

# Master Plan Scenarios

## PDA Council Workshop

October 26, 2023



# INTRODUCTION

# Master Plan Timeline



**Council work sessions:**

- ✓ Social Services & Community Steward
- ✓ Food Life Nexus
- ✓ Sustainability Action Plan & Physical Analysis
- ✓ DEI Framework
- ✓ Small Business Hub
- ✓ Downtown Anchor

Note: Pending budget approval

# Workshop Objectives

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1. We are seeking Council input on key components – **critical items and “nice to haves”** - of a **Preferred Scenario**, drawing from the three reviewed scenarios.
2. You are **not selecting a single scenario** – but giving feedback on what components of each you like best. You may end up picking mostly one scenario, with components of others.
3. Outcome: the information the Consultant Team needs to craft a **Preferred Scenario** for your feedback at the next meeting, after which we will craft the Final **Master Plan**.

# Master Plan Contents



# Session 1: Scenarios



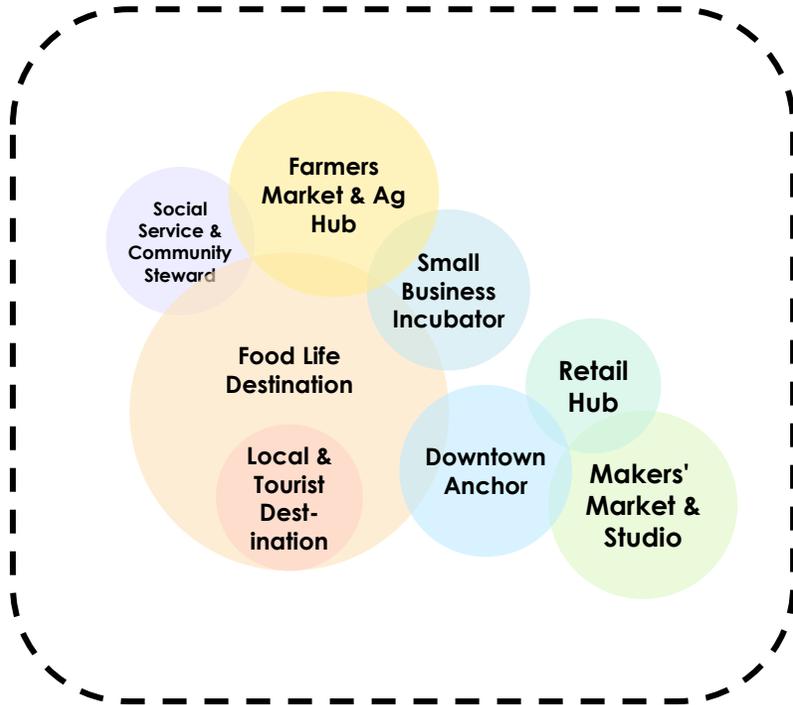
## Session 2: Physical Experience



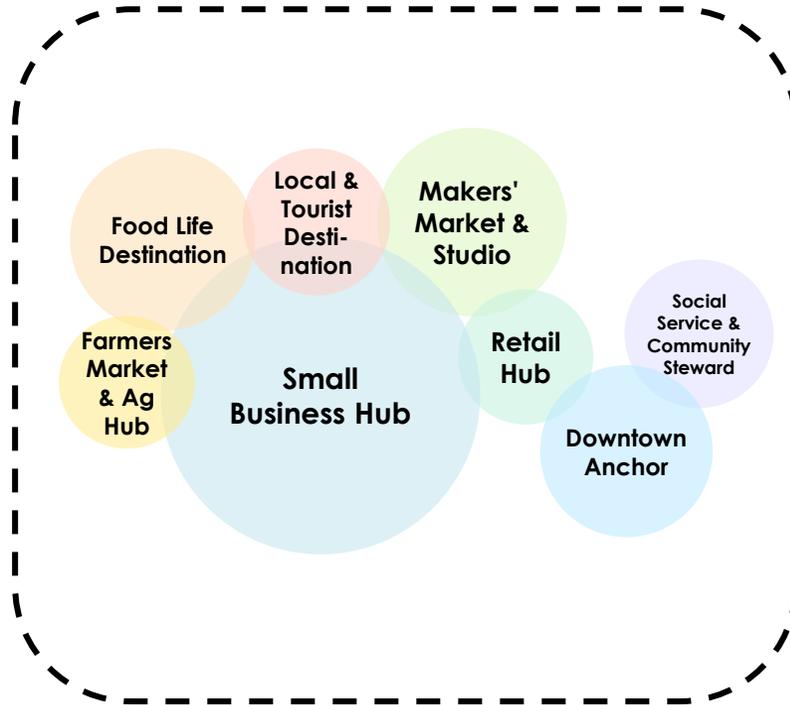
Session 1:  
**SCENARIOS**

# Scenarios

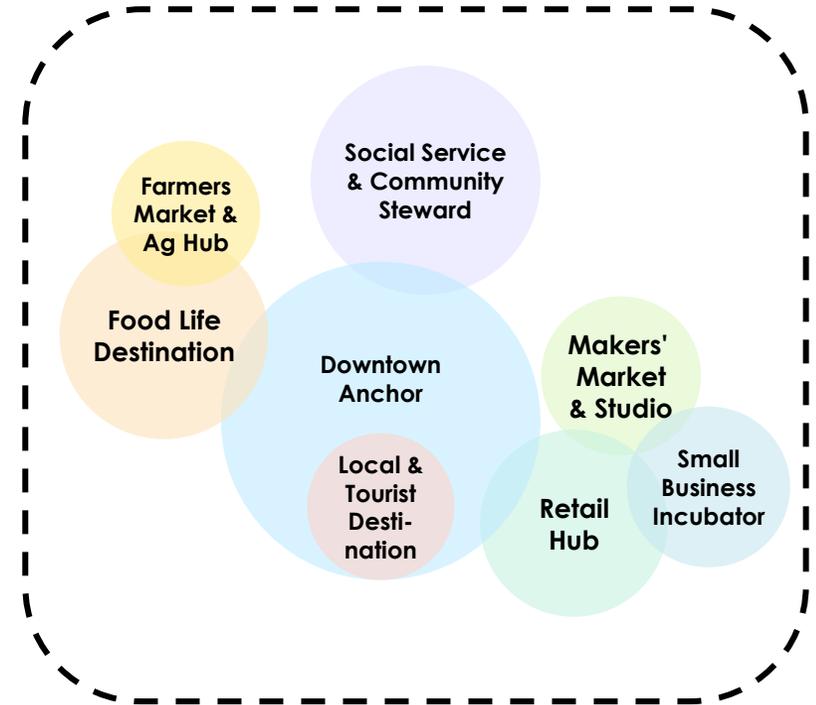
## FOOD LIFE DESTINATION



## SMALL BUSINESS HUB



## DOWNTOWN ANCHOR



← DIVERSITY, EQUITY & INCLUSION →

# Constants across all scenarios

## Master Plan Goals

**Goal #1:** Celebrate the **multiple identities** and authentic character that are essential to PPM, fulfill its social impact as the “Soul of the City,” and continue to embrace principles of greater **diversity, equity, and inclusion (DEI)**.

**Goal #2:** Reorient PPM to a **local audience** with a business model and placemaking that make PPM a place for people who live and work in Seattle to shop, dine, experience, gather, and connect and gives PPM a “seat at the table” on relevant local policy issues.

**Goal #3:** Preserve the **physical plant** while improving operations, enhancing visitor experience, and embracing environmental sustainability.

**Goal #4:** Build PPM’s **financial strength**.

**Goal #5:** Ensure **PDA governance structure** supports implementation.

# Constants across all scenarios

- **Mission, values, and roles in the Charter remain a “north star.”** This includes serving as a social service provider, a farmers market, and a food and craft hub that promotes “meet the producer.”
- **DEI is advanced**, institutionalizing DEI across organizational structure and culture and establishing DEI metrics for visitors, vendors, leadership & operations (*from DEI meeting*)
  - PDA partners with **Native American** tribes and businesses to define their physical presence
- **Social services visibility and coordination is increased** (*from Social Services meeting*)
- **Physical improvements:**
  - Improving **ADA and universal accessibility**
  - **New improvements** consistent with approved Master Plan
  - Addressing **existing capital investment needs** as well as **building maintenance, operational, and upkeep needs**
  - Providing infrastructure and support for **street management partnerships** and **seasonal adaptation** strategies

# Definitions: activation vs. tenants

Programming shifts will manifest over time, first via activation that can happen more quickly, with experimentation, then by curating the tenant mix, which will happen over many years as new spaces become available.

**Activation:** PPM-run and/or -sponsored events and programs (e.g., special events, pop-ups, incubator space)

**Tenants:** merchants that pay rent or acquire permits for fixed PPM spaces – e.g., restaurants, retail, daystalls



## Tenant mix: PPM has always sought to maintain authenticity while allowing tenant mix to evolve as spaces become available.

“The PDA seeks to work with commercial tenants to identify opportunities for their business to become viable and to succeed. The PDA supports continued operation of businesses to **maintain authenticity and traditions** while also making the most of opportunities to **improve tenant mix and customer choices when space becomes available.**”

– PPM Leasing Guidelines



## Scenario 1: Food Life

Pike Place Market will foster a culinary culture with local authenticity and destination appeal, built on a sustainable PNW food system that extends from the producer to the consumer.



# Scenario 1 - Food Life Destination: **Premise**

- Pike Place Market's **core mission** originated over a century ago as a place for farmers, growers, sea harvesters, and others to sell goods to the public.
- Today, PPM faces challenges with a mix of **structural forces affecting its family of producers and providers** and with contextual shifts affecting its dual roles as Destination Place and Community CenterPoint.
- PPM has a unique opportunity to create a Food Life Destination that **brings recognition to Pacific Northwest culinary culture** as a source of **local identity and broad destination appeal**.



# Scenario 1 - Food Life Destination: **What We Heard**

**“Local farmers, local craftsmen...**  
supporting one another, along with  
local eateries sourcing directly and  
creating real farm to table. This includes  
local sea food, local meats...”

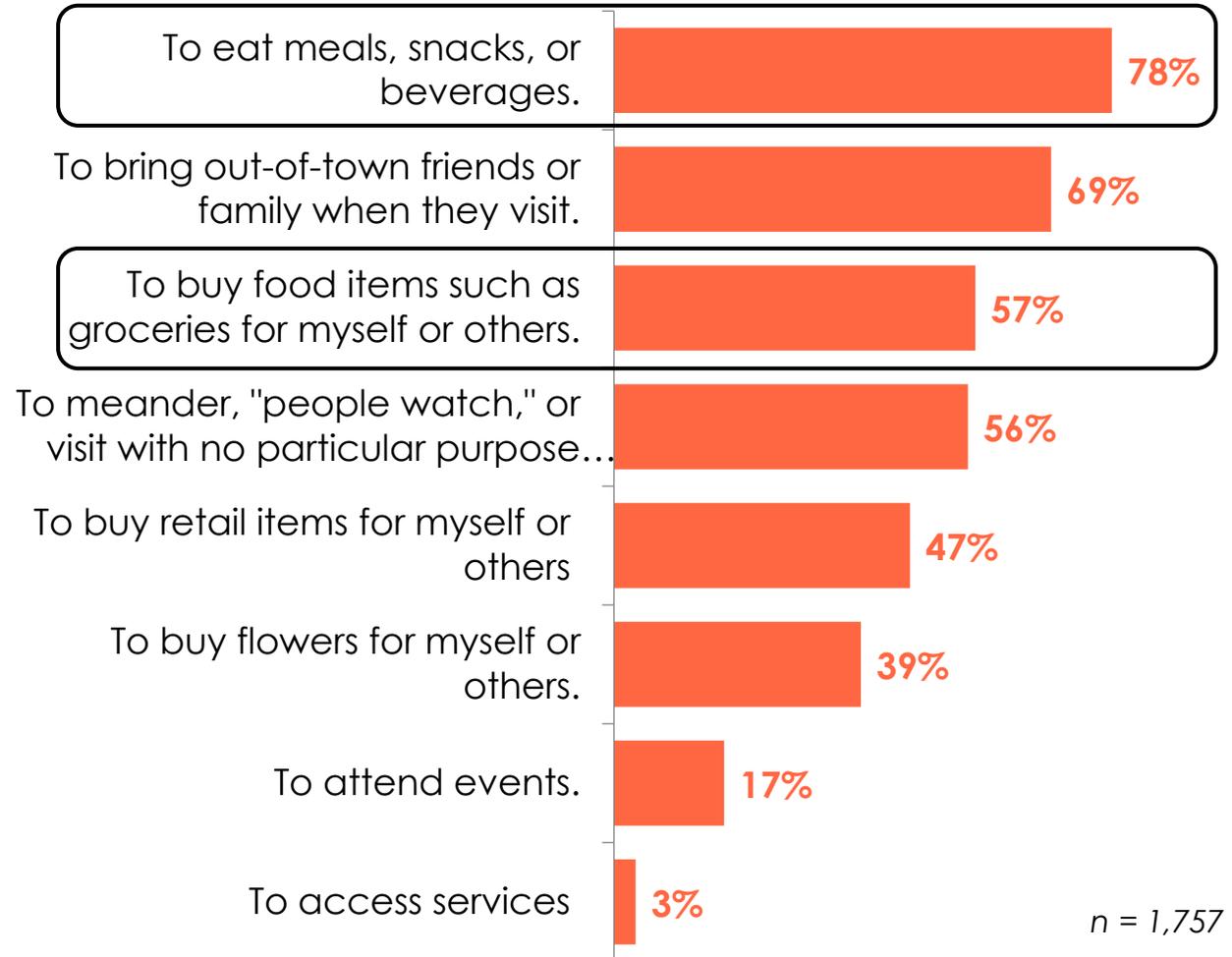
**“Start a specific incubator for very small  
food producers”**

**“Have inviting evening locations, food  
stalls and seating”**

- Internal Market survey

Source: Quotes - PDA External Survey (2023); Data – PDA Internal  
Market Survey (2023)

Top reasons why King County residents visit PPM  
include:



n = 1,757

# Scenario 1 - Food Life Destination: **Key Strategies**



## Tenant Curation Strategies

**PNW cuisine**

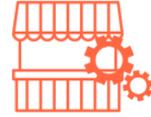
**First Nations food and culture**

**Limited, local, existing food business anchors**

**Dining clusters**

**PNW winery center**

**Farmer value-added foods**



## Activation Strategies

**Studio w. rotating chefs**

**Restaurant incubator**

**Food festivals**

**Ag and ocean sustainability advocacy**

**Farmers supplying PPM restaurants**

**Multicultural + seasonal weekend farmers markets**



## DEI Strategies

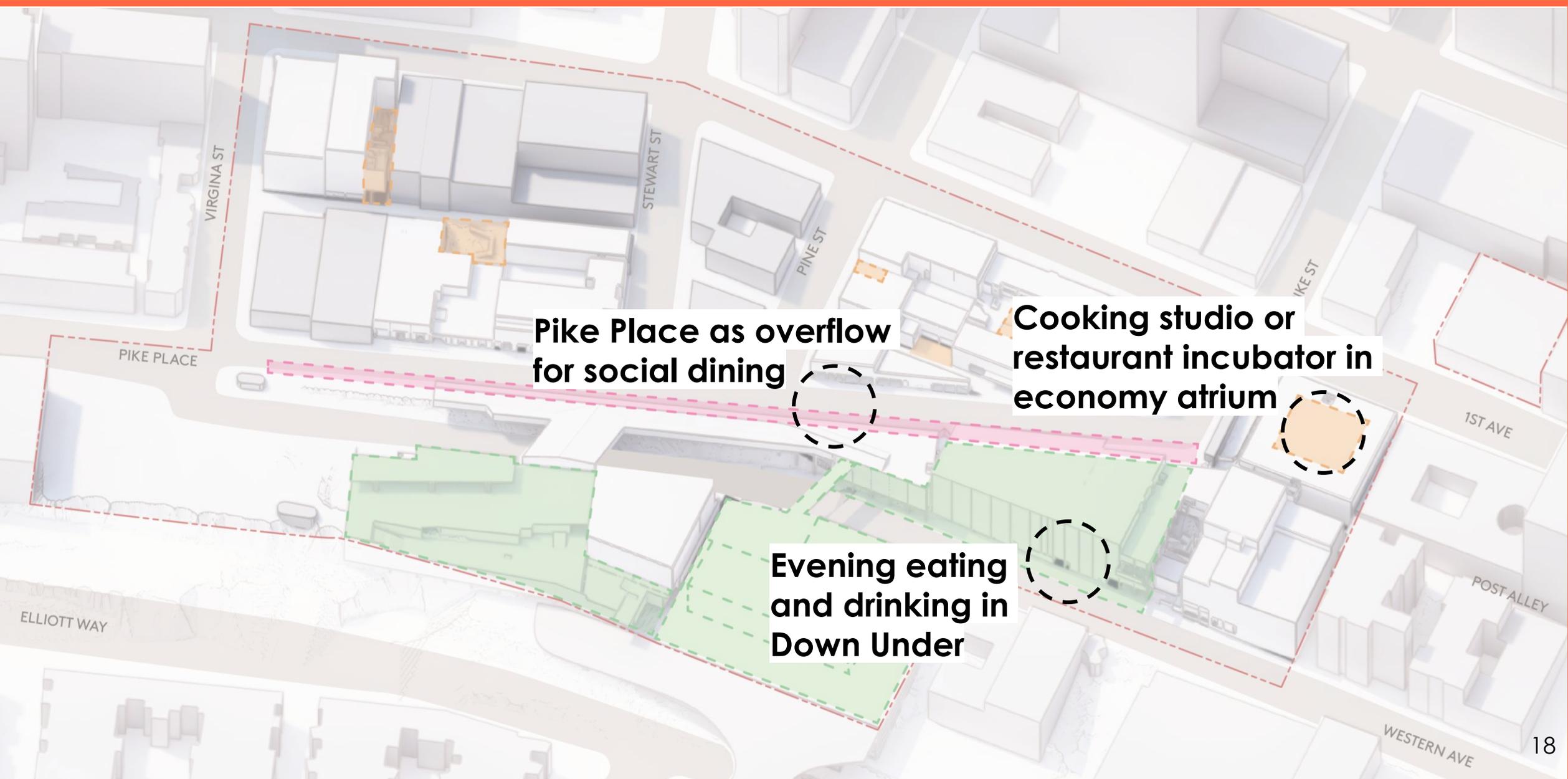
**Food bank investment**

**BIPOC food business curation**

**Partnerships with indigenous communities**

**Partnerships with rural agricultural programs**

# Scenario 1 - Food Life Destination: **Imagine...**



# Scenario 1 - Food Life Destination: Sustainability Strategy

PPM can become **a national leader** in promoting sustainable food practices and cuisine.

1. Provide access to **healthy, fresh, and affordable food**.
2. Prioritize farm and food businesses that source **local products and ingredients** and/or practice and support **equitable and sustainable farming practices in the region**.
3. Work towards **zero waste and reduced carbon emissions** on site and off site among producers and merchants.



# Scenario 1 - Food Life Destination Summary: Before vs. After

	Before	After
1	<b>PPM's financials rely significantly on a small number of tenants; there is a "missing middle" of tenants.</b> The top 20% of commercial tenants - almost exclusively food-oriented - generate 72% of sales.	<b>PPM fills in the "missing middle" of tenants with a unique and distinctive food-oriented mix,</b> bringing in a new generation of PNW-focused food entrepreneurs that drive foot traffic, thereby also increasing revenues of existing food tenants.
2	<b>There are limited connections between PPM restaurants/food purveyors and PPM farmers,</b> and no marketing of any such connections.	<b>All PPM restaurant menus and food labels comment on use of PPM produce,</b> e.g. "whenever possible," "100%," etc. This will be marketed and <b>core to PPM's brand.</b>
3	<b>2 of Eater's 38 Essential Seattle Restaurants are at PPM,</b> none of its best new restaurants are at PPM, and Resy offers reservations at only 2 restaurants.	<b>20% of Eater 38 are at PPM,</b> there is always one best new restaurant in the Eater listings, and Resy and other apps offer reservations at at least 50% of PPM restaurants.
4	<b>There is no comprehensive data on PPM merchant demographics.</b>	<b>Native American and BIPOC food entrepreneurs</b> are over-represented in the merchant demographic profile as compared to Seattle's population.



## Scenario 2: Small Business Hub

Pike Place Market will incubate, strengthen, and sustain new and existing legacy businesses within the Market to further economic opportunities, particularly for BIPOC, women, and other underserved entrepreneurs, maintaining the Market's unique and authentic appeal.

DRAFT

## Scenario 2 - Small Business Hub: **Premise**

- Pike Place Market has always provided **opportunities for small, owner-operated businesses to incubate and grow**, as envisioned in the Market's charter and other governing documents.
- PPM can strengthen its role as a small business hub by:
  - **Incubating** new businesses
  - Supporting and “**accelerating**” existing small businesses
  - **Sustaining** legacy businesses



## Scenario 2 - Small Business Hub: **What We Heard**

“It would be great to have **business coaching or peer-based coaching** to help our businesses thrive.”

“Very, very few businesses ever leave the craft line.... [We need] more **opportunities to learn next steps** - maybe a class or meetings with the retail rental persons at PPM about available space and what the leap to retail would look like.”

“It would be amazing if the market had a **small business liaison** that could help market businesses & permit holders navigate things like taxes, health insurance, etc.”

- Internal market survey



Participating entrepreneurs in Ventures' small business programs

## Scenario 2 – Small Business Hub: **Key Strategies**



### Tenant Curation Strategies

**Increase in start-up businesses – with continued presence of legacy businesses**

**Pop-ups and short-term leases**

**More “meet the producer”:  
increased arts, crafts, farmers**

**Shared facilities** (shared kitchen, logistics)



### Activation Strategies

**Business incubators and accelerators**

**Legacy business support and succession planning**

**Merchants’ association**

**“Pike Place Market” licensing**

**Collaboration between tenants**



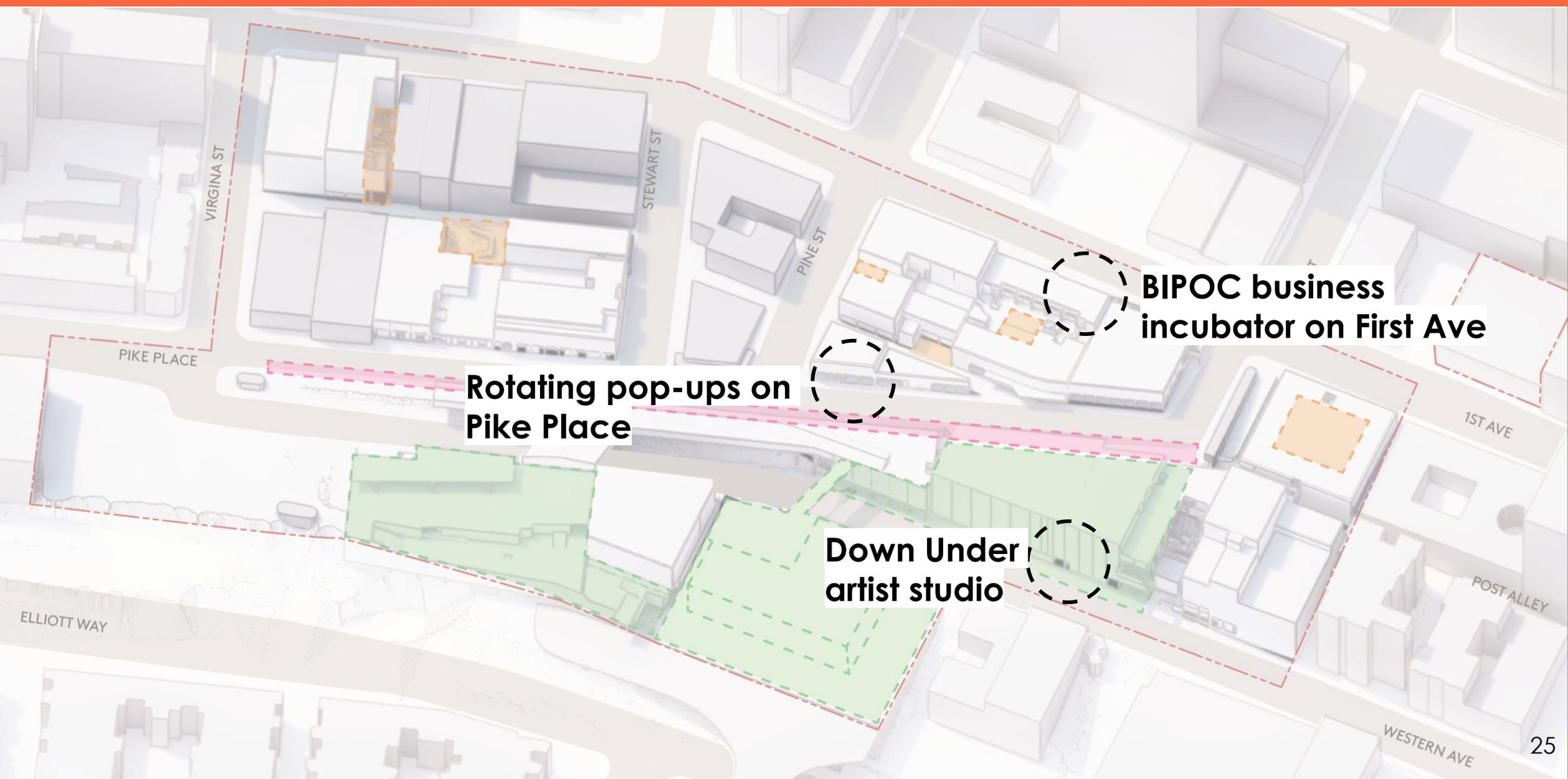
### DEI Strategies

**BIPOC business incubators and accelerators**

**Partnerships with indigenous and BIPOC community orgs to create pipeline of merchants**

**Physical improvements to support employees** (e.g., break rooms)

## Scenario 2 – Small Business Hub: **Imagine...**



## Scenario 2 - Small Business Hub: **Sustainability Strategy**

PPM can strengthen and market itself as a **healthy and supportive environment** for people to live and work in.

1. **Improve indoor environmental quality** to support long-term health and wellbeing of merchants and visitors.
2. **Expand economic opportunities** to support a socially and economically diverse merchant community.
3. **Enhance sense of comfort, safety, and belonging** throughout the Market.



## Scenario 2 – Small Business Hub Summary: Before vs. After

	Before	After
1	While 16% of businesses have been at PPM for <5 years, almost 40% have been there for 30+ years.	Activation, principally through incubation, and then acceleration into tenancy, introduce a <b>significant, noticeable coterie of new businesses.</b>
2	49% of PPM businesses have sales of less than \$300K/year.	Business growth and capacity to generate revenue and intergenerational wealth transfer are prioritized. <b>Only young businesses that have been at PPM &lt;5 years make &lt;\$300K/year.</b> Older businesses with <\$300K sales are given the support to grow.
3	<b>Only 12% of visitors view PPM as a launchpad for new businesses.</b> Implicitly, the experience of PPM is increasingly “known” ahead of time, and adventure and surprise are harder to find.	<b>PPM is locally and nationally celebrated as an ever-changing retail incubator and accelerator,</b> celebrating its legacy tenants and their success, while also showcasing new models of small business formation, especially retail-oriented business.
4	There is no comprehensive data on PPM merchant demographics.	<b>PPM becomes Seattle’s premier BIPOC business incubator and accelerator.</b> It nurtures beloved local BIPOC businesses that thrive within PPM and branch out into Seattle more broadly.

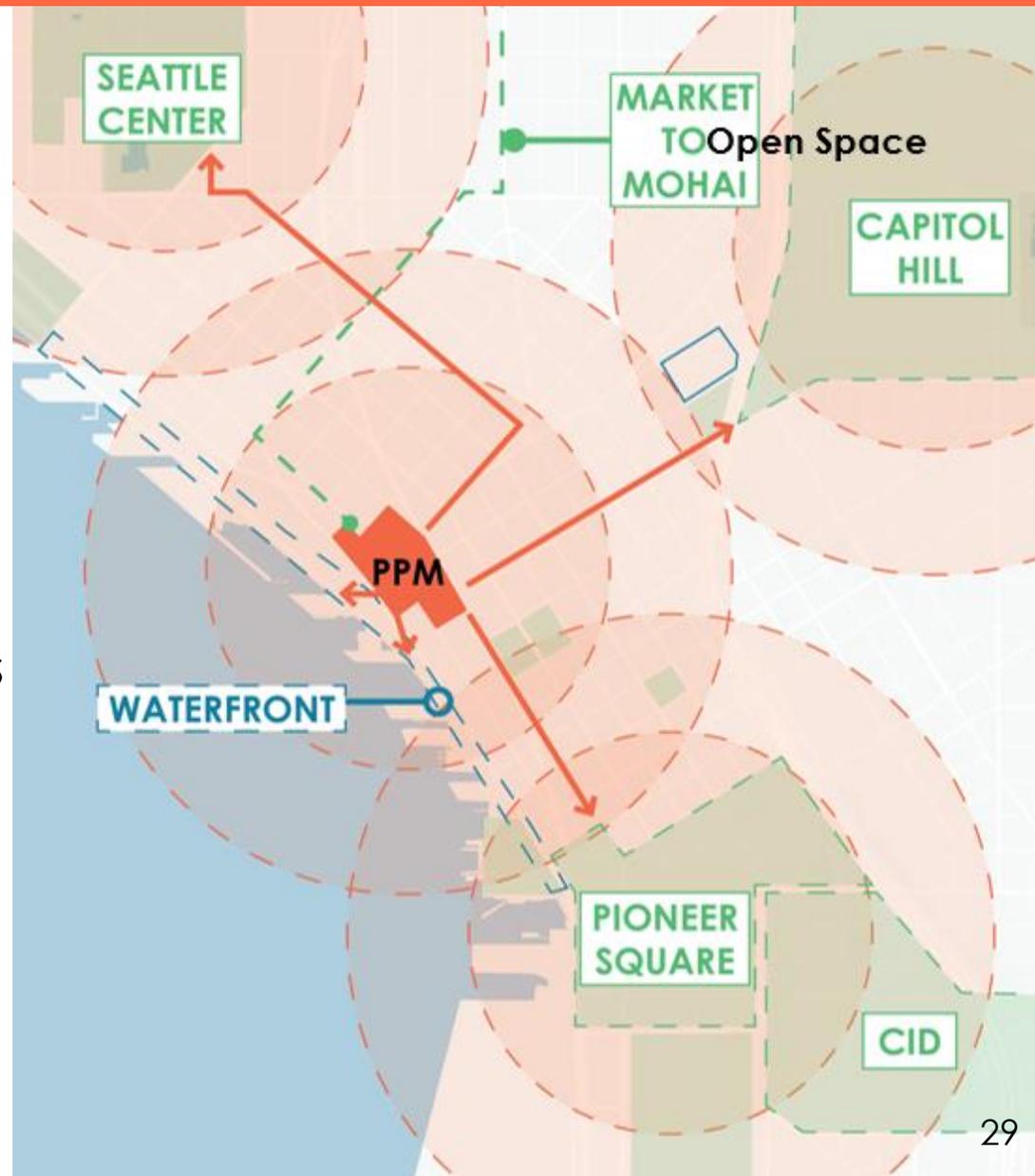
An aerial photograph of downtown Seattle, Washington, showing a dense urban landscape with numerous skyscrapers and buildings. The waterfront is visible on the left, with a large ferry docked at a pier. The sky is clear and blue. A semi-transparent white rectangular box is overlaid on the center of the image, containing text in a bold, orange-red font.

## Scenario 3: Downtown Anchor

**Pike Place Market will continue to anchor the revitalization of Downtown Seattle by serving as an advocate and partner for Downtown reactivation, connecting Downtown and the waterfront, and better serving and attracting the growing Downtown – and citywide – community.**

## Scenario 3 – PPM as a Downtown Anchor: **Premise**

- **PPM's future** is linked with that of Downtown's.
- Downtown Seattle has had one of the slowest recoveries in the country, although PPM was a place of **security and activity** during the pandemic.
- **Waterfront revitalization**, a strong network of **downtown destinations and institutions**, and a growing **residential community** offer opportunities for revitalization.
- With the right **partnerships**, PPM can be an anchor for downtown transformation with a **seat at the table** on local policy debates.



## Scenario 3 – Downtown Anchor: **What We Heard**

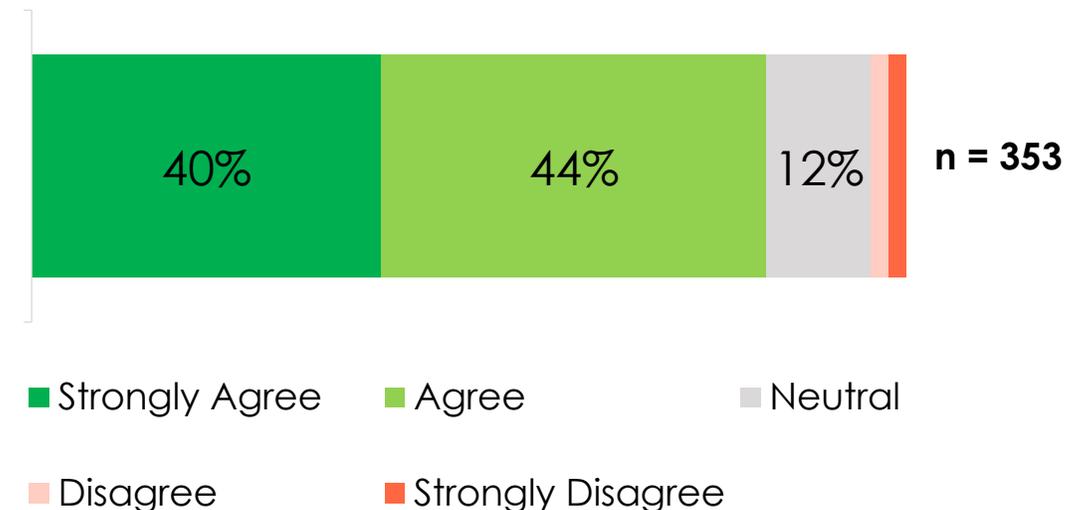
“The Market isn't an island; **what's good for downtown is good for us**. The more people downtown, the faster new businesses will open, the safer downtown will feel, which will in turn bring more people.”

“An authentic Pike Place Market should be **a place locals want to go to for groceries and one-of-a-kind gifts** and a place where farmers want to sell their produce.”

- Internal Markey Survey

### **Most Market community members believe PPM can support downtown revitalization**

Survey responses to “The Market can help to support the revitalization of Downtown post-COVID.”:



# Scenario 3 – Downtown Anchor: **Key Strategies**



## Tenant Curation Strategies

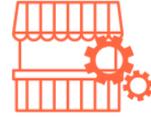
**Social dining and gathering spaces**

**Specialty and prepared foods**

**Curated specialty retail**

**Neighborhood services**  
(e.g., tailor, salon)

**Arts and makerspaces**



## Activation Strategies

**Work with CID, Pioneer Square, other nonprofit and private neighbors on advocacy and revitalization**

**Louder voice on Downtown policy issues**

**Cultural, arts, and other programming attracting locals**

**Off-site spaces** (retail, ghost kitchens, aggregation, etc.)

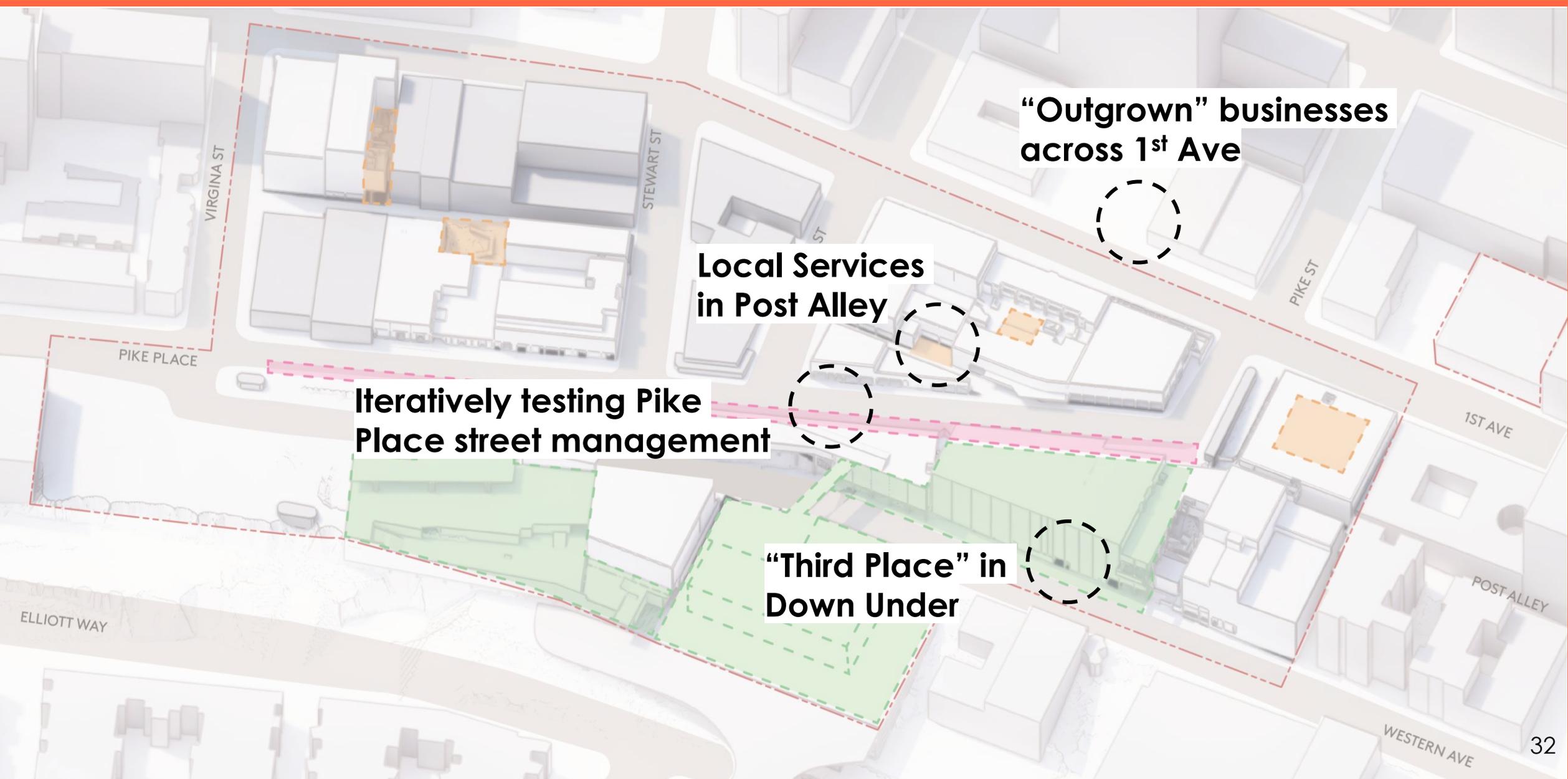


## DEI Strategies

**Increased access to social services as a hub for Downtown**

**BIPOC small business curation**

# Scenario 3 – Downtown Anchor: **Imagine...**



## Scenario 3 - Downtown Anchor: Sustainability Strategy

PPM can become **a resiliency hub** for all of Downtown and an **icon of leading sustainability practices** in a Historic District.

- 1. Energy:** Reduce energy use by minimizing demand and maximizing conservation through behavioral changes and physical improvements. Optimize physical plant performance at all scales to meet ever-evolving energy requirements.
- 2. Emergency response:** Plan and design for emergencies and for vulnerabilities associated with the current near term / long-term effects of the climate crisis.
- 3. Materials management:** Target zero waste and optimize materials management. Prioritize selection of low-carbon, non-toxic architectural materials in capital projects. Encourage and celebrate use of local craft and regionally sourced and manufactured products or materials.



## Scenario 3 – Downtown Anchor Summary: Before vs. After

	Before	After
1	<b>Pike Place, Post Alley, and the Arcade generate 46% of PPM rent revenues</b> , while the DownUnder and Western Avenue only generate 12%.	<b>Overall merchant rents increase, and geographic distribution of rent collections shifts to be more evenly distributed</b> , reflecting relatively equal consumer demand for services in different parts of the market.
2	<b>PPM is consulted on major local land use decisions downtown but is rarely included as an integral part of the process.</b>	<b>PPM, in a coalition it has convened</b> of downtown non-profit institutions and like-minded private property owners and major tenants, <b>is widely regarded as essential to any major downtown land use decision.</b>
3	<b>While no comprehensive data is available, cell phone data suggests 25% of visitors are from the Seattle region.</b> Operating hours are inconvenient for local shoppers and diners, there are few neighborhood and resident services, and there is little “Third Place” feeling.	<b>Local shopping activity is tracked and trending to a 40/60 mix of locals to tourists.</b> PPM merchants regularly make Best of Seattle Lists for tailor, dry cleaner, wine shop, bike shop, etc. Operating hours in targeted areas of PPM are extended, making PPM a go-to destination for socializing, dining, and gathering Downtown.
4	<b>There is no comprehensive data on PPM merchant demographics.</b>	<b>There is a significant increase in BIPOC business owners, especially first generation American</b> , as neighborhood services business presence grows.

# Scenario Evaluation Matrix: How do scenarios move PPM forward from the baseline with respect to goals?

Scenario	Authenticity Goal #1	Business incubation Goal #1	DEI Goal #1	Reattraction of locals Goal #2	Physical ops Goal #3	Visitor experience Goal #3	Financial strength Goal #4
Metric		% businesses <5 years at PPM	% BIPOC business owners + visitors	% visitation by locals			net operating income as % of opex
<b>Baseline</b>		<b>16%</b>	<b>?</b>	<b>25%?</b>			<b>24%</b>
<b>Food Life</b>	↑	↑	↑	↑	↑	↑	↑
<b>Small Business</b>	=	↑	↑	↑	↑	↑	=
<b>Downtown Anchor</b>	=	=	↑	↑	↑	↑	↑

**KEY**

↑ Increase   ↓ Decrease   = the same

# FINANCIAL CONSIDERATIONS

# Council Goal #4: Defining financial sustainability

## Operating Costs

**Premise:** financial sustainability means **revenues generate an adequate margin** for a strong operating reserve and modest capital maintenance and improvement fund.

- **Operating expenses** rising due to labor, utility, insurance, and inflation\*
  - Strategic programming coming out of Master Plan will increase costs – but also drive revenues
- **Revenues** must increase - from rents and other sources while continuing to cross-subsidize rents for smaller businesses (our focus today)

## Capital Costs

**Premise:** PDA will achieve public support in leveraging the vision of the Master Plan and seek **a public levy**.

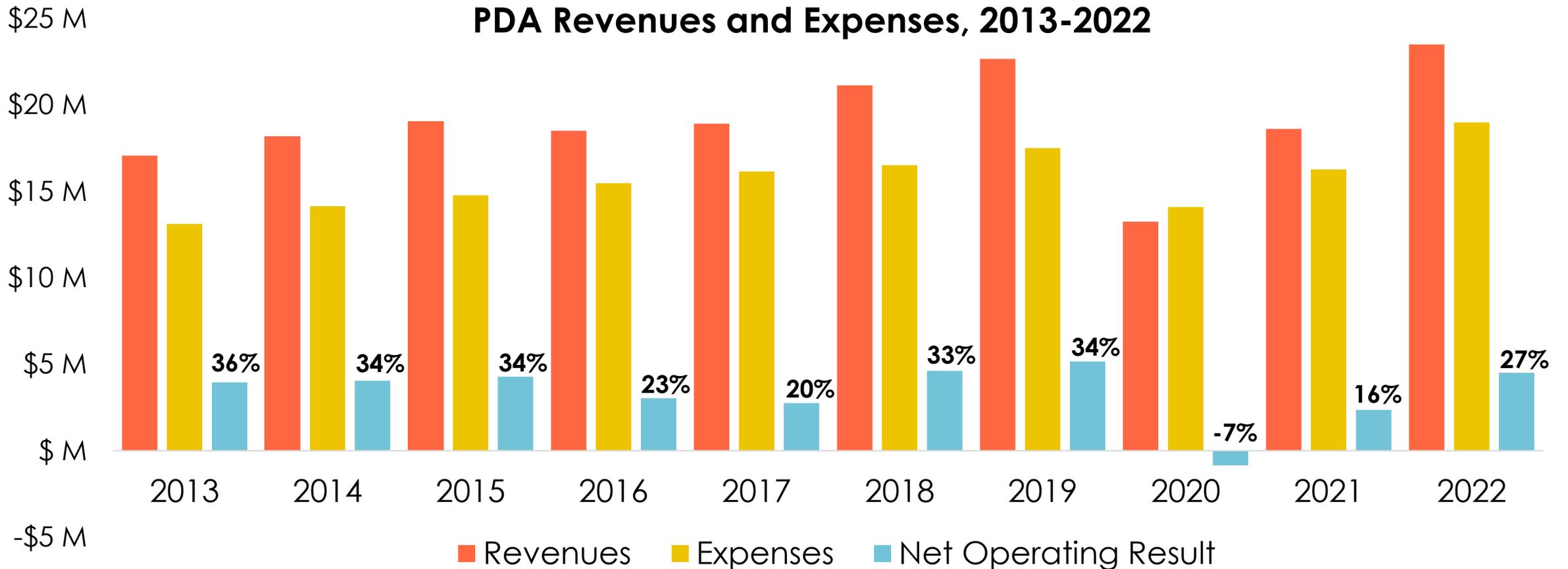
- In 2020, PPM's 30-Year **Capital Needs Assessment** identified \$135M in needed improvements\*\*.
- **Master Plan physical strategies** will require several times that amount in investment.

\*Drivers of rising costs: labor costs (cost of living, merit pay, attracting and retaining qualified talent); utility rates and consumption; insurance costs; inflation.

\*\*Most of the \$135M would not be covered by a public levy.

## Council Goal #4: Defining financial sustainability

PPM has historically operated at a **20-35% margin**. 2016-2022 costs rose by **32%** while revenues grew by only **25%**. The trendline is down, notwithstanding year-to-year bumpiness.

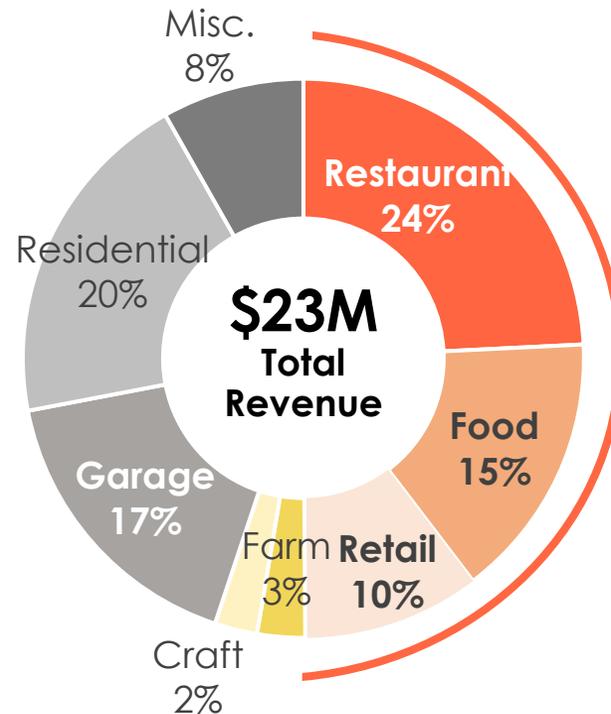


Source: PDA data. Operating margin defined as net operating result divided by expenses. Operating Expenses include Expenses, Debt Reserves, Designated Reserves, LID, and Pension Contributions.

# PDA Revenues Today

For scenario discussion purposes, we will look at **Commercial** (\$13M) and **Garage** (\$3.8M) revenues from visitors. Affordable housing rents cannot be raised, and daystall permits will never be a major revenue source.

**Distribution of PDA Revenue Sources, 2022\***



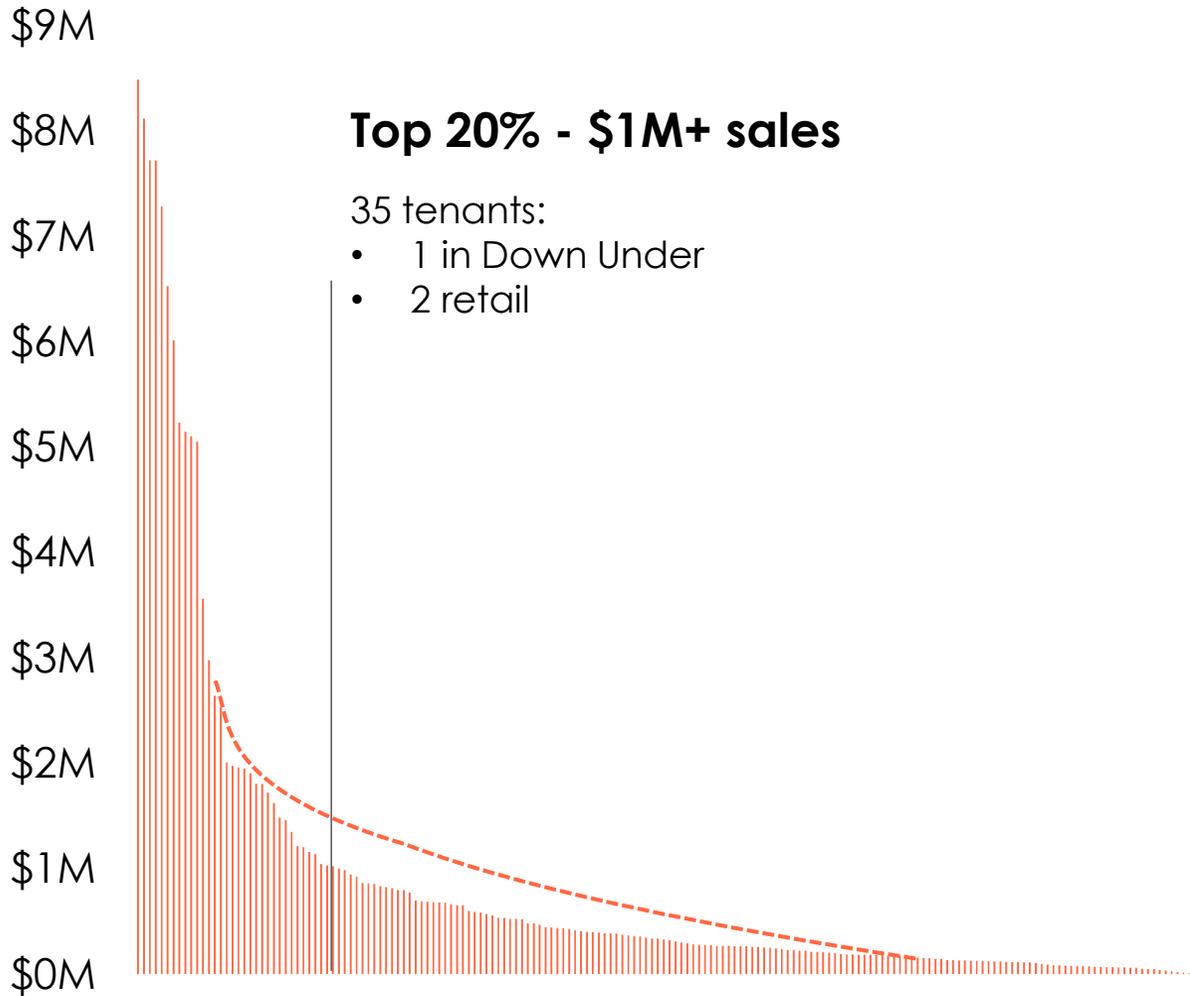
## Commercial Rents (\$13M, 49%)

- Restaurant
- Food
- Retail

\*Food, Restaurant, and Retail revenues to PDA include base + percentage rent as well as Common Area Charges (CAC). Revenues from Utilities, Tenant Reimbursement, and Late Fees/Service Charges are included in Misc. instead of their respective merchant type because they could not be disaggregated. Does not include payments/reimbursement from PPMQB3 (entity created by PDA to facilitate new market tax credit funding). Source: PDA data.

# Commercial: top 20% of tenants generate 72% of sales. While supporting smaller businesses, PPM may need to grow tenants with medium-to-high sales.

## Total Sales by Tenant, 2022

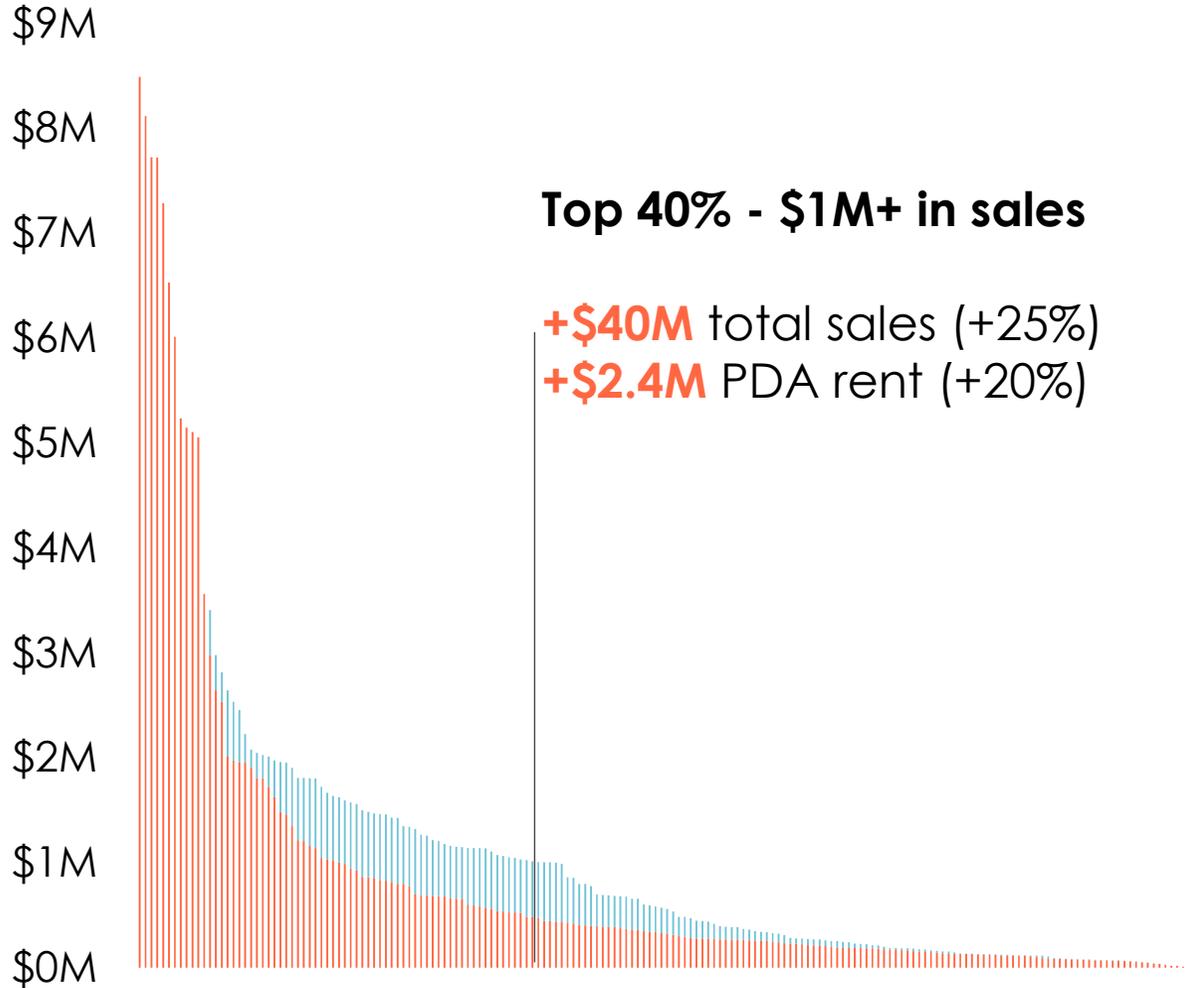


Source: PDA data.



# Commercial: If 40% of tenants achieved \$1M+ in sales, PDA rents could increase by \$2.4M, or 20%.

## Total Sales by Tenant (theoretical scenario\*)



Source: PDA data.

## Curation of dynamic tenant mix



## Investment in under-visited areas



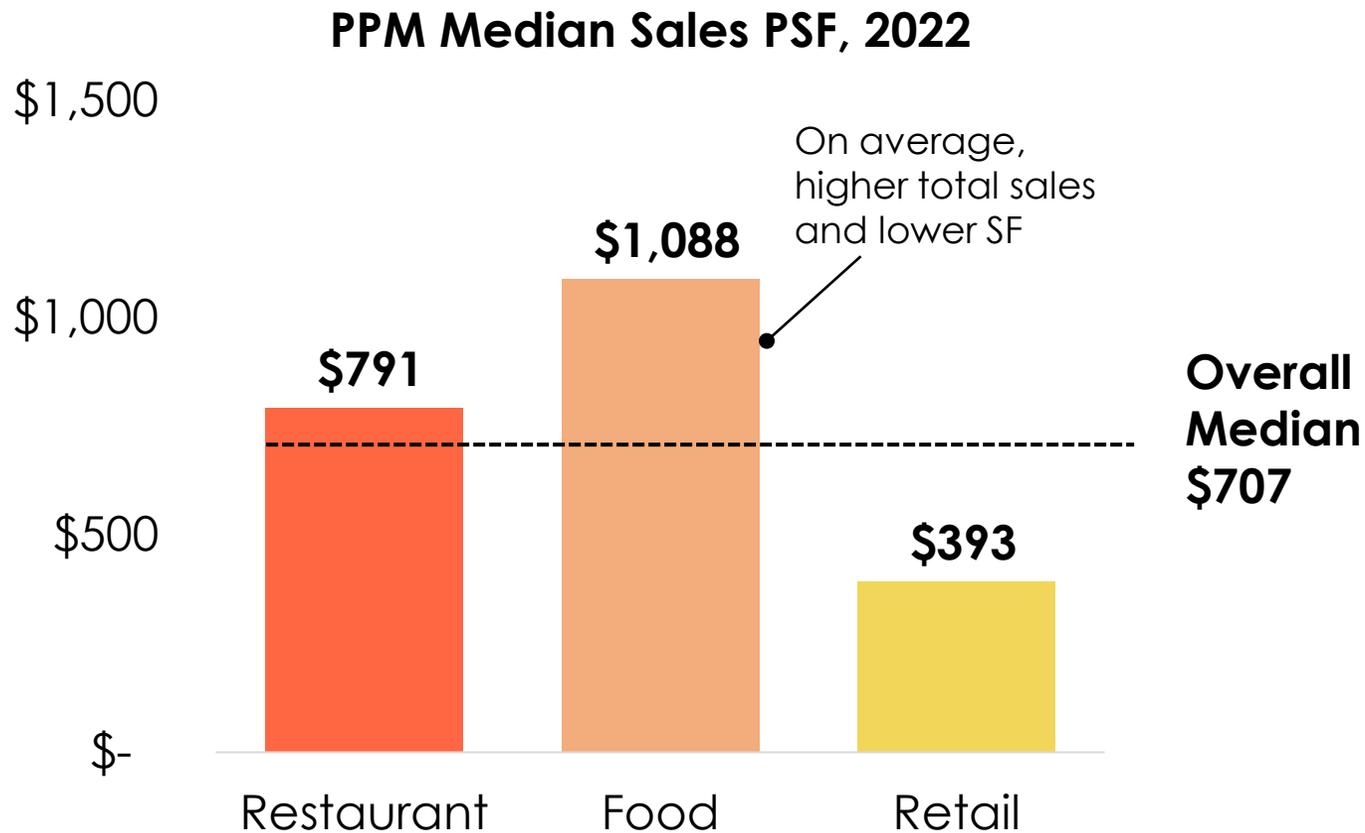
## Attraction of more locals in shoulder seasons



\*New scenario assumes that 40% of tenants make \$1,500/SF in sales – an industry benchmark for robust sales - as opposed to 20% today, across an array of space square footages. Additional rent (base rent, CAM, % rent) is equal to 6% of new sales.

# Commercial: food and restaurants drive sales

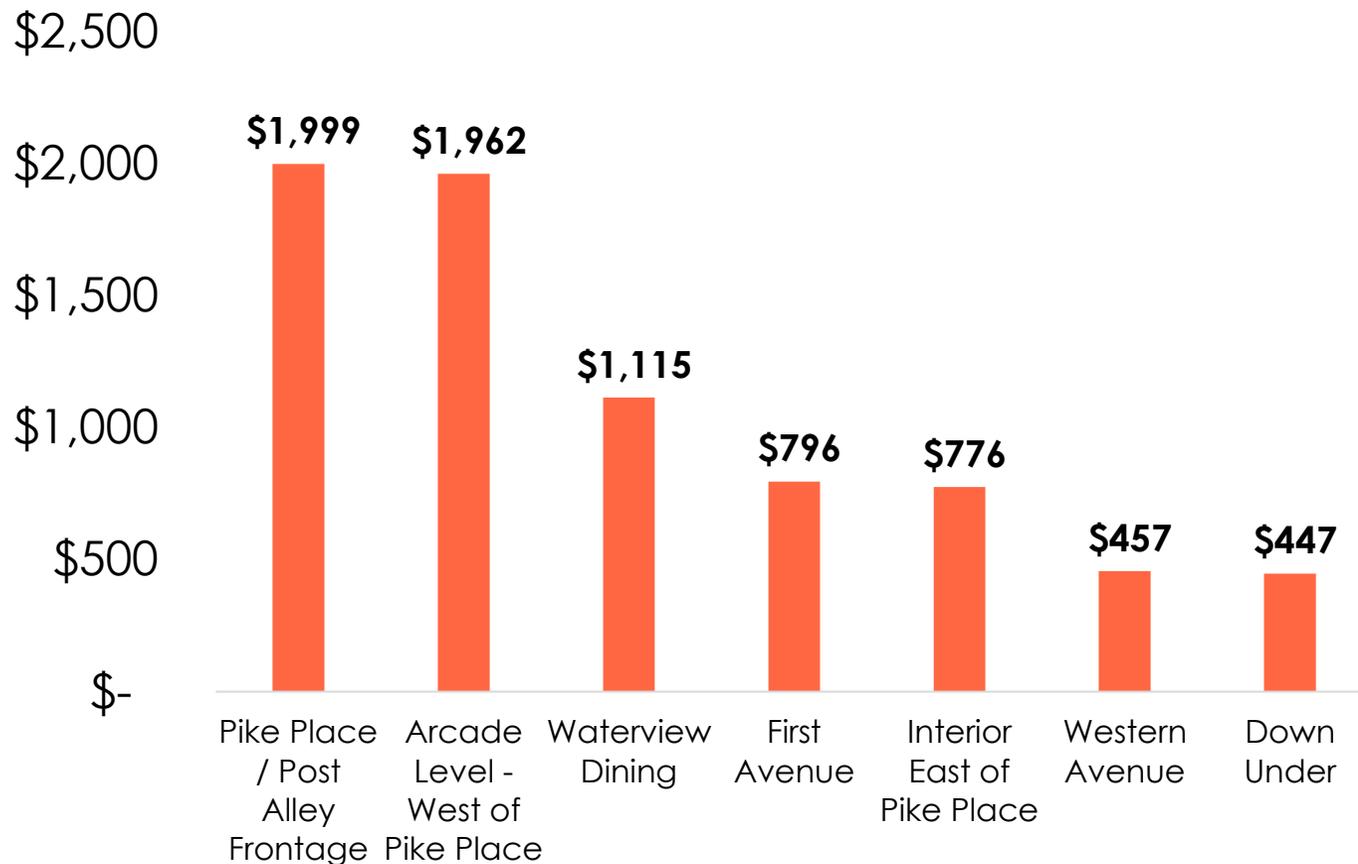
Leaning further into food – curating a distinctive, authentic mix, potentially with a limited number of outposts of beloved local restaurants – can help to drive revenues.



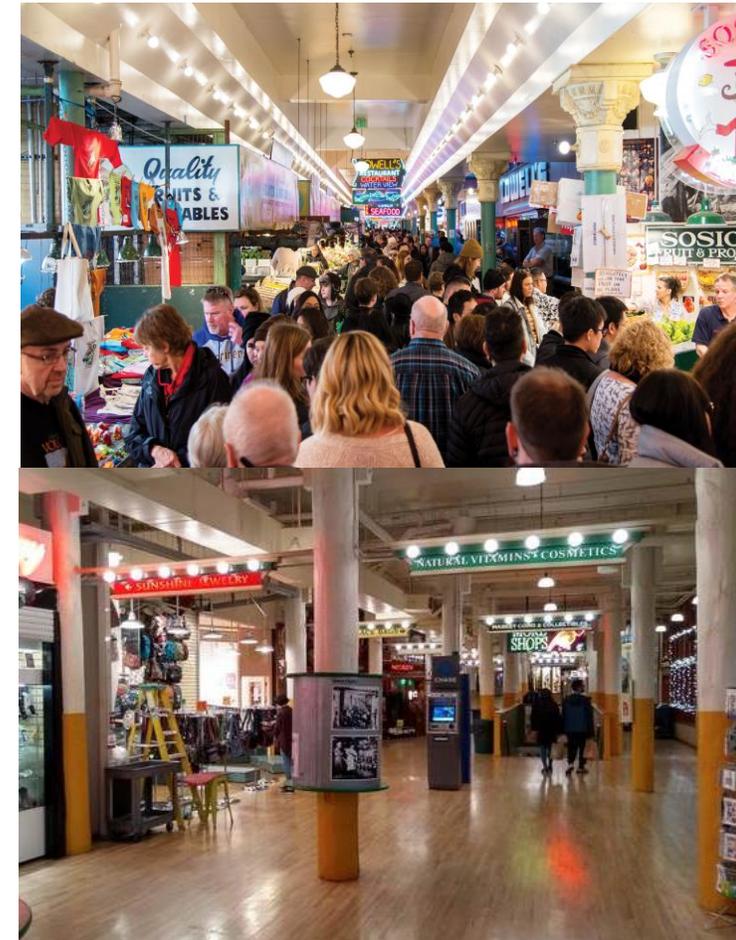
# Commercial: sales PSF along Pike Place are 2-4x that of other locations.

Investing in and curating under-visited spaces could drive more foot traffic and increase sales – but would likely also require additional capital investment.

### PPM Average Sales PSF, 2022



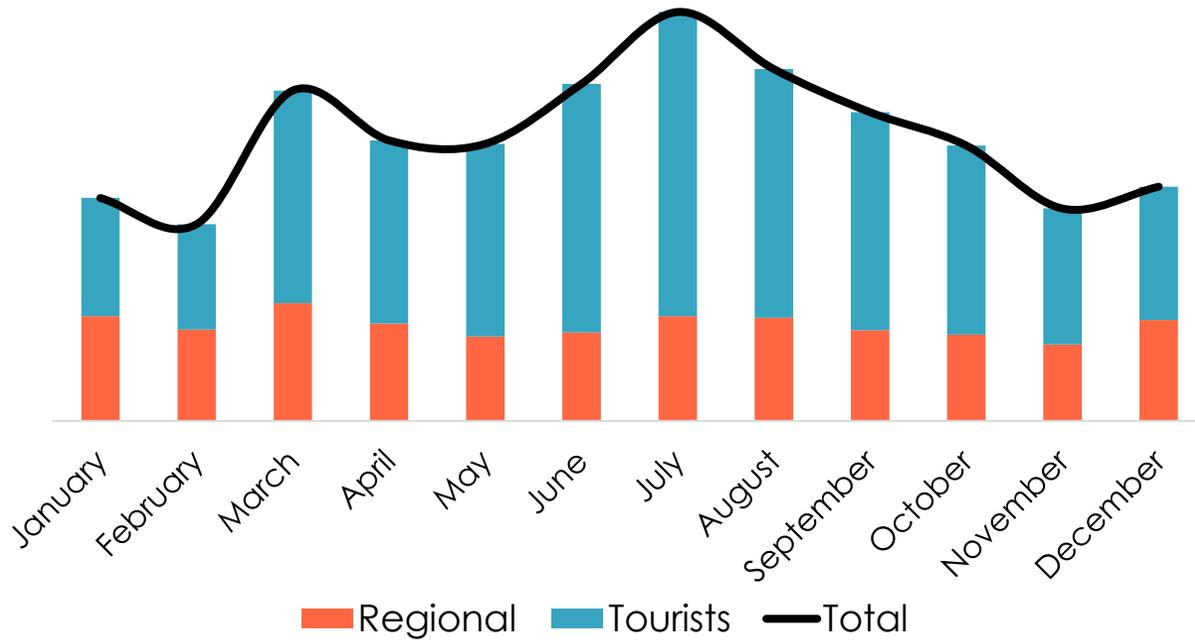
Source: PDA data.



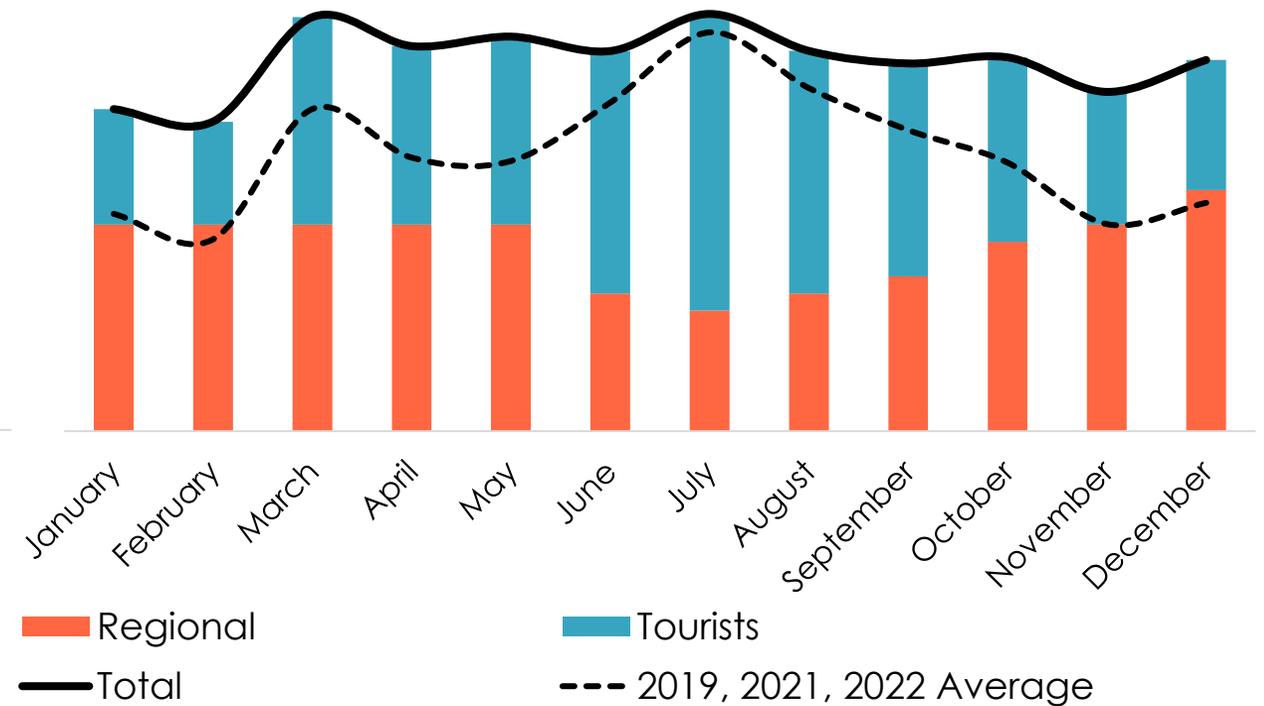
# Commercial: increasing local visitation – including in “shoulder seasons” – could be an opportunity to increase revenues.

Attracting more locals during off-peak seasons can generate new spending.

PPM Visitation by Month  
(2019, 2021, 2022 Average)



Potential PPM Visitation by Month:  
More Locals in Shoulder Seasons



Source: NEAR.

# Even with an increase in local visitation and spending, PPM will continue to rely on tourist spending, as the majority of best-in-class public markets are.

Public markets surveyed across North America, Europe, Australia, and East Asia depend on drawing both local and tourist demand:



**Reading Market** in Philadelphia – both the #2 tourist destination and a local lunchtime hub – is seeking to **stabilize local demand with a refocused curation strategy** while **elevating tourist demand through new product offerings and integrated itinerary with other nearby visitor destinations** (Liberty Bell, Constitution Center, City Hall).



**St. Lawrence Market** in Toronto, is seeking to **regain locals with an expanded Saturday Market, prepared foods, local dining venues, and socially engaging spaces**, but sees its **primary role as the nexus for international culinary culture** developing across Toronto to draw on the City's 27.5 million tourist base.



**London's Borough Market** is an exception in drawing **a majority of its demand from local residents, workers, and B-to-B trade while also ranking as a top tourist attraction**. Its current strategy focuses on **further differentiation of unique, high quality food products, curated produce distinct from local grocers, and expanded food offerings and delivery services**.

# PPM could consider raising garage revenues through dynamic pricing during tourist season.

Garage revenues represented **\$3.9M** or **17%** of PDA's revenues in 2022 and are below market-rate.



# PDA can look to precedents for additional sources of revenue.



## Mission-based Sponsorships

**Multi-year commitments** by corporations, foundations, or other interests **to support shared community missions**, such as:

- **Liberty Center's 10-year commitment for a community-wide wellness initiative** with the Cincinnati Children's Hospital Medical Center and Tri-Health.
- The **Salt City Market and Food Hall in Syracuse** led by the Allyn Foundation, with support from JP Morgan Chase & the Rose Urban Green Fund to create a food life hub for all in Syracuse.



## Brand Affiliations & Licensing Agreements

**Turning the intellectual property of cultural & heritage institutions into a source of value and auxiliary revenue through licensing**, such as:

- **Historic Williamsburg's** longstanding licensing policy allows partners to use its name on products and services, with profits supporting mission-focused activities.
- **Smorgasburg** food market has arranged licensing deals in cities including Jersey City, Miami, LA, and Chicago, as well as pop-ups in Osaka, Japan and Sao Paulo, Brazil.

# PDA can look to precedents for additional sources of revenue.



## Enhanced Experiences & Digital “Gates”

Deriving revenues from enhanced “gated” visitor experiences, including private event rentals, after-hour experiences, memberships, and other customized digital experiences.

Museums have taken this course, particularly using augmented reality (AR), with significant payoffs, such as:

- **London’s National Gallery’s** “Palette of Perception” game app
- **National Museum of Singapore’s** “DigiMuse” App
- **The Smithsonian** AR-beacon personalized experiences platform
- **Nottingham** uses AR to recreate the old Market square walls



## Localized Delivery Services

Strengthening vendor revenues and connecting residents with businesses through digital platforms, such as:

- **Borough Market’s 10-mile delivery service**, which started during the pandemic to reach local customers and is currently run by zero-emission bikes and by post. The Market also offers online network with recipes, cooking classes, and cook-alongs with Market chefs.
- **Reding Market’s RTMFREE delivery service** and Mercato system offers multi-vendor ordering coordination for delivery and pickups. Over the pandemic, deliveries ballooned from 50 per day to over 1,500.

# Summary: strategies for increasing PDA revenues, regardless of scenario

- **To achieve goal of increasing medium-to-high sales independent businesses while cross-subsidizing smaller ones:**
  - **Lean into food** and curate best-in-class food tenants – including a limited number of established, local anchor businesses
  - **Invest in under-visited spaces** like the DownUnder, Western Ave to increase foot traffic
  - **Attract more locals year-round, especially in the shoulder seasons**
- **Parking garage:** increase fees for visitors
- **New revenue sources:** sponsorships, licensing, gated experiences, localized delivery services

# Breakout Group #1

## Scenarios

## Discussion questions

- **What is the “prime directive” of the Master Plan? What is the #1 critical mandate that a successful scenario must meet?** (With metrics, e.g., financial sustainability: revenues 150% of opex, local reattraction: 40% locals, etc.)
- **Which Key Strategies from each scenario are the most compelling to you?**
- **What would you change, add, or take away from the “Before and After Headlines” for the scenarios?**
- **Based on your understanding of the scenarios, do you agree with the Scenario Evaluation Matrix? What’s your hunch: which arrows are bigger? Which arrows are smaller?**