a substantial revenue stream to support debt service or operations. Adjustments to the operating model and pricing structure can meet both objectives.



PARKING SYSTEM

At present, both parking lots utilize gate systems, with visitors taking a ticket at a gate station upon entering the lot and paying either at a free-standing kiosk (with cash or credit cards) or at the gate when departing (with credit cards only). One exit booth is continuously manned.

Operationally, this system has proven to be problematic. During busy times, cars back up when entering the lots (particularly from Lorain Avenue, clogging the intersection) and when departing. The gates frequently break down, leading to both back-ups and lost revenue.

The gate systems should be replaced with a pay-by-phone gateless system that relies upon cameras to record license plates and car make/model/color data, with payments made via mobile phone. While customers will need to adapt to a new system, pay-by-phone has become increasingly common and easy. The system provides greater flexibility to charge various rates at different times while eliminating the friction at entry and exit caused by the gates. The system also allows prepayment or discounts, which can be used to support private events in the Market.

Since every visitor might not have a cell phone with payment capabilities, the Market could install a kiosk that accepts cash. However, ProPark reports that the kiosks currently generate only \$4-7 in cash daily so the evidence suggests there is little need for this service. Furthermore, the kiosks are expensive to purchase and maintain. A new pay station costs about \$20,000 with monthly fees of about \$100. If CPMC continues to offer 60 minutes of free parking, then customers without access to this technology can still park and shop at the Market without fines.

INCOME & EXPENSES

For years, the two parking lots have generated either modest income or have lost money. Over the past five years, the lots have averaged net income of about \$24,000. In 2021 (during the pandemic), the parking lots generated gross revenue of about \$227,000 and incurred expenses of \$302,000, leading to a net operating loss of \$106,000.

In 2022, the parking lots generated gross revenue of about \$509,000 and incurred expenses of about \$350,000, leading to net income of \$159,000. The average ticket is currently \$0.66, which is very low. Currently, the lots offer free parking for the first 90 minutes. Thereafter, parking is \$1.00 per hour. According to usage data provided by the parking operator, 326,614 cars took advantage of free 90-minute parking in 2022. Of these cars, 77% parked for one hour or less.

Using the recent parking data, switching to free 60-minute parking and then charging \$1.50 per hour (with a maximum charge of \$12 per day) should double revenue. In 2022, 75,312 cars parked for 60-90 minutes. At \$1.50 per hour, these cars would generate \$113,000 of additional income, or over \$150,000 in revenue at \$2.00 per hour.

A modest fee increase is unlikely to reduce parking demand because there are almost no alternatives (the primary alternative to these lots is on-street parking, which is in short supply). Charging \$2.00 per hour would be the same as parking rates at Findlay Market and North Market and still among the cheapest parking rates in the area. \$1.50 per hour matches the proposed on-street parking meter rates in the Desman parking study.

The gateless system offers the potential for a parking validation system (ProPark charges \$250 per month for its validation package). For example, a Market merchant could offer its customers two hours of free parking by providing a special validation code; the merchant would then be billed for any use of that code. This system could also be used by event organizers to provide free parking for their guests.

The pay-by-phone model allows greater flexibility in setting parking rates, making it possible to maximize revenue. For example, parking could be charged from time zero for Tuesdays and Thursdays, when the Market is not open. Parking fees could be charged all evening, potentially with higher rates on weekends (street parking is currently free after 6 pm but that is expected to change soon so paid parking lots will be a good alternative). Flat fees could be charged when there are stadium events, such as a minimum



Changing the free parking to 60 minutes, increasing the rate to \$1.50, increasing the monthly parking rate to \$250 (assuming 25 monthly contracts), and adding fine income results in income of \$1.2 million. If expenses drop in half to \$200,000, then net income is \$1.1 million.

\$10-15 charge for parking two hours or longer on those days.

Another source of revenue is fines from visitors who do not pay when they park. ProPark estimates that 20% of visitors will receive parking tickets for failure to pay, and 20% of these will actually pay a \$30 enforcement ticket. Fines are projected to generate over \$325,000 in annual revenue. After subtracting about \$76,000 for processing fees (23%), additional income to the Market equals \$250,000. The Market can determine the fine policies, such as waiving the first infraction for parkers during the Market's hours of operation or for all instances, or by setting fines at higher or lower amounts than \$30.

In addition to increasing revenue, the pay-by-phone system offers a way to reduce expenses. Currently, a major cost of operating the parking lots is labor. While parking lot attendants would be helpful to educate visitors initially, the gateless pay-by-phone system should eliminate the need for these positions. ProPark noted that removing the third shift alone would save over \$58,000 annually. The cost of maintaining and repairing the gate hardware would also be eliminated.

Finally, each parking lot currently accommodates 50 spaces of monthly parking. In general, monthly parking generates substantially less revenue than hourly parking but the lots are large and the monthly spaces benefit nearby employees. At present, monthly parkers must choose one of two time periods: either 6 am to 6 pm or 6 pm to 6 am, at \$100 per space during one of those periods. Almost no one uses the overnight

period. Meanwhile, monthly parking at nearby lots is \$250/month. The rates should be raised to those of comparable facilities.

Since the greatest need for Market parking is on weekends, the monthly parking should only be available from Monday through Friday.

Changing the free parking to 60 minutes, increasing the rate to \$1.50, increasing the monthly parking rate to \$250 (assuming 25 monthly contracts), adding fine income, and assuming a 20% drop-off in demand because of higher rates, results in income of \$1.0 million. If expenses drop to \$250,000, then net income is \$800,000.⁴ Increasing the parking rate to \$2.00 per hour leads to net income of \$1.0 million. If the proposed increase does not lead to reduced parking demand, then the rate should be raised to \$2.00 per hour by year three.

SITE DEVELOPMENT OPPORTUNITIES

The two parking lots have been identified as potential development sites. The desirability of Ohio City as a residential neighborhood and the success of the mixed-use project INTRO Cleveland across Lorain Avenue suggests strong demand for creating a residential or mixed-use project on one or both of the parking lots.

Increased residential density close to West Side Market provides additional consumer demand and therefore can be beneficial to the Market. However, the Market cannot lose customer parking or parking revenue.

If the parking lots become development sites, the following issues should be addressed:

- The development must provide abundant, convenient, and free or low-cost parking to Market customers.
- The development must replace lost income from the lots.
- Ground floor functions should complement the Market shopping experience, with the goal of creating a market district. Retail or restaurant uses are ideal and retail should have a strong food or food-related focus. Since CPMC will have leasing staff and property management capabilities, CPMC could manage the ground floor retail under a master lease arrangement, providing services to tenants and ensuring the functions are complementary to the Market.
- A centralized waste management zone could increase efficiency by utilizing larger compactors that serve multiple buildings.
- Architecturally, the development should complement the Market, with the bulk of construction set back from the historic Market buildings.

Management & Operations

STAFF

One key to the new nonprofit's success is a robust, professional management team, replacing the understaffed group of city employees who have run the Market for decades. Working with a professional search firm, CPMC initiated recruitment for a new executive director in January 2023. CPMC plans to hire the executive director once the lease and management agreement has been negotiated, operating funds are in place, and the transition date is solidified.

The proposed staff members are listed below. The management team should grow over time, with some of these positions only starting when the needed infrastructure, such as the event spaces or shared commercial kitchen, are constructed and when funding streams have been secured to cover all staffing costs. The pro forma section (below) reflects staggered start dates.

Executive Director. Responsible for building a new team of leaders to carry out the masterplan in pursuit of fulfilling CPMC's mission. The Executive Director has overall responsibility for operating the Market and planning for its future. The Executive Director supports the Board of Directors, particularly the Executive Committee. The job profile for Executive Director is attached as Appendix B.

Operations Manager. Responsible for operating the facilities and keeping the facilities and equipment in good repair. The Operations Manager supervises the Assistant Operations Manager, day porters, security, and maintenance services. The Operations Manager supports the Facilities Committee.

Assistant Operations Manager/Building Engineer. Responsible for maintaining building systems, working with service providers and contractors, and assisting the Operations Manager fulfill their duties.

Shared Kitchen Coordinator. Responsible for operating the Market's shared commercial kitchens, including scheduling, training, and cleaning. Supports entrepreneurs who use these facilities and related

incubator activities. Assists the Development & Partnerships Manager to raise funds and develop partnerships with educational, workforce development, and culinary institutions.

Day Porters. Responsible for keeping the Market clean, including busing tables, managing waste, cleaning and supplying restrooms, and assisting with set-up and break-down for events.

Security. Responsible for ensuring the safety of merchants, customers, and property, addressing any unruly behavior, and preparing for emergency situations. Security should act as ambassadors to the Market, making customers feel welcome and answering their questions.

Merchant Coordinator. Coordinates and assists merchants (including stall improvements), enforces leases and product quality standards, recruits new merchants, oversees onboarding, provides consistent communications to merchants, provides/coordinates business and merchandising assistance. Staff for Merchant Relations Committee.

Marketing Manager. Responsible for marketing and public communications, including the development of strategies and planning, across a variety of channels, such as social media, public events, advertising, and public/media relations. Assists merchants with their marketing initiatives. Supervises Programming Coordinator, Private Events Coordinator, and Creative Manager. Staff for Community Engagement Committee.

Programming Coordinator. Responsible for developing and implementing programs, such as festivals, music, tours, and education. Recruit and supervises volunteers to assist with programs.

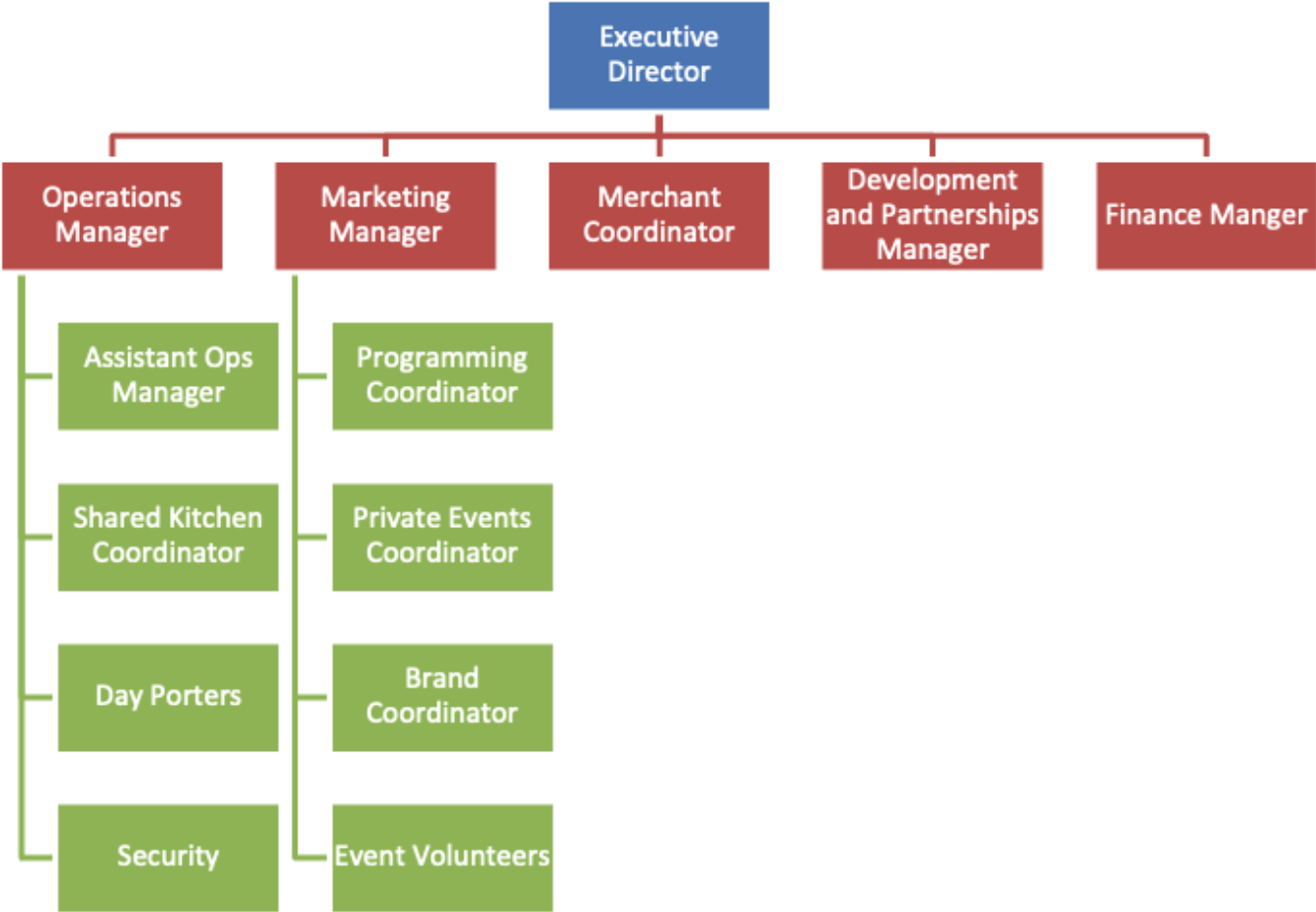
Private Events Coordinator. Responsible for selling and executing private events and classes, working with merchants as caterers. Assists with public events.

Brand Coordinator. Responsible for all graphics, signage, online posting, and maintaining the Market's brand identity and website.

Development & Partnership Manager. Responsible for fundraising/grants/sponsorships. Creates and nurtures partnerships. Supports work of the Community Engagement Committee.

Finance Manager. Responsible for AR/AP, maintaining books, preparing financial reports, supporting audits, and managing the Market office. Supports work of the Executive Committee.

Proposed organizational chart:



OUTSOURCED FUNCTIONS

A variety of operating functions are currently outsourced by the City to private sector service providers. Initially, service contracts should be transferred from the City to CPMC to ensure a smooth transition. Thereafter, all service contracts should be reviewed and rebid to ensure CPMC is receiving high quality services and competitive prices. Service contracts currently include:

- **Security.** If CPMC chooses to make security personnel staff positions rather than a contract service, CPMC can train security personnel to act as Market ambassadors as well as security.
- **Cleaning.** The management staff is proposed to have day porters, who take care of the regular cleaning functions. Outsourced services should be used for night cleaning only.
- **Waste removal and composting**
- **Pest control**
- **Elevator maintenance and repair**
- **Refrigeration maintenance and repair**
- **Technology (telephone, internet service)**

CPMC BOARD COMMITTEES

CPMC established three standing committees that advise the board on the wide range of issues involved with running the Market. Committee members are appointed by the president and may include board members, CPMC staff, merchants, and industry experts. These committees are particularly important for providing opportunities for Market merchants to play a substantive role in developing and monitoring the Market's policies and operations. The committees will also benefit

from participation by local industry experts and other interested parties, helping to form a "bench" of future board members.

The committees include:

- **Merchant Relations Committee** advises the board on matters involving merchants such as leasing, tenant attraction and evaluation, evictions, grievances, short term leasing, merchandizing strategies, and business assistance programs. The Merchant Relations Committee is staffed by the Merchant Coordinator.
- **Facilities Committee** advises the board on matters involving the physical building and land surrounding the West Side Market including overseeing capital improvements, facilities maintenance and repair, contractual and city services, parking, security, and development strategy. The Facilities Committee is staffed by the Operations Director.
- **Community Engagement Committee** advises the board on marketing, communications strategies, partnership cultivation, program development and oversight, events, sponsorships, and fundraising. The Community Engagement Committee is staffed by the Marketing Manager and the Development and Partnerships Manager.

Issues that require board attention should generally be deferred to a committee for discussion and recommendations.

MARKETING

West Side Market management currently does not provide marketing services. The Market's website is managed by UWSMTA with support from Ohio City, Inc. Marketing is typically a core responsibility of market management and CPMC should offer a robust marketing program. The staffing plan includes four professionals who are involved with marketing and programming functions.

Marketing for public markets generally involves a mix of methods, including social media, events, advertising, and public relations (particularly to attract editorial coverage). Markets attract visiting groups and dignitaries, which require time to organize and to provide tours.

Merchants have a large role to play in expanding the reach of social media, particularly by tagging the posts of the Market's social media and other merchants' posts. Merchant participation is also key to the success of special events such as food festivals at the Market.

The media loves controversy and the years of antagonism between merchants and the City have often played out in very public ways. As the Market works to build up its customer base and solicit community investments for capital improvements, the messaging from merchants to the media should ideally be positive and supportive of the transition and physical changes.

The Marketing Manager, supported by other staff engaged with events and programming, should be responsible for creating an annual marketing plan which includes specific goals and objectives, in line with the Market's mission and values. The proposed annual budget for marketing and community engagement

expenditures is \$200,000. This compares to \$275,000 for Reading Terminal Market. The Marketing Manager will need to determine the most effective use of marketing dollars among the broad range of potential expenditures.

The marketing plan should incorporate a customer segmentation strategy based on high value customers, both in terms of their likely expenditures at the Market and their role in helping the Market achieve its mission around food access, diversity, and community benefit. As one of the few sources of healthy fresh food in the city and to fulfill its role with food access, the marketing plan should incorporate strategies to attract lower income shoppers, highlighting SNAP acceptance and access via public transit. Marketing materials should be in multiple languages.

The market research in the Phase 1 report identified the highest spending and most frequent customers. The largest segment of customers come frequently (more than once per week) and spend the most over the course of time; they generally live near the Market. Women spent more than men, and the highest spending age group was 50-69. A plurality of customers has been shopping at the Market for over 20 years.

For regional customers, marketing messages should focus on the unique experience and tradition of visiting West Side Market, including the quality and selection of fresh foods, availability of locally sourced products, and support for independent local businesses.

For tourists, marketing messages should highlight the authenticity and unique experience of shopping at West Side Market. As construction commences on new and improved facilities, the marketing will need to

focus on introducing the new East Arcade produce hall, the North Arcade food hall, and event spaces for private rental.

While the principal function of marketing is to encourage customers to shop at the Market, marketing efforts are also needed to attract new merchants to the Market. To increase merchant diversity, the marketing will need to be in multiple languages and use methods that reach culturally diverse audiences. CPMC as an organization also needs a marketing/communications strategy to build its reputation and position itself to receive grants and ongoing public support. This strategy should highlight the important role that CPMC is playing in food access, entrepreneurship, and historic preservation. Part of this strategy should be the preparation of an annual report that highlights CPMC's accomplishments, with key metrics of progress around entrepreneurship, diversity, food access, and education. Recommendations for metrics are discussed below.

OPERATIONS SCHEDULE

West Side Market is currently open from 8 am to 5 pm on Monday, Wednesday, and Friday, from 7 am to 5 pm on Saturday, and from 10 am to 4 pm on Sunday. Merchants are given the option of closing on either Sundays or Mondays although some stay open on both days. With its short (six hour) schedule, numerous merchants commented that Sundays are their most productive days in terms of sales per hour.

Findlay Market in Cincinnati advertises its opening hours as 9 am to 6 pm on Tuesday-Friday, 8 am to 6 pm on Saturday, and 10 am to 4 pm on Sunday. North Market in Columbus is open Sunday and Monday from 10 am to 5 pm, and Tuesday through Saturday from 9 am to 7 pm. Philadelphia's Reading Terminal Market is open daily from 8 am to 6

pm. In all three markets, some merchants maintain different hours.

Interviews with merchants and input from customers via the intercept survey did not reveal majority preferences for changes. Many merchants like or have adapted to the current schedule, with an operational cadence that allows merchants to do processing and resupply during the days the Market is closed. In the customer intercept survey, most customers indicated that they wanted hours that served the merchants best. Some area residents express interest in longer hours, and there have been complaints about the Market's hours posted on social media. While the current hours are fewer than many public markets (closing time is more typically 6 or 7 pm), at this point there is not widespread demand to change the posted hours.

What should change is merchants not following the required hours. Many merchants do not open on time and many start shutting down well before the closing time, putting away their stock, closing out their cash registers, declining to serve customers, and turning off their lights. By 4 pm on many days, the Market experience is greatly diminished because so many merchants have already departed.

The final hour for retail stores is generally slow. Closing before that time simply pushes up the slow hour, resulting in lower overall sales and disappointed customers.

When the new management team is in place, merchants should be provided notice that hours of operation will be enforced by a date certain and then consistent enforcement should begin, with perhaps one written warning and then fines charged for failing to open on time or closing early.

If the merchants collectively decide through UWSMTA that hours should change, this proposal can be vetted by CPMC's Merchant Relations Committee before a policy change is debated by the board. Once CPMC has operated the Market for at least one year, then the hours of operation should be revisited with the goal of extending the schedule to include early evening hours.

While current merchants have only been required to be open for four days, new merchants in the Market Hall and East Arcade should be required to be open five days, with Tuesdays and Thursdays off. The North Arcade food hall should have different hours, discussed below.

North Arcade Operating Schedule

The North Arcade food hall should have different hours than the Market Hall and East Arcade, reflecting its focus on lunch and dinner meals. While merchants should be encouraged to open when the other areas are open and having at least one merchant with breakfast options is desirable, the required hours should start at 11 am. Closing time should be 9 pm on Sundays and weekdays, and 10 pm on Fridays and Saturdays.

While most food halls are open daily, the North Arcade should be closed one day per week, recommended to be Tuesdays. This policy recognizes the need to support small, independent businesses. Assuming merchants in the North Arcade have percentage rents (as described below), then the Market has a direct financial interest in encouraging high sales. This schedule has the benefit of providing visitors, including many tourists, at least some Market experience on all but one day each week.

LEASE

Through the forthcoming lease and management agreement between the City and CPMC, CPMC will become the master lessee of West Side Market. CPMC will then need to create sublease agreements for the leasehold merchants. The lease form creation process should flow through the Merchant Relations Committee with assistance from a local real estate attorney, with final approval by the full board.

By statute, the City offered one-year leases to West Side Market merchants, based on a calendar year schedule, so there are no multiyear leases that need to be considered during the transition. CPMC can create its own lease form unconstrained by any existing merchant leases.

For ease of administration, the sublease form should be as similar as possible between merchants. However, some accommodations might be needed for legacy vendors, perhaps with incentives to eventually adopt a standard form.

CPMC should offer multiyear leases to merchants who are financially stable and have proven themselves to be good operators. Longer terms provide the opportunity for merchants to receive financing to support stall investments. Public market leases typically



range from three to five years in duration, with some providing additional option terms if tenants are not in default.

Traditionally, leases at West Side Market have all expired on the same date. The preferred practice is having leases expire at various times throughout the year and on different years, so management is not overwhelmed by having to negotiate all the leases at once.

Proposed changes to the current lease include:

- Rather than reference to a rent formula, actual annual and monthly rents and fees should be clearly spelled out in the lease. Recommended rental rates are discussed below.
- Require sales data. Merchants should be required to report monthly sales information. This information is highly valuable for assessing the impact of marketing campaigns, keeping a pulse on trends, and providing early warning signals if some merchants experience sales drops or substantially underperform compared to similar merchants. In response to merchant concerns about confidentiality and mistrust of management, some public markets allow sales data to be reported anonymously. If this method is chosen, then having merchants identify their broad category (fresh, specialty, or prepared foods) and location (Market Hall or Arcade) would be highly valuable.
- Require North Arcade food hall merchants and new merchants in the Market Hall and East Arcade to purchase and utilize management-designated POS and online ordering systems, and provide CPMC with access to transaction data.
- Require all merchants to be part of the UWSMTA and collect fees on behalf of the association.
- Require merchants whose product offerings make them eligible to participate in SNAP EBT

and all other Market-endorsed or sponsored food assistance programs to participate in those programs.

- Require merchant participation in sustainability initiatives, such as recycling, food waste composting, and reduction in utility usage.
- Require merchants to participate in the Market's gift card and loyalty programs.
- Include non-disparagement and nondisclosure clauses.
- Default provisions should be included for failing to open during the Market's posted hours and for failing to offer for sale the items in the merchant's Products List.
- The lease should include merchandising standards, stating that all products must be wholesome, high quality, unadulterated, and of accurate weight or measure. All products must have labeled or posted prices.
- The lease should provide provisions for cash fines for breaking Market rules, such as hours of operation or merchandising. A fee of up to \$250 per violation per day should be included.

UWSMTA

The United West Side Market Tenant Association has historically played an important role in the operation of the Market and is expected to be a central partner to CPMC as the Market evolves to independent nonprofit management. UWSMTA's roles will change under the new structure, with opportunities to support the merchant community in new and improved ways.

The Cleveland City Code requires the Director of Public Works to provide the schedule of annual expenses to the Tenant Association's Budget Committee for their review and approval. The current lease requires all merchants to pay monthly dues to the association.

In the absence of marketing activities by Market management, the association has stepped in to manage the Market's website and social media pages. The association hires security personnel to enhance the staffing provided by the Market.

Marketing and security are essential management functions so UWSMTA's role in these areas should be reduced as CPMC takes responsibility. The association can decide to supplement marketing or security, if needed. If it does, then these activities should be closely coordinated with Market management.

As per CPMC's bylaws, UWSMTA nominates three members of the CPMC board of directors. Merchants are encouraged to participate in the board's three standing committees: Facilities, Merchant Relations, and Community Engagement. These committees are intended to be forums where important policies and strategies are debated and refined, so merchant input is critical to



UWSMTA would benefit from its own strategic planning process to determine how best to serve the merchants' interests.

informed decision-making.

Given the changes brought on by nonprofit management, UWSMTA would benefit from its own strategic planning process to determine how best to serve the merchants' interests. The plan should include an examination of the following functions:

- Advocacy and communication
- Membership services
- Programs such as coordinated online sales, educational programs, supplemental management or marketing, or catering
- Social activities and mutual assistance
- Community welfare such as food drives or fundraising for social causes

UWSMTA should consider hiring a part-time coordinator to reduce the workload on board leadership, particularly surrounding communications among merchants and programmatic activities.

As the merchant population becomes more diverse, there will be increasing challenges for UWSMTA to communicate effectively and meet expectations. The organization would benefit from diversity training and increased awareness about cultural differences.

Operations Pro Forma

EXPENSES

Staffing

The largest cost of operating a public market is typically wages and benefits for staff. To estimate staffing costs for the positions described in the management section above, mean annual wages (adjusted forward one year for inflation) were drawn from comparable occupation titles in the federal Bureau of Labor Statistics database for the Cleveland metropolitan area.⁵ For the Executive Director role, the salary was pegged to ED salaries in other comparably sized public markets nationally and input from CPMC's executive search firm.

The following chart includes the selected BLS occupations, wages, and CPMC job titles:

Classification	Occupation title	Annual mean wage 2022	Annual mean wage 4/2023 (inflated)	WSM Titles
13-1121	Meeting, Convention, and Event Planners	\$54,880	\$56,958	Private Events Coordinator
25-1194	Career/Technical Education Teachers, Postsecondary	\$63,420	\$65,821	Shared Kitchen Coordinator
27-1024	Graphic Designers	\$54,210	\$56,263	Brand Coordinator
27-3031	Public Relations Specialists	\$75,510	\$78,369	Marketing Manager
33-9032	Security Guards	\$36,340	\$37,716	Security
37-2011	Janitors and Cleaners, Except Maids and Housekeeping Cleaners	\$33,640	\$34,914	Porters
41-9022	Real Estate Sales Agents	\$43,080	\$44,711	Merchant Coordinator
43-3031	Bookkeeping, Accounting, and Auditing Clerks	\$46,110	\$47,856	Staff accountant
49-1011	First-Line Supervisors of Mechanics, Installers, and Repairers	\$70,630	\$73,304	Operations Manager
49-9071	Maintenance and Repair Workers, General	\$47,960	\$49,776	Assist Ops Manager

Not every position should start when CPMC takes over Market management. The Shared Kitchen Coordinator, for example, is budgeted in Year 3, following the basement renovation and creation of the shared commercial kitchen. Likewise, the Private Events Coordinator should be timed with creation of the mezzanine event spaces. The following chart shows the wages and timing over a five-year period.

Wages increase 3% annually and fringe benefits are set at 25% of wages:

Personnel	Year 1	Year 2	Year 3	Year 4	Year 5
Executive Director	\$135,000	\$139,050	\$143,222	\$147,518	\$151,944
Operations Manager	\$73,000	\$75,190	\$77,446	\$79,769	\$82,162
Assistant Ops Manager	\$50,000	\$51,500	\$53,045	\$54,636	\$56,275
Shared Kitchen Coordinator			\$72,120	\$74,284	\$76,512
Day Porters (200 hrs/wk)	\$200,000	\$206,000	\$212,180	\$218,545	\$225,102
Security (6 FTE)	\$226,000	\$232,780	\$239,763	\$246,956	\$254,365
Merchant Coordinator	\$45,000	\$46,350	\$47,741	\$49,173	\$50,648
Marketing Manager	\$78,000	\$80,340	\$82,750	\$85,233	\$87,790
Programming Coordinator		\$60,471	\$62,285	\$64,154	\$66,079
Private Events Coordinator			\$62,285	\$64,154	\$66,079
Brand Coordinator			\$61,193	\$63,028	\$64,919
Development & Partnerships Manager	\$78,000	\$80,340	\$82,750	\$85,233	\$87,790
Finance Manager	\$48,000	\$49,440	\$50,923	\$52,451	\$54,024
Fringe benefits	\$233,250	\$255,365	\$311,926	\$321,284	\$330,922
Payroll tax	\$69,975	\$76,610	\$93,578	\$96,385	\$99,277
Total	\$1,236,225	\$1,353,436	\$1,653,207	\$1,702,803	\$1,753,887

Utilities

The Market's 2023 budget for utilities equaled \$355,216, with most of this being electricity. As the masterplan is implemented, the installation of higher efficiency fixtures, such as LED lighting, should help reduce demand. Adding air conditioning, however, will increase demand. For budgeting purposes, the Market's 2023 budget provides the baseline utility cost. This might need to increase based on the installed type of HVAC system. The utilities line item assumes the City of Cleveland continues to pay water and sewer expenses at West Side Market.

Contract services

The Market's 2023 budget includes \$623,000 in contracted services, with the largest shares being janitorial (\$203,400) and security (\$252,000). Since the proposed CPMC staff includes the costs for day porters and security, the proposed budget eliminates the security line and reduces the cleaning to \$146,000, which covers night cleaning. The budgets for elevator and refrigeration maintenance are held steady. Other contract services include pest control, hood cleaning, grease trap cleaning, and sprinkler/fire prevention. Professional services, such as accounting and legal, are budgeted at \$100,000.

Expense Budget

The operations budget includes the following amounts for years 1 through 5:

Market operations	Year1	Year2	Year3	Year4	Year5
Personnel	\$1,236,225	\$1,353,436	\$1,653,207	\$1,702,803	\$1,753,887
Professional services	\$100,000	\$103,000	\$106,090	\$109,273	\$112,551
Marketing/Engagement	\$200,000	\$206,000	\$212,180	\$218,545	\$225,102
IT	\$25,000	\$25,750	\$26,523	\$27,318	\$28,138
Maintenance/repair	\$32,000	\$32,960	\$33,949	\$34,967	\$36,016
Contract services	\$270,256	\$278,364	\$286,715	\$295,316	\$304,176
Supplies	\$40,000	\$41,200	\$42,436	\$43,709	\$45,020
Snow/groundskeeping	\$6,000	\$6,180	\$6,365	\$6,556	\$6,753
Utilities	\$355,216	\$365,872	\$376,849	\$388,154	\$399,799
Waste removal	\$80,000	\$82,400	\$84,872	\$87,418	\$90,041
Insurance	\$120,000	\$123,600	\$127,308	\$131,127	\$135,061
Travel/meetings	\$10,000	\$10,300	\$10,609	\$10,927	\$11,255
Misc start-up	\$50,000				
Vehicle	\$25,000	\$25,750	\$26,523	\$27,318	\$28,138
Parking	\$250,000	\$257,500	\$265,225	\$273,182	\$281,377
Total	\$2,799,697	\$2,912,312	\$3,258,849	\$3,356,615	\$3,457,313

The anticipated expenses of operating the Market in year 1 under nonprofit management is about \$800,000 more than the 2023 city budget, reflecting the larger staff and marketing/engagement budget, which are needed to operate the Market professionally, achieve the mission, and put the Market on the path to financial sustainability.

INCOME

The masterplan seeks to make the Market operationally sustainable, with income covering operating expenses over time. The proposed income sources take into account CPMC's values and the development strategies, which emphasize on supporting the Market's fresh and specialty food merchants. Since operating expenses will rise with the proposed management staffing plan, the keys to sustainability are eliminating vacancies and diversifying the income streams. New income streams require upfront capital investments to create appropriate spaces for new income streams described below.

Current Income

West Side Market currently has only two sources of operating revenue: rents paid by merchants and subsidies provided by the City of Cleveland. As vacancies have grown (driven by the pandemic but also antiquated facilities and lack of staff to recruit new merchants), rent income has dropped from \$1.35 million in 2019 to \$1.02 million in 2022, a decrease of 25%. To make up the shortfall, city general fund transfers to the Market have approximately tripled from \$276,000 in 2019 to nearly \$740,000 in 2022. Without the changes proposed in this masterplan, the needed subsidies are likely to grow in the future.

The City's operating statement does not capture all sources of subsidy. The Market receives water, legal services, and HR support from the City that are not captured in its operating statements. The water is particularly important because the Market's outdated refrigeration system represents the lion's share of the 21 million gallons of city water (worth \$414,177) used by the Market each year. In 2022 and 2023, the Market gained the management services of the Mayor's West Side Market Senior Strategist, whose wages were not included in the Market's operating budget.

Market Rents – Current

By statute, rents for merchants are currently set by a formula in the Cleveland City Code, section 131.21.⁶ The formula was originally designed so that vendor rental income (minus any incidental income) covers the expenses of operating the Market. Stall rents are tied to the cost of operations, not the economic value of the spaces or comparable rents in similar spaces.

The statute states that each year the Director of Public Works is required to submit a schedule of expected expenses for review to the Budget Committee of the Tenants' Association. If the expenses are higher by 10% or more than the previous year, then the Budget Committee must approve the expenses. This system encourages operating expenditures to be minimized so merchants can have the lowest possible rents, potentially to the Market's detriment if it lacks the resources to manage and market the Market effectively.

The formula uses three factors to determine merchant rents: stall square footage, location (either the higher value Market Hall or the lower value Arcade), and type of product sold (called the "use factor"). The square footage of each stall is shown in the city's layout plan (see Appendix C). Although the statute names three classifications ("fast food," "specialty goods," and "traditional") all of these currently have the same use factor (historically, traditional uses were weighted at 1.0, specialty at 1.3, and prepared at 1.6. The categories were all changed to be weighted 1.0 in 2022, upon realizing that categorization was often arbitrary and inconsistent between vendors). Furthermore, nearly all the vendors have one of these three classifications. The statute states that discounts are only provided for the four stalls (out of 181) classified as "grocery" or "restaurant."

In theory, all merchants in either the Market Hall or Arcades selling similarly classified products would have the same rent per square foot. Since nearly every merchant has the same use factor, in practice just the restaurant and three grocery stalls should have lower rents per square foot.

According to rent information provided by the city, the merchants' actual rents show substantial variation. Inside the Market Hall (among the 82 occupied stalls):

- The 60 stalls classified as "traditional" have rents per square foot ranging between \$32.92 and \$88.15, with an average of \$45.54
- The 10 stalls classified as "specialty" have rents per square foot ranging between \$43.79 and \$88.57, with an average of \$64.51
- The nine stalls classified as "fast food" have rents per square foot ranging between \$43.42 and \$96.74, with an average of \$57.41.
- In the Arcades (among the 39 occupied stalls), the 37 stalls classified as "traditional" have rents per square foot ranging between \$35.75 and \$97.05, with an average of \$48.70.

The chart below summarizes the 2023 rents. Some of this inconsistency stems from the

decision to freeze rents at 2020 levels for 2021 and 2022. Merchants who have recently started businesses in the Market are paying rents that approximate the formula. Their rents per square foot are much higher than those who started before 2021.

In addition to rent, merchants pay \$14 per month for gas and \$29 per month for refrigeration in the Market Hall.

Public markets typically charge different types of businesses different rental amounts. Typically, prepared food businesses are charged higher rents than fresh or specialty foods, reflecting the higher costs borne by some markets to provide kitchen exhaust hoods and other infrastructure, profit potential, and relative ease of identifying prepared food vendors compared to specialty or fresh food vendors. Businesses selling alcohol also pay higher rents. Given the challenges that most public markets face in recruiting and retaining fresh food merchants and the value fresh food merchants contribute to the market environment, rents for this category will often be the lowest.

Type	Stall Count	SF Min	SF Max	SF Total	Rent/mo Min	Rent/mo Max	Rent/yr Total	Rent/SF	Rent/SF Min	Rent/SF Max
Inside traditional	58	127	320	10,879	\$ 352	\$ 1,229	\$ 489,212	\$ 44.97	\$ 33.26	\$ 59.37
Inside fast food	9	116	190	1,478	\$ 460	\$ 935	\$ 84,850	\$ 57.41	\$ 43.42	\$ 96.74
Inside grocery	2	189	744	933	\$ 723	\$ 2,297	\$ 36,240	\$ 38.84	\$ 37.05	\$ 45.90
Inside specialty	10	174	201	1,838	\$ 635	\$ 1,396	\$ 118,573	\$ 64.51	\$ 43.79	\$ 89.57
Inside restaurant	1	1,212	1,212	1,212	\$ 2,245	\$ 2,245	\$ 26,940	\$ 22.23	\$ 22.23	\$ 22.23
Inside vacant	20	109	235	3,511	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Outside traditional	36	39	148	4,724	\$ 189	\$ 833	\$ 231,960	\$ 49.10	\$ 36.00	\$ 97.05
Outside grocery	2	145	145	290	\$ 432	\$ 432	\$ 10,368	\$ 35.75	\$ 35.75	\$ 35.75
Outside specialty	1	131	131	131	\$ 701	\$ 701	\$ 8,412	\$ 64.21	\$ 64.21	\$ 64.21
Outside vacant	42	46	147	5,693	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	181			30,689			\$ 1,006,555			

Market Hall Rent – Proposed

The proposed rent structure is designed to support the development principles described above:

- Prioritize the Market’s traditional product offerings of fresh and specialty foods
- Support long-term, multigenerational businesses
- Diversify and grow the Market’s income streams

CPMC should strive to reduce the disparities in rents per square foot between different merchants selling similar products in the same location. This might include accelerating rent increases modestly for several years for those merchants whose rent per square foot is below their category average and doing the inverse for vendors whose rents are above the average.

The use category “traditional” does not capture the important variation among products sold. As presented in the Product Mix section above, each stall should be assigned a use category based upon the majority of products offered for sale at the business. The current use categories should be replaced with the following five categories:

- Fresh food
- Specialty food
- Prepared food
- Restaurant
- Nonfood

The lease should require all rents to increase annually, either 3% or the inflation rate, whichever is higher.

To achieve parity, those businesses with rents above or below the average for their category should either decrease or increase at a faster

rate, respectively. Over time, the disparity between rents should be reduced so all the vendors with rents above or below their category average should decrease or increase to their category average.

The formula used to calculate the change is:

$$A1 \cdot (1+i1)^t = A2 \cdot (1+i1+i2)^t$$

Where:

A1 = median category rent/sf

A2 = vendor’s rent/sf

i1 = annual interest increase for all vendors

i2 = supplemental annual interest increase/decrease

t = number of years to achieve parity

A database was created with all of the Market’s stalls. The matrix identifies which merchant occupies each stall, the stall square footage (based on the city’s most recent layout plan, attached as Appendix C), monthly rent payments as of January 2023, and the merchant’s product category (as per the five categories described above). The database computes the category rent per square foot and each merchant’s rent per square foot. The data is summarized below, excluding information for the restaurant and the single business classified as nonfood. The chart shows the square footage of the largest and smallest vendor in each category, the average rent per square foot, the minimum and maximum rent per square foot in each category, and the minimum and maximum amount that rent will need to change to reach parity by category (the “rent premium”):

Type	Stall Count	SF Min	SF Max	SF Total	Rent/SF	Rent/SF Min	Rent/SF Max	Rent prem Min	Rent prem Max
Inside Fresh	21	187	305	4,074	\$ 45.80	\$ 45.22	\$ 48.35	-1.21%	1.44%
Inside Specialty	51	127	744	9,935	\$ 48.40	\$ 33.26	\$ 89.57	-8.32%	6.17%
Inside Prepared	6	116	190	930	\$ 56.77	\$ 43.42	\$ 96.74	-10.73%	6.19%

For fresh food merchants, this approach will cause minimal change because there is little variance from the category average. The vendor most needing to “catch up” to the others only needs an 0.27% annual increase on top of the standard 3% increase, while the vendor paying more than the category average needs a reduction of only 1.15%.

Specialty food vendors have greater variation. The largest increase will be 8.27% while the biggest reduction will be -12.29%.

For administrative simplicity, those vendors that need a small total adjustment (that is, their rent per square foot is within 3% of their category average) should be adjusted to the category average in the first year. This includes nine merchants who would see a small rent decrease and 29 merchants needing a small rent increase.

For those merchants who need a large increase – more than a 5% annual premium – the increases could be spread out over a longer period: eight years rather than five years. The overall impact of this approach is close to revenue neutral. According to the database, total annual rent revenue (using January 2023 actual rents) equals \$1,006,555. With 3% annual increases, the revenue will be \$1,166,875 in year 5. Using the proposed method to equalize rents, the total revenue in year 5 will be \$1,167,415, a difference of \$542.

Once the management transition period ends and the city and CPMC have addressed the building’s infrastructure deficiencies and made capital improvements, then rent rates should be revisited. Typically, businesses selling prepared foods pay higher rates in public markets, reflecting the ability to generate higher sales per square foot, increased profit potential of prepared foods, and the higher costs associated with facility maintenance and

waste disposal for foods eaten in the market.

CPMC should consider increasing rents more than 3% per year, particularly for prepared foods but also for specialty foods. The improved facilities and programming should justify rent increases of 3-5% per year following construction.

East Arcade Rent

As with the Market Hall rents, rents in the Arcade for fresh food businesses (produce) should be kept at a similar level to the 2023 rent per square foot (\$49.44). Each year, rent should increase either 3% or the inflation rate, whichever is higher. As with the Market Hall, vendors with rents either above or below the category average should have a positive or negative premium added to their rents until they reach the category average.

The East Arcade will have 24 stalls at 127 square feet each, or 3,036 sf leasable area. The total area is approximately 4,900. As with the Market Hall, the stalls should be assigned a portion of the common areas so rent is applied to all 4,900 sf.

Based on a 3% annual increase from 2023 rates, base rent in the East Arcade will be \$54.02/sf in 2026, when the renovated facility opens. Total annual rent is estimated at \$265,000, approximately the same rent revenue derived from the Arcades in 2023 (with vacancies of 50%). The pro forma assumes the rent will increase 3% in subsequent years.

North Arcade Rent

The North Arcade food hall offers the opportunity to introduce a different rent structure, one that is used effectively at nearly all private food halls and in some public markets: a combination of base rent and percentage rent. The benefit of this structure is it allows rents to be lower when sales are lower, but higher as sales increase. Designed correctly, this can reduce risk for start-up entrepreneurs while aligning the financial interests of the vendors and the Market, encouraging all parties to better serve customers and realize higher sales. If the food hall is successful, rent income to the Market can be significant while the rent burden to vendors is kept at a reasonable percentage of their income.

A vendor's square footage in the North Arcade includes the occupied stall area plus a proportional share of North Arcade's common areas. This is logical because the common area is mainly seating areas, which are essential for a food hall. Three rental rates are proposed: bars, stalls with exhaust hoods, and stalls without hoods. The following chart shows the stall sizes, number of vendors and square footages for the food hall:

Arcade	Length	Width	Area	Number	Net SF	Gross SF
Bar	23	11	253	2	506	2,059
Stalls w/ hood	21	10	210	9	1,890	7,691
Stalls w/o hood	21	10	210	1	210	855
Total				12	2,606	10,605

Base rents for the three categories are proposed at \$50, \$45, and \$35 per square foot, which are multiplied by the gross square footage in each category. This results in base rent of nearly \$480,000. Percentage rents of 13%, 12%, and 10% kick in when sales surpass the natural break point. To keep rents from becoming too high, the percentage rent should drop in half for sales, if any, that are more than three times the natural break point. Based on projected sales per square foot for each category, this results in total rents of slightly over \$1 million for the food hall. Average annual sales among the twelve North Arcade businesses are estimated at \$705,000.

Arcade	Gross SF	Rent/sf	Rent	Sales/sf	Annual Sales	% Rent	Total occupancy
Bar	2,059	\$50.00	\$102,957	\$850.00	\$1,750,273	\$124,578	\$227,535
Stalls w/ hood	7,691	\$45.00	\$346,107	\$800.00	\$6,153,016	\$392,255	\$738,362
Stalls w/o hood	855	\$35.00	\$29,910	\$650.00	\$555,481	\$25,638	\$55,548
Total	10,605		\$478,975		\$8,458,769	\$542,471	\$1,021,445

Basement Rent

Merchants currently pay between \$12 and \$1,254 per month for basement lockers, with average monthly rent of \$278. The meat merchants, in particular, are dependent on the basement lockers for both meat cutting and cold storage. In 2022, the basement generated rent of \$160,104.

The proposed basement reconstruction will include modern cold storage facilities and refrigerated cutting rooms. The plan includes 51 cold storage lockers with 7,032 sf and 32 dry storage lockers with 2,110 sf.

The proposed rent is \$35/sf for the cold storage lockers and \$25/sf for the dry storage lockers. Rent for the largest meat locker (1,206 sf) would therefore be \$1,340/month. Based on the square footage and rent/sf, annual income generated by the basement would be nearly \$300,000. Basement rents should increase annually according to the same schedule as other rents: the higher of 3.0% or the inflation rate.

Construction of the basement must occur in phases in order to maintain lockers for merchants during that period. In the pro forma, basement rent is suppressed during the anticipated two-year construction period.

Marketing Fee

Historically, West Side Market has not performed marketing activities and therefore the formula to calculate rents did not include any marketing expenses. The master plan proposes that CPMC will have dedicated marketing staff and a robust marketing and programming budget. To help offset the cost of marketing, a fee of \$2.00 per square foot is proposed annually. Currently, the total occupied area is 30,787 sf, so the proposed fee could generate income of \$61,574 annually at full capacity.

Other Fees

For stalls that include refrigerated display cases, West Side Market currently charges merchants \$29 per month for refrigeration. Merchants who use gas are charged \$14 per month. For the transition period, these fees should continue, inflated annually by a minimum of 3% or the actual annual increase in electricity costs (for refrigeration) or gas costs. Following the transition period, CPMC should conduct an audit of the actual cost of supplying refrigeration and gas and develop a strategy to share those actual costs fully and equitably with any merchant using those utilities.

Event Income

The proposed mezzanine event and education spaces and the North Arcade food hall can generate income from private events. In some public markets, event income is a substantial contributor to overall income and the proposed spaces at West Side Market can similarly account for an important income stream.

Catered events provide opportunities for Market merchants to sell food and beverages. While the Market might allow outside caterers, it is common practice to charge a 20-25% fee on outside caterers in order to encourage clients to use the Market's offerings. Both the mezzanine teaching kitchen and the basement shared commercial kitchen are important for supporting event catering.

To determine rental rates, the consultant team collected information about site and catering fees at comparable facilities near West Side Market, including the Lantern Room and Great Lakes Brewing Company, and from local event organizers. These organizers expressed enthusiasm for the potential of the proposed event spaces to attract clients.

The following chart provides estimates for income from events at the Market. The event spaces include the new mezzanine event room, the North Arcade, full-Market events, and the teaching kitchen on the mezzanine. For mezzanine events, the fee structure includes both a site fee and an estimate of income to the Market from alcohol sales.

Site rental for catered events	Year 1	Year 2	Year 3	Year 4	Year 5
Event space - Mezzanine					
Events/year			100	103	106
Liquor/event	\$1,000	\$1,030	\$1,061	\$1,093	\$1,126
Site fee/event	\$1,500	\$1,545	\$1,591	\$1,639	\$1,688
Income	\$0	\$0	\$265,225	\$281,377	\$298,260
Event space - North Arcade					
Events/year	0	0	15	15	15
Site fee/event	\$3,500	\$3,605	\$3,713	\$3,825	\$3,939
Income	\$0	\$0	\$55,697	\$57,368	\$59,089
Event space - Entire Market					
Events/year	2	2	2	2	2
Site fee/event	\$15,000	\$15,450	\$15,914	\$16,391	\$16,883
Income	\$30,000	\$30,900	\$31,827	\$32,782	\$33,765
Teaching Kitchen					
Events/year	0	0	50	52	54
Site fee/event	\$300	\$309	\$318	\$328	\$338
Income	\$0	\$0	\$15,914	\$17,047	\$18,233
Total	\$30,000	\$30,900	\$368,663	\$388,574	\$409,348

Parking

As discussed above, the Market’s two parking lots offer the opportunity for substantially more income with transition to a pay-by-phone model and adjustments to the parking rates. Based on raising the parking rate from \$1.00 to \$1.50 per hour, having one-hour free parking during Market operating times (rather than 90 minutes), charging \$250/month for 25 monthly contracts, and collecting \$250,000/year in fine income, the parking lots will generate gross income of \$1.0 million. Initially, this income can be used partially to offset operating expenses and partially to fund predevelopment costs. Once the North Arcade and event spaces are operational, then parking revenues should fund debt that pays for capital expenses.

Contributions

The foundation and corporate community generously supported the master plan planning process and recent programmatic activity, including a speaker series about the Market. Other public markets regularly attract contributions, sponsorships, and grants to support their activities, as well as royalty payments or licensing fees for use of the Market’s name. The Market staff includes a full-time development professional to pursue this type of funding.

The pro forma assumes \$230,000 per year in contributions, increasing 3% per year.

OPERATING PRO FORMA

The five-year operating pro forma is attached in Appendix D. During an initial period while the new facilities are constructed, the operation will continue to need injections of city subsidy at approximately the same level as 2022-2023. Once the East and North Arcades are upgraded, the basement is rebuilt, and the mezzanine

event and education spaces are constructed, the new income streams should eliminate the need for direct subsidy.

An abbreviated version of the pro forma is presented here:

CPMC Budget	Year 1	Year 2	Year 3-?	Year ?	Year ?
Income					
Merchant rents/fees	1,330,888	1,393,475	1,752,730	2,934,749	3,096,787
Events	30,000	30,900	368,663	388,574	409,348
Parking	600,000	600,000	500,000	-	-
Contributions/Misc	230,000	241,400	253,367	260,968	268,797
City transfers	700,000	700,000	600,000	300,000	-
Vacancy/bad debt	(53,236)	(55,739)	(140,218)	(381,517)	(247,743)
Adjusted Gross Income	2,837,653	2,910,036	3,334,542	3,502,773	3,527,188
Operating Expenses					
Salaries	1,236,225	1,353,436	1,653,207	1,702,803	1,753,887
Occupancy, repair	783,472	806,976	831,185	856,121	881,805
Parking	250,000	257,500	265,225	273,182	281,377
Other	530,000	545,900	562,277	579,145	596,520
Subtotal	2,799,697	2,963,812	3,311,894	3,411,251	3,513,589
NOI	37,956	(53,776)	22,647	91,522	13,600
Parking revenue	1,041,219	1,072,455	1,104,629	1,137,768	1,171,901
Operating share	(600,000)	(600,000)	(500,000)	-	-
Net for predev/debt	441,219	472,455	604,629	1,137,768	1,171,901

Development Cost Estimate & Phasing

Local cost estimators reviewed the proposed conceptual designs and provided initial estimates of construction costs. An estimate for the basement was provided by &Estimate, under the direction of the consultant team, and the other project areas were estimated by Regency Construction Services, under the direction of the Mayor's Office of Capital Projects. The estimates assume the project will be overseen by a construction manager. Additional estimates will be needed as the project goes through the typical schematic, design development, and construction drawing phases, until the construction manager provides a guaranteed not-to-exceed construction price.

CONSTRUCTION COST ESTIMATES

Basement

A conceptual-level cost estimate was prepared by &Estimate for the basement. Direct construction costs equal \$9.1 million, which includes about \$500,000 for kitchen equipment in the shared commercial kitchen and the costs associated with new walk-in refrigerators. The basement estimate includes all the elevators that reach the basement, including the new freight elevator that goes to the North Arcade and the passenger elevator in the southwest corner that extends to the Market offices. General conditions, LEED Silver allowance, costs escalators, design contingency, and change order contingency bring the total project cost estimate to \$16.2 million. In the chart on the next page most basement construction costs are included within “essential building improvements,” while \$1,000,000 is allocated to “masterplan improvements” for the shared commercial kitchen.

Estimate

Regency Construction Services key assumptions include:

- No sales taxes are charged because it is a city-owned building
- Construction manager fees and general conditions equal 15% of construction costs (\$3.6 million)
- Phasing to address an occupied building adds 5% (\$1.4 million), plus a 10.25% escalator assuming a midpoint of construction in June 2025 (\$2.9 million)
- Construction contingency equals 10% (\$3.2 million)
- Owner's soft costs equal 15% (\$4.7 million)

Regency estimated that a backup generator would cost \$6.5 million. There are various ways that backup power can be provided, including mobile units that plug into the building when power fails. A recent estimate for a different generator was \$2.2 million. This and perhaps other program elements can be adjusted through a value engineering process. Given these uncertainties, the backup generator is excluded from the chart below.

Development costs		Subtotal	Amount
Essential Building Improvements		\$	31,534,991
Basement	\$	15,164,504	
HVAC & Electrical Updates	\$	8,643,175	
Office ADA	\$	812,863	
Building envelope	\$	6,914,449	
Masterplan improvements		\$	17,638,604
Basement commercial kitchens	\$	1,000,000	
Second floor mezzanine and entrance	\$	5,747,415	
East Arcade	\$	2,669,533	
North Arcade	\$	8,221,656	
Total		\$	49,173,595

It is important to recognize that these development estimates are based on conceptual drawings, without detailed engineering assessments or decisions about mechanical and other building systems. The development costs will be refined by the construction manager once the architecture and engineering team is assembled and design moves through the customary schematic design, design development, and construction document phases.

PRIORITIES AND PHASING

Given the interconnected nature of complex building systems, the proposed facility repairs and improvements will ideally be undertaken as a single project by a construction manager overseeing all the different trades. Working with the A&E team, CPMC, and the city, the CM can then create a construction plan that is least disruptive to operations and most cost efficient. However, financing might necessitate construction phases and therefore the prioritization of improvements.

In terms of their impact on merchant success and income for CPMC, the following list provides the recommended order of improvements:

1. Basement improvements. The basement must remain operational during the construction. This will likely require three or four construction phases.
2. East Arcade improvements. The three vendors currently selling in the East Arcade can be relocated to vacant spaces in the North Arcade during construction.
3. North Arcade food hall and alley upgrades. The vendors in the North Arcade can relocate to the East Arcade once construction there is complete. Since the North Arcade will be closed to the public during construction, the new customer flow from the parking lots through the East Arcade can be established during this period.
4. Mezzanine event and education spaces, including improvements to the northeast corner of the Market Hall.
5. HVAC improvements
6. Roof repairs
7. Office improvements

Performance Metrics

Redevelopment and management of West Side Market should be guided by performance metrics that clearly identify the important issues that should be measured and there need to be effective means to collect and disseminate relevant data. This masterplan identifies an initial set of performance metrics, organized into six categories, along with baseline data that was collected as part of the Phase 1 research tasks.

The metrics are found in Appendix F.



The Market's future requires new income streams to supplement merchant rents. The parking lots provide CPMC with an immediate opportunity to convert to a pay-by-phone system that eliminates the entrance/exit gates and make modest adjustments to parking policies and rates. These changes will inject meaningful income that can support the Market's operations, fund predevelopment costs, and possibly become an income stream to finance debt.

The proposed mezzanine event and education spaces offer both new income streams and facilities where CPMC can fulfill its nonprofit mission around nutrition education, workforce development, and entrepreneurship support. The views offered by the central event space – overlooking the Market Hall in one direction and downtown Cleveland in the other – and the unique catering experience offered by Market merchants will make these highly desirable event venues. The proposed staff positions that support events and catering are key to fulfilling this vision once the spaces are upgraded and made accessible.

Customers love to eat when they visit public markets, choosing among vendors who offer the region's varied ethnic and cultural specialties and then enjoying their meal at a table. The proposal to convert the North Arcade into a food hall and making the alley between the Market Hall and North Arcade a pedestrian plaza achieves a number of goals: it keeps the Market Hall and East Arcade as the foci of fresh and specialty food shopping, it provides opportunities for multiethnic entrepreneurs to open a business at the Market, and it satisfies customer demand for prepared foods and seating zones. The proposed North Arcade percentage rent structure allows rents to be affordable for new businesses, and then increase when justified by higher sales. If sales

hit the expected levels, then merchants will have high grossing, profitable businesses and the Market will receive substantial rents. The recommendation to require a common point-of-sale system in the food hall gives these vendors and CPMC the latest technologies to support start-ups and drive sales, while serving as a demonstration project for the Market's other merchants. The introduction of packaged alcohol within West Side Market and alcohol service within the North Arcade and at events will serve customers well while creating new revenue streams for merchants and CPMC. As architectural plans are further developed, CPMC will need to determine the best liquor licensing approach and secure the appropriate licenses.

The magnitude of proposed physical changes to West Side Market requires investments from government, foundation, and private sources. If any public market in the United States is worthy of this investment, it is West Side Market. The City's investment in a magnificent structure in 1912 has distinguished West Side Market for over a hundred years as it serves residents from throughout the city, the region, and the world. The Market is equally worthy of investment today as it navigates the new river of nonprofit management with the core, authentic elements intact and enhancements that allow the Market to thrive in the decades ahead.

Appendix A:

Advisory Committee & CPMC Board

ADVISORY COMMITTEE MEMBERS

Name	Organization <i>(as of August 2022)</i>	Category
Amanda Dempsey	Mitchell's Ice Cream	Food Business
Melissa Khoury	Saucisson Cleveland	Food Business
Chef Eric Wells	Skye La Rae's Culinary Services	Food Business
Ramat Wiley	Adun Spice Company	Food Business
Kerry McCormack	Cleveland City Council	Government
Ryan Puente	City of Cleveland	Government
Bonnie Teeuwen	City of Cleveland	Government
Jessica Trivisonno	City of Cleveland	Government
Tom Boutros	Boutros Bros Produce	Merchant
Beth Bowman	Vera's Bakery	Merchant
Amanda Chucray	Czuchraj Meats	Merchant
Don Whitaker	D.W. Whitaker	Merchant
Dave Abbott		Partners
Carrie Carpenter	Huntington Bank	Partners
David Gilbert	Destination Cleveland	Partners
Jason Russell	Bedrock	Partners
Tanisha Velez	FARE	Partners
Ann Zoller	Strategy Design Partners	Partners
Dr. Don Malone	Cleveland Clinic	Stakeholder
Tom McNair	Ohio City, Inc.	Stakeholder
Jane Platten	MetroHealth	Stakeholder
Dan Whalen	Harbor Bay; OC Improv Corp	Stakeholder

BOARD MEMBERS - CLEVELAND PUBLIC MARKET CORPORATION

Name	Organization
Amanda Dempsey	Previous West Side Market Manager
Ann Zoller	Cuyahoga County Senior Advisor, Strategy Design Partners
Carrie Carpenter	Senior Vice President, Regional Manager of Corporate Affairs, Huntington National Bank
Colette Jones	Chief Marketing Officer, Cleveland Foundation
David Abbott	Retired president of The George Gund Foundation
Dr. Don Malone	President of Cleveland Clinic's Ohio Hospitals and Family Health Centers
Henry Hilow	Attorney, Hilow & Spellacy
Jason Russell	Vice President, Operations and Leasing, Bedrock Detroit
Kerry McCormack	Ward 3 Councilmember
Ramat Wiley	Culinary Creative and Owner of Adun Spice Company
Randy McShepard	Vice President of Public Affairs and Chief Talent Officer, RPM International, founder of Rid-All Green Partnership
Shelly Cayette	Senior Vice President and Chief Commercial Officer, Cleveland Cavaliers
Tanisha Velez	Owner, Cleveland Fresh Microgreens
Tom Nagel	Retired from DB Schenker
Tom McNair	Executive Director, Ohio City Inc.



Appendix B: Executive Director Job Profile

[DOWNLOAD JOB PROFILE](#)

Appendix D: Operating Pro Forma

	Year 1	Year 2	Year 3-?	Year ?	Year ?
Program service revenue					
Market Hall rent	806,595	830,792	1,128,282	1,196,108	1,268,013
Arcades - current	250,740	258,262			
Arcade - East (post renovations)			264,720	272,661	280,841
Arcade - North (base rent)				478,975	493,344
Arcade - North (% rent)				542,471	596,718
Basement rent	152,099	179,322	230,877	277,052	285,364
Gas	29,388	30,270	31,178	32,113	33,076
Marketing fee	92,067	94,829	97,674	135,369	139,430
Program/event rental	30,000	30,900	368,663	388,574	409,348
Parking	600,000	600,000	500,000	-	-
Misc	5,000	5,150	5,305	5,464	5,628
Subtotal	1,965,888	2,029,525	2,626,697	3,328,786	3,511,762
Contributions & grants					
Donations & Grants	150,000	157,500	165,375	170,336	175,446
Sponsorships	75,000	78,750	82,688	85,168	87,723
City transfers	700,000	700,000	600,000	300,000	-
Subtotal	925,000	936,250	848,063	555,504	263,170
Gross Operating Income	2,890,888	2,965,775	3,474,760	3,884,291	3,774,931
Bad Debt Expense	39,927	41,804	52,582	88,042	92,904
Vacancy Factor	13,309	13,935	87,637	293,475	154,839
Subtotal	53,236	55,739	140,218	381,517	247,743
Adjusted Gross Income	2,837,653	2,910,036	3,334,542	3,502,773	3,527,188
Operating Expenses					
Salaries	1,236,225	1,353,436	1,653,207	1,702,803	1,753,887
Professional fees	100,000	103,000	106,090	109,273	112,551
Marketing/Programming	200,000	206,000	212,180	218,545	225,102
Office & IT	25,000	25,750	26,523	27,318	28,138
Occupancy, repair	783,472	806,976	831,185	856,121	881,805
Insurance	120,000	123,600	127,308	131,127	135,061
Travel, meetings	10,000	10,300	10,609	10,927	11,255
Other	75,000	77,250	79,568	81,955	84,413
Parking	250,000	257,500	265,225	273,182	281,377
Subtotal	2,799,697	2,963,812	3,311,894	3,411,251	3,513,589
Net Operating Income	37,956	(53,776)	22,647	91,522	13,600

Appendix E: Construction Cost Estimates

 CITY OF CLEVELAND - WEST SIDE MARKET INFRASTRUCTURE AND BUILDING UPGRADES Study Estimate	 REGENCY CONSTRUCTION SERVICES, INC.
DESIGNER: JMT	DATE: July 6, 2023

PROBABLE COST SUMMARY										
DIVISION	BUILDING COMPONENT	BUILDING EXTERIOR	BASEMENT RENOVATIONS	ARCADE - PH1 EAST	ARCADE - PH2 NORTH	MEZZANINE ELEV. HVAC	VENDOR STATIONS - HVAC & ELEC.	2nd Flr OFFICES RENOVATION	Generators (2) 1-MW 2-MW	TOTAL COST
1	GENERAL REQUIREMENTS	\$164,885	see below	\$83,659	\$196,057	\$137,055	\$206,109	\$19,384	\$153,935	\$841,085
2	EXISTING CONDITIONS	\$89,665	see below	\$34,688	\$88,308	\$127,686	\$0	\$48,928	\$0	\$389,274
3	CONCRETE	\$0	see below	\$83,250	\$202,250	\$102,146	\$0	\$0	\$0	\$387,646
4	MASONRY	\$410,923	see below	\$50,000	\$137,980	\$257,815	\$0	\$18,000	\$0	\$874,718
5	METALS	\$0	see below	\$0	\$49,140	\$406,465	\$0	\$0	\$0	\$455,605
6	WOOD, PLASTIC & COMPOSITE	\$39,569	see below	\$143,280	\$1,620	\$2,675	\$0	\$733	\$0	\$184,469
7	THERMAL AND MOISTURE PROTECTION	\$1,521,619	see below	\$41,380	\$87,376	\$160,819	\$0	\$43,063	\$0	\$1,653,783
8	OPENINGS	\$826,370	see below	\$305,180	\$778,880	\$160,819	\$0	\$70,037	\$0	\$2,114,311
9	FINISHES	\$2,100	see below	\$93,040	\$317,859	\$24,865	\$0	\$1,967	\$0	\$325,535
10	SPECIALTIES	\$0	see below	\$1,250	\$2,838	\$24,865	\$0	\$0	\$0	\$30,919
11	EQUIPMENT	\$0	see below	\$0	\$720,000	\$345,500	\$0	\$53,375	\$0	\$1,065,500
12	FURNISHINGS	\$160,640	see below	\$0	\$200,000	\$157,500	\$0	\$0	\$0	\$671,515
13	SPECIAL CONSTRUCTION	\$0	see below	\$0	\$0	\$115,000	\$0	\$0	\$0	\$115,000
14	CONVEYING SYSTEMS	\$0	see below	\$0	\$79,450	\$27,293	\$0	\$0	\$0	\$106,743
21	FIRE SUPPRESSION	\$0	see below	\$160,950	\$495,995	\$282,500	\$0	\$25,500	\$0	\$964,945
22	PLUMBING	\$0	see below	\$194,250	\$454,000	\$233,455	\$1,955,118	\$73,300	\$0	\$2,910,123
23	HVAC	\$0	see below	\$155,400	\$393,270	\$130,160	\$2,063,563	\$33,718	\$3,078,700	\$5,854,811
26	ELECTRICAL	\$0	see below	\$0	\$0	\$49,372	\$103,500	\$19,058	\$0	\$161,930
27	COMMUNICATIONS	\$0	see below	\$61,050	\$124,850	\$0	\$0	\$0	\$0	\$185,900
28	ELECTRONIC SAFETY & SECURITY	\$0	see below	\$0	\$0	\$0	\$0	\$0	\$0	\$0
31	EARTHWORK	\$246,815	see below	\$0	\$12,150	\$0	\$0	\$0	\$0	\$258,965
32	EXTERIOR IMPROVEMENTS	\$0	see below	\$0	\$0	\$0	\$0	\$0	\$0	\$0
33	UTILITIES	\$692,517	see below	\$267,367	\$823,441	\$575,633	\$865,658	\$81,412	\$646,527	\$3,952,555
SUBTOTAL: ALL TRADES WORK, NET		\$4,155,103	see below	\$1,804,204	\$4,940,644	\$3,453,797	\$5,193,947	\$488,474	\$3,879,162	\$23,715,332
SALES TAX EXEMPTION		No Tax Included	No Tax Included	No Tax Included	No Tax Included	No Tax Included	No Tax Included	No Tax Included	No Tax Included	No Tax Included
CMR GENERAL CONDITIONS, FEE & CONTINGENCY: 15%		\$623,266	see below	\$240,631	\$741,097	\$518,070	\$779,092	\$73,271	\$581,874	\$3,657,300
PHASING PREMIUM FOR OCCUPIED BUILDING: 5%		\$238,918	see below	\$92,242	\$284,087	\$198,593	\$298,652	\$28,087	\$223,052	\$1,363,632
ESCALATION: 10.25% to midpoint of construction of June, 2025		\$514,272	see below	\$198,550	\$611,497	\$427,472	\$642,848	\$60,458	\$480,119	\$2,935,217
SUBTOTAL: CMR PLUS ALL TRADES WORK CONTINGENCIES:		\$5,531,559	see below	\$2,135,626	\$6,577,325	\$4,597,932	\$6,914,540	\$650,291	\$5,164,207	\$31,871,480
CONSTRUCTION CONTINGENCY: 10%		\$553,156	see below	\$213,563	\$667,732	\$459,793	\$691,454	\$65,029	\$516,421	\$3,157,148
OWNER SOFT COSTS: 15%		\$829,734	see below	\$320,344	\$986,599	\$689,690	\$1,037,181	\$97,544	\$774,631	\$4,735,722
TOTAL PROBABLE CONSTRUCTION COSTS: (Per Basement Renovations budget dated 4/17/23 provided by others)		\$6,914,449	\$16,164,504	\$2,669,533	\$8,221,656	\$5,747,415	\$8,643,175	\$812,863	\$6,455,259	\$55,628,864

Appendix F: Performance Metrics

Category	Metric	Description	Baseline 2022	Target/goal	Data sources
Customers	Attendance	Number of customers in the Market; weekday and weekends	882,095	Year-to-year growth 3-5%	Door counters
Customers	Diversity	Range of customers by age, race, income, gender, geography	Data from intercept survey (see charts)	Increasing diversity, regional attraction, substantial low income	Shopper intercept survey; POS data (zip codes)
Customers	Food access	Redemption site for SNAP, Produce Perks, DoubleBucks, Rx Bucks	Data from student survey	Year-to-year growth 3-5%	EBT data
Customers	Satisfaction	Customer satisfaction: product selection, quality and prices; service, hours of operation, access/parking, facility comfort, safety, visitor experience	Data from intercept survey (see charts)	Increasing levels of satisfaction	Complaints, social media posts, surveys
Customers	Sustainability	Use of alternative transportation	Data from intercept survey	Increasing use of alternative transportation	Shopper intercept survey; RTA records?
Vendors	Diversity	Minority, immigrant, women-owned businesses; multigenerational businesses	Merchant interviews (see chart)	Increasing diversity; maintenance of multigenerational businesses	Leasing records, recruitment initiatives
Vendors	Entrepreneurship support	Entrepreneurship support programs and activities	None	Partnerships and programs to support entrepreneurs	Program data
Vendors	Occupancy	Tenanted stalls and participation in daystalls/farmers' market	See chart	Stall vacancy at 5% or less; increasing daystall/farmers' market participation	Attendance records
Vendors	Operating hours	Compliance with Market posted hours		100% compliance	Attendance records
Vendors	Sales	Merchant sales: fresh, specialty, prepared, bar, nonfood	Data from intercept survey	Annual sales growth in each category	Shopper intercept survey, merchant reports, POS data
Vendors	Satisfaction	Management, marketing, facilities, operating schedule		Increasing satisfaction	Vendor surveys, interviews
Finance	Accuracy, completeness, usefulness	Minimal errors, timely reporting		Timely reports, no errors	Audit, financial records
Finance	Capital investment	Capital investments to maintain and improve the facilities	\$9m investment over past 10 years	Consistent capital investments to maintain and improve facilities	Financial records
Finance	Income diversity	Income from multiple sources: rents, events, grants, sponsorships	See chart	Diverse income sources, growing income	Financial records
Finance	Operating sustainability	Income meeting or exceeding expenses	City subsidy 2022 \$540,375; 2023 \$631,069	Reduction in subsidies; creation of operating reserve	Financial records
Operations	Cleanliness	Clean facilities		Consistently clean facilities	Inspections, cleaning logs, complaint logs, survey results
Operations	Well-functioning building systems	HVAC, refrigeration, exhaust hoods, plumbing, electric, emergency, roof all function as designed	No A/C, insufficient heat, roof leaks	Improved bldg systems; once operational, minimal disruption to any building or mechanical system	Maintenance logs, system audits
Operations	Hours of operation	Days and hours meeting customer needs	Merchants opening late and closing early	5 day operation with all merchants open during scheduled hours	Attendance records

Operations	Marketing	Effective marketing programs across multiple channels	Minimal marketing; web site	Increasing social media followers; positive editorial content; frequent positive media mentions	Social media metrics; print/radio/TV coverage
Operations	Security	Feelings of safety among owners, employees, and customers; absence of theft, vandalism, other crime		High perceptions of safety; minimal reports of crime	Incident and police reports, surveys, maintenance logs
Operations	Staff	Diversity, longevity, development, satisfaction		Diverse, satisfied staff engaged in professional development	Staff records, surveys and reviews
Operations	Sustainability	Efficiency/reduction in waste, utilities	New composting program	Consistent reductions in waste stream; high levels recycling, lower energy usage	Market records, energy audits
Events/Education	Cooking/nutrition programs	Number and type of cooking classes	None	Increasing number of programs; attendance; KAB measures?	Event records; surveys of program participants
Events/Education	Private events	Number of private event bookings; range of event organizers and attendees	None	Increasing number of private events; diverse users; client satisfaction	Event records; client feedback
Events/Education	Public events	Number and type of public events	None	Increasing number of public events; diverse users	Event records; door counts; surveys of event participants; merchant feedback, POS sales data
Events/Education	Partnerships	Partnerships with mission-aligned organizations that share goals for programs and advocacy	FARE: Produce Perks	Number and depth of partnerships, clear outcome measurements	Program data
District development	Parking lot operations	Availability of convenient free parking for Market customers, net income from parking	90 minute free parking; backups from gates; \$160,000 net income	Free customer parking; gateless system, \$750k -1m net income	Parking manager data, observation, social media
District development	Neighborhood vibrancy	Active, safe, popular district	OCI studies	Low commercial vacancy rate, perceptions of safety	Vacancy rates, commercial rent rates, population

Sources

¹<https://com.ohio.gov/divisions-and-programs/liquor-control/local-government-resources/community-entertainment-district-ced-guide>

²<https://com.ohio.gov/divisions-and-programs/liquor-control/local-government-resources/designated-outdoor-refreshment-areas-dora>

³Historic Lexington Market in Baltimore, which dates to the 1780s, underwent a major transformation in 2022 and relocated to a new building on an adjacent lot. All merchants within Lexington Market are now required to use Toast POS, with sales information tied to a centralized system accessible by Market management, and rents include a percentage of gross sales above a fixed threshold.

⁴Desman Design Management, "On-Street Parking System Modernization Plan Summary," July 17, 2020 accessed at <https://ewscripps.brightspotcdn.com/b9/1a/1acb18b442188f5fa3db8a90f402/cle-meter-system-modernization-plan-summary-7-18-20.pdf>

⁵Cleveland-Elyria, OH - May 2022 OEWS Metropolitan and Nonmetropolitan Area Occupational Employment and Wage Estimates (bls.gov)

⁶§ 131.21 Rental of Market Stalls (amlegal.com)