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**TO:** GENERAL COMMITTEE

**SUBJECT:** DOWNTOWN MARKET FEASIBILITY STUDY

**WARD:** WARD 2

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MANAGEMENT

**CHIEF ADMINISTRATIVE OFFICER APPROVAL:** C. LADD, CHIEF ADMINISTRATIVE OFFICER

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**RECOMMENDED MOTION**

1. That staff be authorized to conduct a feasibility study for a year round market in the Downtown.
2. That additional funding in the amount of \$50,000 be recommended in the 2014 Business Plan staff report.
3. That staff submit funding applications to the programs identified in staff report EDO010-13 to offset a portion of the costs associated with competing a market feasibility study.
4. That the Mayor and City Clerk be authorized to execute any successful funding agreements associated with applications made to partially fund the downtown market feasibility study.

**PURPOSE & BACKGROUND**

Purpose

5. The purpose of this Staff Report is to provide Council with information related to the steps required in order to complete a downtown market feasibility study.
6. The feasibility study will identify the business case in support of a year round downtown market, the financial viability, as well as outline planning details surrounding size, location, and operating model for the market.

Background

7. On June 24, 2013 Council passed motion 13-G-187 FEASILITY STUDY REGARDING A MARKET BUILDING:

“That staff in the Facilities and Transit Department be directed to provide a report to General Committee on the steps necessary to conduct a feasibility study on the viability of a market building in Downtown Barrie, including possible funding sources for the study.”

## **ANALYSIS**

8. Public markets are markets in public spaces, where independent merchants sell their products. Public markets are year round multiple day operations that serve the public and provide programming of events and functions that make it a community gathering place. Typically products sold at public markets include fresh produce, baked goods, locally raised meat, dairy and vegetables. They also provide handcrafted items, clothing and artisan products and imported goods. A public market is different from a farmers' market in that it offers a more permanent, refined setting with permanent fixtures. Its purpose can also include uses such as studio space, performance/assembly space, meeting or classrooms, associated community gardens. There could be an outdoor component for programmed outdoor space, as well as patios associated with a restaurant/café. A public market would discourage franchise business and cater to locally owned and operated businesses.
9. A market feasibility study will inform the City of options available for development of a market; the pros and cons associated with the implementation of a market; and provide relevant cost implications. A feasibility study can include a detailed business plan for the long term operation and maintenance of the market.

### **Steps Necessary to Conduct a Feasibility Study**

#### Background Study

10. This would form the initial stage in the study and would determine the trade area for Barrie. It would include case studies and success factors; identify types of programming, their uses and space requirements. It would establish goals and objects and provide information related to the operation of a public market vs. a farmers' market, their differences and market needs. It would provide information on what makes for a successful year round market. Locational demands and needs such as the importance of site visibility and accessibility. What is the optimal tenant mix, diversity and mix of product selection and event/function programming, number and type of events for success and what is the existing and forecasted competition and defining the trends and business drivers?

#### Business Environment

11. A market analysis would be undertaken that would include a demand and supply analysis to determine the stability and viability of a year round market. A demand analysis would define the target market sectors, trade area, primary and secondary markets and regional influence, customer attributes, including population demographics, consumer preferences and behaviours, income levels and household expenditure.
12. A supply analysis would determine the types of available local products and their variety given a central Ontario location where growing season conditions limit availability. Access to variety and quantity of goods and their travel distance to market. What types of events and functions would be targeted; their duration and variety.
13. A SWOT analysis would most likely be performed that establishes the strengths, weaknesses, opportunities and threats of a public market in Barrie. Organizational models would be investigated to provide options for market operation, to include, city owned, not for profit, or public/private partnerships.
14. The business environment may also include public consultation and a vendor interest survey or study and determine existing and forecasted competition.

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Economic Impact Analysis

15. In order to determine the operating and capital expenses required, a financial analysis or pro forma would be undertaken to determine costs and return on investment. This would provide an understanding of service offerings and facility and site operating and management models that would address marketing, rental/lease rates, tenant mix, event programming. Also the potential revenue and economic spinoffs for other downtown businesses and what the financial impacts from an economic, cultural or social perspective.

Site Options

16. Site options and selection would be analyzed and evaluated. City ownership and alignment with other City projects such as the redevelopment of Memorial Square and relocation of the mobility hub to Allandale would be factored into the evaluation.
17. Site selection criteria would be established that would include items such as size, capacity, parking, access. From this a site selection matrix would be developed utilizing the criteria to evaluate the various sites. Short listing of preferred sites would be recommended. Next steps could include the design of possible development concepts.

Findings and Recommendations

18. The final section would provide recommendations on the viability of a year round market, its trade area and market characteristics, operation, tenant mix, duration and financial implications, programming requirements and market amenities including indoor and outdoor facilities, operating and maintenance costs, marketing, etc.
19. Research on the topic suggests that a Steering Committee be formed that would include representation from the City with expertise in business, arts and culture, downtown programming, facilities and could include representation from the Downtown Barrie Business Improvement Association (BIA).
20. The Steering Committee would be a catalyst for moving the project forward. The Committee would provide direction and input into the preparation of the terms of reference for the issuance of a Request for Proposals for the undertaking of a market feasibility study, the evaluation of submissions and selection of consulting services.

Potential Funding Sources

21. There are funding sources available to offset the cost of consulting services associated with the preparation of a Market Feasibility Study. Below are a few examples of grant programs that are available for the undertaking of such a study to support the City's initiative for a year round market in the Downtown. Funding sources generally will fund to a maximum of 50% of the cost, where funding cannot be duplicated from another source.

Rural Economic Development Program (RED)

22. The funding source is the Ministry of Agriculture & Food and Rural Affairs (OMAFRA). The RED program accepts applications from municipalities for projects that will help rural communities (the City of Barrie qualifies) become better positioned to attract investment, create jobs and sustain a highly skilled workforce. The program can provide up to 50% of the project costs. The RED program has 2 streams – the Planning Stream and the Implementation Stream.

The Market Feasibility Study would fall under the Planning Stream, where such projects would contribute to outcomes such as:

- a) Increased economic competitiveness, innovation and diversity,
- b) Business and investment created, attracted, expanded and retained, and
- c) Creation and retention of jobs

#### Ontario Market Investment Fund

23. Another funding program also offered by OMAFRA is the Ontario Market Investment Fund which encourages collaboration and partnership opportunities. The municipality is eligible to make application for projects that include market research and development of market opportunities designed to increase understanding of consumer and trade channel demands and sector capabilities. Successful projects would have up to 50% of provincial government funding up to \$100,000.

#### Tourism Development Fund

24. The Tourism Development Fund through the Ministry of Tourism, Culture and Sport, supports projects that encourage tourism investment, tourism product development and industry capacity building. The program provides project-based funding for the creation or revitalization of tourism attractions, sites and experiences, enhancing the quality of tourism services, businesses and practices, and assistance with tourism planning and capacity support.
25. Applications are accepted on an ongoing basis. Municipalities are eligible who are undertaking tourism-related initiatives which support industry development and increased visitation. Types of initiatives that are eligible include tourism planning and activities that support tourism investment or reinvestment. Eligible costs include consulting services and research.

#### The Canada Cultural Spaces Fund

26. The Canada Cultural Spaces Fund (CCSF), provided through the Canadian Government, through the Department of Canadian Heritage, offers grants that contribute to improved physical conditions for arts and heritage related creation. The CCSF supports the preparation of feasibility studies for the construction and/or renovation of cultural spaces. The goal of the CCSF will allow Canadians to have access to arts and heritage spaces in their community for creation, presentation, preservation and exhibition.
27. A municipality is eligible to apply for funding for feasibility studies related to cultural infrastructure projects intended for professional arts and/or heritage activities. Included are professional fees related to assessing project viability, design and market/needs analysis. Financing is up to 50% of eligible costs and applications are accepted anytime throughout the year.

#### BIA

28. Staff have discussed with the BIA the potential opportunity of partially funding the market feasibility study. The BIA has a vested interest in a year round market in that it would support downtown improvement, provide economic business development spin-offs for the downtown BIA members, as well, the BIA could utilize space in the market for programmed events. A year round market is one of the key action items that forms the Brand Action Plan for the downtown as recommended and facilitated by Roger Brooks. While the BIA is not in a position to confirm the amount of funding available at this time, they are supportive of the study and further discussion on potential funding and joint grant application submissions.

**Recommendation**

29. The following steps are recommended for undertaking a Feasibility Study in order to provide Council with the necessary information to assist in the decision of whether to proceed with a year round downtown market.
- a) Staff to investigate and make applications for potential funding opportunities to fund the costs associated with the feasibility study.
  - b) Create a cross-functional Steering Committee that would include staff from the Facilities and Transit department and Invest Barrie division, where expertise would include facilities management, culture and arts and business development. It is recommended that representation from the BIA also be included.
  - c) Prepare the terms of reference for a Request for Proposal to include but not be limited to the following items:
    - i) Business case analysis for Market viability in the downtown.
    - ii) A locational review analysis to make recommendations on appropriate locations for a year round market.
    - iii) Financial analysis for both capital and operating expenditures required to implement and sustain the operations of a year round market.
    - iv) Operational analyses to determine the resource requirements and operational model for a year round market including potential partnership opportunities.
  - d) Undertake a public open house and consultation process, including key informant interviews, to engage the community.
  - e) Develop a management model. Options to include City owned and operated, forming a partnership or instituting a Board of Directors.
  - f) Prepare a staff report and possible presentation to Council on the findings from the Feasibility Study and public consultation process along with recommendations for consideration.

**ENVIRONMENTAL MATTERS**

30. There are no environmental matters resulting from the recommendation.

**ALTERNATIVES**

31. There is an alternative available for consideration by General Committee:

**Alternative #1**

General Committee could direct staff to undertake a feasibility study rather than issue an RFP to retain outside consulting services.

This alternative is not recommended as there are consultants who specialize in undertaking feasibility studies for year round markets. Staff does not have the experience or knowledge to effectively and efficiently undertake feasibility studies. In addition, the undertaking of such a study by staff was not included in the 2014 Business Plan.

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**FINANCIAL**

32. There are consultants in Ontario who undertake market feasibility studies. It is estimated that the cost of a Market Feasibility Study should not exceed \$50,000. Staff have had preliminary discussions with the BIA with regard to possible funding for the study. The BIA has expressed interest in participating in the initiative. The funding programs identified in this staff report fund up to 50% of costs. Therefore if the City is successful, up to \$25,000 could be received to offset the cost of the study.
33. The cost of undertaking the market feasibility study was not included in the 2014 Business Plan as research was ongoing in the preparation of this staff report, where such information was not known at the time of the Business Plan preparation. The funding for the market feasibility study can be raised as part of the tax rate rather than seeking reserve funding or displacing other planned work in 2014.

**LINKAGE TO 2010-2014 COUNCIL STRATEGIC PLAN**

34. The recommendations included in this Staff Report support the following goals identified in the 2010-2014 City Council Strategic Plan:
- Strengthen Barrie's Financial Condition
  - Create a Vibrant and Healthy City Centre
  - Direct and Manage Economic Development
35. A year round market in the downtown would promote local food production and availability. It would be considered a valuable cultural asset within the community through its event programming and cultural heritage exhibits and artisan offerings. It would contribute to downtown revitalization and the creation of jobs. A public market is considered a tourist attraction and economic development driver offering spinoff business opportunities within the downtown.